

Exhibit C

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ii Dr. Carlton's Alterations to My Econometric Analyses Are Inappropriate

27. Dr. Carlton makes several alterations to my econometric analyses. Based on his alterations, Dr. Carlton opines that "my conclusion from the extreme sensitivity of Dr. Rao's results to these changes is that his model simply cannot provide any support for a conclusion of large overcharges on Dell's TFT-LCD panel purchases."³⁵ As I explain below, Dr. Carlton's revisions to my econometric analyses are methodologically inappropriate and, therefore, cannot provide any useful information about the reliability of my overcharges calculations. It should not be surprising that inappropriate alterations to my econometric models would lead to substantial changes to the calculated overcharges.

28. Dr. Carlton states that "based on the complaint, then, damage calculations should include the period through December 2006" and he attempts to apply my model to calculate overcharges over the entire time period from the fourth quarter of 2001 through 2006 (as opposed to through 2004 as I have done).³⁶ Dr. Carlton misses a fundamental point: my model is an empirical model that attempts to determine if there were any periods in which the conspirators charged higher prices than those that would have prevailed in the absence of a conspiracy and, if so, in what amounts. Thus, the end of effective price-fixing is an empirical matter and should be determined by a review of the evidence and a quantitative analysis of pricing.³⁷ This is what I have done.

29. As I explained in my Expert Report, my choice of an ending date for damages at the end of 2004 is consistent with the following facts: Samsung informed its employees that they should no longer participate in conspiratorial meetings in early 2005; Samsung cooperated with the U.S. DOJ in its investigation into TFT-LCD price-fixing beginning in January 2006; and LG admitted that it had fixed prices on TFT-LCD panels to the

³⁵Expert Report of Dennis W. Carlton, dated February 23, 2012, at paragraph 174.

³⁶Expert Report of Dennis W. Carlton, dated February 23, 2012, at paragraph 179.

³⁷"The beginning and end of the damages period alleged in many cases may not accurately reflect the actual beginning or end of the alleged unlawful conduct... Accordingly, experts should rely on the evidence developed in discovery, market facts, and the analysis of liability experts when determining the relevant starting and ending dates for calculating damages." *Proving Antitrust Damages: Legal and Economic Issues*, American Bar Association, 2010, at page 173.

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U.S. DOJ in July 2006.³⁸ Samsung and LG were Dell's largest suppliers of panels. Despite these events, Dr. Carlton opines that the end date of effective price-fixing should simply be assumed to continue through December 2006 based only on the language contained in the complaint. This contention is unreasonable and contrary to Dr. Carlton's opinion that, ultimately, the effectiveness of the alleged conspiracy is an empirical question.³⁹

30. The appropriate interpretation of the results from my model is that they do not indicate that overcharges were incurred by Dell after 2004, not that they indicate "negative overcharges" in 2005 and 2006. Thus, I do not calculate any overcharges for later time periods. As shown in Tab 6, conspirator profit margins, on the whole, were not much higher in the 2005 and 2006 period than they were in the post-conspiracy period.

31. I have also run a dummy variable specification of my model by using two separate dummies — one covering the damages period (2001 Q4 through 2004) and a separate one covering the period 2005-2006. The results are summarized in Tab 8. This specification shows positive and statistically significant overcharges to Dell during the damages period through 2004. On the other hand, the calculated coefficient on the "conspiracy" dummy variable for 2005 and 2006 is negative but is not statistically significant. This result does not imply that some calculation of negative overcharges in 2005 and 2006 should be used to offset the calculated overcharges incurred through 2004. Rather, the result does not support an inference of overcharges in 2005 and 2006 and, therefore, no overcharges should be calculated for this period.

32. Dr. Carlton also critiques my use of four products purchased by Dell to calculate overcharges during the damages period.⁴⁰ He characterizes my requirement of at least eight observations of post-conspiracy data for including a particular panel in backcasting prices (which leads to these four panels) as "arbitrary" and questions why my requirement was eight observations "rather, than say, twelve."⁴¹ My requirement of

³⁸Expert Report of Mohan Rao, dated December 15, 2011, at paragraph 83.

³⁹Expert Report of Dennis W. Carlton, dated February 23, 2012, at paragraph 66, Deposition of Dennis W. Carlton (Volume 1), dated April 10, 2012, at pages 109-112.

⁴⁰Expert Report of Dennis W. Carlton, dated February 23, 2012, at paragraph 185.

⁴¹Expert Report of Dennis W. Carlton, dated February 23, 2012, at paragraph 172 and 189.