

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	CV No. 17-2511
	)	
vs.	)	Washington, D.C.
	)	April 23, 2018
AT&T, INC., ET AL.,	)	10:41 a.m.
	)	
Defendants.	)	Morning Session
	)	
	)	Day 18

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TRANSCRIPT OF BENCH TRIAL PROCEEDINGS  
BEFORE THE HONORABLE RICHARD J. LEON  
UNITED STATES SENIOR DISTRICT JUDGE

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Proceedings recorded by mechanical stenography; transcript  
produced by computer-aided transcription

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GOVERNMENT'S:

RONALD QUINTERO	3602		3678	
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## 1 P R O C E E D I N G S

2 DEPUTY CLERK: All rise. The United States  
3 District Court for the District of Columbia is now in  
4 session, the Honorable Richard J. Leon presiding. God save  
5 the United States and this Honorable Court. Please be  
6 seated and come to order.

7 Good morning, Your Honor. This morning we have  
8 Civil Action No. 17-2511, the United States of America v.  
9 AT&T, Inc., et al.

10 Counsel for the parties, please approach the  
11 lectern and identify yourself for the record.

12 MR. SIEGEL: Good morning, Your Honor.  
13 Matthew Siegel for the United States.

14 THE COURT: Welcome.

15 MR. BRENNER: Good morning, Your Honor.  
16 Nathan Brenner for the United States.

17 THE COURT: What's your name?

18 MR. BRENNER: Nathan Brenner.

19 THE COURT: Brenner?

20 MR. BRENNER: Yes.

21 MR. ADLER: Good morning, Your Honor,  
22 Sanford Adler for the United States.

23 THE COURT: Adler?

24 MR. ADLER: Yes. A-d-l-e-r.

25 MR. CONRATH: Good morning, Your Honor.

1 Craig Conrath for the United States.

2 THE COURT: Good morning.

3 MR. WELSH: Good morning, Your Honor. Eric Welsh  
4 for the United States.

5 THE COURT: Good morning.

6 MR. KEMPF: Good morning, Your Honor. Don Kempf  
7 for the United States.

8 THE COURT: Good morning.

9 MR. PETROCELLI: Good morning, Your Honor.  
10 Daniel Petrocelli for defendants.

11 THE COURT: Good morning.

12 MS. ROBSON: Good morning, Your Honor.  
13 Katrina Robson for defendants.

14 THE COURT: Good morning.

15 MR. OPPENHEIMER: Good morning, Your Honor.  
16 Randy Oppenheimer for the defendants.

17 THE COURT: Good morning.

18 MR. WALTERS: Good morning, Your Honor.  
19 Rob Walters here for AT&T-DirectTV.

20 THE COURT: Good morning.

21 MR. BARBUR: Good morning, Your Honor.  
22 Peter Barbur for Time Warner.

23 THE COURT: Good morning.

24 MR. ORSINI: Good morning, Your Honor.  
25 Kevin Orsini for Time Warner.

1 THE COURT: Good morning.

2 MR. RAIFF: Good morning, Your Honor. Mike Raiff  
3 for AT&T and DirecTV.

4 THE COURT: Good morning.

5 I'll see counsel.

6 (Sealed bench conference)

7 THE COURT:

8 MR. CONRATH:

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MR. PETROCELLI:

MR. CONRATH:

(Open court)

THE COURT: Call the witness.

The witness is under oath.

THE WITNESS: Yes, Your Honor.

Mr. Walters, when you're ready.

MR. WALTERS: Yes, sir. May I proceed?

THE COURT: You may.

RONALD QUINTERO, WITNESS FOR THE GOVERNMENT ON REBUTTAL,  
HAVING BEEN PREVIOUSLY SWORN, RESUMED THE STAND AND  
TESTIFIED FURTHER AS FOLLOWS:

CROSS-EXAMINATION

BY MR. WALTERS:

Q Mr. Quintero, you're aware of Mr. Conrath's letter  
to this Court about your correspondence over the weekend  
with your lawyers, are you not?

A Yes, I am.

Q And Mr. Conrath brought to the Court's attention  
the communications you had with DOJ, in violation of this  
Court's instruction on Friday. You're aware of that, are  
you not?

A They weren't communications. It was forwarding a

1 couple of YouTube videos.

2 Q And those YouTube videos that you did forward, you  
3 both, you forwarded them to your lawyers, Mr. Siegel, who  
4 had examined you in the case, correct?

5 A He was one of the recipients.

6 Q As well as a member of your staff, correct?

7 A That is correct.

8 Q And one of the videos that you sent was actually a  
9 news report, reporting on the expert testimony, economic  
10 expert testimony in this case of Mr. Shapiro on one hand and  
11 Dr. -- Dr. Shapiro on one hand and Dr. Carlton on the other;  
12 isn't that right?

13 A I vaguely recall that, yes, sir.

14 Q And Dr. Shapiro, he's actually the economist, the  
15 government's lead economist in this case; isn't that right?

16 A Yes, sir.

17 Q And Dr. Shapiro is actually the one who is relying  
18 exclusively on your opinions about almost \$2 billion of  
19 these synergies; isn't that right?

20 A I have no such knowledge of that.

21 Q You don't know that he's relying on them for  
22 purposes of his economic modeling?

23 A I do not.

24 Q And that news report reported gave an assessment  
25 of how those two economic experts were faring; isn't that

1 right?

2 A I don't recall these, all the specifics of that,  
3 the report.

4 Q And you would agree with me that that would be  
5 germane to this matter, would you not?

6 A I would believe so.

7 Q And then the second video that you sent also  
8 reported on a matter that was germane to this case, correct?

9 A I don't believe that's the case.

10 Q Well, it reported on the so-called top-ten  
11 monopolists or monopolists you've never heard of, right?

12 A That is correct.

13 Q And one of those monopolists that it reported on  
14 was Netflix, right?

15 A I believe so, yes.

16 Q Yes.

17 And you know that Netflix in its role, its  
18 competitive role in this marketplace, is highly germane to  
19 this case, don't you?

20 A I don't know the extent to which people are using  
21 Netflix within this case because it's outside the scope of  
22 my work.

23 Q You know it's implicated in this case, don't you?

24 A I heard it mentioned in the testimony that I  
25 observed.

1 Q You know it's implicated in this case, don't you?

2 A As I previously said, I heard it mentioned.

3 I don't know the specifics of how it's being used in this  
4 case.

5 Q And that same video reported on Google, did it  
6 not?

7 A I don't recall what it said about Google.

8 Q I didn't ask you that.

9 That same report reported on video reported on  
10 Google, did it not?

11 A Again, I don't recall that.

12 Q You don't recall that it reported on Google and  
13 its monopolist role?

14 A There were ten companies. I don't recall if  
15 Google was one of them. I was cooking my lunch as I was  
16 listening to it.

17 Q And then there was yet a third one, Facebook, that  
18 they reported on, too, and its platform and its monopoly  
19 role.

20 You recall that, don't you?

21 A Again, I don't recall that specifically.

22 Q And then -- now, did you do any other -- now, you  
23 were trolling the Internet on Saturday, were you not, about  
24 this case?

25 A I troll the Internet almost every day about a wide

1 range of topics.

2 Q And so let me -- to answer my question, you were  
3 trolling the Internet on Saturday about this case, weren't  
4 you?

5 A I believe every day, in recent days, I had been  
6 looking to see what's in the news.

7 Q And that included Saturday, didn't it?

8 A Yes, sir.

9 Q Okay. And in doing that, you then forwarded that,  
10 those videos on to a member of your staff, right?

11 A I believe one of the two videos -- and I believe  
12 it was the one about the monopolist, I thought he would be  
13 interested in it.

14 Q And now, did you do any additional work, any  
15 reading, any anything from Friday to today about the case or  
16 about your testimony today, just read to yourself, did you  
17 do anything?

18 A Yes, I did.

19 Q What did you do?

20 A I reviewed my report and documents that I might be  
21 called upon to testify on this case.

22 Q What documents?

23 A Other things within my general collection of  
24 documents that I prepared in connection with this case over  
25 the last year or so that I've worked on the case.

1 Q So as you reviewed those documents or checked your  
2 report, did you interact with any members of your staff as  
3 part of that process?

4 A I interacted with nobody in connection with that.

5 Q But you did review those additional documents, did  
6 you not?

7 A I did some review, yes, sir.

8 Q So now on Thursday, you also told Judge Leon or  
9 you told Judge Leon that no court has ever failed to  
10 recognize you as an expert; isn't that right?

11 A That is correct.

12 Q Okay. But that's only part of the story, isn't  
13 it, Mr. Quintero? You didn't describe the more fundamental  
14 question of whether any court has ever discredited your  
15 testimony, did you?

16 A I was not asked about that.

17 Q But you do recall discussing that subject in your  
18 deposition, don't you?

19 A There was a case I believe I was deposed on.

20 Q Yes.

21 And in that case, what you, the only thing you  
22 referred to was a 1987 decision in which you said, "The  
23 judge determined that some portion of my testimony was not  
24 what he was willing to rely on."

25 You recall that, don't you?

1           A     Approximately that, yes, sir.

2           Q     But that was hardly the full truth, was it,  
3 Mr. Quintero?

4           A     To the best of my knowledge, it is.

5           Q     Well, isn't there a much more recent decision from  
6 New York in which the Court utterly disqualified your  
7 testimony?

8           A     There was -- I just became aware of it recently.  
9 There was a case a little bit a year ago -- more than a year  
10 ago where he didn't disqualify it. The judge made his  
11 decision and did not use two of the inputs from my testimony  
12 in connection with that decision.

13          Q     Yeah, okay. That might yet be a third. But I'm  
14 talking about the *Fresh Del Monte* case.

15                   Do you recall that decision?

16          A     I do.

17          Q     And do you recall what the Court concluded about  
18 your testimony there?

19          A     No. I have never seen the decision.

20          Q     You don't recall that what the Court said in that  
21 decision is that, "Particularly in light of the  
22 cross-examination, I find Mr. Quintero's testimony to be  
23 utterly discredited. When a professional witness testifies,  
24 they at least ought to be consistent. His testimony in the  
25 *Mathias* case was inconsistent with the testimony he gave



1 here. You get what you pay for."

2 You're not aware of the judge's conclusion in that  
3 decision about your testimony?

4 A I've never heard that until just now.

5 Q So you literally have no idea that that occurred  
6 to you?

7 A I've never heard of it until just now.

8 Q And so that's your explanation for why you failed  
9 to disclose that decision when we asked you explicitly in  
10 your deposition whether a Court had ever discredited your  
11 testimony? Is that your explanation?

12 A I could not if I was unaware of it.

13 I will research it after we're done with this.

14 Q But you certainly testified in that case, didn't  
15 you?

16 A I did.

17 Q And that was a big case, wasn't it?

18 A No, it wasn't.

19 Q Well, I mean, there were big firms involved in  
20 that case, weren't there? Cleary, Gottlieb and others?

21 A Perhaps on behalf of *Fresh Del Monte*. I was  
22 working for a sole practitioner.

23 Q So nobody -- your testimony is nobody has ever  
24 brought to your attention when a judge in New York  
25 discredited your testimony as harshly and in a fashion he

1 did. That's your testimony?

2 A That is correct. And I've certainly been grilled  
3 by many.

4 Q Now, in this case, okay, in this case, you had  
5 been retained by the Justice Department; is that right?

6 A Yes, sir.

7 Q And now you have now been retained a total of five  
8 times on merger efficiencies in antitrust cases; is that  
9 right?

10 A Yes, sir.

11 Q And in each case, you're retained by the same  
12 antitrust division of DOJ that's here today, right?

13 A That is correct.

14 Q Okay. You've never once testified for a defendant  
15 on merger efficiencies, have you?

16 A Not to the best of my recollection.

17 Q All right. And in each of those matters, you've  
18 testified, whether it's in deposition or in court, that the  
19 claimed efficiencies were either non-existent or badly  
20 overstated. That's been your testimony, correct?

21 A They have been overstated. I don't recall the  
22 extent to which, but that is correct, with respect to  
23 verifiability and the other criteria that I described.

24 Q We'll get to those criteria.

25 Now, I want to be crystal clear about your

1 conclusions and what I heard on Thursday.

2 Now, you know AT&T has estimated total annual  
3 synergies of about \$2 and a half billion, right?

4 A Yes, sir.

5 Q And you have assessed categories representing  
6 about 2 billion of those synergies, isn't that right, 1.9,  
7 somewhere in that range?

8 A Approximately, that is correct.

9 Q Okay. And of those almost 2 billion in synergies,  
10 about 1.6 billion represent so-called cost synergies, right?

11 A About 1.55, that is correct.

12 Q About 1.55. All right.

13 And of the almost \$2 billion of cost and revenue  
14 synergies and under the standards you've applied, you have  
15 concluded, and you have opined to this Court, that AT&T  
16 should get zero credit for their claimed efficiencies,  
17 right, zero, nada, zilch?

18 A Based on the criteria that I described, that is  
19 correct.

20 Q Not a penny?

21 A That is correct.

22 Q Now, you appreciate the significance of that  
23 opinion for purposes of this case, don't you?

24 A I am not familiar with all the applications of my  
25 work. I'm focused solely on the synergies about which I

1 testified. Other applications are beyond the scope of my  
2 assignment.

3 Q All right. Now, again, you know that Dr. Shapiro  
4 is the lead economist in this case for DOJ, right?

5 A That is my understanding.

6 Q And you're not an economist or an antitrust  
7 economist, right?

8 A That is correct.

9 Q But DOJ didn't have Professor Shapiro offer an  
10 opinion on synergies in any sense in this case. You know  
11 that, don't you?

12 A Yes, sir. That's the best of my knowledge.

13 Q And instead, what Dr. Shapiro has done is simply  
14 assumed the synergies here should be zero.

15 You know that, don't you?

16 A No, I don't.

17 Q So you don't know that?

18 A I've never seen his report.

19 Q And you don't know that he has relied -- for at  
20 least the 2 billion in synergies that you reviewed, he's  
21 relied solely and exclusively on your opinions, right?

22 A I do not know that.

23 Q You don't know that the only efficiencies, the  
24 only synergies that he dialed into his model were the  
25 so-called elimination of double marginalization

1 efficiencies? You don't know that?

2 A No, sir.

3 Q Do you know what those are?

4 A I have a basic understanding of it.

5 Q Yeah. Those are those double margins or the  
6 stacking margins that both sides agree should be limited as  
7 part of the modeling. You know that, don't you?

8 A No, sir.

9 Q But you do know, though, beyond that, that  
10 Dr. Shapiro has included no other efficiencies in his  
11 pricing model?

12 A I have no knowledge of what he did or did not  
13 include in his pricing model.

14 Q Well, you do know this, don't you, that if AT&T's  
15 efficiencies were credited in this case, then it would  
16 overwhelm Dr. Shapiro's conclusions regarding price  
17 increases by some almost tenfold; you know that, don't you?

18 A I do not.

19 Q Well, 2 and a half billion and he's predicated  
20 280-or-something million in price increases. You know that  
21 it would overwhelm those price increases, don't you?

22 A Again, you're asking about something about which  
23 I have no knowledge.

24 Q Now, let's see how you get to zero. Let's take a  
25 couple minutes and just see how you get to zero, not a

1 penny.

2 Now, to get to zero, you have to apply a test,  
3 right?

4 A I described a threefold test, yes, sir.

5 Q And it was the DOJ lawyers themselves who provided  
6 you with that framework or that test to apply here, right?

7 A No, sir. These are the tests that I routinely  
8 apply in these types of matters.

9 Q But the DOJ lawyers, you discussed it with them,  
10 and they gave you that test to apply, right?

11 A They agreed that the -- the correct criteria for  
12 costs and the two criteria that I used with respect to  
13 revenues.

14 Q The DOJ asked you to evaluate these cost  
15 efficiencies and revenue synergies using the framework  
16 provided by DOJ, correct?

17 A I would agree with that.

18 Q And so, in effect, those were DOJ's marching  
19 orders here, apply that test, right?

20 A They were consensual agreement with respect to the  
21 appropriate way to approach this.

22 Q And on Thursday now, you didn't say a lot about  
23 the actual standards that underlie that test, did you?

24 A In what respect do you mean I didn't say a lot?

25 Q Well, let's talk about verifiability, okay?

1 That's one of the components of your test, right?

2 A Yes, sir.

3 Q Okay. Now, on Thursday what you did tell this  
4 Court is that you would count synergies if they can be  
5 objectively verified by reasonable means, both with respect  
6 to likelihood and amount. That's what you said, right?

7 A Yes, I did.

8 Q But that's not entirely true, is it?

9 A I don't know what you mean.

10 Q Well, you missed a key word there, didn't you?

11 A Well, what do you mean, I missed a key word?

12 Q Well, what I mean by that is that in truth, you  
13 actually, when you applied this test, you required  
14 certainty, did you not?

15 A No, sir.

16 Q Well, in your rebuttal report, if you look at  
17 page 39 --

18 MR. WALTERS: And, Your Honor, I have some  
19 materials. May I approach?

20 THE COURT: You may.

21 MR. WALTERS: May I approach the witness,  
22 Your Honor?

23 THE COURT: You may.

24 BY MR. WALTERS:

25 Q Now, in paragraph 39 of your rebuttal report, you

1 see what you wrote there? It's on page 39.

2 THE COURT: Which tab are we looking at?

3 MR. WALTERS: I'm sorry, tab 7, Your Honor.

4 Thank you.

5 THE COURT: All right.

6 BY MR. WALTERS:

7 Q And you write there that a review of the above  
8 opportunities indicates they are actions whose outcome is  
9 difficult to project with a high degree of certainty.

10 Do you see that?

11 A Yes, sir.

12 Q And then at your deposition, you testified that  
13 you required a high degree, or at least a reasonable degree  
14 of certainty, when you were reviewing AT&T's synergy  
15 projections. You recall that testimony, didn't you?

16 A I don't recall those exact words, but I'm looking  
17 for some reasonable degree of certainty; yes, that's  
18 correct.

19 Q So you're looking for a reasonable degree of  
20 certainty, right?

21 A Yes, not pure speculation.

22 Q All right. Well, and you didn't use the word  
23 "certainty" on Thursday, did you?

24 A I actually don't recall which precise words that I  
25 used.



1 Q And this standard of reasonable degree of  
2 certainty, that's what the DOJ lawyers and you discussed and  
3 agreed to employ; isn't that right?

4 A I don't recall having a specific conversation  
5 about that with the DOJ lawyers.

6 Q But you're aware, aren't you, that DOJ's own  
7 merger guidelines, they don't require any degree of  
8 certainty for projections to be verifiable. You know that,  
9 don't you?

10 A That may be, being very precise about the words.  
11 As a layman, I just mean that it can't be speculative. It's  
12 got to be something that appears to be likely.

13 Q Well, words matter, don't they?

14 A If you're a politician, they do. I don't have the  
15 degree of sophistication that a politician does. I'm  
16 speaking as a layman.

17 Q Well, Mr. Quintero, you know that in the merger  
18 guidelines, it doesn't touch topside or bottom any level of  
19 certainty; that all it says is they need to be established  
20 by reasonable means, correct?

21 A I've forgotten the exact words. I do recall  
22 something to that effect.

23 Q All right. So did DOJ instruct you to apply a  
24 standard of verifiability that went beyond what their  
25 guidelines said? Or did you come up with that yourself?

1           A     Those were just words I chose to use.  And, again,  
2 I'm not requiring certainty in the way in which I did this  
3 work.

4           Q     But, nevertheless, in applying that standard, you  
5 came to the conclusion that zero out of 250 -- 2.5 billion  
6 should be credited, right?

7           A     Well, zero --

8           Q     Yes or no?

9           A     No, because I did not look at the entire 250 --  
10 \$2 and a half billion.

11          Q     Of the 2 billion.  Thank you.

12          A     Of the little bit less than 2 billion that I  
13 looked at, that is correct based on the criteria that I  
14 applied.

15          Q     All right.  Now, were you here for Dr. Shapiro's  
16 testimony?

17          A     No, sir.

18          Q     Okay.  You don't know that when he testified, that  
19 what he said is that synergies are verifiable just when they  
20 are likely to be achieved?  Have you seen that testimony he  
21 offered?

22          A     I haven't seen his testimony.

23          Q     You haven't reviewed it, and you weren't here for  
24 it?

25          A     Correct.

1 Q And you have no reason to doubt -- and I'll  
2 represent to you that the testimony he offered is just  
3 simply if they are likely to be achieved?

4 A If that's within the record, then I would have no  
5 reason to doubt that.

6 Q But, Mr. Quintero, you know what a self-fulfilling  
7 prophecy is, don't you?

8 A Yes, sir.

9 Q And that's what you have done here on  
10 verifiability, isn't it?

11 A No, sir.

12 Q You've used a standard of reasonable certainty  
13 that ensures the result is going to be zero on  
14 verifiability, aren't you?

15 A Absolutely incorrect.

16 Q Well, in your deposition, you testified that  
17 there's an inherent degree of uncertainty in all merger  
18 projections. You recall that testimony, don't you?

19 A I don't recall that exact testimony, but I would  
20 agree with that comment.

21 Q And so by definition, it's almost tautological,  
22 isn't it? If it's inherently uncertain about synergies and  
23 projections and you apply a degree of certainty, by  
24 definition, it will never meet it, won't it?

25 A Absolutely incorrect.

1           Q     Now, there's a second reason that you didn't  
2 verify these synergies, right? And that has to do with the  
3 information that you actually reviewed, and maybe, more  
4 importantly, the information you didn't review, right?

5           A     I was constrained by the information that was  
6 provided.

7           Q     Yes, you were constrained, okay.

8                     And for at least some of the synergies that you  
9 evaluated, it certainly is possible to verify those  
10 synergies, but you would have required more information,  
11 correct?

12          A     That is correct.

13          Q     But in many of those circumstances -- and we'll  
14 get to some of the specifics -- you didn't make any effort  
15 to go get the information that you thought would be helpful,  
16 did you?

17          A     I went through all the documentation that was  
18 referred to by both the defendants and their consultants,  
19 and I went beyond that.

20          Q     All right. But you didn't go to information when  
21 you thought it might be possible to verify, that you thought  
22 would be helpful, did you?

23          A     I went after, to use your words, all of the  
24 information that the defendants and the consultants said  
25 underlined version 41. And I even went beyond that because

1 I reviewed more documents than that.

2 Q Well, wasn't it your understanding that everything  
3 you needed was supposed to be referred in the documents that  
4 were provided to you by DOJ?

5 A So could you clarify what you mean by that.

6 Q Well, wasn't it your understanding that everything  
7 you needed was supposed to be referred to in the documents  
8 that were provided by DOJ to you, right?

9 A Well, to be very precise, I received all the  
10 documents that were referred to in both what the defendants  
11 provided in January, as far as documents underlying  
12 version 41; I got all the documents that the defendants'  
13 consultant referred to as being the basis for quantifying  
14 the synergies; and I went beyond that.

15 And those were all documents that I obtained from  
16 the Department of Justice.

17 Q And those are those couple of hundred documents  
18 from those two different sources that you talked about on  
19 Thursday, right?

20 A Well, not only the roughly --

21 Q Well, just start there.

22 Isn't that right? That was like the 280 from DOJ  
23 and the couple hundred documents that were attached to  
24 Mr. Gokhale's report. That's what we're talking about,  
25 right?

1           A     The numbers are not correct that you described but  
2 included those plus many others.

3           Q     Now, what you did here, though, is very different,  
4 is it not, than what you would do if you were evaluating  
5 synergies for a business client, right?

6           A     Again, it depends on the scope of the assignment.

7           Q     If you were looking at a client's business and if  
8 there was a piece of information that you needed, you would  
9 just go ask for it, wouldn't you?

10          A     Well, if it's my client, I have a better access  
11 than in the proceedings such as this.

12          Q     So the answer is "yes," right?

13          A     Generally speaking, that is correct.

14          Q     All right. So that's a whole different exercise  
15 than if you're doing it for a business client; that's what  
16 you're telling us, right?

17          A     It is a similar exercise in terms of application  
18 of skill set, but it may differ in terms of the type of  
19 information I have access to.

20          Q     Exactly.

21                 But here, you didn't -- here you didn't ask DOJ  
22 for any additional information. You just stopped, right?

23          A     No, sir. I asked, by virtue of telling them that  
24 I want, in preparation for both the documentation request  
25 the DOJ made, the questions that were asked in connection

1 with the various depositions, and presumably, the  
2 defendants' consultants had full access to all relevant  
3 information. So --

4 Q But you remember speaking to this issue in your  
5 deposition, don't you?

6 A With respect to?

7 Q Well, let's look at page 207. It's right there in  
8 front of you, your deposition. Let's look at page 207,  
9 lines 21 through 24, if you wouldn't mind.

10 And do you see at line 21, you were asked a  
11 question: "You did not ask your client in this case, the  
12 Department of Justice, to provide you with that information,  
13 did you?"

14 And your answer was what?

15 A I put as that information.

16 Q Additional information?

17 A Well, as I previously testified, I asked them, by  
18 virtue of the requests that were made, to be more precise.

19 Q Well, let's put it this way: You certainly didn't  
20 make any effort to look into the millions of documents and  
21 the vast trove of financial information that was provided  
22 DOJ in this case to determine whether the information you  
23 found missing in the synergy analysis was, in fact,  
24 available; you didn't do that, did you?

25 A I should not have had to based on what the

1 defendants were supposed to be doing.

2 Q Yeah. I didn't ask you that.

3 What I asked you is, I just want to confirm that  
4 you didn't do that, did you?

5 A We had access to the entire nearly 8 million  
6 documents that the DOJ had electronically.

7 Q Right. And you made no effort, right, to look  
8 into those millions of documents, if you wanted further  
9 inquiry, further confirmation, further verifiability, right?

10 A Other members did look, but we understood that the  
11 information the defendants represented as being relevant to  
12 version 41 had been produced, and so we focused on those.

13 Q Well, this is not the first time you've had this  
14 conversation. Could you look at page 143 of your  
15 deposition.

16 Line 17, do you see that?

17 A Yes.

18 Q And the question is, "Did you make any effort to  
19 look into the millions of documents and vast trove of  
20 financial information that was provided to DOJ in this case  
21 to determine whether the information that you found missing  
22 in the synergy analysis would be available?"

23 Do you see that?

24 A I do.

25 Q And what's your answer?



1           A     "I did not personally."

2           Q     That's your answer?

3           A     Yes. I did not personally make the queries.

4           Q     You didn't qualify by "personally" in your answer  
5 here, did you?

6           A     It was a very specific question, and I answered it  
7 in the way it was asked.

8           Q     I see.

9                     Now, in truth, what you actually did was anything  
10 but what you suggested on Thursday in your response to  
11 Mr. Siegel's questions, right?

12          A     I don't know which question you're asking --  
13 referring to.

14          Q     Well, Mr. Siegel asked you, "And similarly,  
15 Mr. Quintero, how does your work experience and training  
16 qualify you to evaluate whether a claimed efficiency is  
17 merger-specific?"

18                     Do you recall that?

19          A     Vaguely.

20          Q     And your answer was, "Because my work experience,  
21 professional background, professional licenses are heavily  
22 geared towards being able to dig deep into information, to  
23 solicit information, in order to be able to take raw data  
24 and see if it can converted into something that's reliable,  
25 or to determine that it's not reliable."

1           You recall giving that testimony, don't you?

2           A     Vaguely, yes, sir.

3           Q     Yeah.

4                     And so therein really lies the secret of what's  
5 going on here, right? The government -- I want to be clear  
6 about this. The government didn't ask you to figure out  
7 what level of synergies might actually be reflected by this  
8 transaction, did they?

9           A     I was revealing the defendants' assertions.

10          Q     Yeah.

11                    So the government did not ask you, did they, to  
12 determine what level of synergies might actually, in a real  
13 world, be reflected by this transaction, did they?

14          A     No. My role was to evaluate the claims proffered  
15 by the defendants and the underlying information supporting  
16 those claims.

17          Q     Right.

18                    And the government didn't ask you to determine  
19 when you could do any additional work to satisfy the  
20 standards that they gave you, did they?

21          A     They did not.

22          Q     So what's really going on here is the government  
23 and you discussed this unattainable standard of certainty.  
24 You didn't review anything other than the documents that  
25 were provided to you. You didn't dig deep. You didn't

1 solicit information to determine the actual synergies that  
2 might occur here in the real world, did you?

3 A Well, there were several statements that you made,  
4 several of which I disagree with.

5 Q And you know that if you actually, if somebody  
6 came to you and gave you that chart and said, hey,  
7 Mr. Quintero, figure out what's actually going to happen  
8 here, as opposed to this test that the government gave you,  
9 right, the answer would be very different than zero, would  
10 it not?

11 A It likely would, because I would have worked with  
12 the defendants to tell them the type of information that is  
13 required in order to be able to provide something that is  
14 verifiable.

15 Q And so on verifiable, let's talk about something  
16 else you testified about on Thursday, and that's AT&T's past  
17 record. You recall that testimony, don't you?

18 A I do.

19 Q Now, I was surprised to hear you say on Thursday  
20 that whatever did or didn't happen in the prior mergers  
21 really have no bearing on this one. You recall giving that  
22 testimony, don't you?

23 A Approximately, yes, sir.

24 Q And you also went on to say the fact that they may  
25 or may not have achieved the synergies in prior mergers is

1 not relevant to this specific merger. That's what you  
2 represented to Judge Leon, was it not?

3 A I believe I said something to that effect.

4 Q Yeah.

5 But you're aware, aren't you, of DOJ's own merger  
6 guidelines that say the opposite, aren't you?

7 A Well, it is a consideration, and I accept that.  
8 It is a consideration.

9 Q And the DOJ guidelines actually say, "Efficiency  
10 claims substantiated by analogous past experience are those  
11 that are most likely to be credited."

12 You know that, don't you?

13 A Yes, sir.

14 Q So DOJ itself is prepared to say that in this  
15 context, on these issues, that past is prologue, right?

16 A Well, if it is analogous, that's the key  
17 consideration that you just cited.

18 Q Right.

19 Analogous, right? So if you're looking at cost  
20 synergies here and you're looking at cost synergies there,  
21 we ought to be able to compare, right?

22 A Yes.

23 Q Now, even in your rebuttal report, you acknowledge  
24 that whether AT&T has met cost synergy targets on a large  
25 transaction is relevant, didn't you?

1           A     I don't recall those exact words, but I agree with  
2 that assertion.

3           Q     Well, in fact -- well, if you want, you can look  
4 at your rebuttal report, page 35. And you say that the fact  
5 that certain AT&T records apparently show that the company  
6 has met cost synergy targets on certain large transactions  
7 in the past is not an irrelevant fact.

8                     That's what you wrote, isn't it?

9           A     I don't see paragraph 35. But, again, if you're  
10 representing --

11          Q     I'm sorry. Page 35, if I misspoke, tab 7.

12          A     Okay.

13                     Tab 7 begins with page 38.

14                     I have --

15          Q     Do you have your report right there?

16          A     I have a copy right here. Yes, I do.

17          Q     Maybe I just missed it.

18                     Why don't you look at page 35 of your report, your  
19 rebuttal report.

20          A     And, again, I'm not disputing it if you're  
21 representing that that's what it says.

22          Q     All right. Well, then let's move on.

23                     Now, and the reason, the reason it's relevant is  
24 because a track record of success in making synergy  
25 predictions, because it can enhance the credibility of the

1 net set of projections; that's the point, isn't it?

2 A It's possible, yes, sir.

3 Q And a business team with successful synergy  
4 results and experience, that would tend to enhance the  
5 credibility of that set of projections, right?

6 A It could.

7 Q And so you heard at length from Mr. Stankey last  
8 week, didn't you, the head of that successful business team.  
9 You were here for his testimony, weren't you?

10 A I was.

11 Q And you heard from Mr. Stankey's testimony about  
12 AT&T's successful track record of achieving synergy  
13 projections in past mergers, right?

14 A I heard his testimony, yes, sir.

15 Q And you heard his testimony about how he himself  
16 had played leadership roles in eight separate  
17 multibillion-dollar acquisitions in which they had  
18 exceeded -- met or exceeded their cost synergy projections,  
19 right?

20 A I heard that testimony.

21 Q For example, when they acquired SBC,  
22 Southwestern Bell, right, you knew that those targets were  
23 about over \$2 billion a year, and they met those targets,  
24 right?

25 A I don't know that.

1 Q Well, do you know that in the SBC transaction,  
2 they actually increased their estimates from 15 billion to  
3 18 billion because they were so successful?

4 A No, I don't know that.

5 Q You didn't look into that, did you?

6 A I don't recall that.

7 Q You didn't look into that, did you?

8 A Other members of my staff looked at those matters.  
9 Again, it was not relevant to what I was doing.

10 Q So it wasn't relevant, the fact that they had  
11 cleared the bar in SBC; is that what you're telling us?

12 A Again, I don't have personal knowledge of what  
13 they did or didn't do based on whatever documentation may  
14 have been furnished.

15 Q And you know that when they acquired BellSouth,  
16 that they surpassed their target there of more than  
17 \$2 billion a year, right?

18 A Again, I don't know that.

19 Q Is that because, I guess, that's irrelevant too?

20 A Again, I've not -- I'm not aware of conclusive  
21 information that make that relevant to this matter here.

22 Q All right. So when Mr. Stankey came into this  
23 Court, Federal Court, and swore to tell the whole truth, you  
24 have no reason to disbelieve him. You believe Mr. Stankey,  
25 don't you?

1           A     I have no reason not to believe what he testified  
2 with respect to that transaction.

3           Q     So for those facts, do you require any more for  
4 verifiability? Do you need documentation? Or can you just  
5 believe Mr. Stankey's testimony?

6           A     As a CPA, I would require documentation.

7           Q     So you don't believe him?

8           A     I didn't say I didn't believe them. If I want to  
9 verify it, I require documentation.

10          Q     So that's really what's going on here, right? You  
11 might believe something could happen. You might believe  
12 they will achieve synergies. You just didn't check that box  
13 and get that right verification, right?

14          A     I use the same criteria that AT&T's auditors,  
15 Ernst & Young, does. We require documentation in our  
16 profession.

17          Q     All right. And so on the DTV synergies, now, you  
18 actually did look into that, didn't you?

19          A     I did.

20          Q     All right. And that was a \$66 billion transaction  
21 some two and a half years ago, right?

22          A     I don't recall the exact number, but it was in  
23 that order of magnitude.

24          Q     And you analyzed that information, didn't you?

25          A     I looked at some information that was provided.



1 Q And based on that analysis, you're aware that AT&T  
2 has, in fact, surpassed the cost synergies that were  
3 projected in that transaction, right?

4 A That is my understanding.

5 Q And you also heard from Mr. Stankey last week that  
6 to date, AT&T has met its overall synergies plan for DTV,  
7 that they have actually been over on costs, a little behind  
8 on revenues, but they met them overall. You heard that,  
9 didn't you?

10 A What I heard was there was a big miss on revenues.  
11 And the cost synergies that he referred to, half of them in  
12 terms of content, as I testified on Thursday, are not  
13 relevant to this transaction.

14 Q Oh, the volume purchases on content are not  
15 relevant? That's your testimony?

16 A Very specifically, by U-verse being able to buy at  
17 the rates that DirectTV had, that's not relevant to this  
18 transaction. That was a horizontal deal. This is a  
19 vertical deal. Not the same animal.

20 Q Is that what you're telling us, that when you look  
21 at cost synergies, the fact that one's a horizontal deal and  
22 one's a vertical deal, that somehow that makes the  
23 assessment of cost synergies irrelevant? Is that what  
24 you're telling us?

25 A Well, very specifically, as I said --

1 Q No, no. That's not what I'm asking you. I'm  
2 saying, is that your testimony that it is irrelevant because  
3 that was a horizontal deal and this is a vertical deal in  
4 assessing cost synergies, yes or no?

5 A No, I did not say it's irrelevant. I said it's a  
6 different -- my words, I believe, were it's a different  
7 animal.

8 Q And so -- but, again, Mr. Stankey sat in that same  
9 chair and he said, in terms of overall synergies, net now  
10 revenue and costs, we have to date met our objectives. You  
11 heard that testimony, did you not?

12 A I didn't hear it with respect to revenues.  
13 I heard revenues is a big miss.

14 Q I didn't ask you -- maybe you and I are not  
15 connecting.

16 A Possible.

17 Q I want to make sure you listen very carefully to  
18 my question, okay, very carefully.

19 What Mr. Stankey said is that when you take all of  
20 the synergies, costs and revenues, okay, to date, and you  
21 net it all out, they have met their projections. You heard  
22 that, didn't you?

23 A I don't recall him saying it that way, but I was  
24 parsing it out into the two different categories of  
25 synergies.

1 Q I'm sure you were. I'm not. Okay?

2 What I'm saying is, if you take cost and revenues,  
3 they met their objectives as of 2017. You heard that  
4 testimony, didn't you?

5 A Again, I don't have a specific recollection of  
6 that testimony.

7 Q And if you did testify to that effect, you have no  
8 reason to doubt that conclusion, that sworn testimony,  
9 do you?

10 A I have no reason to doubt what he said.

11 Q Now, AT&T, frankly, I mean, of all the companies  
12 in America, right, achieving synergies is a core competency  
13 of theirs, isn't it?

14 A I've not evaluated AT&T in relationship to other  
15 companies. I can't make that conclusion.

16 Q Well, you know. You've heard that they made 13  
17 multibillion-dollar acquisitions in the last 20 or 25 years,  
18 right?

19 A 13 -- I don't know the number 13.

20 Q All right. Now, but you would acknowledge, would  
21 you not, that a favorable track record of achieving  
22 synergies lends credibilities to -- excuse me, lends  
23 credibility to AT&T's projections for synergies in this  
24 current Time Warner transaction. You would agree with me,  
25 wouldn't you?

1           A     To the extent that the things that represent  
2 synergies are relevant to prior transactions certainly would  
3 be a consideration, although less relevant than the specific  
4 information on this transaction.

5           Q     But we talked about this in your deposition,  
6 didn't we? You discussed this in your deposition. And you  
7 acknowledged that a favorable track record of achieving  
8 synergies lends credibility to AT&T's projections for  
9 synergies in the current Time Warner transaction, fair?

10          A     In isolation, I would say that's a reasonable  
11 statement to make.

12          Q     Very good.

13                     And notwithstanding all of that, you have,  
14 nevertheless, given AT&T exactly zero credit for achieving  
15 efficiencies here in the \$2 billion that you looked at,  
16 right?

17          A     As I testified, it was a little bit less than  
18 2 billion. But, yes, applying the criteria that are  
19 normally applied, I have not given them credit.

20          Q     Now, let's talk about what AT&T did in its process  
21 in this transaction, okay?

22                     Let's talk about what you think they should do and  
23 what they actually did, okay?

24                     Now, in your deposition and in your report, you  
25 describe some of the things you think companies ought to

1 consider in evaluating synergies, don't you?

2 A I'm sorry. In my?

3 Q In your deposition and in your opening report, you  
4 describe some of the things that a company should consider  
5 in evaluating synergies, didn't you?

6 A If you would point me to the specific things that  
7 you're referring to, I'd be happy to respond to it.

8 Q All right. Let's tick through them.

9 For example, you said companies should consider  
10 historical information on the relevant costs, right?

11 A You're looking at my report?

12 Q I'm looking at your deposition.

13 A Okay.

14 Q All right. Is that -- we don't need to look at  
15 either. Why don't we just say you agree with that, don't  
16 you?

17 A I agree with that statement.

18 Q And you also agree that a company should look at  
19 the procurement costs or what AT&T should do is look at the  
20 procurement costs of AT&T and Time Warner. That would be a  
21 prudent thing to do, would it not?

22 A I agree with that.

23 Q And what AT&T should also do here is look at the  
24 prospects for getting concessions from vendors. That would  
25 be a prudent thing to do, right?

1           A     Yes, sir.

2           Q     And you said that AT&T, what it should do is use  
3 its business judgments -- judgment as one of the tools in  
4 making these projections. You agree with that, don't you?

5           A     Again, I don't recall if I said that, but I do  
6 agree with that.

7           Q     And that it should look at ordinary cost  
8 projections as part of that process. You agree with that,  
9 don't you?

10          A     I would normally look at that, yes, sir.

11          Q     But here's the rub, Mr. Quintero. In truth, in  
12 reaching your conclusions here, you really didn't know what  
13 AT&T, what the business integration team relied on in making  
14 their projections and whether they are well-founded. You  
15 didn't know that, did you?

16          A     I only know what they provided in the  
17 documentation that they represented as underlying version 41  
18 and the other things that I previously discussed.

19          Q     That's all you knew is sort of like hear no evil,  
20 speak no evil. You just fixated, like, myopically on what  
21 was provided in support of a report, and you didn't go  
22 beyond that, did you?

23          A     I relied on, in good faith, the defendants  
24 providing the sort of information that they were supposed to  
25 have provided.

1           Q     And so -- but, again, in reaching your conclusions  
2 here, you really didn't know what the AT&T business  
3 integration team relied on in making these projections,  
4 did you?

5           A     I know only what they furnished as being the basis  
6 for their conclusions, as well as what their consultant  
7 indicated supported their conclusions.

8           Q     And as a consequence, it would be speculative on  
9 your part, right, to know what AT&T, what they did was  
10 well-founded, right?

11          A     Again, I'm constrained by what they provided that  
12 they represented as being the foundation.

13          Q     And so as a consequence, it would be speculative  
14 for you to opine on what they actually did, whether it was  
15 or was not well-founded, fair?

16          A     To the contrary, based on the information that I  
17 received, I thought that was speculative.

18          Q     Well, we -- you discussed this in your deposition,  
19 right?

20          A     I discussed many things in my deposition.

21          Q     All right. Well, let's go to page 241, line 19.

22                 And you got this question: "Is it possible that  
23 the information that was provided in connection with  
24 version 41 in the supporting materials was sufficient to  
25 allow the AT&T business managers to reach conclusions that

1 these cost savings were reasonable and achievable but that  
2 same level of information would not be sufficient to allow  
3 you to verify these estimates?"

4 Do you see that?

5 A Yes.

6 Q And your answer to that was what? On line 3 of  
7 page 242.

8 A I said, "Yes, sir."

9 Q And then if you go down to line 19, you go on to  
10 say, "So I don't know. Not having spoken to them and not  
11 knowing what they did or didn't have access to, it would be  
12 entirely speculative on my part to know whether what they  
13 did was well-founded."

14 Do you see that?

15 A Yes, sir.

16 Q And that was true, right?

17 A Yes, sir. As I previously testified, I'm  
18 constrained by what's been produced.

19 Q That was true, right?

20 A Yes, sir.

21 Q It was true then, and it's now true now, right?

22 A Yes. I can't know what they didn't tell me or  
23 what was in their heads.

24 Q Well, let's talk about that for a second.

25 Now, you would agree, would you not, that it's



1 relevant to know how AT&T plans to use the synergies'  
2 projections. You would agree that's relevant, wouldn't you?

3 A That would be something that would be useful to  
4 know.

5 Q Okay. And if AT&T intends to integrate the  
6 synergy plans into its future business plans, that would  
7 tend to enhance the credibility of the process of creating  
8 those projections, right?

9 A It may or may not.

10 Q Well, let's look at page 66 of your deposition.  
11 And on line 5, do you see on page 66?

12 A I'm not there yet.

13 Okay.

14 Q You get the question, "All other things being  
15 equal, though, if a set of business plans is going to be  
16 integrated into future business plans, that would tend to  
17 enhance the credibility of the projections."

18 Do you see that?

19 A Yes, sir.

20 Q And your answer is, "Certainly, credibility, the  
21 process that went into creating the projections."

22 Right?

23 A Yes, sir.

24 Q And that was true, right?

25 A Yes, sir.

1 Q Now, let's just talk for a second about version 41  
2 itself. You know what that is, right?

3 A Yes, sir.

4 Q That's Exhibit 658.

5 Now, at least until this trial, you had no idea  
6 why version 41 was created or how AT&T would use it in its  
7 projections, did you?

8 A Well, I saw several variations that preceded  
9 version 41. And when you say I have no idea of how it was  
10 created, what do you mean by that?

11 Q Well, you had no idea why it was created, did you?

12 A Well, I saw it as the successor to previous  
13 versions of a similar document --

14 Q All right.

15 A -- in order to try and substantiate what the  
16 claimed synergies and efficiencies were.

17 Q Mr. Quintero, until this trial, you didn't  
18 actually know why version 41 was created other than reading  
19 what you surmised -- other than what you surmised based on  
20 reading the title of the document, right?

21 A I guess I don't know what you mean by "why it was  
22 any created."

23 Q All right. What its purpose was.

24 A Well, it speaks for itself. It documents the  
25 claimed synergies and efficiencies.

1           Q     But as of your deposition, you've testified,  
2 didn't you, that other than reading the title, okay, you had  
3 no idea why it had been created, right?

4           A     I don't remember what I said about it, but I don't  
5 have anybody who specifically said this is the reason it's  
6 been created. But I certainly reviewed it. And as I said,  
7 the document speaks for itself.

8           Q     Well, let's look at page 61 of your deposition  
9 quickly, sir, line 13.

10                     And the question to you is: "Mr. Quintero, we've  
11 talked about a bit of -- we've talked a bit about  
12 version 41. Do you have an understanding of what this  
13 document will be used for by AT&T?

14                     "Answer: Only based on the title that's been  
15 given to the document.

16                     "Question: What's your understanding?

17                     "Answer: Well, it just says 'merger planning,  
18 finance.' So I can only surmise, based on the title, that  
19 it's something that the finance department would be using  
20 for purposes of the merger planning. But beyond that,  
21 I don't know how this document is going to be used."

22                     Do you see that?

23           A     Yes, sir.

24           Q     And that was your sworn testimony at the  
25 deposition, was it not?

1           A     Yes, sir.

2           Q     All right.

3                     And you really never bothered to find out even  
4 whether this was for business purposes or for litigation  
5 purposes, did you?

6           A     I have no reason to believe it wasn't for business  
7 purposes.

8           Q     But you didn't bother to find that out, did you?

9           A     Again, I had no reason to make such an inquiry.

10          Q     Well, you were asked at your deposition, right,  
11 "Is it prepared for business purposes, or was it prepared  
12 for litigation or advocacy purposes?"

13                     And your answer was, "I don't know what they may  
14 have considered in preparing this document."

15                     That was your testimony, was it not?

16          A     I don't recall. But I see it here, so I don't  
17 dispute that I said it.

18          Q     And until this trial, you didn't know the extent  
19 to which version 41 projections would be integrated into  
20 business plans, right?

21          A     When I say I don't know the extent, correct;  
22 I don't know the extent that that will occur if this  
23 transaction goes through.

24          Q     And you also mentioned you didn't speak with any  
25 of the AT&T people who are involved in this synergy process,

1 right?

2 A Other than just I briefly, politely said hello to  
3 Mr. Stankey after his deposition, as well as Mr. Fete, after  
4 his deposition.

5 Q All right. No substantive conversations, right?

6 A No, sir.

7 Q And the only people you've spoken to are the DOJ  
8 lawyers about the substance of the synergies, right?

9 A As well as members of my staff who were working  
10 with me on this.

11 Q And you didn't speak to any of those dozens of  
12 subject-matter experts that underlie each and every one of  
13 these cost synergies, did you?

14 A Not directly, no, sir. Only through their  
15 documents.

16 Q Now, what you heard from Mr. Stankey last week,  
17 though, is that the process that AT&T employed in this very  
18 transaction is a rigorous, fine-tuned process that they've  
19 applied over many transactions, similar transactions. You  
20 heard that, didn't you?

21 A Yes, sir.

22 Q And that that process involved over 15,000  
23 people-hours, did it not?

24 A I heard him say that.

25 Q It involved over 2,000 meetings, right?

1           A     That's what I've heard.

2           Q     And that they generated thousands of documents in  
3 that process, right?

4           A     I don't remember him saying that, but I did review  
5 quite a few documents.

6           Q     And you also recall Mr. Stankey testifying that  
7 AT&T and its business units will integrate these projections  
8 into their business plans and budgets. You heard that,  
9 right?

10          A     Yeah. I heard him say that after the transaction  
11 closes, they will update it, modify it, and then it will  
12 become part of their business plan.

13          Q     Part of it.

14                     And then they're going to track those and their  
15 business progress against those projections, right?

16          A     Yes, sir. That's right my understanding.

17          Q     At that the very same AT&T managers that helped  
18 calculate these synergies will be held responsible, will be  
19 held accountable for these synergies. You heard that,  
20 right?

21          A     I don't recall -- well, I heard him say that, and  
22 so I have no basis to dispute that.

23          Q     And that the people's compensation will be  
24 influenced by whether they meet the synergies that are  
25 reflected in the integration process for this transaction,

1 right?

2 A I heard him say his would. I don't have any  
3 reason to dispute whether or not theirs may be influenced,  
4 but I have no way to know that ether.

5 Q By the way, you attended Mr. Fete's deposition,  
6 didn't you?

7 A I did.

8 Q That was the first time and you and I met, right?

9 A Yes, sir, to the best of my knowledge.

10 Q And you recall Mr. Fete going on at length in his  
11 deposition -- I'm happy to show it to you -- that the very  
12 same people who were responsible for this integration  
13 process would own it on the acquisition of Time Warner.

14 You mean that, don't you?

15 A No, I don't recall that.

16 Q But you have, you don't recall that testimony?

17 A I don't.

18 Q Well, let's have you glance at it. Look at tab 11  
19 in your binder.

20 You see on page 103, 104, 105 all those  
21 highlighted sections about how the people in the parlor  
22 process are going to own these projections?

23 A Is there a specific line you want me to look at?

24 Q Sure.

25 If you look at page 105.

1           So, again, generally speaking, they're going to be  
2 in the parlor process --

3           MR. SIEGEL:  Objection, Your Honor.

4           THE COURT:  You can approach.

5           (Sealed bench conference)

6           MR. SIEGEL:

7           THE COURT:

8  
9  
10          MR. SIEGEL:

11          THE COURT:

12  
13          MR. SIEGEL:

14          THE COURT:

15          MR. WALTERS:

16  
17  
18  
19          THE COURT:

20          (Open court)

21          THE COURT:  You may proceed.

22 BY MR. WALTERS:

23           Q       So, Mr. Quintero, at page 105, what Mr. Fete says  
24 is, "Generally speaking, they're going to be put -- going to  
25 put the -- in the parlor process, are going to be -- to put



1 the people responsible for managing Time Warner's  
2 relationship and our real estate together."

3 Do you see that?

4 A Yes.

5 Q Does that refresh your recollection that Mr. Fete  
6 spoke to the subject of the same people being on both sides  
7 of the equation?

8 A I'm -- looking at this, I can't tell for sure what  
9 he's referring to, because he's talking about the  
10 relationship and our real estate together. I just don't  
11 know, just looking at that isolated sentence, what he's  
12 talking about.

13 Q In the interest of time, let's move on.

14 All of these things that we just talked about, all  
15 of those things that were reflected in the process that  
16 Mr. Stankey is responsible for, those are all hallmarks of a  
17 process that's calculated to produce reliable synergies  
18 protections, right? That's what you would expect to see?

19 A It's the starting point.

20 Q And, nevertheless, you turned a blind eye to those  
21 protocols, that rigor, those processes, and gave them zero  
22 credit in your assessment of almost \$2 billion in synergies,  
23 right?

24 A Because I was looking for the documentation of  
25 that, and that was what was deficient.

1 Q Now, let's turn to a few of the specifics, if we  
2 could, briefly, on what you testified about last Thursday.

3 You recall testifying about the vendor savings.  
4 Do you remember that?

5 A Yes, sir.

6 Q Okay. Let's turn to the fifth page of your  
7 demonstratives. You have the demonstratives up there?

8 A Apparently not.

9 Q I have another copy.

10 MR. WALTERS: May I approach, Your Honor?

11 THE COURT: You may.

12 BY MR. WALTERS:

13 Q Now, this page 5 of your demonstrative, this  
14 relates to logistics vendors, right?

15 A Yes, sir.

16 Q And logistics, that's one of eight vendor  
17 categories in version 41, right?

18 A Yes.

19 Q Now, you testified on Thursday that version 41  
20 assumes, without further explanation, that either 30 percent  
21 saved will be realized on three of the vendors or 5 percent  
22 on the other five.

23 Do you recall that testimony?

24 A The other four.

25 Q On the other -- on the other -- well, I think you

1 said five, but let's just say four. It doesn't matter for  
2 these purposes.

3 What you said, though, is that version 41 assumes,  
4 without further explanation, either 30 percent or 5 percent,  
5 right?

6 A Yes, sir.

7 Q And you told Judge Leon that there was no  
8 explanation in the underlying documentation that is  
9 provided.

10 You recall that too, don't you?

11 A Yes.

12 Q That's not true, is it?

13 A Well, if you regard one or two sentences to be an  
14 explanation, that is correct.

15 Q Well, I'm just reading what you told all of us on  
16 Thursday, and you told us that there was no explanation in  
17 the underlying documentation that's provided. That's what  
18 you said, right?

19 A In the way financial professionals regard  
20 explanation, yes, that is correct.

21 Q Well, let's drill down on that for a second.

22 Now, let's look at the page from version 41 that  
23 you pulled this data from, okay?

24 And that is, just for your convenience and the  
25 Court's convenience, if you look at tab 12, it shows a few

1 pages from version 41, including page 130, because I want to  
2 compare these two.

3 Do you see that?

4 A I see it.

5 Q And if you look at your demonstrative on one hand  
6 and page 130, what you did to create this demonstrative is  
7 you only reproduced half the page, right?

8 A That's correct. Just the numbers.

9 Q Just the numbers.

10 And on the right side of the page, you see where  
11 it says "Synergy Details and Assumptions"?

12 Do you see that?

13 A Yes, sir.

14 Q But, again, you told the Court on Thursday there's  
15 no explanation in the documentation that's provided, right?

16 A And that is a correct statement. That is correct.

17 Q Well, let's see if there's an explanation here.  
18 Look at the first vendor.

19 Do you see there in -- for confidentiality  
20 purposes, we won't use the name, but do you see that name?

21 A Yes.

22 Q And it says, at the end of the block in that  
23 section entitled "Synergy Details and Assumptions," okay?

24 Do you see that?

25 A Yes.

1           Q     And it says there that the potential savings found  
2 in the assembly and distribution of moving operations from  
3 one facility to AT&T's facility.

4                     Do you see that?

5           A     Yes.

6           Q     Well, that looks like an explanation for how  
7 they're going to save that money with that particular  
8 vendor, doesn't it?

9           A     No, that's not a satisfactory explanation.

10          Q     Okay. Well, that's --

11          A     There's something that you excluded from the  
12 sentence that precedes it.

13          Q     Well, it just says, "Low synergy attainment due to  
14 specialized-type service being provided, potential savings  
15 found in assembly and distribution, moving operations from  
16 one facility to AT&T's facility."

17                     Do you see that?

18          A     Yes.

19          Q     Okay. And that's the explanation provided here in  
20 the synergy details, right?

21          A     As a financial professional auditor, that's not an  
22 explanation. All that is is a statement.

23                     An explanation provides a lot more than that.  
24 That would never withstand scrutiny to an auditor.

25          Q     Sir, certainly didn't withstand scrutiny for you

1 in these purpose here, did it?

2 A It did not. And I would expect anybody else with  
3 my professional expertise would have the same view.

4 Q Well, did you raise your hand and say, hey, AT&T,  
5 can I have some more detail on that?

6 A Again --

7 Q Did you?

8 A No, sir, I did not.

9 Q Okay. Did you raise your hand and say, can I talk  
10 to the subject-matter experts who made this assessment and  
11 see why they think this is going to happen?

12 Did you?

13 A I --

14 Q Did you?

15 A Yes.

16 What I specifically said was, I instructed the DOJ  
17 the type of information that we wanted to get in the form of  
18 documentation, as well as deposition testimony. And I  
19 received the documents I previously referred to.

20 Q Well, it says -- I mean, right down here, it says  
21 the leads on this: AT&T, Rachel Kutz; Time Warner,  
22 Ken Gottesman.

23 Do you see that?

24 A Yes, sir.

25 Q Okay. Did you ask DOJ to depose either of those

1 people?

2 A No, sir.

3 THE COURT: Would this be a good time to take the  
4 morning recess?

5 MR. WALTERS: Yes, sir.

6 THE COURT: All right. We're going to take a  
7 15-minute recess. You remain a witness under oath. Refrain  
8 from discussing your testimony with anyone, including the  
9 counsel for the government. Stay independent of all other  
10 people.

11 THE WITNESS: Yes, Your Honor.

12 THE COURT: See you in 15 minutes.

13 DEPUTY CLERK: All rise.

14 This Honorable Court will now take a brief recess.

15 (Recess from 12:07 p.m. to 12:30 p.m.)

16 DEPUTY CLERK: The United States District Court  
17 for the District of Columbia is again in session, the  
18 Honorable Richard J. Leon presiding. God save the United  
19 States and this Honorable Court. Please be seated and come  
20 to order.

21 THE COURT: Let me see counsel.

22 I'll see counsel.

23 (Sealed bench conference)

24 MR. SIEGEL:

25 THE COURT:

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MR. WALTERS:

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THE COURT:

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MR. WALTERS:

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THE COURT:

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MR. WALTERS:

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THE COURT:

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THE COURT:

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MR. WALTERS:

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THE COURT:

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MR. WALTERS:

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THE COURT:

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(Open court)

20

THE COURT: You may proceed when you're ready.

21

The witness remains under oath.

22

BY MR. WALTERS:

23

Q Mr. Quintero, on Thursday, I want to turn to a new

24

subject, which is the corporate cost synergies.

25

Are you with me?



1           A     Yes.

2           Q     Okay.  Now, on Thursday you didn't say much about  
3 AT&T's analysis of corporate cost synergies, but let's look  
4 at page 6 of your demonstrative, if you would.

5                     Now, there, you reproduce some information from  
6 page 149 of version 41.

7                     Do you see that?

8           A     Yes.

9           Q     But, again, you've omitted information from that  
10 section of version 41.  So let's look at the actual  
11 document, which is on page 149, tab 12, of version 41.

12                     Do you see that?

13          A     Yes.  I have it front of me.

14          Q     And you recall from your deposition that you  
15 believed that, based on this summary page, that AT&T simply  
16 took a specific percentage haircut and applied it across the  
17 board to Time Warner's corporate costs, right?  Just top  
18 down, that's what you said, right?

19          A     Based on this and the supporting spreadsheet.

20          Q     Now, you know that's wrong, right?

21          A     No, sir.  I believe I testified that there is  
22 another document that may have been the basis for the  
23 assumption that was used.

24          Q     Well, let's go to that other document.  Why don't  
25 we just turn to the network page, 150.

1                   Do you see it says, "Corporate costs savings  
2 details"?

3                   Do you see that?

4           A       Yes, I do.

5           Q       You didn't include that page in your  
6 demonstrative, did you?

7           A       No, sir, I did not.

8           Q       But you testified at your deposition that you  
9 weren't able to ascertain the linkage between the page 149  
10 and page 150, right?

11          A       Specific to the spreadsheet that was used to  
12 generate 150, that is -- 149, that is correct.

13          Q       Right. So 149 says, here is the total; and 150 is  
14 the detail. And you didn't establish the linkage between  
15 those two, did you?

16          A       It's not the detail.

17                   Page 149 pertains to claimed cost savings in the  
18 year 2020. Page 150 reflects a budget for 2017.

19          Q       And so on the page 150, in fact, what that shows  
20 is not that it's a top-down, but every one of those 31  
21 categories gets a different percentage, right, of corporate  
22 cost reductions? That's what page 150 shows, right?

23          A       It shows numbers somewhat similar to what you're  
24 saying.

25          Q       Yeah. Okay.

1           And, for example, in the middle of the left side,  
2 it says, "Board of Directors, 100 percent reduction,  
3 \$4 million."

4           Do you see that?

5           A     Yes, sir.

6           Q     Okay.

7           So every one of those little guys gets a different  
8 percentage, and it all rolls up into that 75 percent on  
9 page -- or that percentage on page 149, right?

10          A     It does not roll up.

11          These are assumed across-the-board, rounded  
12 percentages. And the bottom-line number does not agree  
13 exactly with 149. It may have been a basis or a  
14 consideration in creating page 149.

15          Q     And because you didn't establish the linkage  
16 between these two pages, you asserted that AT&T had just  
17 made this percentage up and applied it as a top-down haircut  
18 without doing any analysis. That's what your assertion was,  
19 right?

20          A     And that is correct, yes, sir.

21          Q     Yeah, and you never bothered to ask anybody about  
22 whether that was right, did you?

23          A     Again, the numbers speaks for themselves.

24          Q     Well, look at the bottom. It says, Peter Knag and  
25 Doug Horne are the subject-matter experts?

1           A     Yes.

2           Q     You never asked the government to depose those  
3 people and understand what the build-up to that number was?

4           A     No, sir.  But I saw emails from Mr. Horne  
5 criticizing this process.

6           Q     Based on that, that limited look, you concluded  
7 that these corporate cost synergies were entitled to zero, a  
8 goose egg, credit in this proceeding, right?

9           A     Based on looking at all this information, that is  
10 correct.

11          Q     Right.

12          A     I believe I also testified, it's possible that  
13 some portion of this may be achievable.  They've just not  
14 provided an appropriate basis to give them that credit.

15          Q     I see.  So they didn't provide appropriate basis  
16 to get the credit.  But you know Mr. Bewkes, right, will not  
17 be here?  You know there's no need for a second Board of  
18 Directors.  You know there's no need for another CFO.  
19 You know all those are real costs.  But, nevertheless,  
20 nevertheless, you gave zero credit here, right?

21          A     You just raised several issues, and I can address  
22 each one if you wish.

23          Q     You gave zero credit here, notwithstanding the  
24 fact that you know none of that corporate overhead is going  
25 to be necessary, is it?

1 A Some portion of it is likely to be necessary.

2 Q Some portion of it?

3 A That is correct.

4 Q But much of it, most of it is not, right?

5 A Again, some portion. They haven't adequately  
6 documented which portions are appropriate.

7 Q And you also went on and told Judge Leon and in  
8 your report, you said that none of these are going to -- are  
9 merger-specific, right, according to the test you applied;  
10 isn't that right?

11 Isn't that right?

12 A I couldn't say none of them, because, again, I  
13 indicated in my report that a portion of it probably is  
14 merger-specific.

15 Q Well, let's just --

16 A They've just not provided a basis for being able  
17 to determine which portion.

18 Q I see. Well, let's just look at page 7 of your  
19 demonstrative, the last page, all right?

20 "Claimed Cost Synergies, Corporate Spend."

21 Do you see that? Page 7.

22 Do you see that?

23 A Yes, sir.

24 Q And under "Corporate Spend Merger-Specific," it  
25 says what, "no"?

1 A That is correct.

2 Q So you're giving zero credit for any of these  
3 corporate cost expenditures or savings, right, as being  
4 merger-specific? That's what you said, right?

5 A Yes, sir.

6 Although that's in contrast to what I actually  
7 wrote in my report.

8 Q I'll bet it is. I'll bet it is.

9 A Couple of other quick ones.

10 Now, on the marketing spend that you discussed  
11 last week, you recall that, don't you?

12 A Yes.

13 Q And you said that there was no underlying  
14 documentation for that, right?

15 A That is correct.

16 Q And so let's look at tab 13, okay?

17 Look at page 8 of that. That's called "Execution  
18 Plan, Domestic Paid Media."

19 Do you see that?

20 A Yes, I do.

21 Q Okay. That's underlying documentation on domestic  
22 paid media, that very subject, is it not?

23 A I believe we have a difference of understanding as  
24 to what constitutes adequate documentation.

25 Q I'll bet we do.

1           But that's underlying documentation in support of  
2 domestic paid media, is it not?

3           A     On a superficial basis, that is correct.

4           Q     All right. Well, let's dig one lower, deeper --  
5 one level deeper.

6                     Did you look at the analysis in there about CPMs?  
7 Do you see that CPM analysis? You're aware of that,  
8 aren't you?

9           A     Are you calling page 9 that you referred to me an  
10 analysis?

11                     On page -- you see in there on page 9?

12                     THE COURT: Which exhibit?

13                     MR. WALTERS: This is tab 13, Your Honor. It's  
14 marked Defendants' Exhibit 665.

15 BY MR. WELSH:

16           Q     Do you see that?

17           A     Yes.

18           Q     And do you see how it refers to the CPM yields  
19 down in the synergy details?

20                     Do you see that?

21           A     Yes.

22           Q     Now, did you go behind those numbers to figure out  
23 what was going on there?

24           A     At the time that this was furnished, this was all  
25 that was referred to by the defendants and their

1 consultants.

2 I subsequently found something else, but it's not  
3 an analysis. It's just some straight numbers.

4 Q All right. So the answer to my question is, no,  
5 you didn't, right?

6 A I couldn't have because they never specified that  
7 this was what was being relied upon.

8 Q Okay. Is the answer to my question, no, you did  
9 not?

10 A I did not as of the time that I prepared my  
11 rebuttal report.

12 Q All right. So then let's look at tab 14.  
13 Now, tab 14 actually gets behind those CPMs.  
14 And by the way, do you know what a CPM is?

15 A Yes.

16 MR. SIEGEL: Objection.

17 BY MR. WALTERS:

18 Q Okay. If you look at tab 14 --

19 MR. SIEGEL: Your Honor, objection.

20 THE COURT: You may approach.

21 (Sealed bench conference)

22 MR. SIEGEL:  
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MR. WALTERS:

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MR. WALTERS:

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MR. SIEGEL:

MR. WALTERS:

THE COURT:

MR. WALTERS:

THE COURT:

(Open court)

1           THE COURT: You may proceed, consistent with the  
2 discussion at the bench.

3 BY MR. WALTERS:

4           Q     So, Mr. Quintero, this tab 14, this DX671, this  
5 CPM study, do you see that?

6           A     Yes.

7           Q     Did you ever look at that document?

8           A     Again, I had no way of knowing it at the time that  
9 I prepared my report. I have viewed this subsequently;  
10 doesn't change my opinion.

11          Q     So you have. And who provided it to you?

12          A     I have received this from the Department of  
13 Justice.

14          Q     So the Department of Justice forwarded this to  
15 you, didn't they?

16          A     That is correct.

17          Q     But at the time you prepared your report, you had  
18 not seen it, correct?

19          A     I had never seen access to -- references to it in  
20 the defendants' information, nor that of its defendant --  
21 its consultant.

22          Q     So let me just ask you a couple other things, and  
23 we'll finish up.

24                   Now, you testified, didn't you, to, on Thursday,  
25 that none of the cost savings, zero, are properly considered

1 to be variable costs. Didn't you testify to that fact?

2 A Yes, sir.

3 Q And now, did the DOJ lawyers tell you that this --  
4 that that testimony was inconsistent with the DOJ's own  
5 horizontal merger guidelines?

6 A No, sir.

7 Q They did not tell you that?

8 A No, sir.

9 Q Did they tell you that it was also inconsistent  
10 with their commentary to the merger guidelines? Did they  
11 tell you that?

12 A No, sir. We had no such conversations.

13 Q And were you aware that in the commentary, that it  
14 says that the agency's considered merger-specific,  
15 cognizable reductions in fixed costs because consumers may  
16 benefit from them over the longer term? Were you aware of  
17 that?

18 A I'm aware of that.

19 Q You are aware of that?

20 A I have read that before.

21 Q Now, are you aware of the Antitrust Modernization  
22 Commission?

23 A No, sir.

24 Q So you don't recall Professor Carlton's testimony  
25 and the fact that he served on it?

1           A     I'm unaware of Professor Carlton's testimony.

2           Q     And I assume you're unaware that Mr. Kempf here  
3 and Mr. Delrahim here also served on that modernization  
4 commission; is that right?

5           A     No, sir. I'm unaware of that.

6           Q     All right. So on the variable cost itself, right,  
7 the way you defined "variable cost" was, is what happens  
8 when there's a backout, what's the immediate, okay, and very  
9 quick effect if there's a backout, right?

10          A     That's one way that I believe I testified in my  
11 deposition testimony, and I also testified on that, slightly  
12 different way, in my court testimony.

13          Q     You did. I mean, let's talk about how slightly  
14 different that was.

15                 In your deposition and in your report, it was what  
16 are the costs that go away immediately if there's a backout,  
17 right?

18          A     I believe I said something to that effect.

19          Q     Yes.

20          A     I believe I said some other things as well, but  
21 I believe that was one of the elements of my testimony. But  
22 I believe there was other comments that I made in my  
23 deposition testimony.

24          Q     And that was the definition of variable costs that  
25 you had discussed with DOJ, right, as part of your

1 assignment here, right?

2 A I'm sorry. I don't know what you mean.

3 Q Well, that what you, indeed, and the DOJ lawyers  
4 agreed should be the definition of variable costs, right,  
5 what immediately goes away if there's a blackout, right?

6 A No. In my report, I believe I defined a variable  
7 cost, and it wasn't in the way that you just characterized  
8 it.

9 Q But that's certainly the way you characterize it  
10 in your deposition, right?

11 A I believe that was one of the things that I said  
12 in my deposition, and I believe I said some other things as  
13 well pertaining to variable costs.

14 Q And you know for a fact, don't you, that if it's  
15 something other than immediate, if you give it a longer time  
16 horizon, much more is going to be a variable cost, right?

17 A No.

18 What there would be is revised fixed costs over  
19 longer time horizons.

20 Q Yeah.

21 But if the time horizon is longer than immediate,  
22 much more will be considered to be a variable costs will it  
23 not?

24 A No, sir. Variable costs are variable costs. Fix  
25 costs are fixed costs. But fixed costs can change over

1 time. For example, rent is a fixed cost. New lease, you've  
2 got a new rent.

3 Q Well, let's just talk about it in the context of  
4 the marketing costs where you bought it up on Thursday.

5 Now, is it your testimony in this courtroom that  
6 no marketing expenses or advertising expenses should  
7 properly be viewed as variable costs? Is that your  
8 testimony?

9 A Well, you have to identify --

10 Q Is that your testimony?

11 A Generally speaking, marketing costs are fixed  
12 costs. They are fixed spends that are established for time  
13 periods.

14 Q So if I'm Turner or I'm Warner Brothers and I say,  
15 I'm going to produce five more movies or ten more series and  
16 I want to market them and advertise them, your testimony is  
17 that those are fixed costs?

18 A Yes. There's a fixed budget that has been  
19 established for five movies or ten movies, and it doesn't  
20 change as a result of number of subscribers.

21 Q Well, let's say I want to sell more tickets to a  
22 particular movie, so I go out and advertise it. Is it your  
23 testimony that those are fixed costs?

24 A Yes, they are.

25 There's also the testimony of Mr. Tsujihara.

1 Q I see.

2 A He didn't call them fixed costs, but he said  
3 something that is highly relevant to this.

4 Q All right. Well, let's just finish up with a  
5 couple things before lunch.

6 Now, you also looked at these innovation  
7 synergies, didn't you?

8 A Yes, sir.

9 Q And -- but you have not reached any conclusions  
10 about whether AT&T will be able to achieve the innovations  
11 that it anticipates from this transaction, right?

12 A As I testified, I cannot give any opinions with  
13 respect to the technical capability, only the financial  
14 impacts.

15 Q All right. But you may, AT&T might be able to  
16 achieve those innovation synergies; you just haven't looked  
17 at enough information to allow you to have an opinion one  
18 way or another, right?

19 A No. I have no technical ability to ascertain  
20 whether they can or cannot achieve those innovation  
21 synergies.

22 Q Right.

23 A I can only review the financial information and  
24 comment on the financial impact.

25 Q So you're not qualified to speak to that subject,

1 right?

2 A With respect to the technical capabilities,  
3 absolutely not.

4 Q Well, and you heard, didn't you, Mr. Holanda,  
5 Mr. Montemagno, Mr. Stankey, Mr. Martin, Mr. York, and  
6 others talk about those frictions in the marketplace, as  
7 those impediments to actually being able to innovate. You  
8 heard that, and you know about that testimony, don't you?

9 A Well, again, the only person of those that you  
10 just mentioned whose testimony I was present for was  
11 Mr. Stankey's testimony.

12 Q And if they testified to that effect, you have no  
13 reason to doubt their testimony, do you?

14 A I have no reason to -- I have no opinion on it.  
15 I wasn't even present.

16 Q Fair enough.

17 But you would agree, wouldn't you, that if AT&T is  
18 able to achieve its goal of furthering innovations, that  
19 would be a good thing for consumers. We can agree on that,  
20 cant we?

21 A It depends on what it is.

22 Q Well, didn't you tell me in your deposition that  
23 if AT&T is able to achieve that goal, that that would be  
24 good for consumers? You recall that testimony, don't you?

25 A I don't recall that, but I would say more



1 precisely, it depends on the -- what it is that is done.

2 As a consumer and as an AT&T customer, if it  
3 enhances my experience, certainly -- and doesn't cost me  
4 anything, certainly, that's good.

5 Q All right. Let's finish with this.

6 Now, look at page 7 of your demonstratives again.  
7 You'll have that, I think, in front of you.

8 Do you see that?

9 A Yes, sir.

10 Q Now, you've been very clear in your opinions that  
11 there are zero efficiencies that meet your test, right?

12 A That is correct, of the ones that I --

13 Q And that's on all three elements of your test?  
14 That's verifiability, merger specificity, right, and on all  
15 the elements of the test, correct?

16 A Yeah, and variable costs with respect to costs,  
17 and then the two that I have deemed to be relevant to  
18 revenues.

19 Q Okay. So, Mr. Quintero -- but if this were the  
20 real world, okay, if this were the real world and AT&T had  
21 hired you to evaluate the synergies here, you wouldn't tell  
22 them it would be zero, synergies that would be achievable  
23 here, would you?

24 A This is the real world. If they had hired me, I  
25 would have guided them towards producing better proof.

1 Unfortunately, they've not done that.

2 Q But if they had hired you in the real world, in a  
3 business setting, you wouldn't tell them synergies  
4 achievable of zero, would you?

5 A Yes. If they had furnished me this information, I  
6 would. And I would say, you've got more work to do if you  
7 want to be able to have this withstand scrutiny.

8 Q All right. Well, let's look at your deposition,  
9 page 139, sir.

10 And go to line 23.

11 And the question that's put to you is -- tell me  
12 when you're there.

13 A All right.

14 Q The question that's put to you is, "You would not  
15 have told -- if AT&T had hired you to evaluate the surgeries  
16 here, you would not tell them that there is zero synergies  
17 to be achieved here; is that correct?"

18 Do you see that?

19 A Yes.

20 Q And what's your answer? Just give me your answer.

21 A "Correct."

22 But then there's more comment that follow  
23 "correct."

24 Q Yeah, well, your lawyer will have plenty of  
25 opportunity. But your answer to that is correct. If AT&T

1 had hired you, you wouldn't tell them zero synergies, right?

2 A That's the first part of a longer sentence; that  
3 is correct.

4 Q And then, in fact, what you would tell AT&T is  
5 there's a high likelihood, a high degree of likelihood, that  
6 there are efficiencies to be gained as a result of this  
7 merger, right?

8 A I believe that the -- some would likely be  
9 possible.

10 The key issue is documenting it properly.

11 Q Well, let's be real clear about this.

12 Let's go to page 19 of your deposition, sir.

13 Let's go to line 5.

14 A I'm there.

15 Q And you get the question: "Do you believe that  
16 there are likely to be some efficiencies to be gained as a  
17 result of this merger?"

18 Your answer is, "I would believe so."

19 The question to you next is: "What is the  
20 likelihood that there are in the some efficiencies to be  
21 gained as a result of this merger?"

22 And your answer is, I would believe a high degree  
23 of likelihood that there would be some efficiencies.

24 Do you see that?

25 A Yes, sir.

1 Q Was that, those questions -- those were questions  
2 to you, and those were your answers; isn't that right?

3 A Yes, sir.

4 Q Okay. And so if someone were to try to add up, in  
5 light of that, if someone were to try to add up all of the  
6 actual, okay, the actual pluses and minuses from this  
7 transaction that would actually occur in the real world,  
8 it would be wrong to put a zero next to the synergies,  
9 wouldn't it?

10 A It would be right if one is applying the objective  
11 criteria that I applied.

12 Q Yeah.

13 If you apply the tests you applied, right, okay,  
14 about certainty and verifiability and but-for and merger  
15 specificity -- okay, and none of these are variable costs,  
16 right? -- if you applied that, the answer is zero, right?

17 A No, I did not apply the criteria of certainty.

18 Q But if we're talking about the real world, there  
19 is a high likelihood, right? That's what your testimony  
20 was, that AT&T will achieve synergies in this transaction,  
21 right?

22 A Unquantified synergies. It is certainly likely  
23 that some synergies will occur.

24 Q So if AT&T had hired you to come and do this, what  
25 you would do, as you testified on Thursday, is you would dig

1 deep, right, and you would solicit information, right?  
2 That's what you would do if they came to you and hired you  
3 in a business setting, right?

4 A I would have worked with management team to better  
5 quantify the information so that it was provable, so that it  
6 would withstand scrutiny by somebody like me.

7 Q Yes, sir, you would.

8 And then you would do that additional work,  
9 wouldn't you? You would ask questions, and you would try to  
10 understand the synergies estimates. You would do that  
11 additional work, wouldn't you?

12 A If I were working for AT&T, I would certainly work  
13 with them to try to get that done to the best of what is  
14 possible, given information that can be obtained.

15 Q And that's the point. You didn't do that  
16 additional work here, did you?

17 A I did as much work as I could with the information  
18 that was proffered and represented.

19 THE COURT: Mr. Walters --

20 MR. WALTERS: Yes, sir. Last question.

21 THE COURT: -- your time is up.

22 MR. WALTERS: May I have one question?

23 THE COURT: One question.

24 BY MR. WALTERS:

25 Q And that's because the DOJ lawyers, okay, they

1 didn't ask you to do that additional work here, right?

2 A No, sir.

3 Q Well, that was -- would you look at page 145 of  
4 your deposition.

5 THE COURT: No. One question. You got your  
6 question.

7 MR. WALTERS: Yes, sir. Thank you.

8 THE COURT: Redirect.

9 You've gone 15 minutes. That's it.

10 REDIRECT EXAMINATION

11 BY MR. SIEGEL:

12 Q Good morning, Mr. Quintero.

13 A Good afternoon.

14 Q Now, Mr. Walters asked you about your -- some of  
15 the documents you relied on.

16 Do you recall that?

17 A Yes. He asked me several questions on the  
18 documents.

19 Q And you mentioned that you rely on documents that  
20 were identified in an interrogatory; is that right?

21 A Yes. I previously had testified about that.

22 Q And in that interrogatory, are you referring to  
23 the interrogatory in which AT&T was asked specifically,  
24 separately for each potential efficiency or synergy of the  
25 transaction, to state the amount and nature of those

1 synergies and costs and time in the attainment of those  
2 synergies to identify the spreadsheets or other documents  
3 containing the calculations or models used --

4 THE COURT: Whoa, whoa, whoa. Slow down.

5 MR. SIEGEL: Sorry.

6 THE COURT: My court reporter is good, but he's  
7 not a machine, all right? Slow down.

8 MR. SIEGEL: Okay.

9 BY MR. SIEGEL:

10 Q -- and to identify the calculations or other  
11 models used to support this synergy?

12 A Yes, sir.

13 Q And do you recall receiving an answer to that  
14 interrogatory?

15 A Yes.

16 Q And do you recall that answer including the  
17 assertion that the latest quantification of the synergies  
18 was in the document we've been talking about, version 41?

19 A Yes.

20 Q And that this document and its underlying  
21 spreadsheets and inputs would be produced to the plaintiff?

22 A Yes.

23 THE COURT: Direct exam, redirect. This is not  
24 leading questions.

25 MR. SIEGEL: Okay.

1           THE COURT: Reformulate your question. Ask a  
2 question. Don't testify.

3 BY MR. SIEGEL:

4           Q     Mr. Quintero, in substance, what do you recall of  
5 the response to that interrogatory as it concerned the  
6 documents the DOJ was going to receive from AT&T?

7           A     My understanding was that the defendants were to  
8 produce the documents, and I received those documents that  
9 they did produce.

10          Q     And did you rely only on those documents?

11          A     No, sir.

12          Q     What other categories of documents did you rely  
13 on?

14          A     I relied upon the documents produced by the  
15 defendants' consultant on synergies, who produced two  
16 reports, all the documents that he referred to, as well as  
17 many others that we found independently, deposition  
18 testimony, and other information enumerating approximately a  
19 thousand documents.

20          Q     Okay. And Mr. Walters asked you a bit about why  
21 you didn't work with defendants' subject-matter experts, as  
22 he called them, or ask DOJ to depose those individual.

23                   Do you recall that?

24          A     Yes, sir.

25          Q     Did we have any 30(b)(6) depositions in the



1 investigation in the case --

2 A Yes.

3 Q -- on this topic?

4 A On synergies, yes.

5 Q How many, do you recall?

6 A I don't recall the exact number.

7 Q Okay. And -- but there were several?

8 A That's my understanding.

9 Q And do you recall any of these subject-matter  
10 experts being proffered in any of these 30(b)(6)  
11 depositions?

12 A My understanding -- and I'm speaking as layman --  
13 is that the people who were deposed were those who were  
14 representing the defendants with respect to synergies.

15 Q And did the defendants' expert, whose reports you  
16 received, interview any of these subject-matter experts?

17 A His report referenced ten that he spoke to, is my  
18 recollection of the number.

19 Q And did he provide notes or records of any kind so  
20 you could get access to the benefits of those interviews?

21 A He did not.

22 Q Regarding other transactions, including DirectTV,  
23 but I think Mr. Walters referred to 13 different  
24 transactions, do you remember Mr. Walters asking you about  
25 that?

1 A Yes.

2 Q And did you see any evidence of a track record of  
3 achieving synergies in these 13 transactions?

4 A I saw -- I and members of my staff who looked at  
5 that saw some general evidence, but it wasn't conclusive.

6 Q And what kind of evidence? How would you  
7 characterize the evidence that you received on the 13  
8 transactions?

9 A Relatively sparse documentation.

10 Q Were there any transactions where you received  
11 more fulsome documentation?

12 A The only one that was more complete, or I should  
13 characterize as less incomplete, was that pertaining to the  
14 acquisition of DirecTV.

15 Q And I think Mr. Walters had read a quote from you.  
16 I believe it was from your report, one of your reports,  
17 about it being somewhat valuable or informative if a company  
18 has achieved analogous synergies in the past.

19 A Yes.

20 Q Were the synergies analogous that were achieved in  
21 the DirecTV transaction?

22 A No.

23 Q Why not?

24 A Because the revenue synergies were, as stated by  
25 Mr. Stankey, a big miss.

1           And on the cost synergies, about half of them were  
2 on content, which is not relevant to this transaction.

3           Q     And Mr. Walters talked to you a bit about the  
4 standard for verifiability that you applied.

5                     Do you recall that?

6           A     Yes.

7           Q     And was that standard for verifiability that you  
8 applied described in paragraph 23 of your opening report?

9           A     It was described in my opening report. I don't  
10 remember the paragraph.

11                     Yes.

12          Q     And you're looking at paragraph 23 of your opening  
13 report?

14          A     I am.

15          Q     And does it do a good job of describing the  
16 standard you used for verifiability in this case?

17          A     Yes.

18          Q     Could I ask you just to tell us what it says.

19          A     It says, "Under the Guidelines, efficiency claims  
20 must be verifiable to be credited against likely harm to  
21 competition."

22                     The guidelines say that, "Efficiency claims will  
23 not be considered if they are vague, speculative, or  
24 otherwise cannot be verified by reasonable means."

25          Q     Now, the -- I think Mr. Walters asked you about

1 whether the same people who were responsible for the synergy  
2 calculations own it; in other words, are going to be held  
3 responsible for it in this matter.

4 Do you recall that?

5 A Yes.

6 Q All right. Now, without repeating or summarizing  
7 any documents that you may have reviewed, have you reached  
8 an opinion about whether people at Time Warner working on  
9 the synergy estimates thought that the process of  
10 calculating those estimates was valid?

11 A Yes, I have.

12 Q And what is that opinion?

13 A That some of the most senior people at Time Warner  
14 have expressed, through documents, that they do not accept  
15 the validity of the approach for documentation.

16 Q And have you seen any evidence in this case that  
17 gives you any doubt that the Time Warner executives will be  
18 the ones who will be held accountable?

19 MR. WALTERS: May we approach, Your Honor, very  
20 briefly?

21 THE COURT: You may.

22 (Sealed bench conference)

23 MR. WALTERS:  
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MR. SIEGEL:

THE COURT:

(Open court)

THE COURT: Strike the last question. Move forward.

BY MR. SIEGEL:

Q Just a couple brief points for purposes of completeness.

Do you recall that Mr. Walters asked you about some deposition testimony at page 66 of your deposition in this litigation?

A I have to look at page 66. I don't recall what it pertains to.

Q And do you have that deposition at tab 3 of the binder that Mr. Walters gave you?

A Yes. I have it in front of me.

Q The question was asked: "Sure. All other things being equal, if a set of business plans is going to be integrated into future business plans, that would tend to enhance the credibility of projections."

And did Mr. Walters read the first part of the answer: "Certainly, the credibility of the process that

1 went into creating the projections"?

2 A Yes.

3 Q And did he fail to include the subsequent part of  
4 that sentence?

5 A Yes.

6 Q And what does that say?

7 A "Not the verifiability of the documents or the  
8 credibility of the result."

9 Q And, similarly, if you turn to page 140 of that  
10 deposition, turning your attention to lines 1 -- page 139,  
11 23, over to 140, 6, to line 6.

12 Do you recall that you and Mr. Walters discussed  
13 that little passage?

14 A Yes.

15 Q And that was a question: "You would not have  
16 told -- if AT&T had hired you to evaluate the synergies  
17 here, you would not tell them that there's zero synergies to  
18 be achieved here; is that correct?"

19 And you answered, in Mr. Walters' telling of it,  
20 "Correct."

21 Was there additional testimony that clarified that  
22 "correct" answer?

23 A Yes.

24 Q And what is that?

25 A "Because had he hired me, I would have fixed some

1 of the problems that I saw in the work that has been done,  
2 or I would tell them that these things have to be fixed."

3 MR. SIEGEL: Can I have a moment, Your Honor?

4 No further questions, Your Honor.

5 THE COURT: All right. Recross.

6 MR. WALTERS: Nothing, Your Honor.

7 THE COURT: Nothing?

8 You're excused.

9 Call your next witness.

10 (Sealed bench conference)

11 THE COURT:

12 MR. CONRATH:

13 MR. PETROCELLI:

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15 MR. CONRATH:

16 THE COURT:

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22 MR. CONRATH:

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24 MR. PETROCELLI:

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MR. CONRATH:

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THE COURT:

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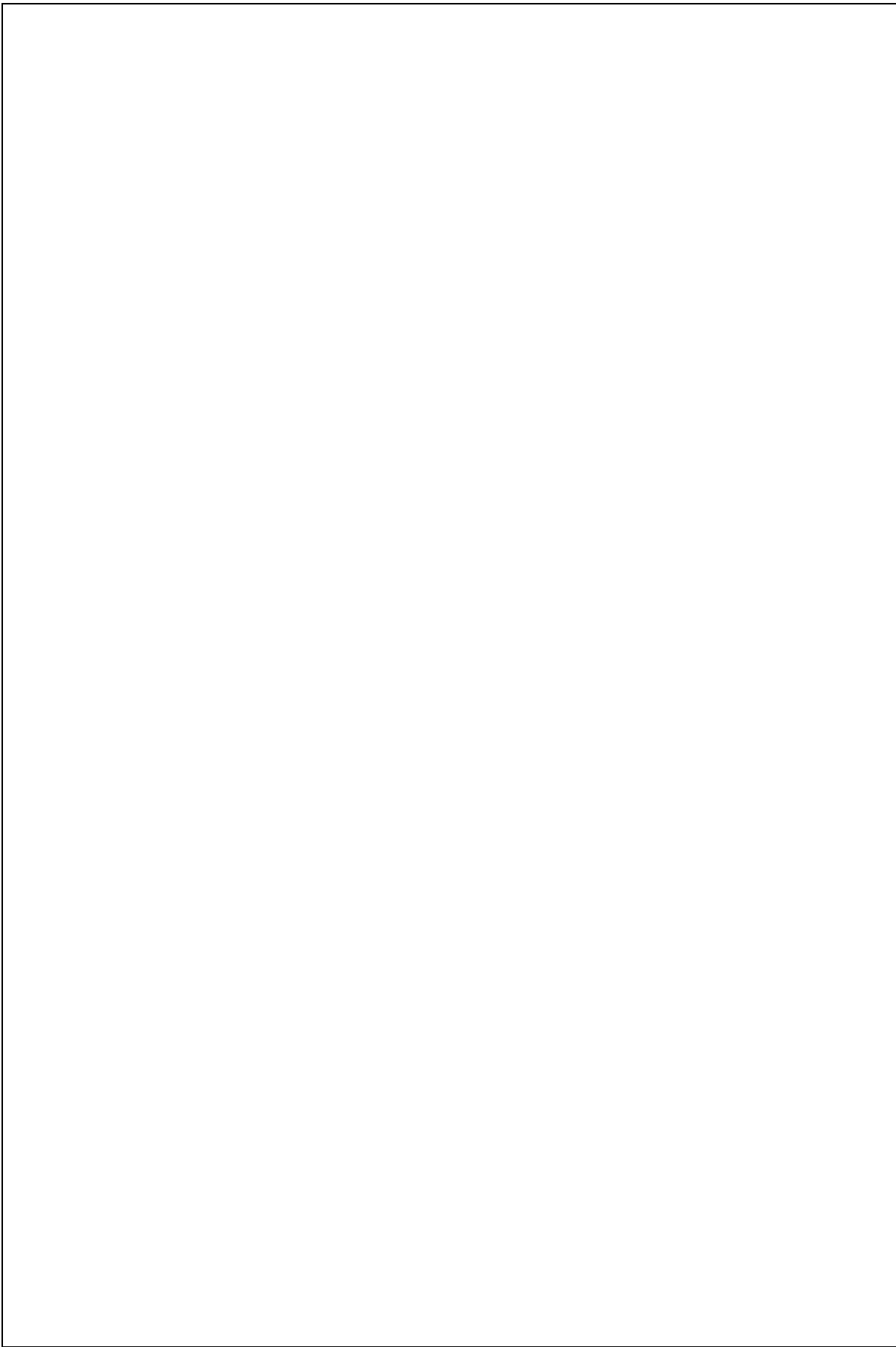
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MR. WELSH:

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THE COURT:

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MR. PETROCELLI :

MR. WELSH :

MR. PETROCELLI :

MR. WELSH :

MR. PETROCELLI :

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MR. WELSH:

(Open court)

THE COURT: All right. We'll take the luncheon recess. We'll reconvene at 2:30.

DEPUTY CLERK: All rise.

This Honorable Court will stand in recess until the return of court.

(Proceedings concluded at 1:15 p.m.)

## C E R T I F I C A T E

I, William P. Zaremba, RMR, CRR, certify that the foregoing is a correct transcript from the record of proceedings in the above-titled matter.

Date: April 23, 2018      /S/ William P. Zaremba

William P. Zaremba, RMR, CRR