

FOR IMMEDIATE RELEASE

Analysis Group Client Prevails in Billion-Dollar Mutual Fund Fee Suit

Los Angeles, September 6, 2006 — One of the largest mutual fund excessive fee actions ever filed – *Baker v. American Century Investment Management* – was voluntarily dismissed by the plaintiffs. Analysis Group and its affiliates [R. Glenn Hubbard](#) and [Peter Tufano](#) were hired by Milbank, Tweed, Hadley & McCloy LLP to provide consulting and expert witness services on behalf of American Century Investments.

Professor Hubbard, dean of Columbia Business School and former chairman of the President’s Council of Economic Advisers, conducted research and provided deposition testimony regarding competition in the mutual fund industry and plaintiff allegations that the fees American Century charged retail mutual fund clients were not consistent with a competitive marketplace. Professor Tufano, senior associate dean of Harvard Business School and a noted mutual fund industry expert, provided analysis and testimony regarding economies of scale at American Century. Professor Hubbard’s and Professor Tufano’s work revealed several fundamental flaws in the plaintiffs’ theories and expert analyses.

Managing Principal [Mark Eglund](#) led the Analysis Group case team, which included President and CEO [Martha Samuelson](#), Vice Presidents [Lee Heavner](#), [Stanley Ornstein](#), and [Michael Quinn](#), and Managers [Kristen Barry](#), [Arindam Ghosh](#), and [Michael Holland](#).

The plaintiffs alleged that American Century charged excessive management fees for three large mutual funds in violation of Section 36(b) of the Investment Company Act of 1940. The action challenged more than \$1 billion in fees paid by the funds from March 2003 through July 2006, and was scheduled to go to trial on Monday, August 7, 2006 in the U. S. District for the Western District of Missouri.

One week before trial, plaintiffs stipulated with prejudice to the dismissal of the action, stating “it is likely that the Defendant will prevail on most of [the relevant] issues,” and that “if the case were tried, the Court would likely determine that the compensation Defendant received for managing the Funds was fair and reasonable. Therefore, Plaintiffs have concluded that the Defendant has not violated its fiduciary duties under Section 36(b) of the Investment Company Act of 1940.” The case was dismissed with prejudice.

Following the dismissal, Milbank partner James N. Benedict stated, “The result here is nothing short of a complete vindication for American Century and its mutual fund board. The case was the first legal test of plaintiffs’ new legal theories challenging the level of mutual fund fees.”

Milbank partner Sean M. Murphy added, “Analysis Group and its experts, with their knowledge of the mutual fund industry, helped expose the weaknesses of the plaintiffs’ methodologies.”

[Analysis Group](#) provides economic, financial, and business strategy consulting to leading law firms, corporations, and government agencies. The firm has more than 300 professionals, with offices in Boston, Chicago, Dallas, Denver, Los Angeles, Menlo Park, New York, San Francisco, Washington, and Montreal.