

Exhibit A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

United States of America,) Civil Action
et al.,) No. 16-CV-1493
)
 Plaintiffs,) Bench Trial
) **AFTERNOON SESSION**
vs.) Washington, DC
) Monday, Nov. 28, 2016
Anthem, Inc. and Cigna) Time: 2:17 p.m.
Corporation,)
)
 Defendants.)

TRANSCRIPT OF BENCH TRIAL
HELD BEFORE
THE HONORABLE JUDGE AMY BERMAN JACKSON
UNITED STATES DISTRICT JUDGE

A P P E A R A N C E S

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A P P E A R A N C E S (CONTINUED):

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1 A. So remember we're trying to understand how often they're
2 1 and 2. You could use just the market shares alone to get
3 an estimate of that. I gave you an example of that earlier.
4 But it would be nicer to incorporate the win/loss data that
5 gives us deeper insight into how often they're 1 and 2.

6 In principle, both methods would allow us to
7 incorporate that win/loss data, but as it turns out, the
8 statistical requirements for incorporating that into the
9 merger sim could not be met with the available data. So I'm
10 only going to incorporate the win/loss measures in the UPP
11 analysis.

12 I hope that's clear.

13 THE COURT: Okay.

14 THE WITNESS: It is technical. It's unavoidable.

15 Q. Perhaps one minor additional technical point.

16 A. Okay.

17 Q. Is there a term used for the type of auction model you
18 used in this case?

19 A. Yes. So the model I'm using is what's called a sealed
20 bid second price auction, and without getting too much into
21 the weeds, it's well known in auction theory that different
22 types of auctions tend to generate very similar results from
23 the seller or the buyer, depending on whether you're selling
24 an object or buying an object. The second price sealed bid
25 auction is just a lot easier to use with the data, but it

1 can be used -- the results can be used to approximate a wide
2 number of auction results.

3 THE COURT: When using an auction model, you are
4 assuming that the decision-maker's decision is 100 percent
5 price-driven?

6 THE WITNESS: Not at all.

7 THE COURT: Okay. If you call it an auction,
8 you're just talking about a choice that winnows itself down
9 to bidders, but you're not saying it ends up being their
10 choice based on price?

11 THE WITNESS: That's correct.

12 THE COURT: Okay.

13 THE WITNESS: The choice is based on the value
14 that's being delivered.

15 THE COURT: Okay.

16 THE WITNESS: And we know that the employers and
17 their consultants score each of the bids.

18 THE COURT: Right.

19 THE WITNESS: And they come down with a bottom
20 line score that counts a lot of different factors.

21 Think of the auction as based on the highest score
22 being delivered.

23 THE COURT: Okay.

24 Q. Let's talk about your results. Could you walk us
25 through this slide and help us understand what you did and