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Dear Friends and Colleagues:

We would like to wish you a very happy 2017 and thank you for helping make 2016 another outstanding year for our firm. Looking back at 2016, we think it is perhaps best characterized by our new matters that provided perfect platforms for our firm to showcase its expertise in all phases of litigation, in both state and federal courts, through trials and appeals, as well as by the results and accolades that naturally followed.

Early in 2016, we were retained to defend two highly successful entrepreneurs and their innovative company against claims threatening our clients' lucrative intellectual property rights in the ground-breaking technology they developed in the bio-fuels and other industries. Demonstrating a mastery of complicated fact patterns and utilizing creative legal theories, the FZWZ team, led by Lissa C. Gipson, fired back with hard-hitting counterclaims that put the claimants on the defensive. During what Ms. Gipson recalls as "the summer of discovery," which allowed FZWZ to demonstrate its superior e-discovery capabilities, our clients' opponents felt the need to change counsel after motion practice losses and mounting e-discovery and deposition pressures. As a result, we achieved an extremely favorable resolution for our clients while avoiding the costs and time-delay of a trial.

Another victorious 2016 defense strategy was devised by Richard A. Williamson and Craig S. Kesch working together to defend an action relating to our client's interest in a popular boutique hotel. They succeeded in having the action dismissed with prejudice and having the Court direct that the several million dollars involved be paid to our client (with interest), and they also were able to obtain a rare award of attorneys' fees for our client. Our firm's creative litigating paid off again when Mr. Williamson, now working with John F. Zulack and Elizabeth A. O'Connor, successfully commenced a special proceeding to stay an arbitration in a very high profile art law litigation; such an application is rarely granted.

2016 was quite the busy year for Mr. Zulack, who headed our international litigation team, as he was retained by three European clients to represent them in three separate major proceedings before the Commercial Division of the New York Supreme Court for the County of New York.

In addition, Mr. Zulack and Ms. O'Connor continued in 2016 to defend more than 20 European banks in proceedings in the courts of the Southern District of New York. These banks acted as nominees for customers that invested in Madoff feeder funds. Both Irving Picard, the Trustee of the bankrupt estate of Bernard L. Madoff Investment Securities LLC, and the liquidators of Fairfield, the largest family of feeder funds, have brought claw back claims against our firm's clients and other foreign banks. In November 2016, the Trustee's claims against our clients were dismissed on grounds of comity. The dismissal will be appealed to the U.S. Court of Appeals for the Second Circuit. The more than 300 proceedings brought by the Fairfield liquidators in New York had been stayed since October 2011. In late 2016 and early 2017, we worked closely with other defense counsel to prepare a motion to dismiss the claims of the Fairfield liquidators. Our firm has acted as coordinating counsel for the Defense Group in these matters since 2010. We are honored to have played a leadership role in this Group, as our firm has represented Swiss banks for more than 25 years.

In other long-standing litigation, Mr. Williamson and his team, having achieved a reversal of a decision limiting damages in late 2015, continue to work on behalf of our long-time client World Trade Center Properties, LLC and affiliated companies, such as Silverstein Properties, Inc., in actions seeking billions of dollars in damages resulting from the destruction of the World Trade Center, while the firm continues to handle other September 11-related litigation. It has been a privilege to have worked to help these clients recover from the tragic events of September 11 and rebuild the World Trade Center.

We also saw our 2016 efforts culminate in a recent trial in the Southern District of New York, where Mr. Kesch and his trial team led the defense in a long-running and hard fought patent infringement litigation. After many rigorous trial days, in the second week of trial the parties amicably resolved the dispute to our clients' satisfaction.

Our job for our clients does not end at trial as 2016 turned out to be a very successful year for FZWZ's appellate practice. Mark C. Zauderer was retained in 2016 by a major financial institution as bond indenture trustee to argue an appeal in the Appellate Division, First Department, involving the trustee's right to pursue claims for bond holders against transferees of the proceeds of the bond indenture, after a default judgment had been entered for over half a billion dollars against the bond issuer, a Greek telecom company. Following Mr. Zauderer's oral argument, the appellate court reversed the lower court and granted standing to our client to pursue the claims. As it presents an important issue of law, the New York Court of Appeals, where Mr. Zauderer will again argue the matter, will be hearing the case this spring.

In the fall of 2016, Mr. Williamson successfully argued an appeal in the First Department in a partnership accounting action.

At year end, Mr. Zauderer was retained by an international architectural firm to brief and argue an appeal in the New York Court of Appeals arising from \$50 million in claimed damages by the Dormitory Authority of the State of New York. The Authority contracted for the design of a building to be used by the City of New York. During construction of the foundation, a contractor allegedly allowed water to cause damage to an adjacent City building. The appeal involves important issues of New York law: under what circumstances can a negligence claim be asserted against a party who is also claimed to have breached a contract; and under what circumstances can those who are not party to a contract claim third-party beneficiary status and pursue a lawsuit. Mr. Zauderer expects to argue the case in the New York Court of Appeals this spring.

Throughout 2016, Mr. Zauderer continued conducting hearings as a Referee, with the powers of a judge of the New York Supreme Court, in litigation among the partners of a national law firm. Mr. Zauderer's role was featured in an article in July in *The New York Law Journal*, entitled "Tough Calls for Referee in New York Law Firm Breakup." Also, in the spring, Mr. Zauderer was added to the Roster of Commercial Arbitrators of the American Arbitration Association as well as its roster of international arbitrators for its ICDR Division.

In addition to these high-profile representations, we continue to coordinate the national strategy for the successful defense of our product liability clients who have been relying on our extensive knowledge and creative thinking in this area for more than a decade. We defend these matters both in the role as national coordinating counsel and handle all of the matters pending in New York State and its environs. In fact, we are routinely consulted about matters of national litigation strategy and, in particular, with respect to a matter of first impression pending in another jurisdiction for one of our clients, where we were called in to take the lead in discovery in that case.

While our clients' gratitude is appreciation enough for the work we do, we continue to be humbled by recognition we receive from our peers. Many of us, once again, have been named as "Super Lawyers" in 2016; Mr. Kesch continues as Co-Chair of the Committee on the Supreme Court of the New York County Lawyers Association; and Mr. Zauderer continues to serve by appointment of Governor Andrew M. Cuomo as a member of the Governor's Judicial Screening Committee for the Appellate Division, First Department, the Chief Judge's Commercial Division Advisory Council and the Chief Judge's Commission on Attorney Discipline. Mr. Kesch was profiled as a recommended professional in *Financier Worldwide's* Litigation and ADR Handbook, which showcases leading practitioners from around the world who assist their clients in navigating litigation, arbitration and mediation processes. Mr. Kesch was a featured panelist in the New York County Lawyers Association's annual program "Winning Cases in Federal Court," and in March of this year he will be moderating a program on "In-House Counsel Pet Peeves."

Mr. Williamson continues to serve on the National Institute for Trial Advocacy faculty for trial practice courses, as well as for courses on techniques for taking and defending depositions; and he has continued to serve as an adjunct faculty member for the Hofstra Law School Trial Techniques course. He was also a featured panelist on the City Bar program *Anatomy of a Trial*. Mr. Williamson and Ms. O'Connor updated their Partnership chapter in Robert Haig's treatise *Commercial Litigation in New York State Courts* (4th edition). Also in 2016, Mr. Zauderer drafted a proposed rule to be implemented in the Commercial Division of the New York Supreme Court to clarify circumstances under which sealing of commercial data may be considered by the Court. The proposal was adopted by the Commercial Division Advisory Council and has been published for public comment by the Administrative Board of the New York Courts.

Mr. Zauderer had numerous speaking engagements in 2016, as he delivered: the Commencement Address at Touro Law School, where he received an honorary Doctor of Laws Degree; the introductory speech for the presentation of the Stanley H. Fuld Award to Court of Appeals Judge Sheila Abdus-Salaam at the Annual Meeting of the New York State Bar Association; the introductory speech for the presentation of the Robert L. Haig Award to the Presiding Justice of the Appellate Division, Third Department, Karen Peters, at the Spring Meeting of the Commercial and Federal Litigation Section; and his annual presentation in the New York State Bar Association program, now in its 19th year, entitled "Civility and Ethics."

As busy as we are, we are confident that, with our core team of talented and creative attorneys, we can remain your "go to" litigation boutique in New York. We are routinely recommended by clients and major law firms alike to handle high-stakes legal disputes through trial and appeal and welcome the opportunity to assist you in any way we can.

We sincerely wish you a healthy and prosperous 2017 and hope our paths cross soon in this New Year.

Sincerely,

A handwritten signature in blue ink that reads "Flemming Zulack Williamson Zauderer LLP". The signature is written in a cursive, flowing style.

Flemming Zulack Williamson Zauderer LLP