

In The Matter Of:

*EVANSTON NORTHWESTERN HEALTHCARE CORPORATION
AND ENH MEDICAL GROUP, INC.*

*Trial Volume 21
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PUBLIC RECORD*

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Exhibit 3

[1] demand of functions, and then it also involved use of
[2] empirical methods in measuring market power.

[3] Q: Have you ever provided testimony in any cases
[4] concerning mergers or acquisitions before?

[5] A: Yes. I was — I gave trial testimony in Federal
[6] Trade Commission versus Heinz.

[7] Q: And I'm sorry, just pause for a moment there.
[8] Were you qualified as an expert witness by the
[9] Federal Court in that case?

[10] A: Yes, I was.

[11] Q: Please continue.

[12] A: And I was testifying on behalf of the merging
[13] firms in that case.

[14] And then I gave deposition testimony in United
[15] States versus Northwest Airlines, where I was giving
[16] testimony on behalf of the Government, on behalf of the
[17] United States.

[18] Q: Okay. And Professor, are you being compensated
[19] for your work in this case?

[20] A: Yes, I am.

[21] Q: And what is your hourly rate?

[22] A: \$700.

[23] Q: Do you receive any other compensation for your
[24] work in connection with this case?

[25] A: Yes, I receive a performance payment from

[1] Charles River Associates that's based on the size and
[2] profitability of the — of the matter to CRA.

[3] Q: And approximately — did you put a lot of hours
[4] into this case? Can you ballpark it?

[5] A: I'd say several hundred hours, yes.

[6] Q: Now, is all of the work you've done on this
[7] case — have you done it personally or have you had
[8] assistance from anyone else at Charles River Associates?

[9] A: I wrote my reports personally, but I had a great
[10] deal of assistance from the folks at Charles River
[11] Associates, particularly on data analysis. There was a
[12] team that assisted me and worked under my supervision
[13] led by Tasneem Chipty and Sean May.

[14] Q: Now, you submitted an expert report in this case
[15] originally I think on November 2nd, on or about November
[16] 2nd, 2004. Is that correct?

[17] A: Yes.

[18] Q: Okay, we will get into the details later on your
[19] direct examination, and — but before we get there, was
[20] everything in the report that you submitted on November
[21] 2nd correct?

[22] A: No, I made a mistake in that report.

[23] Q: Okay. When did you find out that you had made a
[24] mistake?

[25] A: On reading Professor Ashenfelter's report,

[1] rebuttal report, I realized that I had made a mistake in
[2] the method I used to convert the output of a certain
[3] regression model into predicted prices.

[4] Q: So, what did you do when you found out that you
[5] had made a mistake?

[6] A: Well, I wanted to correct it right away, and so
[7] I worked to figure out how to do it correctly and
[8] submitted a supplemented report that corrected — that
[9] corrected the mistake and revised the discussion to
[10] comport with the new — what I had found in the
[11] corrected work.

[12] Q: Okay. Now, when you corrected your report, did
[13] you change any — did you change the language of your
[14] report?

[15] A: Yes, I had to do that in the section that
[16] involved the part of my discussion where there was a
[17] mistake, and also, in the corresponding summary
[18] paragraph of the report.

[19] Q: Now, sometimes in antitrust cases there's an
[20] economist who testifies at the end who synthesizes all
[21] of the documentary evidence and all of the testimony and
[22] puts it in the context of some economic opinion. Is
[23] that what you're doing in this case?

[24] A: No, that will, as I understand it, be
[25] Dr. Noether's job in this case, and I will rely on her

[1] for various things that I worked on, but I've only
[2] worked on limited aspects of this case.

[3] Q: And again, since you haven't yet been tendered,
[4] without expressing any opinions in this case, can you
[5] just generally tell us what are the topics that you're
[6] going to be testifying about today?

[7] A: Yes, the — I'd say the role of quality
[8] improvements in the analysis of competitive effects; the
[9] magnitude of price changes that followed the merger;
[10] the — whether the learning about demand theory —
[11] testing the learning about demand theory using data
[12] analysis; and I also plan to discuss some aspects of
[13] Professor Haas-Wilson's methodology.

[14] Q: Okay. And in addition to reviewing
[15] Dr. Noether's report, have you reviewed any other
[16] materials in this case?

[17] A: Yes, I've looked at all the expert reports.
[18] I've read trial transcripts and deposition transcripts
[19] and investigational hearing transcripts. I have
[20] analyzed data. I toured the three hospitals that are
[21] part of Evanston Northwestern Healthcare and interviewed
[22] some executives.

[23] MR. SIBARIUM: At this time, Your Honor, we
[24] would like to tender Professor Jonathan Baker as an
[25] expert in the field of applied industrial organization