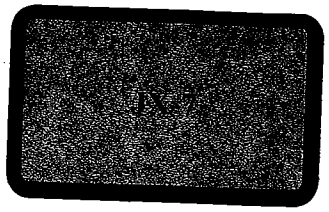
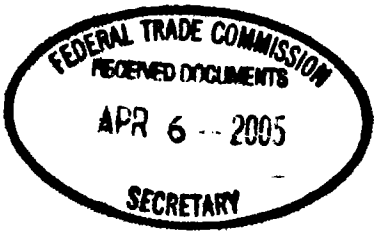


UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES

In the matter of	
Evanston Northwestern Healthcare Corporation, a corporation	Docket No. 9315
	Public Record Version



AMENDED JOINT STIPULATIONS REGARDING TESTIMONY OF KIM OGDEN

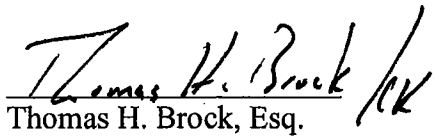
These Joint Stipulations replace the previous versions of the "Joint Stipulations Regarding Testimony of Kim Ogden" submitted as JX-4 on March 21, 2005 (Confidential Version) and March 23, 2005 (Public Version). Complaint Counsel and Counsel for Respondent Evanston Northwestern Healthcare Corporation ("ENH") stipulate that:

1. According to Kim Ogden's attorney, Ms. Ogden is unavailable to testify at trial pursuant to 16 C.F.R. § 3.33(g)(1)(iii)(C). The parties agree that the redacted transcript of Ogden's deposition, attached hereto, will be moved into evidence without objection. Each party reserves the right to object to the admission into evidence of any other portion of the Ogden deposition transcript not included in this attachment.

2. "Hearsay within hearsay" (*see* Fed. R. Evid. 805) in the attached transcript shall not be admitted for the truth of the matter asserted therein unless the parties shall have separately satisfied the evidentiary requirements for the admission of the hearsay within hearsay.

In reliance on, and subject to the stipulations above, the parties agree to move into evidence the attached redacted transcript.

Respectfully submitted,



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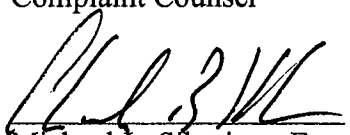

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CERTIFICATE OF SERVICE

I hereby certify that on April 7, 2005, a copy of the foregoing ***Amended Joint Stipulations Regarding Testimony of Kim Ogden*** was served by email and first class mail, postage prepaid, on:

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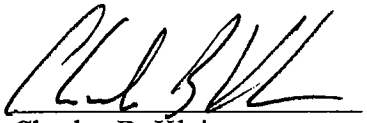

Charles B. Klein

REDACTED TRANSCRIPT OF KIM OGDEN

****

In the Matter of:
FEDERAL TRADE COMMISSION
vs.
EVANSTON NORTHWESTERN HEALTHCARE
and ENH MEDICAL GROUP, INC.

File No. D09315

****

Tuesday, September 21, 2004

Dechert L.L.P.
200 Clarendon Street
Hancock Tower
Boston, Massachusetts 02116

The above-entitled matter come on for deposition pursuant to notice at 9:30 a.m.

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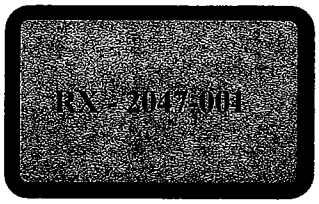


[5:3] - [6:4] 9/21/2004 Ogden, Kim (Redacted)

page 5

(Witness was duly sworn.)
KIM JANETTE OGDEN,
called as a witness herein, after having been first duly sworn, was examined and testified as follows:
EXAMINATION
BY MR. KIM:
Q. Good morning, Ms. Ogden. I am Albert Kim from the Federal Trade Commission. I am here to take your deposition today.
Could you state and spell your full name?
A. Kim Ogden -- Kim Janette Ogden, K-I-M, J-A-N-E-T-T-E, O-G-D-E-N.
Q. Where is your residence?
A. Full address?
Q. Address. Yes.
A. 42 Cutler, C-U-T-L-E-R, Farm Road, Sudbury, S-U-D-B-U-R-Y, Massachusetts. ZIP?
Q. Yes.
A. 01776.
Q. Are you currently employed?

page 6

A. I am, but I'm not paid. I run a nonprofit.
Q. Have you ever been deposed before?
A. No.

[7:2] - [7:7] 9/21/2004 Ogden, Kim (Redacted)

page 7

Do you understand that you are under oath today?
A. Yes.
Q. Are you ready to make full and truthful responses to my questions today?
A. Absolutely.

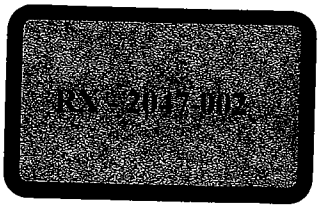
[7:19] - [17:25] 9/21/2004 Ogden, Kim (Redacted)

page 7

Q. Ms. Ogden, when did you graduate from college?
A. 1984.
Q. Did you go to graduate school?
A. I did.
Q. In what?
A. Business.

page 8

Q. And where did you graduate from?
A. Harvard Business School.
Q. When was that?
A. 1989.
Q. Could you just trace through your job history from the receipt of the M.B.A. to present?
A. All of that time was spent at Bain.
Q. And did you have different positions throughout?
A. Yes. I joined Bain in 1989, and I was a consultant for three or four years, and then promoted to manager -- three years as a consultant, and then promoted to manager, and as a manager, you manage case teams, and then I was promoted to partner I guess it was four or five years later. I worked part time for much of my career



as a manager and a partner. I have two existing children and one on the way.

Q. And one forthcoming?

A. Yes.

Q. And how long were you a partner?

A. Let's see. I was a partner -- I was promoted, so let's see. Four years.

page 9

Q. So what was that? About from '89 to --

A. No.

Q. -- '99?

A. No. '89, I joined in '89.

Q. '99?

A. Yes.

Q. '99 through 2002 or '3?

A. I left in 2002, took a six-month sabbatical beginning in June, and then officially left Bain at the end of 2002.

Q. So you really stopped working for Bain in June of 2002 essentially?

A. Yes.

Q. Besides this nonprofit work that you are doing right now, have you been otherwise employed or working since June of 2002?

A. No. No. I do this full time.

Q. In your, well, I guess 13-year career at Bain --

A. Yes.

Q. -- what type of industries were the clients that you were working with involved in?

A. All different. You know, Bain is a generalist consulting firm, so you have

page 10

broad experience, and they encourage broad experience. I did as a partner more work in healthcare but still did a lot of work in other industries, including retail, fashion, consumer products.

Q. You became a manager in about 1993 or 1994?

A. Yes. Actually 1993.

Q. Did you do work in the healthcare industry while you were a consultant or a manager?

A. My first work in the healthcare industry was my first Evanston case, which was as a brand new manager. So 1993 was my first work in healthcare.

Q. So the first healthcare client that you worked with was Evanston?

A. Yes.

Q. What did you do for the Evanston project?

A. Which one?

Q. The 1993. The first one.

A. Yes. That was a case where we were -- managed care had really just come on the scene, and we were evaluating managed care, how that would affect Evanston in thinking about strategy, implications of

page 11

managed care.

What happened out of that was some work that we did with Evanston physicians, physicians who were admitted to Evanston, helping to think about how they would be impacted by managed care and how Evanston could help them better manage through managed care.

Q. Well, that first project, you noted that the physician project grew out of the first project? Is that right?

A. They were actually, I think, if I recall correctly, sold together, because there was some anticipation that managed care would also affect the physicians, and that was important to Evanston's physician strategy.
Q. What was this project in managed care just generally? Was it just looking at the overall trends?
A. Yes. It was just looking at the market and looking at who was doing what, what could you expect, what had happened in other markets where managed care was more -- was further along.

page 12

Q. You were examining the Chicago land area, the Chicago market?
A. No. We were mostly looking at other markets --
Q. All right.
A. -- because Chicago was very young in managed care and continued to be.
Q. And what were the recommendations generally that you routinely gave on the managed care project?
A. That managed care was going to bring pricing pressure; that Evanston was going to need to become more efficient; that managed care would make it much more difficult for Evanston's physicians to operate at the quality levels of service that they wanted to; and so helping them to think about how they needed to manage. Managed care meant that with the pricing pressures that you were still going to have -- that you were going to have to see a lot more patients in the hospital and by the physicians. So how do you maintain quality under those circumstances?
Q. Was this more of a cost-based

page 13

recommendation? In other words, were you focusing more on the cost side, efficiencies, and things like that?
A. Both.
Q. Okay.
A. Both. It was very important to -- we went out and interviewed the physicians. It was very important both to the hospital and to the physicians that they be able to continue to practice the way they thought was necessary for quality. So how do you do that and still, you know, still make a reasonable amount of money? So it was mostly focused on physicians and how to be more efficient.

So there was an administrative aspect: How do you do billing better? We looked at something called MSOs, which are management services organizations, and thinking about how do we share the administrative and billing responsibilities that physicians have, take some of that off of their plate, so that they can focus on care.
Q. Who was the VP in charge of this team?

page 14

A. Chuck --
Q. Chuck?
A. -- or Phyllis. Chuck or Phyllis.
Q. One of --

A. Maybe both. I think maybe both were involved.
Q. After this managed care project and the physician component of that, what other projects did you work on for ENH?
A. I do not recall working on another project for them until the merger integration project that took place in 1999, I guess.
Q. And then in the interim six years from '93 to '99, you worked on other industries and with other clients?
A. Yes.
Q. Did you work on -- so you did not work on even any support work for any Evanston teams or anything like that in that six-year period?
A. That's correct.
Q. Okay. Who at ENH, if anybody, did you work with in that first couple of projects in the '93 time frame?
A. Oh, that was -- it was a fairly senior

page 15

project. The only two people I recall, although -- well, Ray Grady, Jeff Hillebrand, Mark Neaman were all part of the team that we presented results to.
Q. Who else was on your team for the first two projects at Bain?
A. Other than Phyllis and Chuck?
Q. Right.
A. Oh, boy.
Q. I mean was it a large team?
A. Yes. It was a very large team. The managers -- I think it was Rob Alexander and Derrick Ferguson, both who have since long left Bain. Great guys.
Q. And other consultants?
A. Yes. A large team.
Q. The merger integration project, how did you find out about that project?
A. Chuck told me that we had been hired.
Q. And what did he ask you to do, if anything?
A. He said, "Do you want to be part of it?" I said, "Sure. I loved the guys at Evanston."
Q. This was when you were a partner at this

page 16

point?
A. Yes. I am a partner at this point.
Q. What did he say your responsibilities were going to be?
A. I would be the operating VP, and how that worked, Chuck and Phyllis maintain the client relationship basically with Mark and Jeff, and my responsibility was to review all of the work that was done. I had a manager who was responsible for the day-to-day work and who, you know, wrote all the presentations and the materials, but I oversaw what the team was working on.
Q. Who was that manager?
A. Will Fox for the merger integration piece.
Q. Just to review, it is consultant, manager, partner, the hierarchy?
A. It is consultant, manager, partner. Yes.
Q. And Will Fox was manager?
A. Yes.
Q. Officially called manager?
A. Right. And he is responsible for the

day-to-day work and really, you know, getting to an answer.

page 17

Q. Did you -- and you said you oversaw that work? Is that right?

A. Yes. As an operating VP, Will would bring me the work that was being done, the data that was being collected, his thoughts on what we should be presenting.

Q. Were there any communications with ENH that you did not oversee?

A. Oh, yes. I mean what do you mean by "oversee"?

Q. Well, I am just -- did you -- was the team kind of autonomous, and managers and consultants would have communications with ENH independent of your direct oversight?

A. If you mean were there meetings that I wasn't present at, yes.

Q. Okay. What about presentations and reports and other communications to ENH? Did you always oversee them before they went out from Bain?

A. No. But anything that would have been shown to a Mark or a Jeff, I would have seen.

Q. And commented upon?

A. Yes.

[20:15] - [24:10] 9/21/2004 Ogden, Kim (Redacted)

page 20

Q. So can you give me a sense of that spectrum? What kind of materials went to Mark and Jeff, and how much oversight did you have over those particular materials?

A. Mark and Jeff would be occasional memos, and I can't even remember how frequently we met, but formal report-outs as to what had happened. So project status reports. They wouldn't really receive a lot in between other than that.

Q. And did you oversee hospital project

page 21

status reports and memos?

A. I would have reviewed them.

Q. Is it important to provide accurate and full information in those reports and memos?

A. What does that mean?

Q. It may be a rhetorical question. I just want to confirm that you were trying to provide accurate and complete advice to these -- to senior management.

A. Interim status reports often were just that. Just interim status reports. So what we had collected to date often did not include advice, because we didn't have everything in yet to be able to make any final recommendations.

Q. But those interim status reports, you tried to report as accurately as possible? Is that right?

A. Absolutely.

Q. The communications and reports, if there were any, that went to management and employees underneath Mark and Jeff, what did they comprise?

A. Well, we often -- and in this case as well

page 22

-- had a working group that is comprised

of ENH employees. So it is a combination of work plans, here is what we're planning on doing, here is what we need you to do, status updates, here is the data that we've collected. So there were -- there were -- it -- it really ranges, depending on what we're talking about.

Q. Who at ENH comprised the working group?

A. For the merger integration?

Q. Yes.

A. I don't remember completely. I know Ray Grady was part of it, Joe Golbus, and all of their folks underneath. So Joe had, you know, if we talk about there was a set of people that were responsible for each of the service lines, so in the service line work, we would have been interacting with each of those.

The physicians, we interacted frequently with their contracting teams for both the hospital and the physician side, and we interacted with both Highland Park's contracting team and Evanston's who were the members.

page 23

Q. Who were the members of the contracting team to the best of your recollection at Evanston and Highland Park?

A. At Evanston, a guy by the name of Jack Sirabian headed up the hospital contracting side, and I don't think he had anyone else working with him.

On the HP side, a guy by the name of Jack Gilbert headed up the contracting for I think hospital and physician, and he had a woman underneath him who was very competent. Her name was Terry Chan.

And on the Evanston physician side, I think Marsha Miller was responsible for contracting underneath Joe. Joe did a lot of it, and then Marsha did a lot of it as well, although they were trying to groom another woman who had done a fair amount of the contracting as well, whose name was Jody Levine.

Q. Did you meet with these people?

A. Oh, yes.

Q. How often would you meet?

A. At least once a week.

page 24

Q. Were you guys onsite?

A. No.

Q. Okay. How long was this project?

A. I don't remember.

Q. Was it a year?

A. No. It was shorter than a year.

Q. Did it take place in 1999?

A. Yes.

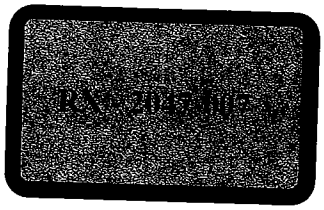
Q. Did it spill over into 2000 at all?

A. I think so.

[31:5] - [31:24] 9/21/2004 Ogden, Kim (Redacted)

page 31

Q. What else did you know prior to the start of this merger integration project about the ENH business? And that's a pretty broad question, because you actually knew a few things about the ENH business. But in that six-year span --



A. Right.
Q. -- from the end of your project to the beginning of your next project with ENH, what else did you find out about ENH and the Chicago healthcare marketplace?
A. As I did healthcare work, so I tried to keep apprised of what was going on broadly in healthcare, but across a pretty broad spectrum. So providers, hospitals, insurers, pharmaceutical, biotech, I did all of those. So I had some sense, but not specific knowledge of Chicago other than what was available in the -- in literature.

[32:10] - [33:16] 9/21/2004 Ogden, Kim (Redacted)

page 32
Q. Did you have some general observations about the healthcare industry, what was happening with providers, what was happening with -- I don't know -- networks, things like that in the course of your work from '93 through '99? Legislative enactments, anything like that? What were some of the --
A. Yes. I certainly followed that at a high level, but the work that we did asked very specific questions for clients.
Q. So does anything come out -- does anything jump out at you in terms of the high level understandings that you may have had at that time?
A. Pricing pressure, continued pricing
page 33
pressure from managed care from the Balanced Budget Act.
Q. Pricing pressure upon whom?
A. Upon hospitals. I'm talking specifically now about providers.
Q. Okay.
A. Mixed sort of response and embracing of managed care by market, moves by providers to become more efficient, more cost effective, develop higher quality services, escalating costs, drug prices, very high.
Q. Right.
A. I mean we could go on for a long time.
Q. That's kind of what I was trying to get.
A. Okay.

[35:4] - [40:12] 9/21/2004 Ogden, Kim (Redacted)

page 35
When Chuck approached you about the merger integration project, was the Highland Park merger a fait accompli by that point?
A. Yes.
Q. So it was understood that this was moving forward?
A. Yes.
Q. And you all accepted that as part of the project? Is that right?
A. Yes.
Q. Who described -- did anybody describe to you like the parameters of the project, what the client was looking for?
A. Yes.
Q. Who did that?

A. Chuck initially.
Q. And then subsequently who?
A. We had a kickoff meeting with the client, and we talked about what we hoped to accomplish and where we were going to focus.

page 36

Q. What did -- how did Chuck describe initially about the parameters and purpose of the project?
A. The purpose of the project was to realize the benefits of the merger to ENH and to HP.
Q. So it was that broad?
A. Yes. We talked about what benefits exist for mergers and what -- where we might focus.
Q. And where did he say you might focus?
A. We laid out a full set of things that where we thought that there -- there was tremendous opportunity, including expanding the geographic reach, of figuring out where we could add new services, where we could consolidate services to improve quality, to provide centers of excellence, where there were duplicated costs, finding those duplicated costs, and benchmarking. Benchmarking was a big one.
Q. What is benchmarking?
A. The thought was that Highland Park was actually not an extremely well run

page 37

hospital and that ENH was, and that there would be an opportunity to look at how ENH did things and share that across to Highland Park, to improve both quality and costs.
Q. What about in this initial discussion with Chuck prior to the kickoff meeting? What about was there any discussion about contracting strategy?
A. There was, because that was an area that we thought that benchmarking was really going to come to play. There was a thought on the part of Evanston -- and actually here, it was a little bit flipped, that Highland Park had actually been doing a much better job than Evanston had been on the contracting side -- and Evanston felt like that was an area to focus in on pretty quickly, because a large segment of our contracts had expired or were coming due, so it was an area that demanded attention right away.
Q. When did -- oh, was there anything else?
A. Capital investments, thinking about, and capacity enhancements. Evanston was at

page 38

capacity in a number of areas, so the idea was that we would take certain services and move them to Highland Park, free up capacity.
Q. When did this initial discussion take place approximately?
A. With Chuck?
Q. Yes. Even what season?
A. When the proposal was written, and I don't remember what date that was.
Q. Okay. But was it in the summer, or was it in earlier in the spring of '99?

A. I don't remember. Whenever the proposal was dated.
Q. Okay.
A. He had written the proposal.
Q. When did the kickoff meeting take place?
A. After the client had agreed to the proposal, so I actually don't remember exactly when the start was.
Q. Was it soon after your conversation and discussions with Chuck?
A. Within a month maybe.
Q. Moving on to the kickoff meeting, where did that take place?

page 39

A. At Evanston.
Q. And who was in attendance?
A. Mark, Jeff, Ray Grady, Joe, and I don't -- I don't remember who else.
Q. What about from the Bain side?
A. Chuck, myself, Will. I think that would probably be it, but I don't have great recollection.
Q. Were there other consultants or third parties there?
A. Not to my memory --
Q. Okay.
A. -- but possibly.
Q. At this meeting, what occurred at the meeting?
A. We talked about what the work plan and areas that we were going to focus on and what -- how to prioritize, you know, what areas needed decisions fast.
Q. What were those? What was the priority?
A. Service line, because we needed to get moving on, you know, there were planned capital expenditures, so it was important to try to figure out what we were going to do, where we were going to locate certain

page 40

services, et cetera, because there were investments, and benchmarking and doing the recontracting also floated to the top because of the urgency again around expired contracts.
Q. How long did this meeting last?
A. Hmm, kickoff meetings are usually relatively short, because there is not that much to review, although we did talk about again, you know, what -- what was -- what were priorities. It was probably an hour.

[42:19] - [44:16] 9/21/2004 Ogden, Kim (Redacted)

page 42

Q. And after the first meeting and then when you formalized it more in the official kickoff meeting, did any areas or priorities change?
A. I think contracting floated more to the top, because we had expired contracts, and the -- I think, if I am remembering

page 43

correctly, Evanston had done a quick review of some of Highland Park's contracts and, you know, were shocked by what they had found.
Q. What did they find?
A. That Highland Park was getting much better rates than Evanston.

Q. So recontracting floated to the top because contracts were either expired already or about to expire?
A. Right.
Q. And because after ENH did a preliminary review of Highland Park's contracts, they found out that in fact Highland Park was getting much better rates in some instances; is that right?
A. Yes. And there was also some concern about the gentleman who had been doing contracting for ENH.
Q. Mr. Gilbert?
A. No. Mr. Sirabian.
Q. Or Mr. Sirabian. That's right.
A. Yes. That he had not been doing his job, because they had discovered that we had all of these contracts that were expired.

page 44

Q. Not doing his job because there were contracts that were actually over and they were still operating under?
A. Yes.
Q. Were there any other reasons why they thought he wasn't doing his job?
A. Well, the fact that Highland Park was getting much better rates was a -- was an indicator.
Q. Right. Any other factors?
A. No. Jack had a -- had a very loose style. He seemed not very organized and not -- not on top of contracting at all, and I think that had been highlighted by what they had learned about Highland Park's contracting.

[45:3] - [45:5] 9/21/2004 Ogden, Kim (Redacted)

page 45

Q. What was your understanding of what ENH placed greatest importance on in reviewing these contracts?

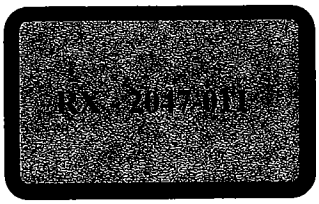
[45:8] - [47:14] 9/21/2004 Ogden, Kim (Redacted)

page 45

Q. You know, you were involved in this contract --
A. It was the whole package. They didn't indicate it was one thing or another.
Q. Okay.
A. It was just Highland Park's contracts are better.
Q. Did they comment on the price levels?
A. Yes. The per diems were much higher on Highland Park, but also they had contracts. We didn't have contracts. They had negotiated in structurally better. You know, we were not very thoughtful about building in escalators for costs, medical cost increases, et cetera. So I think structurally Highland Park looked like it had just been more thoughtful.

page 46

Q. Did Mr. Sirabian attend these kickoff meetings?
A. No, I don't remember exactly, but I know that he was present at a number of the follow-up meetings, but I don't think that he was present at these early ones.



Q. This official kickoff meeting, you stated that you formalized the work teams; you formalized the goals and priorities?
A. Yes.
Q. What happened at that point after that with the project?
A. What do you mean? We get going.
Q. You get started?
A. Yes.
Q. And how long -- how would the project -- just generally what was the flow of the project? Did you -- did the Bain team go in there and start interviewing people and examining data and so forth? What exactly happened?
A. In most projects, and I am assuming that it would be the same here, we start by interviewing people and understanding where they think there is opportunity.

page 47

Q. Do you provide interim reports to ENH management?
A. Only in the form of sit-down meetings where we have discussions, and, yes, but they are, you know, once a month.
Q. You don't know exactly how long the project lasted, but you thought it was less than a year?
A. Yes.
Q. Is that right?
A. Yes.
Q. Did you have a final report and conclude the project?
A. Yes.

[47:18] - [50:6] 9/21/2004 Ogden, Kim (Redacted)

page 47

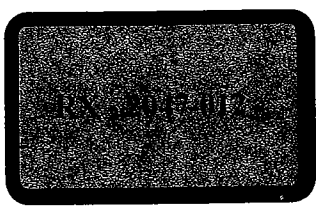
Q. You thought that the project ended in 2000. Is that right?
A. Yes.
Q. What happened at the close of the project?
A. What do you mean?
Q. After you gave the final report and had the final meeting, is it just the file is closed and then you move on to the next

page 48

engagement?

MR. SIBARIUM: Objection.

A. What do you mean? I am not following. What are you looking for?
Q. Okay. Let's go over the last meeting that you had. What happened at the final meeting with ENH management?
A. We provide our recommendations.
Q. Right.
A. And that -- that's it. I mean they hopefully move on those.
Q. And again we will look over the specifics, but did the final report and recommendations track the initial work plan and proposals and goals?
A. I hope so.
Q. Did priorities change throughout the project?
A. No. I think -- I think it was -- it was pretty spot on. Merger work is ongoing, and ENH was triaging. They were taking the things that they needed to work on first, but merger integration is a long-term --



25 Q. Right.

page 49

1 A. -- process, and I do know that at the, you
2 know, wrapup of the merger integration
3 project, we were already talking about
4 what needed to be done next.
5 Q. Subsequent projects?
6 A. Yes, which there was one after this --
7 Q. Okay.
8 A. -- on cost reduction.
9 Q. Did you provide interim recommendations
10 throughout the course of the project?
11 A. Sometimes.
12 Q. Do you know if ENH accepted your
13 recommendations in your final
14 presentation?
15 A. Some of them.
16 Q. Well, we will go over the specifics.
17 A. Right.
18 Q. There were some that they did not accept?
19 A. I'm not sure if there were any that they
20 didn't accept. I think, you know, that
21 the process of moving on them sometimes is
22 slower in some cases than others.
23 Q. Did they communicate to you that they
24 believed that your analysis was correct?
25 MR. SIBARIUM: Objection as to

page 50

1 form.
2 THE WITNESS: Yes.
3 A. We would have to talk about exactly what
4 analysis and what recommendations.
5 Q. Okay. Let's go over that later on.
6 A. Okay.

[51:10] - [52:11] 9/21/2004 Ogden, Kim (Redacted)

page 51

10 Q. With respect to the merger integration
11 project that took place in the end of '99
12 and I believe into a little bit of 2000
13 and thinking back on the recommendations
14 that you all crafted and provided to ENH,
15 I want to get a sense of what type of
16 recommendations they are, and not the
17 specific recommendations themselves, which
18 we can take a look at --
19 A. Sure.
20 Q. -- but did you all believe that these were
21 recommendations that could and should be
22 implemented by ENH?
23 A. Yes. But I think we would have to go
24 through and talk about the specific
25 recommendations.

page 52

1 Q. Did you try to provide various concrete
2 recommendations?
3 A. Some. And some we didn't have the full
4 data set yet, and ENH really needed to
5 work through them on their own. There was
6 more work to be done.
7 Q. Okay. Did you provide like aspirational
8 sort of recommendations, maybe more
9 unformed and higher level sort of
10 recommendations?
11 A. Some.

[56:13] - [57:3] 9/21/2004 Ogden, Kim (Redacted)

page 56

13 Q. Did you have an understanding of why ENH

wanted to merge with Highland Park?
A. Yes.
Q. What was that understanding?
A. Well, as I said before, the thought was that there -- there was a lot of value to mergers to both the hospitals and to the broader public, and, you know, that was certainly evident in the literature that was in the field at the time from capital efficiencies, cost reduction, getting rid of duplicated costs, the list that we went through before on what were the benefits

page 57

of the merger.
Q. I think you had also mentioned also a broader geographic scope?

[57:8] 9/21/2004 Ogden, Kim (Redacted)

page 57

A. Yes. It was. Yes.

[57:12] - [58:1] 9/21/2004 Ogden, Kim (Redacted)

page 57

Q. What did that mean in the context of the Highland Park-ENH merger?
A. What it really meant was that ENH was particularly good at certain services that they could offer to bring to Highland Park or enhance Highland Park's capabilities in those areas. OB was one area. Cardiac care was another area. Oncology was an area. And, you know, those types of services, many of them, people don't want to travel. They want to go to their local hospital. So HP was providing those, and ENH was great at doing those types of things, and they could share those

page 58

capabilities with Highland Park.

[58:17] - [59:9] 9/21/2004 Ogden, Kim (Redacted)

page 58

Q. What was the benefit to ENH of sharing those capabilities with Highland Park? It is clear what the benefit was for the Highland Park community.
A. Right.
Q. What is the benefit for ENH?
A. If ENH is part of Highland Park, they become one entity, so it is overall growth, number one. And number two, there

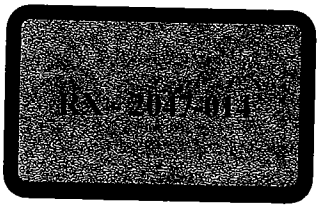
page 59

were certain things where ENH was at capacity. So if, you know, like OB, like ambulatory surgery, there are particular areas where, you know, that would be good to ENH. That would give them additional facilities.
Q. Were there any other benefits besides the one you just mentioned associated with broader geographic scope?

[59:21] - [61:3] 9/21/2004 Ogden, Kim (Redacted)

page 59

A. You know, broader geographic scope means physician reach as well, and ENH again was



-- had developed a relationship with physicians in its area where it was able to improve the efficiency of those

page 60

physicians. And so, you know, part of this as well was thinking about the broader strategy and how you develop relationships with physicians in Highland Park's area and improve their operations as well.

Q. All right.

A. So, you know, there is always -- there is benefits of cooperation in the sense of administrative cost, you know, of common care protocols, you know, all of those things you share, and those are all benefits of broader geographic reach as well.

Q. Was there any benefit of broader geographic scope on contract negotiation strategy?

A. What do you mean?

Q. You had -- Bain had been hired to analyze post integration activities --

A. Right.

Q. -- including service line integration and contracting --

A. Yes.

Q. -- of managed care contracts. Is there --

page 61

what are the implications, if any, of broader geographic scope on managed care contracting?

[62:4] - [63:21] 9/21/2004 Ogden, Kim (Redacted)

page 62

A. I don't think that there is a lot of impact of geographic coverage on contracting with the exception of, you know, there is -- it is easier for the payers to deal with one player versus -- versus lots. It is easier for the payers to administer contracts if they have got one contract versus lots and to know that that contract looks pretty much the same. That is a good thing or was a good thing in the payers' mind. And I think, you know, to the extent that it enhances, which we certainly believed it did and would, the quality of service that is being provided and the types of services that are being provided, then it is going to have a positive impact on contracting.

Q. And what does "positive impact on contracting" mean?

A. That the payer wants you in their network, you know.

Q. And does that have an impact on the

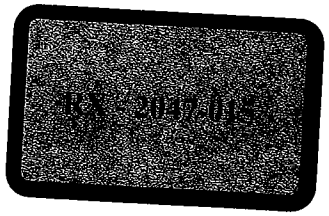
page 63

contract terms?

A. Sometimes. In our case, I would argue it probably, you know, hadn't. That even though ENH was very desirable, very desirable prior to the contracting -- prior to Highland Park, the contract terms had been more dictated by the capabilities of the contracting team.

Q. And what about after HP?

A. What do you mean? What were the contracting terms --



Q. Right.
A. -- dictated by?
Q. Right.
A. Basically better capabilities of the contracting team.
Q. As a result of Bain's recommendations?
A. Yes. Bain or anybody else who knew how to -- how to, one, negotiate; two, you know, follow through and actually get contracts signed.

[66:14] - [67:1] 9/21/2004 Ogden, Kim (Redacted)

page 66
Let's move on to CX 66. It is a March '99 letter from Mr. Farkas to Mark Neaman.
I am not as organized today. I blame Fedex.
Could you mark this as Ogden 2?
(Six-page letter dated March 1, 1999, to Mr. Neaman from Mr. Farkas and attachments, production numbers ENH JH 000323 through ENH JH 000350 marked CX 66/Ogden Exhibit
page 67
No. 2 for identification.)

[67:3] - [67:4] 9/21/2004 Ogden, Kim (Redacted)

page 67
Q. Could you take a look at that?
A. Sure.

[67:25] - [68:14] 9/21/2004 Ogden, Kim (Redacted)

page 67
Q. Do you recognize this document?
page 68
A. I'm sure I read it.
Q. What is this document?
A. It looks like the proposal on the merger integration case, although do we have -- yes.
Q. Did you participate in drafting this letter?
A. I don't think so.
Q. Is this the letter we talked about earlier in terms of Mr. Farkas informed you that there was a merger integration project and that he was sending a proposal to ENH management?
A. Yes.

[69:14] - [69:23] 9/21/2004 Ogden, Kim (Redacted)

page 69
Q. Let's go through the second page, which is CX 66/2 and Bates JH 324.
A. All right.
Q. There is, at the top, there is a listing of "Clear requirements for successful merger would include (a partial list)"?
A. Yes.
Q. And then it has a number of subbullets?
A. Right.
Q. Are these subbullets proposed projects?

[70:4] - [70:9] 9/21/2004 Ogden, Kim (Redacted)

page 70
4 A. No.
5 Q. Okay. What he is saying is that these are
6 -- these are things that you would want to
7 do. And where are the proposed projects,
8 if they are in this letter?
9 A. I don't know. Let's find them.

[70:13] - [71:13] 9/21/2004 Ogden, Kim (Redacted)

page 70
13 A. He says -- he says here, "Based on our
14 telephone conversation, our approach
15 focuses on the first, second and fourth
16 requirements." So "A plan of action to
17 gain share; cost and service targets for
18 core central functions and on-site
19 functions." And then what is the fourth
20 one? "A service plan to identify centers
21 of excellence." All of which we did.
22 Okay. So then it looks like
23 what he -- he breaks it down into those.
24 Q. Right.
25 A. So we have gain share, where he is saying
page 71
1 what are the -- what are the critical
2 questions; cost and service targets; and
3 then developing centers of excellence.
4 Q. Okay.
5 A. This is a very typical engagement letter
6 in the sense that we're raising a bunch of
7 questions and saying we're going to attack
8 these. I don't see a list here of sort of
9 deliverables, you will get the following
10 things, so, you know, it is -- it is more
11 trying to answer these sets of questions.
12 Q. You said that you all did the first,
13 second and fourth bullets?

[71:18] - [72:5] 9/21/2004 Ogden, Kim (Redacted)

page 71
18 A. Those are the things that were highlighted
19 as an area, and I think we touched on all
20 of those. "Did" is probably not the
21 right --
22 Q. Okay.
23 A. Because I don't think we came up with
24 final plan on any of these.
25 Q. And this is Bates --
page 72
1 MR. SIBARIUM: I am sorry. Can
2 we clarify?
3 MR. KIM: This is Bates ENH JH
4 324 at the top of the page under "Clear
5 requirements."

[72:9] - [75:22] 9/21/2004 Ogden, Kim (Redacted)

page 72
9 Q. Well, how did you all touch upon or
10 discuss a plan to gain share in the north-
11 northwest markets?
12 A. That was really covered in the service
13 line work where we talked about -- what we
14 did was broke it down by area and talked
15 about gaining share in particular areas.
16 First, we identified which areas you would
17 like to gain share, in which service
18 lines, and we --
19 Q. By areas, you mean service lines?

A. Yes. So oncology, OB, psych. And so we take the service line and broke it down and said, "Where do you want to gain share?" And you want to gain shares in those areas in which you are actually making money, and there were particular

page 73

service lines that were very unprofitable industry-wide. And we came up with specific recommendations for each of those areas, so things that you might want to do. So for OB, it was move capacity to HP, you know. We talked about different -- whether we wanted to market. That it was now ENH, and we had brought some of our OB capabilities to HP, because ENH was a very good OB hospital. We talked about potentially acquiring physician practices to gain share, so there was marketing as an option. There was maybe we want to acquire physician practices. Enhanced relationships with physicians, so how do we again offer them services, et cetera, that they would appreciate.

So for each service line, we could go through each one. We came up with recommendations for how they should grow. The ones -- the first process was figure out which ones you want to grow.

Q. All right.

A. And then the second process was for the ones you want to grow, how do you grow

page 74

those service lines.

Q. The second one, which is the cost and service targets, I think we have discussed before?

A. Yes.

Q. Consolidation, where can we put facilities? Is that right?

A. Yes. In this -- in this part of it.

Now the follow-up that we did was -- got very nitty-gritty specific on, you know, where are the costs going to come out.

Q. The fourth element is the centers of excellence?

A. Yes.

Q. What is that exactly? I know that you have touched upon it.

A. At the time that we were doing this, there were a lot of hospitals that were developing centers of excellence where they would say, all right, this is the service line we're going to be known for, and you would generally put all of your capacity there. Cardiac care was one example where the thought was there is

page 75

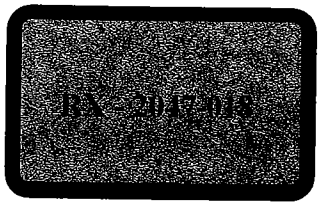
really an experience curve in cardiac care. The more of these you do, the less outcome issues you have, fewer deaths, and the lower the costs.

Q. I like outcome issues.

A. Right.

So there is really a cost benefit and a quality benefit to trying to consolidate these. There is real scale benefits on both dimensions.

So it was really thinking about where, you know, where could we do those,



and, you know, cardiac care had been one that had been identified. Pediatrics was another that we said, you know, can we be the -- can we be the Children's of the North Shore?

Q. The centers of excellence, correct me if I am wrong, are they related to the first two elements that we just discussed, numbers one and two subbullets?

A. Yes.

[76:13] - [80:6] 9/21/2004 Ogden, Kim (Redacted)

page 76

Q. I want to talk about the plan to integrate the physicians and the IPAs and the uniform contract and strategy reflecting the combined entities.

A. Okay.

Q. What is your understanding of these particular elements?

A. What do you mean?

Q. Is there any reason why Chuck did not highlight these and -- well, do you know of any reason why Chuck did not highlight these?

A. No. It sounds -- it sounds like, just

page 77

scanning the front and then looking at what he says here, that Mark and Jeff were concerned about cost, as they always were, and I am sure they were terrified at the thought of a year-long process, and they were iterative in the sense that they would say, "Let's pick off an area, and then we'll see how that goes and decide whether we want to go forward."

My guess is at this particular point contracting strategy had not bubbled to the top, because we didn't know how bad it was, and they also didn't know that Highland Park was doing better at this point. Probably at this point. You know, I remember Mark and Jeff when they found out we had not -- we had expired contracts or, you know, they found that they had, and they were just horrified. So that was absolutely news to them.

And the information systems was something that we had talked about with them for quite some time, but Jeff was really pushing on this. Jeff had already had lots of discussions with information

page 78

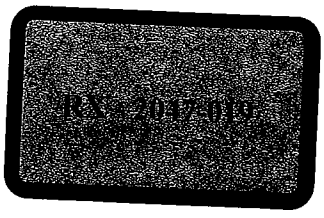
system providers like Epic, and I think they felt like they had this one under control. They didn't need to help.

Q. Do you have an understanding what it means, a plan to integrate the physicians and the IPAs?

A. Yes.

Q. What is that understanding?

A. Well, Highland Park had an IPA, and, you know, we had the medical group, so he means -- and obviously our other physicians as well. So we had already been doing contracting to the best of my knowledge for -- Evanston did contracting for all of their physicians, both owned and affiliated. Highland Park did contracting for their IPA. So I think



that this was talking about both contracting integration, but it goes much beyond that. You know, what we were -- what Evanston was trying to do was, you know, create an integrated delivery system, which was the buzz word at the time, and tons of other hospitals had done this as well, where their physicians

page 79

really felt like part of a team, and there were benefits to the physicians from being affiliated to ENH.

Q. You said you at least touched upon the first, second, and fourth bullets on this page for your actual work for ENH; is that right?

A. Yes.

Q. Did you also touch upon the physician integration issue as well as the unified contracting strategy issue in your subsequent work for ENH?

A. Well, certainly contracting strategy we touched on.

Q. Right.

A. The integration of the physicians beyond contracting, Joe was really handling, and we had -- I had a couple of conversations with him on that, but he felt like they were making good progress.

Q. Okay.

A. And the information systems absolutely came up, and came up again in the cost work, because they are such a powerful mechanism for reducing costs, and so

page 80

Evanston was -- had developed a pretty comprehensive plan on how they were going to use broader integration with system technologies across the hospitals to cut costs.

Q. Okay.

[80:13] - [81:3] 9/21/2004 Ogden, Kim (Redacted)

page 80

Q. Just a couple more questions about this particular document.

A. Sure.

Q. Mr. Farkas in one of the sections of the letter titled "Gain Share in the North-Northwest" --

A. Yes.

Q. -- which is on ENH JH 324 --

A. Yes.

Q. -- lists a number of questions.

A. Yes.

Q. Could you review those questions and tell me when you are finished?

page 81

A. Okay. I am just going to read the whole thing, so I am not starting with questions.

[81:10] - [86:7] 9/21/2004 Ogden, Kim (Redacted)

page 81

Q. Okay. What are these questions?

A. What do you mean? They are questions. What do you mean?

Q. Did you use them for some -- were they used for some purpose by you and your

team?
A. Sure. These are broad strategic questions.
Q. Did you examine -- did you and your team examine current pattern of custom and behavior in the north-northwest markets?
A. Yes, we did. We did.
Q. How did you examine them?
A. Evanston -- we at one point talked about doing customer research. Evanston had been -- had done quite a bit of customer

page 82

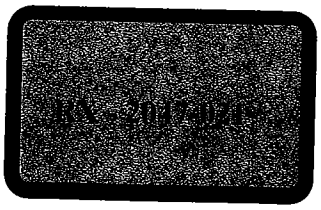
research and had been down the path where they had done customer research and learned a lot of interesting things, but they didn't translate into direct therefore you should do X. And they were very concerned about the usability of some of -- getting some of the answers to these types of questions and how -- how we would use that to directly translate.
Q. So you had survey data or something like that?
A. We had existing -- we had access to all of the existing Evanston market research, which we drew into the service line work.
Q. All right. Did you all review or analyze the current distribution of physicians in the north-northwest market?
A. There was definitely some work that had been done on that previously.
Q. And this is on page JH 325.
A. Which one are we talking about? Physician?
Q. Physician distribution.
(Counsel pointing.)
A. There had been -- there had been some work

page 83

that Evanston had before where they had mapped out physicians, and again as part of the service line work, we talked about specific practices that we knew in the north-northwest market that might be, you know, might be interesting practices for Evanston to develop a better relationship with. So this was definitely background to a lot of what we did on the service line side.
Q. What about the available ambulatory options? Did you guys review and analyze those?
A. Yes. And again we, you know, what you see in this service line recommendations around ambulatory, we didn't spend a ton of time on this, because Evanston had done it. You know, there was a lot of -- Evanston has sort of where are all the ambulatory centers, and so we -- we sort of took this as background and then jumped in to talking about ambulatory surgery to, you know, yes, you need more of these, let's think about where, and so those were definitely part of the recommendations in

page 84

the ambulatory surgery, but it wasn't, you know, we didn't drive the recommendations at this point to go by this practice or go set up an ambulatory center right here, but we did have sort of broad recommendations, areas that they should focus.



Q. Okay. What about the current competitive dynamic in the market? Did you all review and analyze the current competitive dynamic in fulfilling this project?
A. Yes. But again it was more sort of let's -- let's take what has been done in the past as a starting point and not recreate the wheel. I mean really what Jeff and Mark's concern was was we don't want to pay you, Bain, to go develop this when we have most of it in-house. So draw on what we've got, and that was absolutely incorporated again in our recommendations.
Q. And what did they have for the current competitive dynamic analysis?
A. Oh, everything. You know, they had market research on how Evanston was viewed. They do analysis, which, you know, most good

page 85

hospitals do, of where they are drawing their patients from by ZIP code, by DRG, so you actually look at exactly who your competitors are or who other hospitals are by DRG for a particular ZIP code, where a patient is going. They had done all of that work.
Q. Was it Evanston specific, that work?
A. Any hospital can access it. It is a database that you can access and look at by ZIP code, by type of procedure.
Q. I am not talking about the DRG database.
A. Okay.
Q. I am talking about the overall -- I am not talking about the DRG database in particular. You said they had done a lot of work previously on the competitive dynamic in the marketplace?
A. Yes. There was a strategy team in place at Evanston, an in-house team.
Q. Was there any work done by Evanston on examining the Highland Park market?
A. Yes. Because that was -- yes. Sure.
Q. And what was done there?
A. I mean the broad Chicago market. Evanston

page 86

looked at all aspects of the Chicago market.
Q. And you had that research and materials available?
A. Yes.
Q. Did you utilize it?
A. Sure.

[87:14] - [91:3] 9/21/2004 Ogden, Kim (Redacted)

page 87

MR. KIM: Let's look at CX 2072, Bates ENH JH 351 through 354. This will be Ogden 3.
(Four-page letter dated August 30, 1999, to Mr. Neaman from Mr. Farkas, production numbers ENH JH 351 through ENH JH 354 marked CX 2072/Ogden Exhibit No. 3 for identification.)
BY MR. KIM:
Q. Could you take a look at that and tell me

page 88

if you recognize it.
(Pause.)

(The witness viewing CX 2072/Ogden Exhibit No. 3.)

Q. This is a Chuck Farkas letter to Mr. Neaman?

A. Yes.

Q. From August of '99?

A. Yes. Okay. So?

Q. Do you recognize this letter?

A. Not particularly. The same as this one (pointing to Ogden Exhibit No. 2). But this looks like it is -- this is actually the proposal (pointing to Ogden Exhibit No. 3) and this was more of a preliminary letter (pointing to Ogden Exhibit No. 2).

MR. HORWITZ: When you say the "same as this one," you are referring to Ogden Exhibit 2?

THE WITNESS: Yes. I don't -- I don't remember the document specifically.

MR. HORWITZ: All right.

THE WITNESS: I recognize it as it looks like it was a more detailed or

page 89

more on point proposal.

BY MR. KIM:

Q. The Ogden 2 exhibit that we looked at was from March of '99?

A. Yes.

Q. This Ogden 3 exhibit we are looking at is from August of '99?

A. Yes.

Q. What is your -- do you know if there was any work done between those two letters?

A. I don't. And I think it is important to say that at this point that my recollection of the timing of this is clearly very fuzzy, and so I'm not sure if I had my conversation with Chuck at this point (pointing to Ogden Exhibit No. 2) or at this point (pointing to Ogden Exhibit No. 3).

Q. In March or in August?

A. Yes. I don't know.

Q. This is, the August letter, CX 2072, is this the proposal that Bain gave to ENH?

A. I assume so.

Q. All right.

A. You know, it certainly looks like it. Do

page 90

I recognize the document itself? No, I didn't write it. I didn't participate in writing it.

Q. Well, you were the operations VP?

A. Yes. My name is on this one (pointing to Ogden Exhibit No. 3).

It wasn't on this one (pointing to Ogden Exhibit No. 2).

Q. Right. So let's --

A. So presumably I know about it now (pointing to Ogden Exhibit No. 3).

I don't know if I did here (pointing to Ogden Exhibit No. 2).

MR. SIBARIUM: So the record is clear, when the witness said "here," she was pointing to Ogden Exhibit 2.

THE WITNESS: Right.

MR. SIBARIUM: And when she said "now," she was pointing to Ogden Exhibit 3.

THE WITNESS: Right. On 3, I

clearly know that HP, the merger has happened and that I'm going to be working on it.

On 2, I don't remember the

page 91

document per se, and I may or may not have had a conversation with Chuck about this particular document.

[91:21] - [99:9] 9/21/2004 Ogden, Kim (Redacted)

page 91

Q. -- it reads as follows, "The merger of Highland Park into Evanston Northwest Healthcare presents a significant opportunity for ENH. As a consequence of the merger, ENH will have broad geographic

page 92

coverage on the North Shore, with three hospitals and extensive physician network. The merger provides the opportunity to reduce costs, refocus activities at the three hospitals, shift activity from the overcrowded Evanston Hospital and negotiate contracts with payers from a stronger position"?

A. Yes.

Q. Does this background section reflect your understanding at the time?

A. Yes.

Q. Did Chuck communicate to you that ENH viewed the Highland Park merger as a significant opportunity?

A. Yes.

Q. In just the ways that we had discussed earlier today?

A. Yes.

Q. Do you agree with the four listed opportunities in the last sentence of that background section, which is to say reduction of costs, the refocus of activities, the shift from the overcrowded Evanston facility, and the negotiation of

page 93

contracts from a stronger position?

A. Yes. I think that those are all relevant to this merger. It is not a generic list.

Q. These are all relevant, and are these all opportunities that the merger presented ENH with?

A. Yes. But not limited to the merger.

Q. All right.

A. They could have done lots of these things without having merged.

Q. What could they have done without having merged? All of them?

A. Not necessarily -- well, yes. Each of them separately could have taken -- could have reduced costs.

Q. All right.

A. They could reduce more together.

Each of them -- well, I mean Evanston had Glenbrook, so they could do a better job, you know, figuring out what goes where. Obviously that wasn't an option that was open to Highland Park. Evanston could not have shifted except to Glenbrook.

And, you know, on the contract

page 94

side, most of the upside was for Evanston

as opposed to Highland Park, and I believe most of the upside -- almost all the upside -- was just from negotiating contracts and doing it in a systematic, data-given way.

Q. What do you mean? What do you mean "almost all"?

A. I think that there was clearly value from understanding Highland Park's contracts and the process that they had gone through in negotiating their contracts, the benchmarking. I think that that, you know, armed with that knowledge, you know, Evanston could have absolutely got the same contracting rates that they did without Highland Park's, you know, volume.

Q. Without Highland Park's volume and without Highland Park's geographic scope?

A. Yes. I think so. I think Evanston was just so far behind.

Q. Let's look at the objectives section, which is on the second page.

A. Okay.

Q. And the second objective, which is the

page 95

integration of the physicians.

A. All right.

Q. I have several questions related to that.

A. Okay.

Q. Can you read that and tell me if you understand that bullet?

(Pause.)

(The witness viewing CX 2072/Ogden Exhibit No. 3.)

A. Okay.

Q. Do you understand this bullet?

A. I think so.

Q. What is your understanding?

A. Well, "How do we best integrate the physicians?" meant as we discussed earlier, you know, from both the contracting side and broader integration, so clinical protocols, shared billing, shared administration, all of those things.

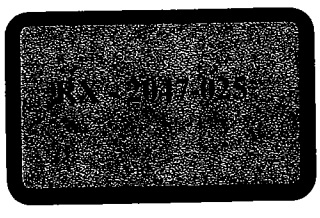
"How can we use the strength of the physician and hospital network to contract more aggressively?" You know, at this point I am assuming again that we have some sense that Highland Park is, you

page 96

know, has done better, but I'm not certain of that. I believe so. So I think that was really just talking about the quality again of our physicians and our networks and the belief that we had not been aggressive at all as evidenced by the fact that, you know, we didn't have -- we had five-year-old, six-year-old, seven-year-old contracts.

"Can we get better prices, terms and conditions because of our competitive position?" You know, we all believed that again the ENH competitive position alone, leave out Highland Park, had been ignored. That the payers had actually taken advantage of ENH.

"Can we produce early successes that will reinforce the bonds across physician groups and between physicians and hospitals?" Now very important. One



of the things as well that we developed as a recommendation around contracting was that we wanted to do contracting as a single body, a single voice, and that meant physicians with hospitals.

page 97

Previously the contracting at ENH had been all of the physicians contracted separately from the hospital, and those negotiations, you know, just weren't effective. They weren't a single voice. And so that was part of the recommendation as well.

Q. You mentioned that in the second question, which is "How can we use the strength of the physician and hospital network to contract more aggressively?" you pointed out that you and I suppose other members of the Bain team believed that ENH by itself, regardless of what happened, what was happening with Highland Park, should contract more aggressively?

A. Oh, yes.

Q. Is that right?

A. Yes.

Q. Was this project in the context of the Highland Park merger?

A. Was what project?

Q. This integration, post integration merger activity project. Was this proposal in the context of the Highland Park merger?

page 98

A. It was, but -- yes. But there again, there are a bunch of things that we would love to see and would have loved to have seen ENH work on, and the merger provided a catalyst, an opportunity to get serious about some of those things, like reducing costs like. So it -- and that was definitely the case on the contracting side.

Q. Okay. On the third page under "Timing and Resources," which is JH 353, it says, "The Bain team will be led by Chuck Farkas and Kim Ogden," and that "Phyllis Yale will serve as an advisor"?

A. Yes.

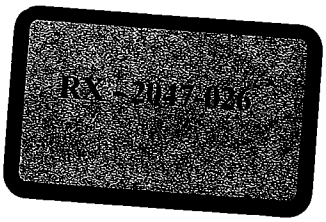
Q. What was the structure of this team?

A. What I described to you before, which is Chuck is a director, more senior than I am and has a longstanding relationship with Jeff and Mark. So Chuck would be -- Chuck would also see all the materials that we were going to present. He would be present at all of the meetings with Jeff and Mark. And Chuck was also at all of, you know, all of the working team

page 99

meetings.

I as operating VP had more interaction with the case team and more interaction with the lower level folks on the Evanston side, and then Will, as the manager, you know, was putting together the presentations and collecting the data and coming up with recommendations on what he thought we should show.



Q. On the top of that page, the same page, there is a list of questions related to physician integration and contracting?
A. Yes.
Q. Could you review those questions?
A. Sure.
(Pause.)
(The witness viewing CX

page 100

2072/Ogden Exhibit No. 3.)
A. Okay.
Q. Do you understand these questions?
A. I think so.
Q. Did you -- how did you use these questions, if at all, in your analysis of physician integration and contracting?
MR. SIBARIUM: Objection. Compound, unless her answer ends up being she used all of the questions.
A. This is, you know, again sort of a general list of the types of issues that we wanted to and the types of data that you would want to have in developing a physician integration/contracting strategy.
Q. This letter is dated August 1999. Was Bain doing any work surrounding physician integration or contracting prior to this time?
A. We had done physician integration-type work. I'm not clear on exactly what we had done, but I certainly know again we talked about the case that was my first case as a manager where we had talked about physician integration and PHOs and

page 101

MSOs and, you know, what was going on in the broader marketplace in terms of integrating with physicians and providing services to them.
Q. What about contracting?
A. We hadn't done any work in contracting. No.
Q. And these layouts and questions, as you say, are some general questions that you guys should think about in the contracting analysis? Is that right?
A. Yes.
Q. As well as the physician integration analysis?
A. Right, right.
Q. At the time that Mr. Farkas set forth these questions, Bain had not done any work on the contracting issue? Is that right?
MR. SIBARIUM: Objection. Ambiguous. You are talking about contracting with physicians or just contracting generally?
MR. KIM: Contracting the way it is used here, contracting questions.

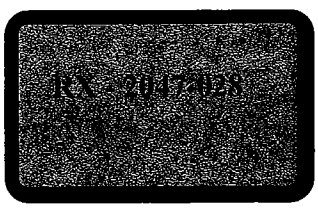
page 102

A. Well, you know, it is -- it is fuzzy, because work that we had done on physician integration touches on contracting, you know, so I don't remember ever doing work that made specific recommendations about, you know, specifics about how contracts should be structured, but we certainly had talked about the types of contracting organizations, like PHOs, physician hospital organizations, that were in

place, you know, across the country.
Q. And that was in the '93-'94 --
A. Yes.
Q. -- time frame?
A. Yes.
Q. Okay.
A. That I know of. I mean there may be others that we did that I just wasn't involved with.

[103:18] - [117:4] 9/21/2004 Ogden, Kim (Redacted)

page 103
Q. Let's move on to CX 1991.
MR. KIM: This will be Ogden 4.
(Three-page Case Detail, production numbers BAIN 1201 through BAIN 1203 marked CX 1991/Ogden Exhibit No. 4 for identification.)
MR. KIM: This is Bates BAIN
page 104
1201 to 1202.
BY MR. KIM:
Q. This is another one of those case details?
A. Yes.
Q. I ask you to take a look at that and tell me if you recognize it.
(Pause.)
(The witness viewing CX 1991/Ogden Exhibit No. 4.)
A. No, but I recognize this kind of document broadly.
Q. Do you know who would have written this particular case detail?
A. No. It could have been Will. It could have been one of the consultants.
Q. By the way, what is a knowledge broker?
A. Where is that?
Q. In the upper right-hand corner for Kerry Hutchinson.
A. Oh, she works at Bain, and she would have been one of the people who was responsible for keeping this database. It is a pretty spiffy name, huh?
Q. You can't say database manager?
A. I didn't come up with knowledge broker as
page 105
a name.
MR. SIBARIUM: Consultant speak.
THE WITNESS: Be careful.
(Laughter.)
MR. KIM: And I am sorry. The document is from BAIN 1201 to BAIN 1203.
BY MR. KIM:
Q. Well, you testified that at least there is some attempt to make these reflect the actual experience, so let's see if it actually did.
A. Okay.
Q. Is this -- does this case detail, and the client is listed as ENH, is this case detail the project that you worked on for the post integration activities?
A. One of them. This is the earlier one, and then we did the cost one.
Q. So this is the one where you looked at the service lines and contracting?
A. Yes.
Q. The one that we have been talking about most of today?



A. Yes.
Q. Under "Complication," it says, "The client
page 106
needs to determine" -- which is on the first page -- "The client needs to determine how to focus on growing net income by leveraging contracting and service line opportunities created by the merger."

Do you understand this sentence?

A. I understand, I think, yes, I understand the sentence.
Q. What does the sentence mean to you?
A. That the merger created opportunities and that we were focusing on two of them, and in this context, you know, some of them -- again the opportunity could be characterized as -- now let me be clear.

I don't think on the contracting side that I really believe if Evanston had gone in that they would have gotten and done exactly what we had told them to do without Highland Park that we would have had the same rates. So I think the opportunity that the merger created for Evanston was to go in and do contracting right, so.

Q. Is that how you read this sentence?
page 107
A. Sure.
Q. Okay. Why is this considered -- why is this listed under "Complication"?
A. That is another residual. It is just a Bain thing, where the work plan, a lot of times the formalized approach for a work plan was to say "Situation," "Complication," "Key questions," and then what is your approach.
Q. Okay. A template?
A. Yes. It is a template, and it is on all of these.
Q. What does in this sentence "leveraging contracting opportunities" mean? Specifically what does the word "leveraging" mean?

MR. HORWITZ: What does it mean to her as she looks at it?

MR. KIM: That's right. That's right. Thanks.

A. Implementing, you know, by leveraging kind of by going after them, you. You know, in this context by leveraging contracting opportunities just means -- leveraging the opportunities means going after them.
page 108
Q. Let's look at the second page, which is under "Approach." Could you review that paragraph and starting from the middle of the paragraph, which is "On the contracting side"?

MR. HORWITZ: What? Is there a specific sentence you want her to start with?

MR. KIM: Yes. "On the contracting side."

THE WITNESS: Okay.

MR. HORWITZ: Okay.

MR. KIM: "We compared the contracts."

BY MR. KIM:

THE WITNESS: We compared the

contracts.
Q. The first part of the paragraph discusses service line strategy.
A. I have got it.
Q. The second is on contracting.
(Counsel pointing.)
MR. HORWITZ: Read the entire thing, but pay particular attention to that.

page 109

MR. KIM: Yes. Take your time.
THE WITNESS: Okay. I understand what he is -- I mean he is focused on the contracting piece.
(Pause.)
(The witness viewing CX 1991/Ogden Exhibit No. 4.)
A. Okay. Just this page? Right? Yes?
Q. Yes. We will look at the final results in a second.
I think you may have answered this already, but when are these typically written, these case details?
A. After the case has closed, so maybe -- sometimes they have to track you down. I mean a buzzer goes off if it is not in by, I don't know, sort of three months after. So I'm not really sure when this was written.
Q. Okay. Focusing on the last couple of sentences in that paragraph --
A. All right.
Q. -- where we see the words, the phrase "leveraging the differences between hospitals. As well as a strong

page 110

sales-oriented story based on the merger, we assisted the client in negotiations with priority payers (typically targeting 10 percent above the best contract of either hospital)" --
A. Yes.
Q. -- do you understand this sentence?
A. It is not very well written, but yes, I think I understand it.
Q. What does this sentence mean to you?
A. Let's pull it apart. "Leveraging the differences between hospitals," so knowing what we knew about Highland Park, and in the vast majority of cases, Highland Park had a far superior contract. So, you know, it was -- which was embarrassing to Evanston. So, you know, the -- we were often -- well, we will get to that.
"As well as a strong sales-oriented story based upon the merger," what the merger allowed us to do was to go and sit down and say, you know, even for those people where -- we prioritized first the contracts that had expired and had been expired for a long time -- but even

page 111

with those that didn't have expired contracts, you could certainly when they came up the idea was that -- that this allowed us an audience. You know, the merger has occurred. We need to sit down with you. We have set as a goal that we are going to have our contracts together, so we need to figure out what we're going to do, what the contracts are going to

look like, Highland Park and Evanston contracts together.

And, you know, "the sales-oriented story," one of the things that we said should be part of any negotiation process is you need to talk about what you bring to the table, and Evanston didn't do that. They didn't do it in any sort of, you know, concentrated way. And so what we helped them do was to come up with a clear articulation of the quality standards that -- and this is standard stuff. Any -- any contracting, any hospital contracting, any contracting anywhere, would start with a, you know, here is who we are, and so that was --

page 112

that is what we meant around Evanston being able to talk about who we are, and really that was a story that was again if -- and I did review the material that we used in the United discussion. It didn't talk about the merger. It talked about who Evanston was and had been for five years and just wasn't getting credit for. You know, we were -- we believed that we were very far behind in the marketplace, and that seemed to be supported by the reactions of the payers.

"Typically targeting 10 percent above the best contract from either hospital," I don't remember that. I think that was our aggressive goal. I know we set an aggressive goal and we set an acceptable, and the acceptable was almost always the Highland Park existing contract. We said that if we could just get to where Highland Park is, we're going to be happy, because that was major, major dollars of improvement if we just got to where Highland Park was.

Q. You just said that the reaction of the

page 113

payers confirmed your approach or ENH's approach?

A. Confirmed the idea that we had been below market.

Q. What does that mean, that the reaction of the payers?

A. I only went to one meeting, but, you know, the United woman who was negotiating for United was -- seemed very embarrassed when it was raised in the meeting that Highland Park's rates were so much higher than Evanston's. You know, the United contract itself was from 1994, you know, the rates. So obviously Evanston was extraordinarily behind because it hadn't been negotiated at all, and, and she -- she made several comments that suggested that she was going to go back and fix this. So there was acknowledgment that, you know, that some changes need to be made in the rates.

Q. The first half of the paragraph -- of this approach paragraph deals with service line strategy?

A. Yes.

Q. Is that right?

page 114

A. Yes. Which I didn't read.

Q. Right. No. They are just discussing

generally. We had talked about the various components of the merger integration activities, which included --

A. Rights.

Q. -- which lines to consolidate, where to invest, where to -- which facilities do we source this out of, and I mean provide these services out of and so forth.

A. Right.

Q. Did Bain view those benefits as substantial, the service line strategy?

A. They were -- yes. They were -- they could be substantial. A lot of the -- to really get those required making some difficult decisions and that -- and, you know, major changes in the way that the hospitals were set up. I really saw service line as a portion of the overall cost benefit, and I can't remember what we came up with on service line, but, you know, there were -- there were definitely dollars there. Absolutely.

And then when we did the cost

page 115

strategy, which was really sort of digging into the nitty-gritty and putting some specific dollar values on what we could get out, that was in sort of 10 to 20 million that we came up with in addition to what had been found on the service line side. So yes. I mean cost stuff is huge. It could have been huge.

Q. Did Bain have an opinion on whether the ENH-Highland Park merger was a good idea for ENH?

A. Not prior to the merger, but yes. I think we thought it -- it -- that there was a lot of opportunity to reduce duplicate costs, to not make the level of capital expenditures that both sides were making. Yes. We thought it was a good idea.

Q. Would it also allow ENH and Highland Park as a combined entity to provide a fuller spectrum of services?

A. Yes.

Q. Would it allow them to be more efficient in some areas?

A. Yes.

Q. Were these reductions in costs and

page 116

increase in benefits, did ENH bring them to the negotiating table when contracting with managed care companies?

A. No.

Q. Why not?

A. It really wasn't the focus. The merger was the context for the renegotiation. We weren't trying to renegotiate based on a changed position because of the merger. We said we need to renegotiate because we don't have a contract. You haven't renegotiated with us in five years. Here is who Evanston is, and it really was overwhelmingly a focus on Evanston. You know, here is what -- here is what we think is fair market value.

Q. Was the merger discussed in the negotiations?

A. Not much.

Q. Was it discussed at all?

A. It was discussed in -- as an opening

around here is why we're sitting down together and here is who is at the table. We need a contract that covers all of us. But -- but it wasn't discussed in the

page 117

sense of, you know, we're a completely changed entity now.

Q. Did ENH believe that it was a changed entity --

[117:7] - [119:12] 9/21/2004 Ogden, Kim (Redacted)

page 117

Q. -- that was communicated to you?

A. No. I mean Highland Park was a tiny hospital. It really, you know, I don't view that as having changed ENH's position in the marketplace at all, and I think again it was just a catalyst. I don't think it -- it -- there was a big opportunity on the cost side. There was some geographic expansion possible because of that. But Highland Park was too small to really make a difference.

Q. Okay. Well, let's look at the last page of that document, which talks about the actual results --

A. Okay.

Q. -- from Bain's work related to the merger integration. It says, "On the service line piece, our work resulted in significant dollar opportunity driving

page 118

mainly from growth opportunities and cost savings through applying BDPs in under-performing areas"?

A. Yes.

Q. What does that sentence mean, if you know?

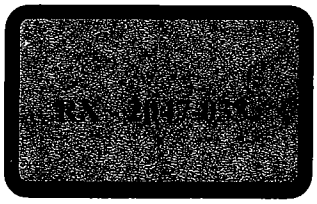
A. Well, BDPs are best demonstrated practice, which is just another way of saying benchmarking, and, you know, really what we did on the contracting side was benchmarking against -- against Highland Park, and Highland Park had better rates because their process was better and they had better people doing the contracting. You know, there was no other reason that they would have had such far superior rates.

So that what we got in contracting was applying a better people and a better process, and the same thing on all of the service line things that we focused in on. Where we kept digging to or diving to in that part was taking, first, again what is the broad strategy? What do we want to grow? What are some ways that we could grow it? And then how

page 119

do we operate it better?

And the latter part of those presentations, that you probably have, sort of started digging in and looking at by DRG, you know, what is our cost structure, what does Highland Park do, what does Evanston do, how is that different, who is better, you know, who has lower costs, who has better quality, and really trying to learn from each other to both drive quality and cost. So that was the whole idea of what we were doing.



page 120

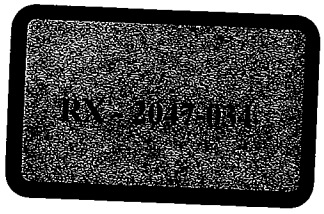
Q. Okay. The last paragraph talks about the exceeding of expectations on the contracting side?
A. Yes.
Q. And you just mentioned a little bit about it just a second ago, but the first point is that this document says we learned that the client had been traditionally doing a poor job, and that offered significant opportunities. And then it reads, "In the end, we found that our client had significant leverage over payers, and in most cases, were able to achieve terms at or above the best contract currently in existence between the two hospitals"?
A. Yes.
Q. Now I think that you have talked about

page 121

what this means?
A. Yes.
Q. But can you explain what the last sentence means "In the end"?
A. Yes. I'm not sure what -- what -- what was intended, but just that the final analysis showed that ENH had been worried that it taking a tougher stand in negotiations would backfire. Part of that was personality. Jack Sirabian was a guy that wasn't comfortable with taking a tough stand and had severely, tragically underestimated how ENH was positioned in the marketplace to begin with. And so, you know, I think both hospitals -- neither were extraordinary. You know, Highland Park had done a much better job and was, I think, an example of what could be achieved, and so when we got -- I really believe, you know, we brought them to market. You know, that the rates that they ended up with were not significantly higher, I don't believe that they were higher, than rates that already existed in the market for a lot of other hospitals.

page 122

I don't know that for a fact, but based on other hospitals in other markets, et cetera, I don't -- I don't think that they got extraordinary rates. I think they just played catch up.
Q. Did you have knowledge of what other Chicago hospitals' rates were?
A. No.
Q. You talked about ENH's sort of weak negotiating posture beforehand. Do you agree with the statement, "We found that our client has significant leverage over payers"?
A. You know, what I think that means in this context is that we had a good position. We had a good position prior to the merger. We didn't operate based on that good position. And that -- that is what I believe that means. Leverage is just another word for "position."
Q. Okay. Used in this particular context, is that what you mean as far as you understand?
A. Yes.



25 Q. And again these results are -- these
page 123
1 results paragraphs are in the context of
2 the Bain work done for the ENH-Highland
3 Park merger integration? Is that correct?
4 A. Yes.

[124:3] - [124:10] 9/21/2004 Ogden, Kim (Redacted)

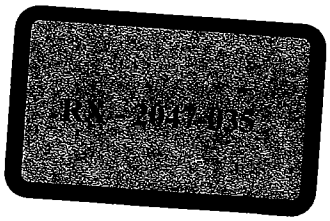
page 124
3 MR. KIM: Could we mark this
4 Ogden 5.
5 (Multipage Growth Opportunities
6 from the Highland Park Merger,
7 production numbers BAIN 0001
8 through BAIN 00037 marked
9 CX 74/Ogden Exhibit No. 5 for
10 identification.)

[124:15] - [125:2] 9/21/2004 Ogden, Kim (Redacted)

page 124
15 Q. I am showing you a document that is
16 branded CX 74. It is Bates BAIN 1 through
17 37, and it is Ogden No. 5. It also for
18 the record has an exhibit sticker already
19 there as part of the copy, Exhibit 25, and
20 it is a Bain document from October of '99
21 entitled "Growth Opportunities from the
22 Highland Park Merger."
23 I am going to ask you questions
24 on a few portions of this, so I don't want
25 to ask you to read the whole thing right
page 125
1 now, but could you just look it over and
2 tell me if you recognize it.

[125:6] - [126:12] 9/21/2004 Ogden, Kim (Redacted)

page 125
6 A. Yes. I recognize it as a -- I don't have
7 specific recollections about it, but I
8 recognize it as a presentation that we
9 would have made.
10 Q. Do you know who drafted this?
11 A. It is likely that it was drafted by Will
12 Fox, the manager -- the manager on cases,
13 drafts, presentations, in most cases. I
14 don't remember specifically.
15 Q. Did you review this?
16 A. Yes.
17 Q. Prior to it going out to ENH management?
18 A. Yes.
19 Q. Did it go out to ENH management?
20 A. Only in the meeting. It was presented
21 live in the meeting. It would not have
22 been sent in advance.
23 Q. What does "Initial Review" mean?
24 A. Probably the first time that we're getting
25 together to review some of the data that
page 126
1 we have been collecting.
2 Q. So by this point, you all had been working
3 on the project, the Bain team?
4 A. Pardon?
5 Q. By October 29, 1999 --
6 A. Yes.
7 Q. -- had the Bain team begun working on the
8 project?
9 A. Yes.
10 Q. I wanted to point to BAIN 3, which is



CX 74-3, the third page in.
(Witness complying.)

[127:15] - [136:20] 9/21/2004 Ogden, Kim (Redacted)

page 127

Q. Just taking a look at this, could you review this diagram and tell me what it means?

A. Sure. A lot of times what we will try to do is once we have come up with what we're going to be working on is to find some organizing framework that we can come back to in all of these updates and be able to say, you know, here is where we are. So the organizing framework that I'm assuming that we decided to use here was to talk

page 128

about growing and net income, so improving the bottom line, and, you know, simplistically, we said let's think about that in terms of revenue impacts and let's think about that in terms of cost impacts, and again, sort of simplistically, trying to pull those apart and think about which levers you can pull. Revenue could be split into higher price or volume, and so the revenue we had split into higher price and volume types of things. So "grow share" in this case means increase the number of people coming to you, and "eliminate bottlenecks" was also a volume issue, as was "eliminate programs," because we were capacity constrained. So these things would allow more people to be able to come in.

On the cost side, "maximize scale benefits," "rationalize capacity," "eliminate duplicate costs," "capital investment savings," all of those would impact costs.

And as it happened, the two areas that we had focused on, what we were

page 129

trying to show was their impact on net income. You know, it impacted in different areas.

Contracting was primarily a revenue issue, and, you know, although frankly there is a -- there is a cost element to contracting as well, if you simplify your contracts, which we later found in the cost work, that having the simplified contract could really reduce your administration costs.

And then service line had the gross share of the volume piece here and the other pieces.

Q. Okay. That is clear enough. A couple of pages down, BAIN 5, this is a "Key activities" diagram?

A. Yes.

Q. I want to focus on the "Analyze payers' economics."

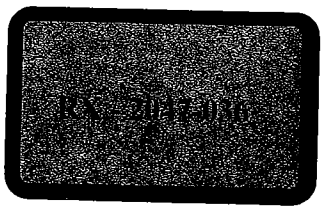
A. All right.

Q. What does "analyze payers' economics" mean?

A. Really this was just, because ENH had not been gathering a lot of data around what

page 130

was happening in the marketplace, and we



believed that that was important to inform, provide context for these negotiations, we would need to understand, you know, we're looking for a big catch up here. Are these payers losing money and, therefore, they're going to be really resistant to it, to what we're asking, which is a big catch up. You know, how have the payers been doing? So it was really just a basic part of any negotiation strategy where you understand who you are negotiating with, how they have been doing.

Q. What about the element listed below that which says "Measure importance of ENH and HP to payers' position"? What does that mean?

A. Again that was just context for something, understanding, you know, how important are we to them. Is this a payer who, you know, we need to understand if it is highly likely that they are going to walk away from the table? That that would be a bad thing. So it was really just trying

page 131

to as context to understand, you know, where -- how we were positioned, how the payers were positioned. And any contract negotiation that I participated in across any industry, you start with understanding who they are, who you are negotiating with.

Q. And this might be a simplistic question, but what are the -- what is the spectrum of possibilities of ENH and HP importance to a payer and then the implications of that?

A. We really didn't know going into this if there were particular players who we didn't, you know, didn't see a lot of their patients.

Q. Right.

A. And a lot of times, you know, in markets you could see that, that there is a particular employer insurance plan, et cetera. So really trying to understand what that range could have been, my recollection is that the, you know, that it wasn't that broad a range. That ENH was one of -- one of their hospitals, but

page 132

one of their many hospitals, and there wasn't any particular payer where we were, you know, a big piece of their business.

Q. What were the implications of -- do you know what I mean when I say the term "relative bargaining strength"?

A. I can figure out what you mean by that. Sure.

Q. Does the measure of importance of ENH and Highland Park to payers' positions have any impact on relative bargaining strength?

A. That's what we were testing for.

Q. Okay.

A. And our conclusion was that, you know, again ENH was about the same importance, if I'm remembering correctly, across the different payers, and it was one of many hospitals that they negotiated with. It was, you know, a very well thought of

hospital.
So what? Am I answering your question?
Q. Yes. Was part of this analyzing of payer economics part of your evaluation of

page 133

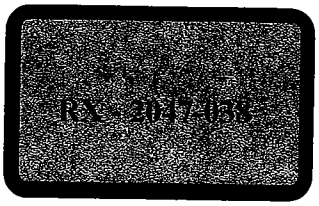
relative bargaining strengths of ENH and HP and the payers?
A. Yes. We were looking for if there was any payers where, you know, we represented quite a lot of their business or any, you know, any that we -- again we wanted to look at our position as well on the same metric: Who are the payers that are bringing us stuff? Who are bringing us patients? But it really was more context than actionable. It really was just let's understand where they are coming from and show them that we have done our homework.
Q. It did not inform the negotiating strategy for a particular payer?
A. No. We really -- you know, again I don't remember in any negotiation using any statistics like that.
Q. Oh, and I don't mean just using it in negotiation, face-to-face negotiation, but did it inform the strategy going in?
A. No. If you look at the materials that we prepared for each payer, they really don't differ by, you know, how important ENH was to them. Importance here measured as what

page 134

percent of, you know, of patients that they covered would come to ENH, the same set of materials across different payers.
Q. Did the importance of ENH alone to a payer differ with the importance of ENH and Highland Park together to a payer?
A. No. Highland Park again was too small.
Q. Were ENH and Highland Park competitors?
A. No, not really. You know, a lot of the market is influenced by who is around, and for sort of primary-type care, you go to a doctor that is close to you, and so primary-type care things, people would go to Highland Park. You know, there are some -- there is a set of services that -- and there is a rather broad set of services -- that ENH wouldn't, you know, ENH provided but Highland Park did not.
Q. Right.
A. I'm certain that there was some overlap, but I don't really recall seeing Highland Park, you know, whenever we would do analysis on who are -- who the other hospitals were who were attracting admissions for certain DRGs, I don't

page 135

remember Highland Park being, you know, a major player on any of those, those analyses.
Q. Would this analysis be broken down by service line or DRG?
A. It could.
Q. Would they be broken down by geography, in particular regions and ZIP codes?
A. Yes. It could be. I mean we looked at ZIP code, you know, by ZIP code, where do we draw and for what kind of services.
Q. Let's take a look a couple pages more down --



A. Okay.
Q. -- at Bain 10.
(Witness complying.)
Q. Can you review this page and tell me what it means, if you know? This is a page titled "Revenue and costs as percentage of charges."
A. Yes.
Q. At the top says, "Some contracts appear to have upside revenue potential."
(Pause.)
(The witness viewing CX 74/Ogden

page 136

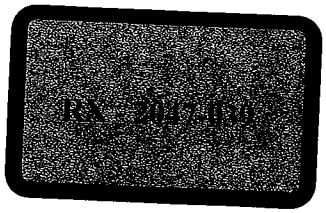
Exhibit No. 5.)
A. Well, it looks like what we did was to put, you know, put all of the contracts so it could be an apples-to-apples comparison into revenue per charges and costs per charges terms, and I don't even know if we did that or ENH already had this in place.
But simplistically, this was maybe to just try to get a sense of, you know, looking at how much variance there was across different contracts and looking at an average, and then just saying, you know, if we could just get everybody to the average, what might that be worth? So that is -- I am assuming that we're just saying there is variance here, and, you know, we would like to be closer to the better-termed contracts.
Q. Is this a pretty high level analysis?
A. Very.

page 137

Q. Go on to Bain 15.
(Witness complying.)
Q. This is "ENH size in the Chicago area." Could you take a look at this chart and tell me what it means to you.
(Pause.)
(The witness viewing CX 74/Ogden Exhibit No. 5.)
Q. The top of the chart has a statement, "ENH has significant leverage with payers as the largest in admissions"?
A. Yes. And, you know, again "leverage" is synonymous with "position" to me. So I think all this is doing is looking at admissions, and we had high admissions.
Q. "Leverage" means "position" in this particular case to you?
A. It means position, and again part of -- part of what we are trying to do is position Evanston here to be comfortable with asking for a catchup, and, you know, this -- this would argue that Evanston has -- is in a reasonable position to be able to sit down with payers and say, "You know, is it fair that we're getting paid

page 138

what we are"?
Q. Because Evanston is combined with Highland Park bigger than the other hospitals in terms of admissions?
A. No. Just clear that Evanston is an important hospital in the market area.
Q. Evanston should take advantage of its bargaining strength?



MR. SIBARIUM: Objection. No foundation.

A. Evanston should recognize its position and not be afraid to ask to be paid fair market value.

Q. What does the phrase "significant leverage" mean?

MR. SIBARIUM: Objection. Asked and answered.

Q. You said leverage in this case means position?

A. Right.

Q. I am wondering what, how the --

A. We're clearly a player in the market. We're clearly one of the -- one of the hospitals that would be recognized as one of many, but we are -- we are not tiny.

page 139

Q. The total number of admissions according to this chart says 40,000 in 1998 for the combined Evanston-Highland Park. Is that right?

A. That's what it says on the chart.

Q. Right. And without Highland Park, the number of admissions here listed is 30,000 for just ENH. Is that right?

A. It looks like it. Yes.

Q. What is the point of coupling the two hospitals together in this particular chart?

A. They were together. They were an entity at this point, so you needed to show them both.

Q. Move on to page Bain 19.

A. Yes.

(Witness complying.)

Q. This is another contracting slide, and it is titled or it says at the top, "Better integration with the ENH Medical Group and the addition of Highland Park will substantially improve ENH's leverage"?

A. Yes.

Q. Can you review that chart or diagram and

page 140

tell me what it means to you?

(Pause.)

(The witness viewing CX 74/Ogden Exhibit No. 5.)

A. What it means to me is the same, you know, "leverage" means "position," and that the -- if we have all of these entities, that we are somebody that is attractive to a payer. We're now representing a -- the idea is that we are representing multiple hospitals and the physician group together. So it really just means, you know, we -- I would take -- I actually don't think "substantially" is the right word, but we are an entity that has an improved position in the marketplace.

Q. And does that improved position in the marketplace, as a consequence of that, is the combined ENH-HP plus physician groups entity able to negotiate better managed care contracts --

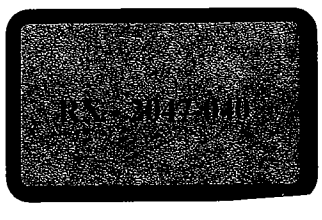
MR. SIBARIUM: Objection. Vague.

Q. -- with better financial terms for ENH?

A. I don't know. I don't know if that's what

page 141

it means.



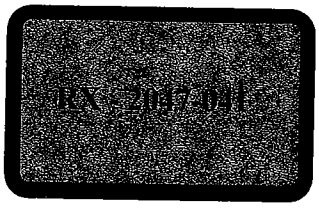
Q. Wasn't that one of the points of the contracting project for ENH performed by Bain?
A. It was definitely -- yes. I mean we are trying to get better -- better rates, but the -- again we didn't talk about in contracting any of this. We didn't talk about, you know, we're bigger. And Highland Park to the payers was really a nonissue. So the leverage that ENH had was a function of where they had been paid before and ENH's position to begin with, which if you go back to that slide, you know, was a major-sized hospital without Highland Park.
Q. That admissions slide?
A. Yes.
Q. All right.
A. Yes. Without Highland Park, they are still right at the top in terms of the size of hospitals in the marketplace.
Q. So harking back to that slide, it was right at the top -- which is Bain 15 -- it was right at the top prior to Highland

page 142

Park's additional increment of admissions?
A. Right.
Q. And is now at the top with Highland Park's incremental admissions, according to the chart; is that right?
A. According to the chart, that's right.
Q. For 1999?
A. Right.
Q. Does this chart on -- diagram on BAIN 19, does this reflect what we talked about before about the single voice in contracting?
MR. HORWITZ: Objection. Single voice?
Q. Do you know what I mean when I reference your statement about single voice in contracting?
A. What did I say?
Q. You were talking about the physicians and the hospitals --
A. Um-hmm.
Q. -- and talking in a single voice?
A. Um-hmm.
Q. Do you recall that?
A. Um-hmm.

page 143

Q. Does this reflect that discussion that we had, this diagram?
MR. SIBARIUM: Objection. That is real ambiguous.
A. I'm not following the question. Sorry.
Q. All right. The first -- there is a big arrow at the top?
A. Right.
Q. And it says "today," and then the arrow has a direction to the right --
A. Right.
Q. -- to "maximum leverage"?
A. Right.
Q. In the first column, which is under "today" --
A. Right.
Q. -- there is ENH with the dotted lines, the ENH Medical Group?
A. Right.
Q. And then separate from that Highland Park?



A. Right.
Q. The next column has ENH and ENH Medical Group together, Highland Park separate?
A. Right.
Q. The third column has ENH and Highland Park

page 144

plus the Medical Group in one box?
A. Yes. Yes, we're talking about doing contracting together, and this was in a merger, a merger that has already taken place. It just makes good sense that we would contract together.
Q. And "we" in that, in your statement, means Highland Park, ENH, and the physician groups?
A. Yes. And ENH again had, you know, not made terrific progress on that, on contracting with the physicians themselves, so this was talking about if we're -- if we're all together, we might as well contract together.
Q. And by "contract together," would that combined entity get better financial terms from the managed care companies?
MR. SIBARIUM: Objection. Speculative.
A. I don't know.
Q. Is that --
A. That is what --
MR. SIBARIUM: Lack of foundation.

page 145

Q. Was that the goal of the advice your -- Bain's advice to ENH, getting better terms for the managed care contracts?
A. Our goal was to leverage everything that we had and to make sure that we represented ourselves as who we were.
MR. HORWITZ: Mr. Kim, just a point of clarification. I want to make sure the witness understands your question. When you were talking about physician groups, you were talking about the ENH physician group? Am I correct?
MR. KIM: Right.
MR. HORWITZ: That is the physician group you were referring to?
MR. KIM: Yes.
BY MR. KIM:
Q. When I am talking about the last column that has ENH and Highland Park plus the ENH Medical Group, does that combine -- does the ENH Medical Group after the merger mean the Highland Park and ENH physicians together?
A. I assume so, but I am not exactly sure what we had intended here. I don't

page 146

remember specifically --
Q. Right.
A. -- if we talked about merging the Highland Park IPA into the ENH Medical Group --
Q. Okay.
A. -- from a legal structure standpoint.
Q. In your response talking about using all the different -- I don't know what the word is -- let's see. You said there has been a merger?
A. Right.
Q. And here is the entity that we now are?
A. Right.

Q. And you used the word "leverage" in your response?
A. Yes.
Q. To leverage all aspects of what we are today?
A. Right. To use.
Q. To use?
A. I will be careful about my use of the word "leverage," because it clearly means something different to me than it does to you.
Q. What does it mean in that particular

page 147

instance?
A. To use what we have. That, you know, ENH, you know, is a factor, and again it was clear that we hadn't been using what we have.
Q. But to be clear, the use of what ENH is today or at that particular time, post merger, the goal in this particular context is to get better financial terms for managed care contracts? Is that correct?

[147:16] - [149:25] 9/21/2004 Ogden, Kim (Redacted)

page 147

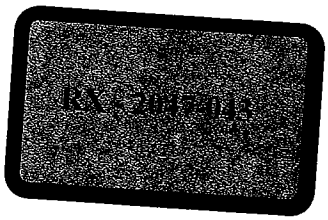
A. Is to get fair market terms.
Q. Okay. Does that mean higher rates than before?
A. I think, you know, any entity will try to get the best rates they can. Right?
Q. Of course.
A. They are -- but I think again from the goals that we set, we were looking for reasonable rates, you know, at Highland Park-contracted rates, not above, you

page 148

know, crazy rates or, you know, there was no effort to, you know, pressure in any way the payers. We never discussed Highland Park and the position. We just talked about we want to make sure that we're getting compensated where the market is.
Q. And I understand. I understand what you are saying about not necessarily squeezing the payers, but I want to just be very clear about directionally which way we are going here. Directionally the rates are going up? Is that right?
A. You always want your rates to go up.
Q. But in this particular case, directionally the goal was to get them higher? Is that right?
A. The goal is to get them higher, but the goal is to get them to the level that they would have been --
Q. Right.
A. -- even --
Q. I am not --
A. -- without Highland Park.
Q. Right. And we are not discussing -- I

page 149

understand what you are talking about, about how higher they are going. I just wanted to make sure we got clear which way they are going. That is all.
A. Yes. But I think we and every other hospital in Chicago wanted our rates to go



up.
Q. I understand. Let's get rid of that document.
MR. KIM: We will mark CX 1607. This is Ogden No. 6.
(One-page fax cover sheet dated November 18, 1999, to Ms. Ogden from Ms. Miller and attachments, production numbers ENHL RG 004132 through ENHL RG 004140 marked CX 1607/Ogden Exhibit No. 6 for identification.)
MR. KIM: It is Bates BAIN RG 4132 through 4138.
MR. HORWITZ: Mr. Kim, my copy has 4132 to 4140.
MR. KIM: And that's because you are right. It is to 4140.

[150:6] - [155:15] 9/21/2004 Ogden, Kim (Redacted)

page 150
Q. Could you take a look at this document and tell me if you recognize this?
A. Hang on.
(Pause.)
(The witness viewing CX 1607/Ogden Exhibit No. 6.)
A. I do recognize it as a template of what we were -- a very early draft of the type of materials that we were preparing to inform the United proposal. The parentheses, et cetera, and the numbers that are asterisked indicate to me that they may not be final.
Q. And you are referencing, for example, on page CX 1607-4 and ENH RG 4135 the 35 percent?
A. Right.
Q. The blank percent?
A. Right.
Q. The 30 percent and so forth?
page 151
A. Right. So this, you know, doesn't look like a final document.
Q. Whose handwriting is this, if you recognize it?
A. I don't recognize it, but the note on the front is from -- it looks like it is from Marsha Miller.
Q. Okay. What was the -- this memo that is attached to the fax cover says, "First United meeting materials." That is the subject line.
A. Yes.
Q. You said this is a preliminary memo in preparation for the United negotiations. Is that right?
A. Right.
Q. What was the purpose of this memo?
A. Well, it looks like it went to the negotiating team, and part of the role that Bain had -- was playing was developing the fact base that the United team -- that the ENH team would go in and be able to have at hand to be able to talk about why, you know, we thought there needed to be a one-time correction. So
page 152
this is a summary of some of the points

that we thought were important to make around why we needed a one-time correction.

Q. Was this memo wholly devoted to the one-time correction element of the negotiations?

A. Well, it was for the negotiation in general. I'm just looking at, you know, the headline on -- what is it? -- Bain -- I don't even know what number this is.

MR. HORWITZ: You can use this number right here if you want.

THE WITNESS: CX 0167-004.

A. I mean the first point we make, and this is what we are suggesting be said in the meeting, is "Our conclusion is that many of ENH's current contracted rates require a one-time corrective adjustment."

Q. And then it goes on to say that the contracts are undermarket and the reasons for that?

A. Right.

Q. Is that right?

A. Right.

page 153

Q. Was there final versions of this United proposal or United negotiating notes?

A. Yes.

Q. Would they --

A. We prepared one of these types of things for every -- every negotiation.

Q. Did the negotiating team from ENH follow -- use the facts set forth in the proposals?

A. I assume so. The only meeting that I attended was United, and they did in the United meeting.

Q. Did you provide recommendations in the United memo?

A. What do you mean "recommendations"?

Q. Well, that is what I am asking.

A. There is data here that allows them to bolster whatever claims they would make. For example, you know what? Our contracts are undermarket.

Q. Are there any recommendations you gave for contracting strategy and negotiation strategy in the different proposals?

MR. HORWITZ: You are asking her to look at this particular proposal and

page 154

identify language in here --

MR. KIM: Well --

MR. HORWITZ: -- that would fall within what you have described as a recommendation? I just want to be clear about the nature of the question.

MR. KIM: That is fair enough.

BY MR. KIM:

Q. I don't see any recommendations in this particular draft preliminary proposal.

A. Yes. We had certainly met with the negotiating team and talked about how it might work, and they decided who was going to talk first and what they were going to say, and our role again was to help them with some of the analysis of the marketplace that would communicate that we had done our homework -- that they had done their homework. So I am certain that we talked about, you know, gave them

advice on the steps of the negotiation. I don't see it here.
Q. Did they follow those steps?
A. Yes. For the most part. Again I only was at the one meeting.

page 155

Q. At the one meeting that you attended --
A. Yes.
Q. -- did you have any understanding of whether they followed those steps in subsequent negotiations?
MR. SIBARIUM: Objection. Vague. We don't have anything about what those steps were.
A. I think so. I think so.
Q. Maybe we can look at subsequent presentations and find out --
A. Right.
Q. -- what the specific recommendations are.
On CX 1607-5, which is Bates RG 4136 --

[155:17] - [158:13] 9/21/2004 Ogden, Kim (Redacted)

page 155

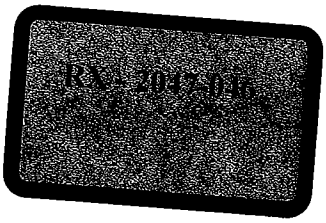
Q. Could you take a look at that and tell me what you understand is being set forth here?
A. Well, you know, in the previous part of this, we have just presented them with some pretty shocking statistics, and that, you know, that they -- that we haven't renegotiated since 1994; that we are losing money across the board on the

page 156

United contract, and we were; and, you know, Evanston hadn't -- this is another thing that Jack didn't do analysis of, you know, what do we need to have the contract at to make money.
Q. Jack Sirabian?
A. Right. You know, a good contract for them is one where they can make money, and it is only a good contract if it is a good contract for us, and we actually needed to break even, and we were not.
And so this slide here was the point, you know, what you have been paying us, which is well below market, doesn't reflect the fact that we actually have a good position in terms of both size and quality in this marketplace.
Q. And the good position here as listed in this slide is "Marketplace position - With the Highland Park merger ENH now commands a 55 percent market share"?
A. Right.
Q. "Brand preference - ENH is the preferred provider in the region by a margin of two times or greater"?

page 157

A. Yes.
Q. And "Lower costs - ENH is better at managing hospital inpatient days than its competitors"?
A. Yes.
Q. Are all three of these factors important?
A. To payers?
Q. To payers.
MR. SIBARIUM: Objection.
A. Yes.



MR. SIBARIUM: Speculative.
THE WITNESS: That's true.
A. Yes, I think so.
Q. Are these important in ENH's thinking about how it should negotiate with managed care payers, managed care companies?
A. They were more a statement of this is who we are, and some of these they may not know.
Q. The payers may not know?
A. Right. Or, you know, aren't things that float -- you know, payers want a hospital that is good at managing length of stay. Payers want a hospital that people want to go to. And another measurer of do people

page 158

want to go to that hospital is, you know, what their market share is. I think this would have been as effective if we had just put what ENH's market share was before Highland Park.
Q. Okay. Well, would the figure be lower -- if you had put the 55 market share -- would that figure be lower if you had put just ENH's --
MR. SIBARIUM: Objection.
Q. -- market share?
A. It would have been lower but still one of the highest in the market.

[162:7] - [162:11] 9/21/2004 Ogden, Kim (Redacted)

page 162

Q. So I am just asking just generally about the presentations and meetings that you had with ENH management. What was your understanding of their assessment, the ENH assessment of the Bain work?

[162:13] - [174:6] 9/21/2004 Ogden, Kim (Redacted)

page 162

A. Do you mean was -- were they -- did they feel like we were on track?
Q. Yes.
A. Did they feel like we were doing what we were supposed to do?
Q. Exactly.
A. Yes. I think so.
Q. Did they have any objections to any of your analysis or recommendations?
MR. SIBARIUM: Objection. Overbroad. You are talking about a lot of documents.
THE WITNESS: Yes.

page 163

A. I mean we would have to go through piece by piece to talk about the specifics.
Q. How about the service line strategy? Did they have any objections or -- let's just stick with that. Did they have any objections to your -- Bain's analysis and recommendations?
A. These meetings were always scheduled as a discussion, so, yes, they did. They would -- they might disagree with how we had prioritized the service lines. They might -- we always got a lot of pushback in terms of, you know, whether we could actually implement some of these things that we were talking about on the service

line. This was absolutely a, you know, a discussion, because some of the recommendations and some of the things that we were talking about doing would require a lot of time and effort, and, you know, it was -- these were things that they cared about, the management team cared about. Sure.

Q. That's what I am trying to get at, where the pushback came from and kind of just

page 164

what general areas they expressed concern about. You mentioned that in the service line that they had some implementation concerns? Is that right?

A. Some implementation concerns. My recollection of the area that was the most debated on the service line was cardiac surgery, because from a clearly economic perspective, Bain argued it should be in one place and that place should be ENH, and they wanted to have it in Highland Park as well. So that was an area that we spent a lot of time.

Q. What about on the contracting side? Where were the areas, if any, of pushback from ENH management?

A. There wasn't a ton of pushback, simply because they were -- when they actually looked at the magnitude of the numbers, this is a first time that they are seeing a side by side. They knew that Highland Park's contracts were better, but they didn't know by how much, and so there was -- there was a lot of information in these early meetings where we laid out, you

page 165

know, here is the situation. You have contracts that are from 1993, you know, that have not been renegotiated in six years. You have -- you know, Highland Park is doing this much better. So a lot of the contracting side was just them reeling with the data that we were sharing about just how badly a job had been done.

Q. And so would they agree with your recommendations on the contracting side?

A. Yes. I mean our recommendations were we need to go renegotiate these now, and you have got a big catchup, and, you know, here is how we're going to set up the process. We are going to set up minimum accepted targets. And do those look -- and, you know, they were perfectly onboard with those.

Q. You talked about that these meetings were set up as discussions and they would raise their concerns, if any. There is presentations throughout this whole process, various decks, some of them you have seen, and there is one final one at the end of the project?

page 166

A. Yes.

Q. Did those presentations reflect the substance of the discussions that you had at the meetings with ENH management?

A. What do you mean? Did the later presentations --

Q. Yes.

A. -- include prior discussions?

Q. If they would raise a concern --
A. Yes.
Q. -- would Bain then in the next presentation try to address that concern?
A. It depends what it was. You know, I would have to know a specific concern. Sometimes we would, you know, in the discussion we came to resolution on that. Sometimes there were additional things that we needed to go do. Sometimes, you know, so it was a -- it is an iterative process, and there are so many recommendations built into every single one of these.
Q. But the presentations themselves -- and I am not trying to trap you on anything -- but the presentations themselves are set

page 167

to be kind of an evolving process reflecting new learnings and new discussions and new recommendations and concerns?
A. Yes. I mean they are not -- you know, what we were trying to do with all of our presentations is bring the data. You know, what Bain tries to do is not have this be a subjective opinion-based discussion, and if there was data that needed to be brought that would help us decide which way we went, then, you know, if there were concerns raised, we tried to say, okay, well, what are the concerns, you know, how do we resolve it, what data is necessary to be able to make a decision? For example, on cardiac surgery, you know, what do we need, how do we -- how do we think about this? What can we bring that is going to be helpful in making that decision?
Q. I understand. Let's take a look at Bain 48 --
A. Okay.
Q. -- which is CX 75-11.

page 168

(Witness complying.)
Q. This is a United negotiations contracting update?
A. Yes.
Q. Could you review that and let me know if you recall this particular situation?
(Pause.)
(The witness viewing CX 75/Ogden Exhibit No. 7.)
A. Okay.
Q. Do you recall this situation?
A. Yes. I was at the first meeting.
Q. Were you at subsequent meetings with United?
A. No.
Q. Was Bain representatives at subsequent meetings with United?
A. I do not believe so.
Q. Do you know when they did finalize the contract with United?
A. No.
Q. Was it soon after the -- do you know if it was soon after the initial meeting?
A. It was definitely in the time frame of the project --

page 169

Q. Right.

A. -- because I know we were able to quantify what the new contract would be worth, but I'm not sure.
Q. There is a discussion here on United's reaction?
A. Yes.
Q. And it says, "United was surprised but is willing to respond." It "will try to split physicians and hospital." And the document also notes, "Negotiated physician contract, quote, off the table; has threatened termination."

MR. SIBARIUM: Well, objection. If you are going to read from the document, you have got to read --

MR. KIM: Yes. That is fair enough.

MR. SIBARIUM: -- all of the paragraph.

MR. KIM: Okay. Yes. Let's -- I was just trying to focus in on the physicians' and the hospital's splitting issue.

Q. But the paragraph reads as follows:

page 170

"United was surprised but is willing to respond. Did not dispute hospital contract is under market (per diem share, during meeting confirmed this). Will come back with offer. Will try to split physicians and hospitals. Is under significant time pressure to meet internal physician contract deadlines (computer system update) by early December, (we will use as leverage)."

The next point is, "Negotiated physician contract is, quote, 'off the table;' has threatened termination"?

A. Yes.
Q. This stuff about the physicians, the hospital, and the negotiated physician contract, what is this talking about?
A. I am going to be honest with you. I don't remember.
Q. Okay.
A. I don't remember that last point.
Q. What about "we will try to split physicians and hospital"?
A. In the meeting, as I told you before, Evanston had negotiated -- the medical

page 171

group had negotiated for staff and affiliated hospitals and had done that separately from the hospital. It wasn't a joint meeting, and it wasn't the same timetable. So this is the first time that we're all sitting around the table together.

They had -- and I'm not sure if this was real or not -- but what the United woman said was that they had a new computer system that was going in, and so she was under a directive from United to get all of the physician contracts done.

This was a surprise, because the hospital -- though we had never negotiated before -- and, you know, and the hospital side had always been sort of a slam dunk with, you know, they would say, "We'll give you a three percent increase," and we would say, "Great."

So clearly this was going to take her longer to respond. And I think she had been assuming -- this is the surprise element -- that this was going to run like other negotiations had and that

page 172

she would be done with -- with certainly the physician side and probably the hospital side very fast. When we said no, we needed a big correction, it was clear it was going to take longer, and she was running into her physician deadline.

So she said, "I need to make this physician deadline. I would like to negotiate just the physician contract."

And we said no, because we wanted her to focus on getting both of the contracts done quickly, which she then did. She was trying to split us so she could meet her deadline on the physician side.

Q. And ENH said no?

A. "No." We said, "We're negotiating these together, physician and hospital, from now on."

Q. At the bottom, it says, "Need to prepare for round two. Confirm per diem targets/minimums."

The second point: "Internal 'bad guy' designated, question" --

A. Yes.

page 173

Q. -- what is this internal bad guy?

A. Historically, all the negotiations have been done with Jack Sirabian, who they, it was pretty clear, they knew was a pushover, and so the thought was we need to show them that we're serious and that we're not just going to take whatever you give us, so we probably need to have somebody who is viewed as being a tougher negotiator in the room. So that's -- that was, you know, it was -- it was basic negotiations.

Q. Was that strategy adopted?

A. I think Joe and Jeff as more senior management did attend a lot of these final meetings and could underline the point that we're not making money on these contracts. We feel like you're taking advantage of us, and we're not going to do that anymore. So I do think that they did -- they did attend a lot more of the meetings.

Q. Do you recall -- we had talked about that this integration project kind of in the context of contract and service line

page 174

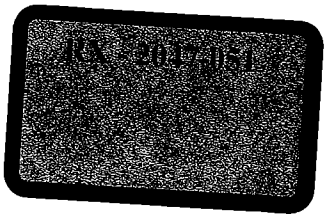
analysis. Do you recall which contributed more to the net revenue goal?

A. Contracting, which we never would have guessed coming into that. It is a function of where ENH started off with -- from.

page 174

MR. KIM: This is CX 368, another thin document. This is Ogden 8.

(Multipage document headed



BAIN(ENH), production numbers ENH RS 002145 through ENH RS 002191 marked CX 368/Ogden Exhibit No. 8 for identification.)

BY MR. KIM:

Q. It is Bates ENH RS 2145 through 2191. It appears to be various Bain slides on service and contracting line strategy -- service line and contracting strategy, but I would just like you to flip through it and see if you recognize it.

(Pause.)

page 175

(The witness viewing CX 368/Ogden Exhibit No. 8.)

A. Yes.

Q. What is this document?

A. It is another interim review.

Q. Do you know who drafted this?

A. No. Will would have coordinated among the different parts of the team and put it together.

Q. And you would have reviewed it?

A. Yes.

Q. And in the course of your review, do you review for -- what do you review for?

A. To see what the data is showing; to see if the data supports the conclusions; to see if we can draw recommendations or broader lessons from what we've put together to make sure that those have been communicated clearly if we can.

Q. I wanted to look at some of the contracting slides in this deck, and those are pages RS 2173 through about 2182.

A. Okay.

Q. Could you review -- skim through those pages, and I will ask you a few questions

page 176

about them?

A. I am sorry. 73 through what?

MR. HORWITZ: 82.

Q. 82.

A. 82. Okay.

(Pause.)

(The witness viewing CX 368/Ogden Exhibit No. 8.)

A. Okay.

Q. Taking a look at RS 2175, which is the HMO Illinois file, --

A. Yes.

Q. -- what is the purpose of this profile?

A. This goes back to the data that we said we were going to collect. So we're trying to just in a page say what is going on with HMO Illinois, what is their enrollment, what has their performance been, some measure of how important we are to them, how important they are to us, and the news.

Q. And this is to -- what is the purpose of these data?

A. Just to be familiar, context.

Q. Is it supposed to inform the negotiating

page 177

strategy in any way?

A. Just as context.

Q. This term "relative leverage" --

A. Yes.

Q. -- I think you characterized as importance

of one entity to the other?
A. Right.
Q. Is that right?
A. Yes.
Q. And I think in our previous discussion we talked about how it was fairly -- you thought that was fairly constant over different payers; is that right?
A. Well, that no particular -- I mean you don't see measures on here more than, you know, 10 percent. So there is -- across any particular hospital or payer that we came across, you know, it is not a -- this particular client or this particular payer is 80 percent of our business.
Q. Or the other way around?
A. Right.
Q. What does the term, though, "relative leverage" mean?
A. I am starting to hate that word.

page 178

Q. Right.

MR. SIBARIUM: Objection. Asked and answered. Just repeated the testimony two seconds ago --

THE WITNESS: Right.

MR. SIBARIUM: -- when you asked her that question.

THE WITNESS: Right.

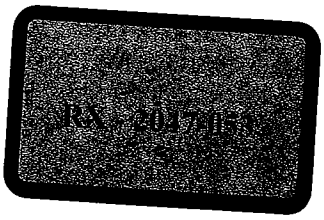
A. How important they are to us; how important we are to them.
Q. Two pages down on RS 2177, which is CX 368-33, --
A. Yes.
Q. -- this is titled "HMO of Illinois Sources of Leverage"?
A. Yes.
Q. Leverage for whom? HMO Illinois or ENH?
A. Just -- I think -- let me look at it.

(Pause.)

A. ENH. I mean really what this should read is, you know, why should HMO Illinois renegotiate with us?
Q. Why they should renegotiate with -- why should HMO of Illinois negotiate with?
A. Or negotiate. The first point is --

page 179

Q. Our contract expired?
A. -- our contract expired. So going into this, what are some points that we want to make.
Q. Were these points that ENH was going to make to HMO Illinois?
A. And I'm not -- actually I should correct that, because I look at this. Some of these are more just context again, and I'm not sure that we would actually make the point, but this is we should do our homework, and we should be informed going into these contracts, and here is some things that we should know before we go into the HMO Illinois contract.
Q. And these things that "we" and by "we," you mean ENH; is that right?
A. Yes.
Q. The context that ENH should know going into negotiations, is this going to lead to a better negotiating position?
A. It depends. You know, I would have to go through each one.
Q. Okay. Let's go through the four factors.



A. You know, "Contract expired June 1998"

page 180

yes. They have been paying us not current rates for two years. So again there is this catch-up element that we have been taken advantage of.

"ENH and HP hospital losses with HMO Illinois over a million last year," yes, the contract is a bad contract for us. We have been losing a ton of money on it pretty consistently. We hope that they will raise their rates, because it is questionable whether we should keep them as a payer if they don't. It is bad business for us.

"Volume of business HMO Illinois relies on ENH for," I'm not sure. It looks like maybe that was, you know, referring back to HMO Illinois. I don't know. It doesn't look terribly compelling from the ENH side, because we're only 2.3 percent of their total in-patient days. So we're tiny to them. But -- but it looks like we were going to try and say that we, you know, were important, but we were very tiny for them.

"HMO Illinois profits have gone

page 181

up substantially since 1994, reaching over 60 million in 1998." So they are in a position to share that. We as the people who were providing care would like to see us get reimbursed fairly for that, especially since we are providing care at a loss.

So, yes, these were all things that hopefully HMO Illinois would -- their consciences would be pricked a little bit that they needed to increase rates.

Q. Did you rely on HMO Illinois' conscience solely in terms of getting better rates?

A. They are business people, so I -- no. We didn't rely solely on. We said this is what we think, and this is what we're asking for, and we think it is fair.

Q. Similarly two pages down on RS 2179, this discusses the PHCS sources of leverage?

A. Yes.

Q. And there are a number of factors here?

A. Right. And it is -- you know, you can see we are going through a template here, which is really just to familiarize everybody in the room with the background

page 182

to each of these before we go into them, because this is prior to the negotiation.

[182:8] - [191:16] 9/21/2004 Ogden, Kim (Redacted)

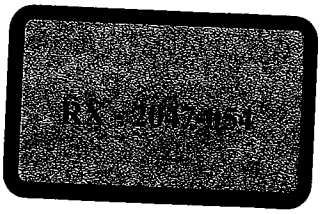
page 182

Let's go on to the last presentation, which is the final project review --

A. Okay.

Q. -- on February of 2000.

(Multipage Growth Opportunities from the Highland Park Merger, production numbers ENH DS 000163 through ENH DS 000212 marked CX 67/Ogden Exhibit No. 9 for identification.)



MR. KIM: This is the final project review for the "Growth Opportunities from the Highland Park Merger." It is CX 67, and it is Bates ENH DS 163 through 212, and it is a Bain document.
BY MR. KIM:

page 183

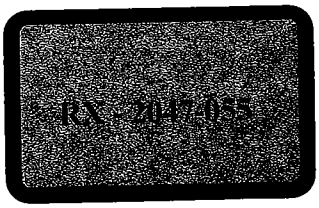
Q. Could you just review that and tell me if you recognize it?
(Pause.)
(The Witness viewing CX 67/Ogden Exhibit No. 9.)
A. Okay.
Q. On page DS 165, which is three pages in --
A. Okay.
Q. -- it is the kind of what I view as an overview of the net income impact of these opportunities, but could you look over this and tell me what exactly it is?
MR. SIRABIAN: You are asking her to explain what the chart or table -- well, I guess it is a chart -- on this particular page represents to her?
MR. KIM: Yes.
MR. HORWITZ: Okay.
A. This was just a summary of dollars found to date and what we thought the impact of some of the things that we had identified would be.
Q. And the 1999 net income, is that identified as 14.1 million?
A. Yes.

page 184

Q. And the realized contracting benefits is 6.4 million, and the targeted contracted benefits is 8.4 million; is that right?
A. Yes.
Q. What are those two elements?
A. The "realized" is what had been achieved by contracts that had already been renegotiated, and if I am remembering correctly, five million of that was United, which was achieved by bringing ENH's rates to Highland Park rates. So that five million was just getting us up to Highland Park rates.
And then the "targeted contracting benefits" were what we thought were achievable, and I can't remember how we calculated that. I think we probably took the same approach. That we said if we could get to the best contracted rate between the two hospitals for all of the contracts that we have to negotiate, what would that be worth.
Q. Do you know if ENH achieved that?
A. I don't.
Q. Do you know if ENH achieved any of it?

page 185

A. The 8.4?
Q. Yes.
A. Well, I'm sure they achieved some -- some of it, because it was low-hanging fruit, but, no, I don't. I don't know.
Q. And the "service line opportunities" are marked down as 6.4 million? Is that right?
A. Yes.
Q. So totaling these three elements up, it is $21.2 million in the potential or realized



and potential increase in net income from Bain's identified opportunities? Is that right?
A. Yes.
Q. Which is actually somewhat more than the 1999 net income?
A. Right.
Q. So these were considerable opportunities; is that correct?
A. Yes.
Q. Did you draft this presentation?
A. No.
Q. Who did?
A. Will or somebody below him.

page 186

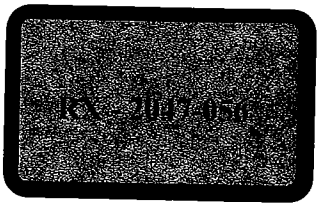
Q. And did you supervise -- did you review this prior to transmittal to ENH?
A. Yes.
Q. And to confirm, this presentation by Bain was done in the context of the post merger integration activities project? Is that right?
A. Right. The four-month long project.
Q. In which Bain was hired to identify opportunities, net revenue opportunities post merger? Is that right?
MR. SIBARIUM: Objection.
A. On a --
MR. SIBARIUM: No foundation.
A. Where we were hired to focus in on two specific areas. There was additional post merger work that identified another 10 to 20 million --
Q. The cost reduction?
A. -- in cost reduction. Yes.
Q. Okay. Do you recall the ENH management's reaction to the final project overview when you presented it?
MR. HORWITZ: You are referring, when you say "final project overview," you

page 187

are referring to the presentation --
MR. KIM: Yes.
MR. HORWITZ: -- of this document?
MR. KIM: Yes. The February 2000 final project review.
MR. HORWITZ: Okay. Exhibit 9. Okay.
A. Again are you asking were they pleased with the work? Did they feel like we had done what we were supposed to do?
Q. Exactly.
A. Yes. They recognized that we had barely scratched the surface on the service line piece because we only had four months, and they knew that they were far from finished. There was much yet to be done to realize the full benefits of the merger.
Q. Let me ask you some final questions on this document. Going to the PHCS -- I had trouble with this yesterday, too -- PHCS negotiations summary on DS 201 --
A. Okay.
Q. -- which is CX 67-39.

page 188

A. Okay.
(Witness complying.)
Q. And, you know, I can't bear to stop picking at that word "leverage" again, but



do you see that the first bold bullet says, "ENH needs to aggressively renegotiate its PHCS agreement"?
A. Yes.
Q. And then the second bold bullet has "ENH has a required leverage to gain PHCS's agreement to improved terms," and it lists some subbullets?
A. Yes. Well --
Q. What does this mean?
A. Well, you know, what it doesn't mean is scale, because if you look above, "ENH needs to aggressively renegotiate its PHCS agreement." In this contract, ENH and HP -- HP had significantly better rates, and our volume with this particular payer was about the same at ENH and HP. So it clearly wasn't -- you know, the better rates that HP had were not at all related to size.

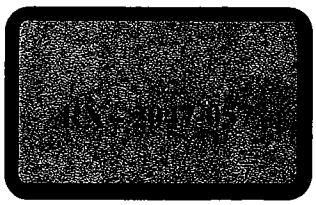
So when we're talking about

page 189

leverage again, here it is that given what has happened, the history of this, PHCS has every, you know, reason to sit down with us and talk about what our -- what our new contract should look like, and we're just again restating to Evanston, "Have the confidence that it is okay to go in and ask for higher rates. This is the market." We're just restating for them again what, you know, are some of the facts around Evanston's position.
Q. Let me break down that response in a couple of ways.
A. Okay.
Q. You talked about the fact that there was a disparity between ENH and HP rates --
A. Yes.
Q. -- despite the fact that actually ENH had slightly more net revenue, but they were comparable?
A. Pretty even. Yes.
Q. Underneath the "required leverage" section, it lists a number of factors?
A. Yes.
Q. The first one is "Significant PHCS

page 190

presence on the North Shore"?
A. Right.
Q. And then "Heavy reliance on ENH/HP for the North Shore, over 30 percent of North Shore admissions"?
A. Yes.
Q. What does that particular sentence mean, "Heavy reliance on ENH/HP"?
A. I'm assuming that it means that of those people who were covered by PHCS, many of them -- well, you know, less than 30, but, you know, went to ENH or HP. If you added up all the admissions for PHCS, it looked like we got about 30 percent.
Q. What this doesn't say underneath the "required leverage" -- and I just want to understand the way you couched your response in talking about the discrepancy -- it talks about -- this presentation talks about the discrepancy between the two contracts --
A. Right.
Q. -- under the "need to aggressively



renegotiate;" is that right?
A. Yes.

page 191

Q. Underneath the "required leverage" portion, it talks about the reliance of PHCS on ENH/HP; is that right?
A. Yes.
Q. Okay.
A. Now they are sending 70 percent elsewhere, but they are sending 30 percent to us.
Q. And by "us," the combined Evanston, Northwestern, Highland Park entity?
A. Right.
Q. Is that right?
A. Yes.
Q. And that's a relevant fact for the negotiations? Is that right?
A. It is important context for going into the negotiation.

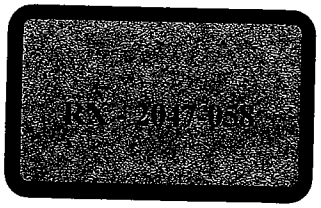
[192:4] - [198:20] 9/21/2004 Ogden, Kim (Redacted)

page 192

Q. This is CX 1551. It is Bates ENHL JH 1519 through 1524, and it is Ogden 10.
A. Yes.
Q. It is another Bain document, "Humana Negotiations." Could you take a look and tell me if you recognize this?
(Pause.)
(The Witness viewing CX 1551/Ogden Exhibit No. 10.)
A. Not specifically, but it looks like the same sort of template that we put together for others.
Q. Did you draft this?
A. No.
Q. Did you review it before it went out -- or did this go out to ENH?
A. I don't know.
Q. Actually presumably it must have been since it is Batesed from the ENH files.
A. Yes.
Q. But if it did go out to ENH --
A. I'm not sure I reviewed this one, because

page 193

this was working with the team, the negotiating team, so it would have gone to the negotiating team, not Mark and Jeff.
Q. Okay. Just a couple of questions.
A. Sure.
Q. On the first page, it says, "ENH has limited leverage with Humana." Underneath it, it says, "Contracts do not expire in new term" and "Very large percentage of our patient flow comes from them."
Can you explain why these two factors mean that ENH has limited leverage?
MR. HORWITZ: Well --
MR. SIBARIUM: Objection. It assumes -- no foundation.
MR. HORWITZ: That's right.
Q. What does this bullet and subbullets mean to you?
A. It means that we don't necessarily have a reason to go sit down and renegotiate with them. We have an existing contract, so why would they want to? And they were somebody that we struggled with what to do because they were so unprofitable, but on



page 194

a contribution basis, we actually got a reasonable amount of volume from them, so it was scary to think about terminating a contract that was so unprofitable.

Q. And that point about the volume is that a "very large percentage of our patient flow comes from them," that phrase?

A. Yes. Although that doesn't really match one of the slides that you showed me. It actually wasn't such a big percentage. So I'm not -- I'm not exactly sure what we meant by that.

Q. But that's -- is that a factor, the very large percentage of ENH's patient flow coming from one payer, Humana, is that a factor in weakening ENH's bargaining position vis-a-vis Humana?

A. Well, I think any time ENH -- you know, ENH's only real recourse here is to say we're not going to contract with you. We're losing tons of money. That is easy to do if it is a small number of patients that are coming to you. It is -- it is harder to do if it is a larger number of patients that are coming to you. But I

page 195

don't --

MR. HORWITZ: So there is no question pending.

Q. Well, you don't --

MR. HORWITZ: I am sorry. What?

MR. KIM: You kind of trailed off here.

THE WITNESS: I forgot what I was going to say. I am trailing.

Q. Last page. The Humana proposal.

A. Okay.

Q. Could you review that page --

A. Sure.

Q. -- starting with, "We believe that with the HP merger ENH is an even more desirable partner, and that current rates could better reflect the following benefits that ENH brings to Humana".

(Pause.)

(The witness viewing CX 1551/Ogden Exhibit No. 10.)

A. Okay.

Q. What does this page mean to you?

MR. SIBARIUM: You are asking her whether -- what, as she reads this

page 196

entire page, what does it mean to her?

MR. KIM: Yes.

Q. Do you understand that question?

MR. SIBARIUM: Objection.

MR. HORWITZ: That's -- there are a number of points on here. Do you want to try breaking it down?

Q. Let's go with, "We believe that with the HP merger ENH is an even more desirable partner." What does that mean to you?

A. The background here is that Humana is losing tons of money, and we are reaching for straws to try to figure out how we can go and have them improve their rates.

Q. Oh, wait a minute. Humana is losing a ton of money. Do you mean that --

A. For us.

Q. The ENH contract with Humana is losing a

ton of money?
A. Yes, yes. So in this case, again, as we did in other instances, we will talk about the reason that we are coming to talk to you is that we have gone through a merger.
Now in this case, it doesn't really impact Humana. In most cases, the

page 197

merger, you know, in almost all cases, the merger really didn't impact the negotiating position. This is --
MR. HORWITZ: There is no --
A. -- language --
MR. HORWITZ: -- question pending.
THE WITNESS: Okay. I think it is important to clarify, though, that this is not to Humana.
BY MR. KIM:
Q. Right. This is internal, right, in terms of within the -- for discussion for ENH management? Is that correct?
A. No. It is -- it is here are some things that you could say to Humana.
Q. Okay.
A. It is not --
Q. How can I identify that? Is it because it says "Proposal" at the top?
A. It is the same format that all of our preparation looked like.
Q. All right.
A. And this is some things that you might want to think about saying.

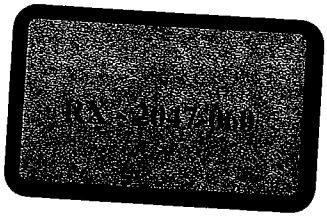
page 198

Q. That is this entire document, some things that ENH may consider saying during negotiations?
A. Yes. This back piece is. This is what we gave. The back three slides --
Q. Okay.
A. -- are the same template format that we gave to the negotiating team. I don't believe that the merger made, because of HP, that ENH was that much -- I don't believe that ENH was more attractive to Humana, but we were looking for something to reopen negotiations.
Q. Did the negotiating team for Humana say that to Humana as far as you know?
A. I don't know.
Q. So Bain is suggesting -- but Bain is suggesting that the negotiating team do say that?
A. That's all we had to reopen negotiations.

[201:13] - [217:25] 9/21/2004 Ogden, Kim (Redacted)

page 201

Q. This morning you said that you no longer work for Bain. You work for a nonprofit. We never had an opportunity to say where you work. Could you tell us where you work, please?
A. I am the COO of an organization called Agape International, and we are a startup nonprofit that is building orphanages for AIDS orphans in the Third World, and we are in India right now.
Q. I am going to turn your attention back to a few documents that Mr. Kim discussed with you earlier today. First I am going



page 202

to turn your attention back to what was marked as Ogden Exhibit No. 7, CX 75-001.

A. I have got it.

Q. And in particular to what is marked as 75-011 or Bain 00048.

(Witness complying.)

MR. KIM: What page did you indicate? Sorry.

MR. SIBARIUM: Bain 48.

Q. Mr. Kim asked you about a few of the bullet points regarding United negotiations this morning. I just want to ask you about some of the other ones that you didn't get a chance to talk about. Just to set the stage, and let me be clear, you were at this initial meeting of United? Right?

A. Yes.

Q. Okay. And it says on page 48 that United did not dispute that the hospital contract is undermarket. Is that correct?

A. Yes.

Q. That's what happened at the meeting?

A. Yes.

Q. Now at some point in the meeting, it was

page 203

disclosed during the meeting what Highland Park's rates were relative to what Evanston's rates were premerger?

A. Yes.

Q. Okay. And the folks from -- the negotiators, I believe you said from United, were embarrassed by this?

A. Yes.

Q. And I think in other testimony you indicated that folks at Evanston when they found out what the rates were were also embarrassed by that fact?

A. Yes.

Q. This embarrassment presumably arose from the fact that the rates were so much below United's evidently most people at Evanston must have been told in negotiations previously that the rates weren't market that they were getting from United?

A. Yes. Well, the only communication they got was from Jack, and certainly Jack was saying that he was getting good rates.

Q. You also testified earlier about providing a more structural framework for negotiations for Evanston? Correct?

page 204

A. Yes.

Q. This was for managed care negotiations that you talked about earlier today?

A. All negotiations, managed care and other.

Q. Okay. In the managed care context, did you -- was part of that advice giving -- educating Evanston on specific techniques to be used to negotiate better?

A. Yes. We laid out a template, a framework for them, that highlighted that they should be doing an annual review, the data that they should put together before every negotiation, and then some thoughts on how to conduct the negotiation itself.

Q. And that would even include who from Evanston would have various roles in the negotiations?

A. Yes.

Q. Did it include suggesting that they go in and ask for a price higher than what they might be satisfied with ultimately?
A. Yes. And also it included that they would start by asking for a percent of charges, even though we had no expectation that we would end up there, but as an opening bid,

page 205

that was a way for them to then respond to us with per diems, and we could understand where they were coming from.
Q. Was there ever any plan that was discussed between Bain and Evanston or ENH post merger that if they didn't get a discount off charges that they would walk away from the negotiation?
A. No. The full anticipation was that we would -- we would have per diems, and our minimal accepted terms were all in terms of per diems.
Q. Let me turn your attention briefly to what was marked this morning as Exhibit No. 5, Ogden Exhibit No. 5.
(Handing Ogden Exhibit No. 5 to the witness.)
Q. And in particular I will turn your attention to Bain page 17, or CX 74-017.
(Witness complying.)
Q. This page includes a chart that purports to be percent of respondents that might respond yes or no to a question "Would you switch health plans if ENH was removed from your current plan." Is that correct?

page 206

That's what it says?
A. Yes.
Q. Okay. And on the page, there is the word in all capital letters on the right, "ILLUSTRATIVE"?
A. Right.
Q. Did Bain actually do this analysis for ENH?
A. No. This is -- this was just showing what the analysis might look like, and the heading says, "Knowing this could help in negotiations," but we concluded that again that we -- it was too expensive to do the market research to get this answer.
Q. Did Bain do work with respect to cost --
MR. SIBARIUM: Strike that.
Q. Did Bain advise ENH on how it could reduce its costs after the merger project when the 1999-2000 work was completed?
A. Yes.
Q. What was the cost reduction project after that?
A. It was a very large effort with multiple cross teams of both hospitals and -- hospital representatives and physicians,

page 207

and we identified a number of different areas where we thought there was opportunity, including staffing, administrative staffing. Billing was actually a very big piece where we thought there was a big opportunity because we had had so many different types of contracts, very costly to administer them, and it required a lot of people to administer all of the different contracts.
Q. Let me direct you specifically to

purchasing. Was purchasing part of this study?
A. Yes. Another area.
Q. Was the advice being rendered with respect to purchasing sometimes in part referred to as the "vendor strategy"?
A. Yes.
Q. What was the "vendor strategy"?
A. The "vendor strategy" was that we would again be systematic in negotiating with vendors. We discovered that ENH wasn't particularly good at negotiating across the board, and vendors, we identified vendors that were a large percentage of

page 208

what we were buying on the supply side, and got both hospitals and physician teams in the room, and discussed if we were to buy particular types of merchandise or supplies from one vendor what would the renegotiated rates look like, the renegotiated prices.
Q. Could you just give us a few examples of the type of products we're talking about purchasing?
A. Orthopedics would be hips, knees. Major, major piece of any orthopedic surgery is those types of costs. We did this for drugs, major drugs; radiology, for example, you have got contrast media. So we looked at all the high-cost drugs. We took all the supplies and looked at where we were spending the most money. So we did this across, oh, I don't know, at least ten different areas in the hospital.
Q. The suppliers of these products, the drugs, radiology, et cetera, these tend to be large national companies or just something based in Evanston?
A. No. They are huge companies. They are

page 209

Baxter, those types of companies.
Q. All right. In doing the vendor project, did you provide ENH with --
MR. SIBARIUM: Strike that.
Q. Did you take a look at ENH's contracting practices, purchasing practices, in the vendor strategy?
A. Yes.
Q. Okay. And in general, what did you find when you looked at their purchasing practices, their practices relating to purchasing?
A. It was very haphazard. Everybody was doing their own thing. Doctors were deciding what they would purchase, and there never was a meeting where everybody sat down with that particular vendor and the vendor representative and talked about what pricing would be. We were taking whatever they said they would give us.
Q. Evanston was paying whatever the vendor said the price would be for whatever they were supplying?
A. Yes.
Q. And after doing that analysis, did Bain

page 210

provide advice on how Evanston or ENH could change its contracting practices with respect to purchasing?
A. Yes. It looked very much like what we

said on the contracting side: to be more systematic about it, to do our homework, to get everybody together in the same room, and we laid out a process for them going forward.

Q. And did that process have the same sort of detail that you did on the purchasing side in general -- I mean on the managed care contracting side in general in terms of identifying particular people for particular roles in their negotiation process?

A. It was an identical process.

MR. SIBARIUM: I am going to ask the reporter to please mark this as Ogden Exhibit No. 11.

(Multipage Document headed Bain & Company, production numbers BAIN 17636 through BAIN 17653 marked Ogden Exhibit No. 11 for identification.)

page 211

BY MR. SIBARIUM:

Q. Ms. Ogden, take your time, look through this document, and then once you have familiarized yourself with it, I am going to ask if you can identify it for us.

(Pause.)

(The witness viewing Ogden Exhibit No. 11.)

MR. KIM: And Ogden 11 is BAIN 17636 through 53.

A. Okay.

Q. Can you identify this for us, Ms. Ogden?

A. Pardon?

Q. Can you identify this for us?

A. Yes. It looks like one of the presentations that was part of the vendor strategy.

Q. Presentations to whom?

A. ENH management.

Q. What role did you play in connection with this project?

A. I was the operating VP on this case, as a very similar role that I played to the contracting strategy. So I oversaw the team.

page 212

Q. Okay. If I could turn your attention in particular to what is Bates stamped BAIN 17641.

(Witness complying.)

A. 17641. Okay.

Q. And without going through a line-by-line recitation of what is on the page, can you generally describe what the import of this page of the presentation is?

A. It is hard to read, because we are now working off of -- off of higher quality presentations. But I am, from what I see here, we are laying out a process for the negotiation, which includes data analysis in the first piece of where again the supplier's position and ENH's position. It looks like we refer to it as leverage.

Q. I am sorry. Well, while you are on that, why don't we just -- the first bullet point references "Analyze the supplier's position"?

A. Right.

Q. The second bullet point talks about

"Analyze ENH's position"?
A. Right.

page 213

Q. What is the first subbullet under that?
A. "ENH leverage."
Q. All right. And what was ENH's leverage in this? What did that term mean here?
A. That meant position.
Q. All right.
A. ENH had no leverage in the sense of power over any of these vendors.
Q. Was the term "leverage" used here intended in the same way that the term "leverage" is used in general in the other documents that you were shown earlier?
A. Yes.
Q. And among other things that Bain is recommending here was to set target ranges and evaluate potential outcomes for these negotiations?
A. Um-hmm.
Q. I am sorry. For the record, um-hmms --
A. Yes.
Q. And it included selecting a team and preparing materials for the negotiations?
A. Yes.
Q. Scheduling meetings and agreeing on the process for those meetings?

page 214

A. Right. And the meeting process is the same that we identified on the contracting side, including bringing in the heavies, if necessary, during meeting three.
Q. In the first meeting, you were in fact trying to get the vendor to even make the first offer, if possible?
A. Yes.
Q. And then when bringing in the heavies, as you put it, in meeting three you were also -- you advised them also to present a best and final offer?
A. Yes.
Q. And then let me turn your attention to Bain 17642.
(Witness complying.)
Q. This page references suggested roles for various employees at ENH or persons associated with ENH. Is that correct?
A. Yes.
Q. Turning to the right side of the page, I know it is difficult to read the names exactly, but can you identify who are the persons Bain suggested played the heavies in difficult negotiations and present

page 215

final offers?
A. It varied by group.
Q. On this document, can you read? Can you identify?
A. I can't read it. Can you?
Q. Well, I have a first generation copy, so with the indulgence of counsel and my representation that this is the exact same page, 17642, I am going to share my copy, which I think is more legible.
(Handing document to the witness.)
A. Ray Grady and Jeff Hillebrand.
(Handing the document to Mr. Kim.)
Q. Let me turn your attention to BAIN 17643,

the next page.
(Witness complying.)
Q. There are several boxes on this page which appear to provide some advice. Let me turn your attention to the second box which appears to read, "Do not back down too quickly." And I will allow you to share my copy to see if you can verify that's what it says.

page 216

(Handing document to the witness.)
A. Yes. "Do not back down too quickly."
Q. And what is the first bullet point under that one?
A. "ENH has leverage, exclamation point."
Q. I don't recall seeing exclamation points in the other documents that Mr. Kim showed you earlier.
A. No.
Q. And what is your understanding of what the word "leverage" means there?
A. That we have a position to open negotiations.
Q. And as a result of the -- well, let me just turn your attention to page BAIN 17648.
(Witness complying.)
Q. Bain did some benchmarking in connection with this project?
A. Yes.
Q. And what were the facilities benchmarked ENH for this project?
A. Mayo Clinic, Northwestern, the University of Chicago, Cleveland Clinic, and Tufts

page 217

University.
Q. And as a result of the -- well, as a result of the advice being rendered in connection with the vendor strategy, did ENH change its negotiation tactics for purchasing?
A. Yes.
Q. And did ENH achieve any savings in its purchasing as a result of changing its negotiating tactics on Bain's advice?
A. They did.
Q. What do you recall about the significance of those savings?
A. In some cases, it was very significant.
Q. Were there instances where ENH was paying more for products than they needed to pay?
A. Absolutely.
Q. Do you recall whether there were instances where as part of your project ENH actually had to -- or Bain had to actually go to the distributor or the manufacturers and tell them what ENH was even buying from them?
A. Yes.
Q. All right.