Cornerstone Research provides economic and financial consulting and expert testimony to attorneys in complex business litigation. Our goal is to be the recognized leader in providing high-quality analysis of challenging business problems.
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Cornerstone Research is committed to client confidentiality and does not reveal clients’ names without prior permission. All of the firms listed above have given permission to be included in this list.
SELECTED CLIENT LAW FIRMS

Kirkpatrick & Lockhart Preston Gates Ellis
Latham & Watkins
LeBoeuf, Lamb, Greene & MacRae
Manatt, Phelps & Phillips
Mayer, Brown, Rowe & Maw
McDermott Will & Emery
McKenna Long & Aldridge
Milbank, Tweed, Hadley & McCloy
Mintz Levin Cohn Ferris Glovsky and Popeo
Mitchell Silberberg & Knupp
Montgomery, McCracken, Walker & Rhoads
Morgan, Lewis & Bockius
Morris, Nichols, Arshe & Tunnell
Morrison & Foerster
Munger, Tolles & Olson
O’Melveny & Myers
Orrick, Herrington & Sutcliffe
Patton Boggs
Paul, Hastings, Janofsky & Walker
Paul, Weiss, Rifkind, Wharton & Garrison
Pepper Hamilton
Perkins Coie
Pillsbury Winthrop Shaw Pittman
Powell Goldstein
Proskauer Rose
Quinn Emanuel Urquhart Oliver & Hedges

Reed Smith
Richards, Layton & Finger
Robins, Kaplan, Miller & Ciresi
Schulte Roth & Zabel
Shartsis Friese
Shearman & Sterling
Sheppard, Mullin, Richter & Hampton
Sidley Austin
Simpson Thacher & Bartlett
Skadden, Arps, Slate, Meagher & Flom
Snell & Wilmer
Sonnenschein Nath & Rosenthal
Stroock & Stroock & Lavan
Sullivan & Cromwell
Thompson & Knight
Vincent & Elkins
Vorys, Sater, Seymour and Pease
Wachtell, Lipton, Rosen & Katz
Weil, Gotshal & Manges
Weston Benshoof Rochfort Rubalcava MacCuish
Wiley Rein
Williams & Connolly
Willkie Farr & Gallagher
Wilmer Cutler Pickering Hale and Dorr
Wilson Sonsini Goodrich & Rosati
Winston & Strawn
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22 ENERGY
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For more than twenty-five years Cornerstone Research staff have provided high-quality expert testimony and economic and financial analysis to attorneys in all phases of commercial litigation and regulatory proceedings. During that time we have become one of the leading firms consulting to attorneys involved in complex litigation. Our objective, state-of-the-art analysis has earned us a reputation for excellence and effectiveness.

We work with faculty and industry experts in a distinctive “partnership” that combines the strengths of the business and academic worlds. The faculty, from the nation’s leading business schools, economics departments, and law schools, keep us at the forefront of academic research. Our staff consultants contribute expertise in the fields of economics, finance, accounting, and marketing research, as well as business acumen, familiarity with the litigation process, and a commitment to produce outstanding results. Our faculty-staff team approach combines theoretical and practical knowledge to develop high-quality analyses that are tailored to the needs of each case.

Our clients have brought us a wide range of challenging assignments, including some of the most important cases of the past quarter century. We have helped clients to achieve favorable outcomes in hundreds of trials, arbitrations, and regulatory hearings, and in pre-trial efforts.

As attorneys have sought our services in a variety of matters, we have built experience and specialized knowledge in many areas of business litigation. Cornerstone Research senior consultants have advanced degrees in such fields as economics, finance, accounting, marketing, mathematics, and computer science. Our consultants demonstrate exceptional skill and commitment and are known for developing practical, innovative solutions to challenging problems. We are recognized as providing responsive, insightful support while managing the preparation of analysis and expert testimony in complex matters.

Even with the marked growth of our practice, our cases generally come from attorneys who have worked with us and from colleagues they refer to us. The support we give our clients is built on a thorough understanding of their needs and a commitment to provide value through quality, integrity, and responsiveness. In the following pages we describe the services and experience we bring to each matter.
Cornerstone Research provides attorneys with analytical support in all phases of commercial litigation and regulatory proceedings, from identifying relevant issues and developing case strategy to engaging expert witnesses, conducting research, and preparing effective testimony.

Consulting to Attorneys
During the early stages of a case, often prior to the engagement of an expert witness, Cornerstone Research consults directly with attorneys to identify key business, economic, and financial issues. In addition, we outline areas requiring expert testimony and help determine the types of experts, data collection, and analyses needed.

We also provide estimates of potential damages and other preliminary analyses for attorneys to apply in developing case strategies. In many instances our clients use the results of these analyses to negotiate favorable settlements.

Our early involvement in a case also benefits counsel in the discovery process. We assist in writing discovery requests and in organizing and interpreting materials.

Identifying and Supporting Expert Witnesses
When testimony from one or more expert witnesses is needed, Cornerstone Research assists clients in locating the experts whose research, recognized industry expertise, and prior experience in litigation proceedings make them effective witnesses. In many cases we call upon our network of several hundred outstanding faculty experts and industry specialists. In other cases, our senior staff provide expert testimony. Once the appropriate experts are engaged, we provide them with complete support throughout the litigation process.
“I would not go to anyone else on a bet the company case. I think they are the best. In addition to the Cornerstone Research staff, they draw on an outside group of experts that provides expertise tailored to the problem, not just someone off the shelf.”

Chuck Koob  
Simpson Thacher & Bartlett

“The Cornerstone Research people are knowledgeable, experienced, and always responsive. They are invaluable members of a litigation team.”

Frank Barron  
Cravath, Swaine & Moore
Conducting Research and Analysis
Managing analyses in complex proceedings is an important aspect of the services we offer. We have experience organizing research efforts and coordinating the work of multiple experts. We ensure that work is conducted efficiently and is of the highest quality and integrity.

Our specialized financial and economic databases and research capabilities provide our clients with a distinct advantage. We are able to collect and analyze relevant data quickly using our state-of-the-art computer network and the most current econometric, statistical, graphical, and database software. We also use proprietary software to build, manage, and analyze the large data sets needed in today’s litigation environment. These resources enable us to take on diverse assignments and consistently meet case requirements and deadlines.

Preparing for Deposition and Trial
Cornerstone Research staff have substantial trial experience. Our support can extend through the entire trial process and to post-trial briefs. We also assist counsel in preparing for depositions of opposing witnesses and in developing cross-examination questions.

We prepare expert witnesses thoroughly for deposition and trial. We help the experts translate the results of their analyses into concise testimony and clear exhibits that juries can easily understand.
“Cornerstone Research always finds the right expert—they have a very deep bench. During trial, I have found their support to be excellent.”

Paul Blankenstein
Gibson, Dunn & Crutcher

“In the most complex and demanding business litigation and investigations, Cornerstone Research has time and time again brought to bear sophisticated and invaluable expertise.”

Jim Rouhandeh
Davis Polk & Wardwell
Attorneys have retained Cornerstone Research in a wide variety of cases involving numerous industries. Our diverse areas of specialization enable us to provide clients with a breadth of perspective and expertise. We are known for our work in such fields as securities, antitrust, intellectual property, financial institutions, accounting, and energy. Our extensive background in business litigation covers issues as varied as taxation, breach of contract, fraudulent conveyance, and piercing the corporate veil. We have worked on matters in numerous industries, including pharmaceuticals, healthcare, telecommunications, real estate, and high technology. The following pages briefly describe some of our areas of specialization and provide summaries of representative case assignments.
“Cornerstone Research staff take an economic approach to thinking about legal issues, and they understand the way lawyers think.”

Peter Wald
Latham & Watkins

“In addition to a smart and creative staff, Cornerstone Research has an outstanding network of experts. They would always be a firm that I turn to in a complex case.”

Jim Benedict
Milbank, Tweed, Hadley & McCloy
Our experience in over a thousand securities cases has given Cornerstone Research expertise that spans many areas of finance. Drawing upon decades of academic research in security price formation, we have developed innovative approaches to evaluating alternative per-share damages scenarios and modeling settlement outcomes in Rule 10b-5 and Section 11 and 12 claims. Our analyses of market efficiency and trading behavior have supported successful arguments concerning class certification. Our securities expertise extends beyond issues arising in typical securities class actions and includes issues related to asset and business valuation, market microstructure, market manipulation, bond default, and derivatives. We have provided analyses in ERISA company stock cases. We have worked with clients to achieve favorable outcomes in numerous securities matters, including many trials.

Disclosure
Cornerstone Research was retained by a law firm representing a computer maker in a decade-long securities class-action suit. Shareholders alleged that the company had overstated its earnings shortly before large losses led to bankruptcy. Cornerstone Research addressed the issue of damages by performing a detailed event study and reviewing the personal computer market. We concluded that the company’s stock price decline was not in any way attributable to the accounting-related allegations. We also found fundamental flaws in the analysis and findings of the plaintiffs’ damages expert, which were explored extensively during discovery. The jury ruled in favor of our client on liability.

Accounting Restatement/Market Efficiency
After a computer software company announced that it was restating its 1997, 1998, and 1999 financial results, the company and its auditor were named in a class-action lawsuit alleging that the announcement had caused a one-day $11 billion drop in market capitalization. Counsel for the auditor retained Cornerstone Research. Our accounting expert conducted an event study and determined that changes in market capitalization were largely unrelated to the reported financials. Our finance expert performed an assessment of the efficiency of the market for the company’s stock and found that the stock was traded at a value that diverged significantly from its fundamental value over a long time period. The case settled shortly after defense counsel moved to decertify the class based on these findings.
Bond Default
In the largest municipal bond default case ever litigated, Cornerstone Research staff supported and coordinated the work of five experts on a variety of liability and damages issues. Working closely with the experts, we constructed a model to predict the creditworthiness of each of the municipalities involved and proved that the municipalities would likely have defaulted on their debt obligations. We also developed damage models and analyzed proof of claim data to assist our client in evaluating the damage models of opposing experts. The case settled during trial.

Valuation
In a breach of contract case involving a national restaurant chain, Cornerstone Research assisted counsel for plaintiffs, two potential franchisees, in valuing damages based on their claimed contractual share of the franchise. Cornerstone Research assessed the value of a regional restaurant franchise by performing discounted cash flow and comparable transaction analyses. We also analyzed defense experts’ damages calculations, showing them to contain fundamental errors that substantially understated damages. The case went to arbitration, where our clients were awarded substantial damages.

Trading Behavior/Class Certification
In a putative class action involving an online brokerage company, plaintiffs alleged that they had experienced delays in using an online brokerage system. Plaintiffs claimed that their experts could determine on a class-wide basis what damages these alleged delays had caused. Cornerstone Research analyzed the claim and concluded that it would be impossible to determine on a class-wide basis whether plaintiffs had suffered damages or to determine damages without having information on each individual’s trading intentions at the time of delay. The court found that individual issues predominated and denied certification of the proposed class. This case was followed by two other claims, and class certification was denied in each case based on our analysis.

Derivatives
In this mutual fund litigation, defense counsel for a fund’s auditor retained Cornerstone Research. Plaintiffs claimed that the risk of the fund’s investments, including mortgage-backed derivative securities, was not disclosed and that allegedly illiquid securities held by the fund were misvalued. Working with the expert, we analyzed the sales prices of the allegedly illiquid securities and demonstrated that the securities in the fund’s portfolio were properly valued. The expert also found that the fund’s disclosures informed investors of the risk of its investments and were consistent with the disclosure practices of other funds during the relevant time period. The case settled shortly before trial.
Cornerstone Research provides sophisticated economic analyses to counsel and corporations involved in antitrust matters. Our experience and expertise span a broad spectrum of antitrust issues, including price fixing, horizontal collusion, monopolization, predation, tying, exclusionary practices, and antitrust issues associated with intellectual property and mergers. We have worked on some of the most prominent antitrust cases in private litigation and in matters involving the Department of Justice, Federal Trade Commission, Federal Communications Commission, Securities and Exchange Commission, and other agencies. Attorneys seek our involvement to address issues of class certification, liability, and damages.

**Price Fixing**
When several major gasoline refiners were accused of fixing prices, restricting capacity, and limiting production, counsel for one of the defendants retained Cornerstone Research to evaluate plaintiffs’ collusion theory. We showed that our client’s pricing, capacity, and production decisions were consistent with competition and contradicted plaintiffs’ claims of collusion. The trial court awarded summary judgment for the defendants, and that ruling was unanimously affirmed on appeal.

**Collusion**
In a class action alleging collusion among certain manufacturers, defense counsel retained Cornerstone Research and an economics professor to assess the extent of competition in the industry and to analyze the plaintiffs’ contentions regarding the current pricing and marketing programs of the defendants. In granting summary judgment to the defendants, the judge accepted our expert’s testimony, unrefuted by the plaintiffs, that if there had been a cartel, prices should have been higher during the alleged cartel period.

**Daubert/Price Fixing**
Plaintiffs alleged that several manufacturers had participated in a scheme to fix and maintain prices. We were retained by plaintiffs to review the methodology presented by plaintiffs’ experts and to address defense experts’ criticisms. When defendants filed a motion to exclude the testimony of plaintiffs’ experts, we demonstrated at the subsequent hearing that the experts had used sound econometric methodology. The court concluded that most of the testimony was admissible.
Mergers & Acquisitions
Cornerstone Research supported the parties of a multi-billion-dollar telecommunications merger during regulatory review by the Department of Justice Antitrust Division and the Federal Communications Commission. To assess the effects of the merger on prices, quality, and market concentration, Cornerstone Research analyzed data provided by the parties to estimate the relationships among these variables at various levels of market aggregation. Our analysis demonstrated that prices were not affected by variations in local market structure, suggesting that the merger would not lead to pockets of high-priced service. The merger and license transfers were approved, with some divestitures, by the regulatory agencies.

Monopolization/Tying
In a class-action antitrust case, the franchisees of a major fast-food company alleged that it illegally tied approved products, which franchisees were required to purchase, to its franchise licenses. The franchisees separately claimed that the company monopolized a purported market for approved products and that it colluded with multiple warehouse distributors in order to achieve this monopolization. Cornerstone Research worked with an economics professor who, assessing franchising and distribution economics, demonstrated that the company did not have the ability or the long-term incentives to act as a monopolist. Our finance expert analyzed the validity of the plaintiffs’ damage claims. The case settled favorably for the defendants.

Wage Fixing/Class Certification
Plaintiffs alleged that firms in a major energy-related industry participated in compensation surveys in an effort to restrict wages and benefits for tens of thousands of their workers. Defendants retained Cornerstone Research and two expert economists to examine class certification issues. The experts showed that any impact of the alleged conspiracy could only be measured on an individual basis and that many workers would not have been harmed even if the allegations were true. The experts also showed that there was no systematic relationship between the survey results and subsequent compensation decisions. Prior to any decision on class certification, the case settled for a small percentage of the original, multi-billion-dollar damages claim.
To address the wide range of issues that arise in intellectual property matters, Cornerstone Research uses a multidisciplinary approach that combines economic, marketing, accounting, and financial perspectives. We assist attorneys in cases involving allegations of patent, copyright, and trademark infringement, as well as matters involving theft of trade secrets and breach of technology-licensing agreements. We formulate and assess damage claims, considering loss causation, lost profits, reasonable royalties, and prejudgment interest. Our work also includes assessment of liability issues, such as commercial success in patent matters, antitrust counterclaims, and customer confusion in trademark cases.

Patent Infringement
A firm that provided commercial applications of digital encryption technology for use in Internet commerce was sued for alleged patent infringement. Retained by counsel for the defendant, Cornerstone Research analyzed the success of the technology and licensing agreements and assessed the calculation of damages allegedly sustained by the plaintiff. We demonstrated that the plaintiff had no basis for its damage claims. The trial judge agreed and excluded a key portion of plaintiff’s damage claims during the trial. The jury found no liability and no damages.

Copyright Infringement
In a landmark case for the computer software industry, the plaintiff accused a rival of infringing its copyright on several features of a software product. Defense counsel retained Cornerstone Research to develop damage estimates and to evaluate the plaintiff’s damage models. Working with an interdisciplinary team of economics, marketing, accounting, and software industry experts, we used econometric analysis, industry research, surveys, and cost-accounting models to estimate the effect of the allegedly infringing features on product sales, costs, and profits. The First Circuit found for our client, concluding that the allegedly infringing features were not copyrightable. Its decision was upheld by the Supreme Court on appeal.
Our focus on quality requires a high level of attention to detail. We provide objective, state-of-the-art analysis that has earned us a reputation for excellence and effectiveness.

Trade Secrets
A leading telecommunications equipment company sued a startup for alleged misappropriation of trade secrets involving fiber-optic networks. Defense counsel retained Cornerstone Research to assess liability and damages. On liability, we worked with an economics professor to predict the effects of the plaintiff’s attempt to restrict employee mobility and concluded that it would likely hinder innovation and economic growth in the area. On damages, our royalty and finance experts demonstrated that the plaintiff’s proposed damages were highly speculative and had vastly underestimated the risk inherent in a startup. The case settled shortly before trial on terms favorable for our client.

Breach of Technology-Sharing Agreement
One high-technology firm sued another for an alleged breach of a joint software development agreement. Counsel for defendant asked Cornerstone Research to evaluate damages, if any, and to assess the validity of the plaintiff’s damage study, which included projections of future revenue. Working with experts in software development and venture capital, we showed that the plaintiff’s damage claims were significantly overstated. The court found for our client on summary judgment.

Trademark Infringement
When a software provider sued a competitor for wrongful misappropriation of its mark, plaintiff’s counsel retained Cornerstone Research to review the defendant’s advertising and marketing programs and to estimate the cost to correct the mistaken impressions created by those programs. When the case went to trial, the jury awarded substantial compensatory and punitive damages to our client, and the court permanently enjoined the defendant from using our client’s mark.

Patent Infringement
A biotechnology company alleged that a rival infringed its patents for a product used to analyze complex genetic information in biomedical research. Retained by the defense, Cornerstone Research reviewed licensing agreements within the biotechnology and related industries to determine a reasonable royalty rate on the technology covered in the disputed patents. We also evaluated the opposing expert’s report and outlined several significant flaws in its methodology. The case settled on confidential terms, and all pending lawsuits were dismissed.
Our expertise in securities analysis, valuation, risk management, financial services regulation, real estate markets, and industry economics makes Cornerstone Research particularly qualified to address issues related to banks, savings and loans, insurers, securities firms, and other financial institutions. We have developed a number of specialized databases, including comprehensive financial data on all U.S. bank and thrift institutions, stock price information on all publicly traded banks and thrifts, merger and failure data on financial institutions, and related macroeconomic and real estate data. Our experience with financial institutions includes many of the largest litigation matters and regulatory proceedings to date.

Savings and Loans
A savings and loan sought recovery for damages after certain accounting practices previously guaranteed by the government were later disallowed by the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA). Cornerstone Research initially identified and supported rebuttal experts. Our role later expanded to include supporting the plaintiff’s experts as they developed their damage theories, providing analyses and exhibits for both fact and expert witnesses, and helping attorneys prepare their cross-examination and rebuttal of government experts. After a fourteen-month trial and two appeals, the Federal Circuit affirmed a judgment of $381 million to our client.

Securities Firms
Counsel for codefendant market makers retained Cornerstone Research to assess allegations of “tacit collusion” among securities dealers that spawned private and regulatory antitrust actions. The research concluded that collusion was “extraordinarily unlikely” given the market structure and there was “no responsible scientific basis for drawing a conclusion of collusion.”

Insurance
A property-casualty insurer and a large corporate client were engaged in a dispute over approximately $100 million in settlement costs and legal fees incurred in nearly two dozen product liability suits brought by industrial customers against the corporate client. Counsel for the insurer retained Cornerstone Research to assess the economics of the original product liability cases and of the corporate client’s claim against the insurer. We analyzed opposing experts’ findings, applied a variety of models to predict product failure, and assessed the impact of product warranty terms on claimed damages. Counsel used our findings in depositions of opposing witnesses and in settlement negotiations. The case settled favorably.
Banks
In a dispute between a bank and a former corporate client, counsel for the bank retained Cornerstone Research in a matter involving over-the-counter derivatives transactions. In preparation for trial we worked with three finance experts on several issues, including developing an overview of derivatives and how corporations use them in managing risk, developing models to determine the prices of certain derivatives, examining risk management activities undertaken by the plaintiff, and assessing various pricing models for the derivatives in question. In a series of pretrial rulings, the court dismissed most of the plaintiff’s claims against our client. The case settled shortly thereafter.

Asset Management
Cornerstone Research was retained by attorneys representing a custodial bank that was sued by three pension funds whose asset portfolios had disappointing returns because of a decline in certain real estate markets. The funds claimed the bank should have alerted them to the declining performance of their investments. Cornerstone Research analyzed delinquency rates within the portfolios and more broadly. We then identified and supported several experts to assess real estate market conditions, real estate investment allocation within pension funds, and the fiduciary obligations of custodial banks. The case settled favorably.

Private Equity
A leveraged buyout fund sued a venture capital firm, claiming an operating company sold to the plaintiff had been valued inappropriately and alleging failure to disclose material information about the operating company. Cornerstone Research worked with a finance expert to assess the practice of due diligence in venture capital transactions, to consider the materiality of information in such transactions, and to examine the valuation analysis prepared by the plaintiff’s expert. After both experts submitted reports and were deposed, the case settled on terms favorable to our client.

Market Timing
Cornerstone Research has worked with a number of clients to investigate issues relating to “market timing” of mutual funds and insurance products. Working with leading experts, Cornerstone Research has assisted mutual fund and insurance complexes in internal investigations, negotiations with the Securities and Exchange Commission and state attorneys general, the distribution of settlement funds, and shareholder class-action lawsuits.
Deregulation and restructuring have created new challenges for the energy industry. In this changing environment, Cornerstone Research has consulted on a wide range of issues, including market design, market monitoring, utilities mergers, and antitrust litigation in trading disputes.

**Contract Disputes**
Claiming over $1 billion in damages, an independent power producer filed a breach of contract suit over the construction of a major power plant. Working on behalf of the defendant, Cornerstone Research evaluated the damages claims submitted by the plaintiff’s experts. We supported the defense experts’ testimony about factors that affected the damages calculation, including projected electricity prices, the potential for fuel purchase agreement renegotiation, fuel transportation costs, displacement provisions in the purchase power agreement, and the appropriate discount rate. The final arbitration award for damages was a small fraction of the amount originally claimed by the plaintiff.

**Price Fixing**
When a state filed a lawsuit against several major oil companies for allegedly colluding to fix the price of gasoline, counsel for one of the oil companies retained Cornerstone Research to analyze the operations of the gasoline market in the state and to assess the collusion claim. Our research showed that our client’s decisions on pricing, capacity, purchasing, importing, and capital investment contradicted the plaintiff’s claims of collusion. A settlement favorable to the oil companies—a local newspaper reported it was one percent of what the state had sought—was reached.

**Mergers and Acquisitions**
In its assessment of a proposed merger of major oil companies, the Federal Trade Commission raised a number of competition issues for further review. Cornerstone Research supported an antitrust expert who was retained as a consultant on many of these issues. Following extensive FTC scrutiny, the merger was permitted.
Market Manipulation
A variety of market participants in the natural gas and electricity markets have retained Cornerstone Research to evaluate allegations of attempted market manipulation. Drawing on the experience and market perspective developed in these engagements, Cornerstone Research sponsored a day-long conference that provided a discussion of widely disputed issues of market manipulation in the energy markets. The conference, attended by market participants, their counsel, federal regulators, and academics, promoted a vigorous interchange of ideas among parties on all sides of the market manipulation investigations.

Regulatory Proceedings
Cornerstone Research was retained by parties active in California energy proceedings to collect and consolidate data on California electricity markets, analyze bidding behavior, and suggest appropriate methodologies for calculating FERC-ordered refunds.

Strategy Consulting
Cornerstone Research was retained by the compliance unit of an auction market in a deregulated electricity market to develop analytical tools and procedures for monitoring bidding dynamics in its daily auctions. A Cornerstone Research team developed reporting and monitoring tools to enable the auction market’s staff to assess the large amounts of market data generated daily in the electricity markets.

Bidding Strategy
A major oil exploration and production company retained Cornerstone Research to examine the company’s bidding strategy in auctions of deep-water offshore oil leases. Working with an economics expert, Cornerstone Research staff examined bidding outcomes in the auctions of deep-water leases and developed analytical software to quantify the risk of overpayment by the highest bidder, a practice known as the “winner’s curse.”
We apply expertise in economics, finance, and accounting to a wide variety of complex business issues faced by our clients. We have experience in a number of areas of litigation and business analysis, bringing together our general business knowledge and financial modeling techniques. Decades of application of finance and economics to issues arising in litigation have enabled us to develop expertise in such industries as telecommunications, pharmaceuticals, healthcare, high technology, entertainment, and professional services.

Breach of Contract
A professional services firm was retained by a manufacturing company to implement an enterprise computer system. The manufacturing company claimed that the implementation was flawed and that its business operations had been severely disrupted. The company asked an arbitration panel to order the professional services firm to pay substantial damages related to the liquidation of the company. Cornerstone Research was retained by defense counsel to identify an expert to testify on liability issues and to support another expert’s damages analysis. Following an arbitration with testimony from each of the experts, the panel ruled that our client did not owe any damages. The panel further ordered the plaintiff to pay our client’s outstanding bills from the implementation and to reimburse our client for its defense costs.

Bankruptcy
In the context of the impending bankruptcy of a major corporation, Cornerstone Research worked with a finance expert to analyze a complex transaction that was alleged to constitute a fraudulent conveyance. Our analysis of the firm’s securities prices at the time the transaction was announced showed that the transaction actually enhanced the value of the corporation. Restating the corporation’s balance sheet on a market value basis confirmed that an increase in value resulted from the disputed transaction. The case settled on favorable terms for our client.

Tax Treatment of a Partnership
Cornerstone Research examined the economic substance of a partnership, addressing whether the partnership had features of an equity investment. Working with a finance professor, we constructed a model to simulate the future returns on an investment in the partnership. The model produced a probability distribution of returns that formed the basis of our expert’s opinion regarding the potential and economic substance of the partnership. The expert testified in tax court, and the judge found in favor of our clients.
Piercing the Corporate Veil
In attempting to pierce the corporate veil, plaintiffs alleged that a holding company had exerted undue influence on a subsidiary by controlling decision-making as well as the subsidiary’s assets. Working with two business experts on behalf of the defense, we analyzed over twenty years of financial and operating documents. We found that the corporate governance process and the parent-subsidiary financial relationship were consistent with the normal business practices of other large U.S. holding companies. We also assisted in the deposition of opposing experts and helped fact witnesses prepare demonstrative exhibits. The court found in favor of our client.

Real Estate
Cornerstone Research identified and supported a team of three experts in a class action regarding a rollup of real estate limited partnerships into a publicly traded master limited partnership. The experts provided testimony and exhibits on national real estate trends, local real estate valuation issues, and Rule 10b-5 and Section 11 damages rebuttal. Additionally, Cornerstone Research provided research and support to counsel during pre-trial motions and six months of trial. The case settled favorably shortly before closing arguments.

Corporate Governance
Plaintiffs brought a stockholder derivative action against the directors of a major manufacturer following an accidental explosion and allegations of illegal hazardous waste storage and disposal practices. Plaintiffs claimed that the directors had failed to monitor environmental compliance. Our business expert testified at trial on behalf of the defense that the conduct of the directors had been reasonable, prudent, and in accordance with generally accepted practices. The court found in favor of the directors.

Auditor Independence
Cornerstone Research was retained by defense counsel for an accounting firm in a case involving an audit of a large company. Plaintiffs claimed that the independence of the auditor had been impaired. We supported an accounting expert addressing issues related to the independence, both in fact and appearance, of the auditor. Our analysis of the audit workpapers and facts of the case revealed that no impairment of independence had occurred and that plaintiffs’ expert had misinterpreted the relevant accounting and auditing authoritative guidance in developing his opinions.
“Cornerstone Research provides a collegial and collaborative exercise in testing factual and logical underpinnings used in a case to make sure they are practical and usable.”

Bill Dallas  
Sullivan & Cromwell

“I have worked with Cornerstone Research and come back. Their work is very insightful, and I have the highest regard for their people. They are extremely responsive in addressing issues that arise during a case.”

Don Scott  
Bartlit Beck Herman Palenchar & Scott

“Cornerstone Research’s people, both outside experts and inside the firm, have a first-rate understanding of the economic issues and the strengths and flaws of an opponent’s case.”

Rich Bernstein  
Sidley Austin

“Cornerstone Research provides a collegial and collaborative exercise in testing factual and logical underpinnings used in a case to make sure they are practical and usable.”

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