

## A Range of Notable Cases

... a note from the CEO



Analysis Group assists clients in an enormous range of cases, several of which are summarized in this edition of *Forum*. Recently, we were fortunate to participate in two highly visible antitrust cases: the class action against Microsoft in the Iowa District trial court, and *Weyerhaeuser Co. v. Ross-Simmons Hardwood Lumber Co., Inc.*, ruled on by the U.S. Supreme Court in February.

The class action against Microsoft in Iowa was among the last of more than 100 consumer class actions filed after the Department of Justice litigation against Microsoft. The Iowa lawsuit involved claims that alleged anticompetitive behavior resulted in elevated prices for software products. Analysis Group worked closely with both in-house and external counsel for Microsoft at every stage of the case, providing economic assistance to the attorneys and support for multiple academic experts in the preparation of reports, deposition testimony, preparation for depositions of plaintiffs' experts, and trial (see page 2).

In *Weyerhaeuser*, the Supreme Court vacated lower court rulings involving claims of predatory bidding. Analysis Group sponsored an *amicus curiae* brief, submitted on behalf of Weyerhaeuser, that considered the core economic issues and advocated reversal of the lower court ruling. Signatories included several of our academic affiliates, along with other distinguished experts, and myself.

Other cases in this *Forum* highlight our analyses on such issues as mutual fund fees, transfer pricing, class action, breach of contract, and fraud. We also examine potential implications of the patent infringement decision by the Supreme Court in *eBay, Inc. v. MercExchange* (see page 5).

We welcome several outstanding academic experts as new affiliates (see page 10), and are pleased to announce the promotion to Managing Principal of Marc Van Audenrode, in our Montreal office, and Nicholas Crew, in San Francisco (see page 8). Their specialized knowledge in areas such as finance, health care, and data analysis has been instrumental to many successful engagements.

MARTHA S. SAMUELSON  
PRESIDENT AND CEO

### ISSUE HIGHLIGHTS

#### PATENT LITIGATION AND PERMANENT INJUNCTIONS

Intellectual property professionals discuss economic considerations emerging from the U.S. Supreme Court's decision regarding injunctions in *eBay v. MercExchange*... page 5

#### NEW ACADEMIC AFFILIATES

As the range and scale of our client engagements grow, so do the number of outstanding academic affiliates we work with. Three distinguished experts, from Purdue University, UCLA, and Harvard University, recently joined our network... page 10

#### RECENT LITIGATION

Our firm has never been busier, with a broad range of engagements across practice areas, industries, and geographies

Microsoft Iowa Litigation... 2

Sears Bond Case... 3

AllianceBernstein... 3

ADVO... 4

Tekelec... 4

New World TMT... 4

P&G... 6

Mutual Fund Excessive Fee... 7

Glaxo... 7

BioPure... 7

#### ALSO IN THIS ISSUE:

Spotlight on Analysis Group

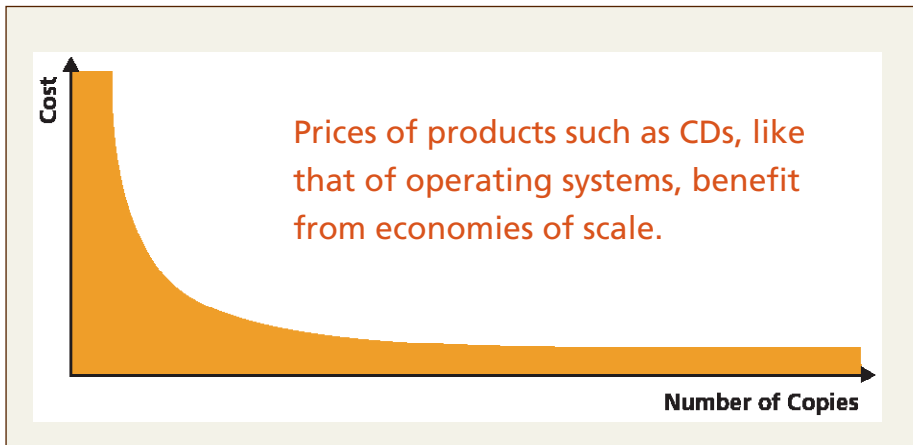
8-10

# Settlement in Microsoft Iowa Litigation

*Analysis Group provides consulting assistance and support for expert testimony*

Over the last several years, **Microsoft** has faced more than 100 private litigations over claims of anticompetitive activity, including overcharging consumers for software products. Analysis Group has worked on many of these cases, including two that went to trial: the Minnesota litigation, which was settled in 2004, and the Iowa class action, which also settled.

In the Iowa case, Analysis Group worked closely with both in-house counsel for Microsoft and the law firms **Heller Ehrman LLP**; **Montgomery, McCracken, Walker & Rhoads LLP**; and **Sullivan & Cromwell LLP**.



Our team provided economic assistance to the attorneys and support for a number of academic experts in the preparation of reports, deposition testimony, preparation for the depositions of plaintiffs' experts, and trial. We supported these experts in areas including antitrust economics, industrial organization, information technology, and finance and accounting. We also supported expert rebuttal of plaintiffs' damages estimates.

Analysis Group's teams in the Iowa litigation were led by President and CEO **Martha Samuelson**, Managing Principal **Carla Mulhern**, and Vice Presidents **Almudena Arcelus**, **Jaison Abel**, **Rebecca Kirk**, **Robert Stafford**, and **Samuel Weglein**. Many additional Analysis Group staff have played important roles in a broad variety of projects for Microsoft.

## KEY CONCEPTS IN THE LITIGATION

Our team worked closely with defense counsel to identify important economic principles that explain the dynamics of the software industry. These included:

### Economies of scale:

The cost to a company of making the "first copy" of a product, such as a book or music CD (see graphic, left), often represents nearly the entirety of its costs for the product. Similarly, with a product such as the Microsoft Windows operating system, the costs incurred through R&D, the writing of source code, and testing account for most of Microsoft's costs. Subsequent copies of the same version cost much less to produce, distribute, and install, which can lead to a potentially high volume of the product in the marketplace at low prices.

### Network effects:

The value of a product such as an operating system is directly affected by the number of users and the number of complementary products. As a product such as Windows becomes ubiquitous, its value increases. The network effects discussed in this case include:

- ▶ **Large, installed base.** The enormous user base for certain products provides benefits to the consumer. For example, Microsoft Word's large installed base means that many users can communicate easily by using the same software program.
- ▶ **Experience effects.** The value of a product can depend in part on how much time and cost are required to learn it. Microsoft Excel, widely used and understood by consumers, has become a standard for spreadsheets. Switching programs would require significant time and effort on the part of consumers. ■

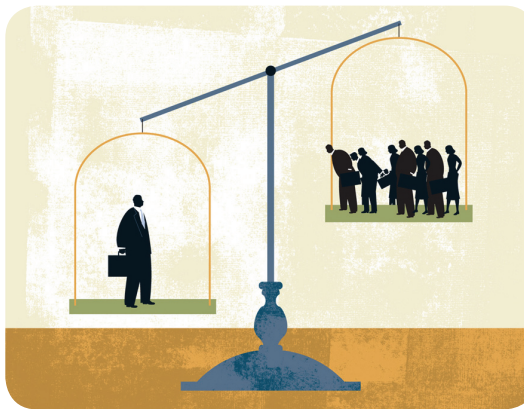
## Clients Awarded \$73.5 Million in Sears Bond Case

Analysis Group clients won a Texas jury's verdict in a case involving Sears Roebuck & Co.'s redemption of bonds after the sale of its credit card business in 2004. A group of institutional bondholders, including **J.P. Morgan Securities** and subsidiaries of **American International Group Inc. (AIG)**, sued Sears for buying back its debt before maturity and leaving investors facing losses of tens of millions of dollars.

The state court jury held that Sears' redemption of the bonds constituted a breach of contract, and ordered the retailer to pay bondholders \$73.5 million, the amount Analysis Group estimated as damages. Working with law firms **Wollmuth Maher & Deutsch LLP** of New York and **Sayles Werbner, PC** of Dallas, industry expert Myron Glucksmann served as the testifying expert on liability issues and Analysis Group Managing Principal **Robert Sherwin** served as the testifying expert on damages at the trial. Vice Presidents **Ted Laguerre** and **Gaurav Jetley**, along with Manager **Susan Hoag**, provided consulting support. Sears is expected to appeal the verdict.

## Summary Judgment in Favor of AllianceBernstein

In a class-action lawsuit brought by plaintiffs seeking \$1 billion in damages with



respect to the sale of Enron Zero Coupon Notes, a federal judge granted summary judgment in favor of Analysis Group's client, **Alliance Capital Management, L.P.** (now AllianceBernstein L.P.). The case involved numerous allegations by shareholders concerning an Alliance executive who had served on Enron's board. The plaintiffs

claimed that Alliance was therefore liable for some of the damages resulting from misstatements in Enron's financials.

Managing Principal **Mark Eglund** led an Analysis Group team that identified and provided consulting support for several academic experts. Vice President **Elizabeth Evans** supported academic affiliate **John Lacey** in his analysis of accounting issues; Vice President **Lee Heavner** supported academic affiliate **Ronald Gilson** on issues of corporate governance; and Vice President **Marnie Moore** supported academic affiliate **Robert Comment** on damages.

U.S. District Judge Melinda Harmon dismissed the plaintiffs' claims after the close of fact and expert discovery. Citing a rarely used provision of the 1933 Securities Act, Judge Harmon also ordered plaintiffs' counsel to pay a portion of Alliance's attorneys' fees.

# Litigation Highlights

## ADVO REACHES SETTLEMENT WITH VALASSIS

**ADVO, Inc.** and Valassis Communications, Inc. ended litigation stemming from Valassis' attempt to cancel its acquisition of ADVO. Under the settlement agreement, Valassis will acquire the outstanding common shares of ADVO stock for about \$1.2 billion. Valassis, the nation's largest provider of newspaper inserts, had agreed to acquire ADVO, the nation's largest direct mail marketer, in 2006, but later sued to rescind the merger, alleging fraud and materially adverse changes.



Working with law firm **Wachtell, Lipton, Rosen & Katz**, an Analysis Group team led by Vice President **Elizabeth Evans** supported the work of our academic affiliate **Roman Weil** of The University of Chicago Graduate School of Business. Professor Weil's analysis demonstrated that the financial results of ADVO's fiscal third and fourth quarters of 2006 did not reflect material misrepresentations and that a

materially adverse change at ADVO had not occurred. The Analysis Group team also included Vice President **Kristen Barry** and Manager **Kevin Gold**.

## TEKELEC SETTLES BOUYGUES LAWSUIT OVER SERVICE INTERRUPTION

Analysis Group client **Tekelec**, a provider of high-performance communications network applications, has settled a two-year lawsuit with Bouygues Telecom, a French mobile telephone service provider. Bouygues had sued Tekelec for more than \$140 million in North Carolina federal court over a service interruption that took place in Bouygues' network in 2004. Under the agreement, Tekelec will provide \$5 million in credits to Bouygues, which it can apply to purchases of products and services from Tekelec. Other terms of the agreement were not disclosed. Working with law firms **Eisenberg Raizman Thurston & Wong LLP** and **Bryan Cave LLP**, Analysis Group Managing Principal **Jeffrey Kinrich** served as the damages expert and academic affiliate **John A. Deighton** of Harvard Business School served as the marketing expert. They were supported by a case team that included Vice President **David Sosa** and Managers **Sara Filipek** and **Christian Frois**.

## NEW WORLD TMT WINS \$2.8 BILLION DEFAULT JUDGMENT

Analysis Group's client, Hong Kong-based **New World TMT Limited**, was awarded a default judgment for compensatory and punitive damages totaling \$2.8 billion against PrediWave Corporation and its CEO and founder. New World alleged that PrediWave defrauded the company of nearly \$700 million in connection with its investment in PrediWave as well as its purchases of the company's technology for video-on-demand cable systems, which did not work.

Working with attorneys from **Paul, Hastings, Janofsky & Walker LLP**, counsel for New World, an Analysis Group case team led by Managing Principal **Bruce Strombom** provided damages analysis. Dr. Strombom was supported on the case by Vice President **Suzanne Heinemann**. The judge accepted Analysis Group's estimate of economic damages of \$670 million. The award also included pre-judgment interest and \$2 billion in punitive damages.

# Permanent Injunctions in Patent Litigation: A Changing Landscape Ahead?

*Managing Principal John Jarosz, Vice President Mike Chapman, and Manager Doug Ellis provide an economic perspective on the potential impact of the recent eBay decision on patent infringement cases.*



In its May 2006 decision in *eBay v. MercExchange*, the U.S. Supreme Court held that the granting of permanent injunctions is not automatic in patent infringement cases following a finding of liability, and that

decisions regarding the issuance of permanent injunctions in such cases should be subject to an analysis under the four-factor framework (see box below). To date, numerous District Court rulings have been issued applying the Court's *eBay* decision. In roughly one-quarter of those rulings, no injunction issued. This initial trend represents a dramatic change from the pre-*eBay* world, in which permanent injunctions were nearly always granted in patent cases.

## ***eBay v. MercExchange* Decision**

The *eBay* case involved allegations that eBay had infringed a MercExchange patent with the eBay feature known as "Buy it Now." In 2003, a District Court in Virginia found that eBay had infringed the patent but did not impose an injunction against eBay because, in part, MercExchange's willingness to license its patents and failure to practice the patents commercially meant that it would not suffer irreparable harm if no injunction issued. Two years later, the Court of Appeals for the Federal Circuit imposed an injunction against eBay based on a "general rule" in patent disputes that a permanent injunction will issue once infringement and validity have been established. In May 2006, the Supreme Court vacated the Appellate Court decision and remanded the case back to District Court for reconsideration of injunctive relief under the traditional four-factor test for determining the availability of an injunction.

## **Post-eBay Decisions**

Since May 2006, 23 published District Court decisions have addressed the issue of whether a permanent injunction should be issued under the *eBay* criteria. In 17 of those, it was issued; in six, it was not.

To date, it appears that the most important factor in determining issuance of an injunction is whether the two parties compete. If so, an injunction typically issues. In this regard, one court noted: "Intellectual property enjoys its highest value when it is asserted against a direct competitor in the plaintiff's market." Left uncertain in the cases to date is precisely what "competition" will likely lead to an injunction. Is a firm that is no longer in the business because of the infringement a non-competitor for whom an injunction is not warranted? Is a firm in the business of licensing or partnering with others (manufacturers/sellers) not a competitor of a defendant manufacturer/seller? Courts may find it increasingly difficult to interpret "competition" and, therefore, draw bright lines.

From an economic perspective, some of the court opinions are somewhat puzzling. For example, one court examining irreparable harm in a case in which no injunction issued wrote: "[Plaintiff] will not suffer lost profits, the loss of brand

## **FOUR FACTOR TEST**

To determine whether an injunction should issue, the plaintiffs must demonstrate that:

1. The patent holder has suffered irreparable harm;
2. No adequate remedy at law (such as damages) exists;
3. The balance of hardships between plaintiff and defendant warrants a remedy in equity; and
4. The public interest will not be disserved by a permanent injunction.

*continued on next page*

## Patent Litigation *(continued from page 5)*

name recognition or the loss of market share because of [defendant's] continued sale of the infringing products. These are the types of injuries that are often incalculable and irreparable." Many economists, financial analysts, and accountants who measure damages regularly quantify the types of harms noted above.

In a case where an injunction was granted, one court analyzed adequacy of the remedy at law by noting: "It is impossible to determine the portions of the market the patent owner would have secured but for the infringer ...." However, that kind of determination was likely done retrospectively in the damages trial and is often done prospectively by economists, financial analysts, and accountants. Another court wrote that "although future damages may compensate [plaintiff] for an *approximate* loss, that does not make them adequate in the sense that they are a suitable proxy for injunctive relief. What makes legal remedies inadequate under the circumstances of this case is the inability to calculate the plaintiff's future losses with precision." In this decision, the court did not provide guidance regarding the quantum of precision that might be required before monetary damages are deemed adequate.

### Implications of *eBay*

The *eBay* decision raises questions not only about the appro-

priateness of injunctive relief, but also about the future value of patents. For patent holders, the decision means that an injunction is no longer "automatic" upon a finding of infringement, and it reduces the leverage enjoyed by companies that generate revenues from damages settlements or licensing agreements.

Moreover, post-*eBay* damages computations have become more complicated. For example, in calculating a reasonable royalty, pre-*eBay* practice was to assume a hypothetical license up to the point of trial. Post *eBay*, patent infringement could result in the issuance of, essentially, a court-ordered compulsory license authorizing ongoing use of the infringed patent after the finding of infringement. With uncertainty as to when infringement may end, potentially longer "license" terms may argue for a different royalty rate than would be appropriate for a limited term (hypothetical) license that requires the parties to negotiate terms for future use.

The long-term impact of the *eBay* decision remains to be seen. For now, the only clear conclusion is that what was once fairly certain in patent litigation has become much less so.

*John Jarosz is a Managing Principal and intellectual property expert, and director of Analysis Group's Washington, D.C. office, where Mike Chapman and Doug Ellis are based. ■*

## RECENT LITIGATION

### PROCTER & GAMBLE WINS CASE AGAINST AMWAY DISTRIBUTORS

In a victory that ended a dozen years of litigation, our client **Procter & Gamble**



(P&G) was awarded \$19.25 million in a jury trial against four Amway distributors for spreading false rumors about a connection between P&G and Satanism.

According to the rumors, P&G's president stated on a national talk show that the company gave a portion of its profits to the Church of Satan. Amway's distributors allegedly circulated these rumors through its company voicemail system and its distributor network to advance their own business.

Managing Principal **Bruce Deal** led an Analysis Group team that supported academic affiliate Professor **John Hauser** of MIT. Professor Hauser developed and

implemented a scientific marketing study involving one-on-one interviews to assess consumers' reactions to these rumors and evaluate whether they would change their purchase decisions as a result. Our research showed that the rumors could have an impact on purchase decisions. Vice President **Tamar Sisitsky** also provided support on the case. U.S. District Judge Ted Stewart, who presided over the 10-day trial in Utah federal court, has the option of trebling and adding interest to the award.

## Summary Judgment in Mutual Fund Excessive Fee Case

Summary judgment was granted February 27 in favor of an Analysis Group client, a mutual fund adviser, in the Northern District of Illinois. The judge's decision, rejecting shareholder claims of excessive fees under Section 36(b) of the Investment Company Act, may mark the first such granting in a Section 36(b) case. Plaintiff's claims were rejected on merits without a trial following discovery and deposition.

Analysis Group was retained by **Ropes & Gray** and supported two academic affiliates who provided expert reports and deposition testimony in the matter: Professor **Ajay Khorana**, who analyzed competition and economies of scale in the mutual fund industry, and retail fees compared to institutional fees; and Professor **Laura Starks**, who assessed the governance processes involved in fund management.

In his finding, the judge noted the limited role of the court in assessing how fees are determined and affirmed that the fact that an adviser may charge higher fees to manage a mutual fund than to manage an institutional fund does not indicate that the fees are excessive, and that fees are a product of give-and-take negotiation in which there is no single correct outcome. CEO **Martha Samuelson** and Vice President **Michael Quinn** led the Analysis Group team, which also included Managers **Arindam Ghosh**, **Mike Holland**, and **Aaron Yeater**.

## Settlement Finalized in Long-running Dispute With IRS

Analysis Group, retained by **McKee Nelson LLP**, assisted **GlaxoSmithKline**



(GSK) in its long-running transfer pricing dispute with the Internal Revenue Service. The dispute concerned how much of the profits from the U.S. sale of certain GSK drugs should be attributed to U.S. subsidiaries of GSK and thus subject to U.S. tax. The settlement, reached in September 2006, was recently finalized.

Analysis Group supported several academic affiliates (including MIT Professors **Robert Pindyck** and **Ernst Berndt**) and other authorities who provided expertise in econometrics, pharmaceutical marketing, stock price analysis, licensing practices, and historical mergers and acquisitions in the pharmaceutical industry.

The Analysis Group team included Managing Principals **Laurits Christensen** and **Pierre Cremieux** and Vice Presidents **Maureen Chakraborty**, **Rebecca Kirk**, **Ted Laguerre**, **David Mishol**, **Tamar Sisitsky**, and **Alan White**. This team also supported experts addressing licensing and contracting procedures in the pharmaceutical industry and the environment for mergers and acquisitions among pharmaceutical companies in the U.S. during the 1980s.

## SEC Secures Settlement from Biopure CEO

Managing Principal **Laura Stamm** and Manager **Ching Watson** led the Analysis Group team working with the **Securities and Exchange Commission** in its complaint against the former CEO of Cambridge, MA-based biotech Biopure Corp. The SEC alleged that in 2003, Biopure and its senior executives failed to inform investors that the FDA had safety concerns about the company's Hemo-pure synthetic blood product. The company had raised \$35 million from investors, raising its stock price, in anticipation of FDA approval of the product, which ultimately was not forthcoming. Analysis Group provided rebuttal of an event study of the company's stock price movements during the period in question. The CEO agreed to pay a fine to settle the complaint.

## Spotlight on AG

### New Managing Principals

#### Nicholas I. Crew, San Francisco



Ph.D.,  
finance,  
UCLA  
Anderson  
Graduate  
School of  
Management

Dr. Crew, who specializes in finance and securities, has played a key role in some of the firm's largest cases stemming from the Enron bankruptcy and in multiple securities fraud cases. He has expertise in the valuation and risk analysis of complex financial instruments, including employee stock options, and has recently made several presentations on economic issues involved in stock options backdating.

#### Marc Van Audenrode, Montreal



Ph.D.,  
economics,  
University of  
California,  
Berkeley;  
M.A.,  
economics,  
UCLA

Dr. Van Audenrode, an expert in labor economics, antitrust, econometrics, and public economics, has led the growth of Analysis Group's Canadian practice. His diverse engagements include evaluating the economic rent from hydro-electricity to the Canadian economy, measuring the effect of restrictions to competition in the health sector on drug prices, and developing a methodology to evaluate the price of desktop software.

*Industry and Firm Studies*, February 2007.

**Energy:** Managing Principals **Edward Kahn** and **Susan Tierney** and several coauthors: "A Regional Approach to Market Monitoring in the West," on behalf of the Western Interstate Energy Board.

Academic affiliate **Robert Stavins** and Managers **Judson Jaffe** and **Todd Schatzki**: "Too Good to Be True? An Examination of Three Economic Assessments of California Climate Change Policy" published at [aei.brookings.org](http://aei.brookings.org).

**Health Care:** Harvard University Professor David Cutler, Analysis Group academic affiliate **Ernst Berndt** of MIT, Vice Presidents **Genia Long** and **Jimmy Royer**, and Managing Principal **Pierre Cremieux**: "The Value Of Antihypertensive Drugs: A Perspective On Medical Innovation," *Health Affairs* (January-February 2007).

Managing Principal **Paul**



**Greenberg:** moderator of a panel discussion with Colleen Davies (Reed

Smith LLP), Sara Gourley (Sidley Austin LLP), and George Lykos (Bayer Corporation): "The Importance of Causation Analysis in Mass Tort Cases," *Update* (November/December 2006).

Academic affiliate **Ernst Berndt** of MIT, Vice President **Richard Mortimer**, and Managing Principal **Andrew Parece**: "Do Authorized Generic Drugs Deter Paragraph IV Certifications? Recent Evidence" white paper. Related article on "Authorized Generic Drugs, Price Competition, and Consumers' Welfare," co-authored by Managing Principal **Edward Tuttle** and Ashoke Bhattacharjya of Janssen Pharmaceutica, in *Health Affairs* (May/June 2007).

**Intellectual Property:** Vice Presidents **Rebecca Kirk** and **Almudena Arcelus** and Dan Rayburn, Executive Vice President of StreamingMedia.com: "Digital Media Patents for Profit," the *Streaming Media Industry Sourcebook 2007*.

**Telecommunications:** Vice President **Coleman Bazelon**: "The Economics of License Sizes in the FCC's 700 MHz Band Auction," white paper filed with

### PUBLICATIONS AND PRESS

**Antitrust:** Vice President **George Kosicki** coauthored "Economics of Cost Pass Through and Damages in Indirect

Purchaser Antitrust Cases," *The Antitrust Bulletin* (Fall 2006).

Vice President **Stanley Ornstein**: "Motion Pictures: Competition, Distribution, and Efficiencies," chapter in fourth edition of

### ANALYSIS GROUP ANNOUNCES PROMOTIONS AND APPOINTMENTS

Earlier this year, Analysis Group was proud to announce the following new Vice Presidents:



#### Kristen Barry, Los Angeles

Ph.D. and M.A.,  
economics, Princeton  
University

*Antitrust, Securities and  
Financial Institutions,  
Commercial Litigation/  
Damages*



#### John M. Browning, Washington, D.C.

M.A. and Ph.D. candi-  
date, economics, The  
University of Chicago

*Intellectual Property,  
Antitrust, Commercial  
Litigation/Damages*



#### Anita J. Chawla, Menlo Park

Ph.D., economics,  
University of Michigan

*Strategy,  
Pharmacoeconomics,  
Health Outcomes*

the FCC on behalf of SpectrumCo.

**Transfer Pricing:** Managing Principal **Deloris Wright**: "Sec. 482 Services Regulations: Implications for Multinationals," *International Transfer Pricing Journal* (November/December 2006).

**EVENTS & SEMINARS**

**Energy:** Managing Principal **Susan Tierney**: Co-Chair and speaker at Energy Markets & Regulation in Washington; participated in U.S. Senate workshop addressing climate policy issues; speaker at the Conference of New England Governors and Eastern Canadian Premiers in Quebec.

Senior Economist **Pierre Emmanuel Paradis**: speaker at the Annual Conference of the Quebec Union of Municipalities; panelist at the Annual Conference of the Quebec Transport and Road Association.

**Entertainment:** Manager **Alan Meister**: panelist at the ABA's Annual National Institute on Gaming Law Minefield.

**Health Care:** Our Health Care practice presented a number of

posters and podium presentations at the annual International Society for Pharmaceutical Outcomes Research. See our website for details.

Managing Principal **Pierre Cremieux** participated in a panel on biologics at PhRMA's Law Section Annual Meeting, Boston, in May.

Managing Principal **Paul Greenberg** served on an expert panel in March for Cyberonics concerning the economics of treatment-resistant depression and its treatment.

**Intellectual Property:** Managing Principal **John Jarosz**: presenter at "Managing Intellectual Property Litigation" summit, hosted by Incremental Advantage.

Managing Principal **Jeffrey Kinrich**: panelist at LSI's Calculating and Proving Patent Damages conference; also led a session at the 2007 Advanced Litigation Conference in Las Vegas.

Vice Presidents **Rebecca Kirk** and **Almudena Arcelus**: presenters at Streaming Media East's 2007 Conference in New York May 16 and at MiCTA's spring conference, where Vice President **Russell**

**Mangum** was also a presenter. Ms. Kirk and Dr. Mangum presented at "Patent Damages: Innovative Approaches to Georgia-Pacific Factors," Analysis Group-hosted seminar in San Francisco, moderated by Vice President **Thomas Ortenzi**. Managing Principal **Laurits Christensen** and Ms. Kirk: presenters at "Patent Trolls: Economic Issues for Target Companies," Analysis Group-hosted seminar in Denver.

Vice President **Robert Vigil** and Manager **Kara Gorski**: presenters at the 2007 LES Winter Meeting.

**Stock Option Backdating:** Managing Principal **Bruce Deal**: interviewed online by TheCorporateCounsel.net.

**Strategy:** Managing Principals **Brian Gorin** and **Edward Tuttle**: presenters at Drug Delivery 2007 in San Francisco.

**Telecommunications:** Vice President **Coleman Bazelon**: report at Market Mechanisms for Spectrum Management, hosted by International Telecommunications Union (ITU) in Switzerland. Interviewed on *WCA Live* on 700 MHz, April 13.

Vice President **Andy Banerjee**: co-presenter on regulatory trends at the ITU's Future of Voice conference, also in Switzerland.

**Valuation:** Managing Principal **Jeffery Kinrich**: panelist at the seminar of the Association of Certified Family Law Specialists. ■



Managing Principals **Bruce Deal** (left) and **Nicholas Crew** and Vice President **Maureen Chakraborty** presented "Option Backdating Litigation: Assessing Exposure and Calculating Damages," in New York.



**Mark A. Gustafson,  
Los Angeles**

M.P.P., John F. Kennedy School of Government, Harvard University

*Financial Institutions, Health Care, Intellectual Property*



**Suzanne Heinemann,  
Los Angeles**

B.B.A., finance and accounting, College of William and Mary; CPA

*Intellectual Property, Damages, Automotive*



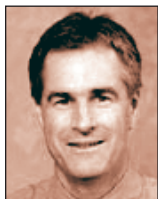
**Mark Howrey,  
Boston**

M.B.A., University of Michigan Business School

*Securities, Finance, Accounting*

## New Academic Affiliates

Analysis Group is pleased to announce our affiliation with these distinguished academics. See our website ([www.analysisgroup.com](http://www.analysisgroup.com)) for more information on our affiliate network.



**David J. Denis**  
*Burton D. Morgan Chair of Private Enterprise, Krannert School of Management, Purdue University*

Professor Denis has consulted to private companies, law firms, and government agencies on aspects of financial markets and securities including stock prices, corporate valuation, credit ratings, corporate governance, capital acquisition, executive compensation, mortgage-backed securities, and collateralized mortgage obligations. His research examines corporate financial policies, corporate organizational structure, corporate valuation, and entrepreneurial finance. He has authored over 30 articles in leading peer-reviewed journals and serves on the Board of Directors of the Financial Management Association International.



**Stuart A. Gabriel**  
*Professor of Finance, Arden Realty Chair, and Director, Richard S. Ziman Center for Real Estate, Anderson School*

*of Management, University of California, Los Angeles*

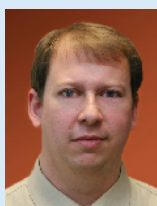
Professor Gabriel's research focuses on mortgage prepayment and default risk, housing markets, and real estate finance and economics. He has published extensively on these and other topics in real estate, finance, and urban and regional economics. Professor Gabriel has consulted to numerous corporate entities and government agencies, including the Federal Reserve Bank of San Francisco, and has previously served on the economics staff of the Federal Reserve Board in Washington, D.C.



**David S. Scharfstein**  
*Edmund Cogswell Converse Professor of Finance and Banking, Harvard Business School*

Professor Scharfstein is an expert in finance, focusing on issues involving private equity and venture capital, bankruptcy and restructuring, and risk management. His current research and consulting is centered on venture capital and entrepreneurship, corporate resource allocation, and the financing and management of biotechnology and pharmaceutical companies including drug development, licensing deals, and valuation. Professor Scharfstein is a Research Associate at the National Bureau of Economic Research and a Director of the American Finance Association.

### NEW VICE PRESIDENTS, CONTINUED



**Jimmy Royer, Montreal and Boston**  
Ph.D. and M.A., economics, Université Laval, Québec  
*Econometrics, Labor & Employment, Pharmacoeconomics*



**Eric Wu, Boston**  
Ph.D., pharmacoeconomics, policy; M.S., health care regulation and law; M.A., economics, University of Southern California  
*Health Outcomes, Pharmacoeconomics*

# Analysis Group Senior Staff

## MANAGING PRINCIPALS

**Jonathan Arnold, Ph.D.**  
312 212 4465  
jarnold@analysisgroup.com

**Laurits R. Christensen**  
720 963 5308  
lchristensen@analysisgroup.com

**Pierre Y. Cremieux, Ph.D.**  
617 425 8135  
pcremieux@analysisgroup.com

**Nicholas I. Crew, Ph.D.**  
415 263 2222  
ncrew@analysisgroup.com

**Bruce F. Deal**  
650 853 7201  
bdeal@analysisgroup.com

**Mark H. Eglund**  
213 896 4523  
megland@analysisgroup.com

**Rodney W. Frame**  
202 530 3991  
rframe@analysisgroup.com

**Brian S. Gorin**  
617 425 8451  
bgorin@analysisgroup.com

**Norman W. Gorin**  
617 425 8190  
ngorin@analysisgroup.com

**Paul E. Greenberg**  
617 425 8128  
pgreenberg@analysisgroup.com

**Steven Herscovici, Ph.D.**  
617 425 8147  
sherscovici@analysisgroup.com

**John C. Jarosz**  
202 530 3980  
jjarosz@analysisgroup.com

**Edward P. Kahn, Ph.D.**  
415 263 2206  
ekahn@analysisgroup.com

**Jeffrey H. Kinrich**  
213 896 4544  
jkinrich@analysisgroup.com

**R. Jeffrey Malinak**  
202 530 3987  
jmalinak@analysisgroup.com

**Carla S. Mulhern**  
202 530 3988  
cmulhern@analysisgroup.com

**Andrew Parece**  
617 425 8260  
aparece@analysisgroup.com

**Martha S. Samuelson, CEO**  
617 425 8112  
msamuelson@analysisgroup.com

**Robert A. Sherwin**  
213 896 4525  
rsherwin@analysisgroup.com

**Laura Stamm**  
617 425 8178 | 212 492 8102  
lstamm@analysisgroup.com

**Bruce E. Stangle, Ph.D.**  
Chairman  
617 425 8110  
bstangle@analysisgroup.com

**Richard M. Starfield**  
617 425 8115  
rstarfield@analysisgroup.com

**Bruce A. Strombom, Ph.D.**  
213 896 4520  
bstrombom@analysisgroup.com

**Susan F. Tierney, Ph.D.**  
617 425 8114  
stierney@analysisgroup.com

**Edward Tuttle**  
650 463 2702  
etuttle@analysisgroup.com

**Keith R. Ugone, Ph.D.**  
214 523 1405  
kugone@analysisgroup.com

**Marc A. Van Audenrode, Ph.D.**  
514 394 4477  
mvanaudenrode@analysisgroup.com

**Deloris R. Wright, Ph.D.**  
720 963 5301  
dwright@analysisgroup.com

## VICE PRESIDENTS

**Jaison R. Abel, Ph.D.**  
jabel@analysisgroup.com

**Almudena Arcelus**  
aarcelus@analysisgroup.com

**Aniruddha Banerjee, Ph.D.**  
abanerjee@analysisgroup.com

**Kristen Leigh Barry, Ph.D.**  
kbarry@analysisgroup.com

**Coleman D. Bazelon, Ph.D.**  
cbazelon@analysisgroup.com

**Howard G. Birnbaum, Ph.D.**  
hbirnbaum@analysisgroup.com

**Bruce L. Blacker**  
bblacker@analysisgroup.com

**T. Christopher Borek, Ph.D.**  
cborek@analysisgroup.com

**John M. Browning**  
jbrowning@analysisgroup.com

**Maureen M. Chakraborty, Ph.D.**  
mchakraborty@analysisgroup.com

**Michael J. Chapman, Ph.D.**  
mchapman@analysisgroup.com

**Anita J. Chawla, Ph.D.**  
achawla@analysisgroup.com

**Adam Decter**  
adecter@analysisgroup.com

**Mei Sheng Duh, Sc.D.**  
mduh@analysisgroup.com

**Elizabeth A. Eccher, Ph.D.**  
eeccher@analysisgroup.com

**Elizabeth A. Evans**  
eevans@analysisgroup.com

**Mark A. Gustafson**  
mgustafson@analysisgroup.com

**D. Lee Heavner, Ph.D.**  
lheavner@analysisgroup.com

**Suzanne Heinemann**  
sheinemann@analysisgroup.com

**Mark Howrey**  
mhowrey@analysisgroup.com

**Michael Hsu, Ph.D.**  
mhsu@analysisgroup.com

**Gaurav Jetley**  
gjetley@analysisgroup.com

**Rebecca Kirk**  
rkirk@analysisgroup.com

**George Kosicki, Ph.D.**  
gkosicki@analysisgroup.com

**Ted Laguerre**  
tlaguerre@analysisgroup.com

**Genia Long**  
glong@analysisgroup.com

**Russell W. Mangum III, Ph.D.**  
rmangum@analysisgroup.com

**Justin McLean**  
jmclean@analysisgroup.com

**David N. Mishol, Ph.D.**  
dmishol@analysisgroup.com

**Marnie A. Moore**  
mmoore@analysisgroup.com

**Richard A. Mortimer, Ph.D.**  
rmortimer@analysisgroup.com

**Stanley I. Ornstein, Ph.D.**  
sornstein@analysisgroup.com

**Thomas A. Ortenzi**  
tortenzi@analysisgroup.com

**Michael J. Quinn, Ph.D.**  
mqinn@analysisgroup.com

**James Rosberg, Ph.D.**  
jrosberg@analysisgroup.com

**Jimmy Royer, Ph.D.**  
jroyer@analysisgroup.com

**Ronald D. Rudkin, Ph.D.**  
rrudkin@analysisgroup.com

**Stephen A. Schurman, Ph.D.**  
sschurman@analysisgroup.com

**Peter P. Simon, Ph.D.**  
psimon@analysisgroup.com

**Tamar Sisitsky**  
tsisitsky@analysisgroup.com

**David W. Sosa, Ph.D.**  
dsosa@analysisgroup.com

**Robert K. Stafford**  
rstafford@analysisgroup.com

**Robert L. Vigil, Ph.D.**  
rvigil@analysisgroup.com

**Samuel Weglein, Ph.D.**  
sweglein@analysisgroup.com

**Alan G. White, Ph.D.**  
awhite@analysisgroup.com

**Andrew Wong, Ph.D.**  
awong@analysisgroup.com

**Eric Wu, Ph.D.**  
ewu@analysisgroup.com

## SELECTED ACADEMIC AFFILIATES & EXPERTS

**Dennis J. Aigner**  
University of California,  
Irvine and Santa Barbara

**W. Steve Albrecht**  
Brigham Young University  
Marriott School of Management

**Laurence C. Baker**  
Stanford University  
School of Medicine

**Raymond Ball**  
The University of Chicago  
Graduate School of Business

**Arnold I. Barnett**  
MIT Sloan School of Management

**Lawrence M. Benveniste**  
Emory University  
Goizueta Business School

**Ernst R. Berndt**  
MIT Sloan School of Management

**Hendrik Bessembinder**  
University of Utah  
David Eccles School of Business

**Marshall E. Blume**  
University of Pennsylvania  
The Wharton School

**Marcel Boyer**  
University of Montreal

**Michael J. Brennan**  
UCLA Anderson School of Management  
and London Business School

**Erik Brynjolfsson**  
MIT Sloan School of Management

**John Y. Campbell**  
Harvard University

**Karl E. Case**  
Wellesley College

**Patricia W. Chadwick**  
Ravengate Partners LLC

**Judith A. Chevalier**  
Yale School of Management

**Iain M. Cockburn**  
Boston University  
School of Management

**Dwight B. Crane**  
Harvard Business School

**Michael R. Darby**  
UCLA Anderson School of Management

**David J. Denis**  
Purdue University  
Krannert School of Management

**Francis X. Diebold**  
University of Pennsylvania  
The Wharton School

**Robert F. Engle**  
NYU Stern School of Business

**Paul J. Feldstein**  
University of California, Irvine  
Merage School of Business

**Pierre Fortin**  
University of Quebec at Montreal

**George Foster**  
Stanford University  
Graduate School of Business

**Stuart A. Gabriel**  
UCLA Anderson School of Management

**Martin S. Gaynor**  
Carnegie Mellon University  
The Heinz School

**Stuart C. Gilson**  
Harvard Business School

**Barry K. Goodwin**  
North Carolina State University  
College of Management

**Steven R. Grenadier**  
Stanford University  
Graduate School of Business

**Mark Grinblatt**  
UCLA Anderson School of Management

**Jonathan Gruber**  
Massachusetts Institute of Technology

**Robert E. Hall**  
Stanford University  
Hoover Institution

**John R. Hauser**  
MIT Sloan School of Management

**Donna L. Hoffman**  
University of California, Riverside  
Anderson Graduate School of Management

**R. Glenn Hubbard**  
Columbia Business School

**Philippe Jorion**  
University of California, Irvine  
Merage School of Business

**Ronald C. Kessler**  
Harvard Medical School

**Ralph C. Kimball**  
Babson College

**Michael F. Koehn**  
Co-Founder, Analysis Group, Inc.

**John M. Lacey**  
California State University, Long Beach  
College of Business Administration

**William H. Lehr**  
Massachusetts Institute of Technology

**Joshua Lerner**  
Harvard Business School

**Burton G. Malkiel**  
Princeton University

**John W. Mayo**  
Georgetown University  
McDonough School of Business

**Thomas G. McGuire**  
Harvard Medical School

**J.F. Philip Merrigan**  
University of Quebec at Montreal

**Shmuel S. Oren**  
University of California, Berkeley

**Sharon M. Oster**  
Yale School of Management

**Pierre Ouellette**  
University of Quebec at Montreal

**Catherine J. Morrison Paul**  
University of California, Davis

**Robert S. Pindyck**  
MIT Sloan School of Management

**A. Mitchell Polinsky**  
Stanford Law School

**John A. Rizzo**  
State University of New York, Stony Brook

**Louis F. Rossiter**  
College of William and Mary  
Center for Public Policy Research

**Fiona Scott Morton**  
Yale School of Management

**David S. Scharfstein**  
Harvard Business School

**Steven M. Shavell**  
Harvard Law School

**Edward A. Snyder**  
The University of Chicago  
Graduate School of Business

**Laura T. Starks**  
University of Texas at Austin  
McCombs School of Business

**Meir Statman**  
Santa Clara University  
Leavey School of Business

**Robert N. Stavins**  
Harvard University  
Kennedy School of Government

**Ashley J. Stevens**  
Boston University  
Office of Technology Transfer

**Walter N. Thurman**  
North Carolina State University  
College of Management

**Peter Tufano**  
Harvard Business School

**Kerry D. Vandell**  
University of California, Irvine  
Merage School of Business

**Roman L. Weil**  
The University of Chicago  
Graduate School of Business

**Lawrence J. White**  
NYU Stern School of Business

**Susan E. Woodward**  
Sand Hill Econometrics

**Richard J. Zeckhauser**  
Harvard University  
Kennedy School of Government

**Jerold L. Zimmerman**  
University of Rochester  
Simon Graduate School of Business

### A LEADING PROVIDER OF ECONOMIC ANALYSIS

Analysis Group provides economic, financial, and business strategy consulting to leading law firms, Fortune 500 companies, and government agencies. Founded in 1981, with over 350 professional staff, we assist law firms with all aspects of litigation and advise corporations and government clients on business issues that require expert analysis and interpretation of economic and financial data. We help organizations create strategies for innovation and growth.



**ANALYSIS GROUP**  
ECONOMIC, FINANCIAL and STRATEGY CONSULTANTS

[www.analysisgroup.com](http://www.analysisgroup.com)