

GBS8SAB1

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
-----x

3 US AIRWAYS, INC.,

4 Plaintiff,

5 v.

11 Civ. 2725 (LGS)

6 SABRE HOLDINGS CORP., et al.,

7 Trial

8 Defendants.
-----x

New York, N.Y.
November 28, 2016
9:30 a.m.

9 Before:

12 HON. LORNA G. SCHOFIELD,

13 District Judge
14 -- and a jury --

15 APPEARANCES

16 O'MELVENY & MYERS LLP
17 Attorneys for Plaintiff
18 BY: CHARLES P. DIAMOND
19 ANDREW J. FRACKMAN
20 KATRINA M. ROBSON

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23 BY: STEVEN J. KAISER
24 --and--
25 BARTLIT BECK HERMAN PALENCHAR & SCOTT LLP
BY: CHRISTOPHER J. LIND
KARMA M. GIULIANELLI
SEAN C. GRIMSLEY
ANDREW C. MacNALLY

PLAINTIFF EXHIBIT
PX374

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1 (Trial resumed; jury not present)

2 THE COURT: Good morning, everyone.

3 I had just a few things I wanted to address. And
4 since everybody is standing, it looks like you do as well.

5 MR. LIND: We were just waiting for the please be
6 seated.

7 THE COURT: Please be seated. Nice to see you all.

8 Mr. Frackman.

9 MR. FRACKMAN: I am just standing here because that's
10 where I am starting.

11 THE COURT: Let me rule on a few things.

12 One is you had given me deposition designations. One
13 for Richard Lowry. Sabre's motion to exclude
14 counterdesignations and US Airways' motion to exclude
15 designations are denied, except as follows with respect to
16 Lowry: Page 42, line 13, to page 43, line 14; 48, line 20, to
17 49-01; 49-20 to 49-23; 114-09 to 115-02. In other words, those
18 should -- my note is confusing me. Let me just take a look
19 and make sure.

20 For example, 42-13 to 43-01 should not be played.

21 Let me give you the rulings with respect to
22 Mr. Berman. Everything should be played, except for the
23 following: Page 12, line 18, to 13, line 24; 231, line 10, to
24 232, line 18; 268, line 6, to 270, line 18; and 297, line 1 to
25 5.

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1 I also received Sabre's letter dated November 22
2 regarding either sealing the courtroom or limiting the
3 cross-examination of witnesses from American Express and BCD.

4 I had my law clerk send an e-mail to you over the
5 weekend just in case you needed it for planning purposes. I am
6 denying that application. The reason is familiar to you
7 probably by now. As you know, in the Second Circuit, a
8 balancing test applies, at least with regard to sealing. And
9 on the one hand, the question is essentially the need for
10 disclosure versus the privacy or whatever other interests. And
11 in this case, because this is a trial, as I have held with
12 respect to other witnesses, I think it's important that what is
13 presented at the trial be public and accessible to the public.

14 The privacy interests, which is what I think are at
15 stake, seem to be weaker than the need for public disclosure
16 for various reasons. One is that, like other information that
17 has been presented in the case, the information is not current
18 information, as I understand it. It goes from, for example,
19 2006 to 2012, and as I understand it, Mr. Frackman, nothing
20 more recent than 2012.

21 Also, in addition, as I understand it, some of this
22 information has been disclosed. And there is also the issue of
23 Sabre's standing to request sealing of other information,
24 although that's not a ground for my ruling because my ruling
25 would be the same even if the application had been made by the

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1 two companies in question.

2 And I do note and credit US Airways' argument that
3 these are two witnesses or companies that are outside the
4 subpoena power of the parties. They would be appearing
5 voluntarily. Sabre would be calling them voluntarily, I
6 understand, and we have already seen deposition testimony from
7 them. So it seems unfair, with regard to Sabre's request to
8 limit the cross-examination, for Sabre on the one hand to
9 voluntarily call the witnesses and at the same time say that US
10 Airways is limited.

11 So that's my ruling with respect to that.

12 MR. LIND: May I address that very briefly? I
13 understand your ruling, and I appreciate the limitation with
14 the 2012 cutoff, which I think narrows some of the issues.

15 With respect to what goes forward, we may ask for some
16 very targeted redactions, such that have been, for instance,
17 accommodations made for other third parties as well. What we
18 will try to do is go back and regroup and see if we can make
19 some targeted things that I think would be easy to accommodate.

20 THE COURT: Maybe you can talk to each other and agree
21 on that based on the types of rulings I have made in the past
22 and what you can anticipate.

23 MR. LIND: Yes.

24 MR. FRACKMAN: The only caveat I would add is that we
25 have produced in the litigation data only up to, I think, 2012.

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1 So we have no granular information about incentives for the
2 travel agents after that time, consistent with what the Court
3 just said. However, we will want to ask them in a more general
4 sense whether they still receive incentives, whether they are
5 still receiving them today, whether the amounts are in the
6 range of what they have received in the earlier period.
7 Because that goes to their self-interest, and I don't want the
8 jury to be under the impression that this incentive ended.

9 THE COURT: I am fine with your asking if they still
10 get incentives, but I don't want to get into what the current
11 incentives are. It seems to me that that is treading closer
12 and is not as relevant. The jury can make whatever inferences
13 and your case isn't about today in any event.

14 MR. FRACKMAN: If I may, their credibility is. They
15 are testifying today so that it does make a difference if, for
16 instance, they are receiving no incentives today or whether
17 they are --

18 THE COURT: I said you can inquire whether they are
19 still receiving incentives, but not as to the amount.

20 All right. A few other things.

21 The deck that Sabre used for the argument last week, I
22 would like a digital copy of that. I know you marked it as an
23 exhibit so it's in the record, but I don't have a copy, and if
24 it's on paper, I will lose it. Actually, it looks like my law
25 clerk is telling me we have a digital copy.

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1 MR. GRIMSLEY: We filed a letter this morning.

2 THE COURT: I saw the letter. Was it attached to
3 that?

4 MR. GRIMSLEY: We attached it as an exhibit.

5 THE COURT: Thank you.

6 On that subject, I did have a chance to look at the
7 revised request that you had sent, and I would like -- let me
8 direct this request first to US Airways.

9 Your request regarding the two-sided market is
10 consistent with Professor Stiglitz's testimony. But I didn't
11 see any either law or other sources cited in connection with
12 that. And what I would like from you is authority for that
13 charge, which could come from any of three buckets, but tell me
14 which one it is: First, the AmEx case or other Second Circuit
15 case law; second, materials cited by the AmEx case -- there is
16 a long footnote with two-sided market material cited; and
17 third, any other literature that would be helpful. OK?

18 MR. FRACKMAN: In what form?

19 THE COURT: A letter is fine.

20 Sabre has citations to the AmEx case and to Professor
21 Stiglitz's testimony after its request for the two-sided market
22 instruction, but if there is anything else you would like to
23 add, including -- I don't want a response to their letter, but
24 you can file it at the same time as their letter. So anything
25 that you anticipate or that you would like to say about the

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1 underlying materials or economic theory or anything else on
2 that subject, I am happy to hear from you.

3 MR. GRIMSLEY: I just wondered if a response would be
4 better for you because you might have two ships passing in the
5 night. It may just be better for everybody if we can say here
6 is our response to what they have supplied.

7 THE COURT: Helpful is good. Sometimes a response is
8 helpful. But then I am going to a surreply. Why don't we just
9 start this. Why don't you just both give me something by, say,
10 Wednesday close of business or 6:00, and then I will take it
11 from there. If I need anything else, I will let you know. Or
12 if you think something will be helpful, tell me, and then we
13 will talk about it.

14 MR. GRIMSLEY: Thank you, your Honor.

15 THE COURT: There are a couple of other things I would
16 like to talk about.

17 One is, even though it's a little early, materials for
18 jury deliberations. You may have all of this planned and
19 thought out. Here are my thoughts. If you have better ones,
20 that's fine.

21 I think we probably don't want to give them paper
22 copies. I do send all of the exhibits in evidence back to the
23 jury. So what I am thinking is if you could load a laptop with
24 all of the exhibits that are admitted, not demonstrative, just
25 admitted exhibits, and also put on the laptop a list of them so

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1 they can find it, and also give them a hard copy of the list.
2 Maybe a couple of hard copies of the list.

3 Also, I suspect they will be asking for witness
4 testimony, and of course in a shorter trial we would ask the
5 court reporter to find it and then we would argue about it and
6 it would take forever in this case. So what I am thinking is
7 that we should load the testimony onto a laptop and it needs to
8 have deleted from it material from when the jury was not
9 present and also if there is any extended lawyer colloquy. If
10 it's just back and forth that they heard, that's not a big
11 deal, but if there is any extended lawyer colloquy. And, also,
12 it should have deleted the struck answers. And we should also
13 give them a witness list so that they can find it with dates
14 and page numbers. So all of that would be on the laptop. Then
15 if you could give me a copy of everything you give them on a
16 CD, because a CD is the only kind of external media our system
17 will take. OK?

18 Maybe two laptops. Mr. Street suggested it might be
19 logistically easier.

20 MR. DIAMOND: Would you like us to arrange for some
21 technology that the jury can use in the jury room, for example,
22 a projector and screen, if they want to put exhibits up and
23 discuss them, as opposed to all gathering around a laptop.

24 THE COURT: That makes sense.

25 MR. DIAMOND: We are happy to take the lead on that.

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1 THE COURT: Those are my suggestions for what you put
2 on the laptop. If you talk to each other and decide something
3 else, let me know.

4 The final thing I would like to talk about, this is
5 very premature, is posttrial motions.

6 I am assuming that there will be a renewal of a Rule
7 50 motion. I am assuming, for purposes of this discussion,
8 that there is a jury verdict. And I am assuming there will be
9 posttrial motions.

10 So the reason I tell you all of this now, and this is
11 just to give you a little inside information, I hire my law
12 clerks on two cycles. They are the March law clerks and the
13 August law clerks. Ms. Rebert is a March law clerk, and Ms.
14 Rebert is the fourth law clerk I have had on this case, and I
15 do not want another law clerk starting who hasn't sat through
16 the trial to help me with the motions. So that means we need
17 to finish up the motions by March, which means I need them from
18 you well in advance of that.

19 So I am not sure of the schedule yet. It depends, of
20 course, on when we end, but it will be compressed. So if you
21 want to start working on your posttrial motions now, I think,
22 regardless of what happens, there are many things in it that
23 you can already include.

24 The other thing is that I will want, and I have heard
25 this has been done successfully before, I would like hyperlinks

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1 to the cases, exhibits and testimony in your memos of law,
2 which will just make it a lot easier so that every time I need
3 to look at an exhibit I don't have to go into my hard drive and
4 find it. OK?

5 So those are just planning ahead. Is there anything
6 else we need to talk about right now?

7 MR. DIAMOND: I do have one issue with respect to
8 deposition designations. We received the Kirby proposed
9 designations from Sabre last evening. They once again have
10 sign-and-sue questions and answers. I assume they are doing it
11 simply to preserve their record, but I feel like they are
12 playing Whac-A-Mole on this issue. I am happy to agree to the
13 standing stipulation that their objections are preserved.

14 THE COURT: If it will save me the time of every time
15 ruling on it, that will be great. Is that acceptable?

16 MR. LIND: We will keep preserving the record on that.
17 One thing we will have to talk about is our series of offers of
18 proof that we are going to make, and we are going to need to
19 set aside time, however your Honor wishes to do that.

20 THE COURT: Tell me a little bit more on the offer.
21 You mean offer of proof on sign and sue?

22 MR. LIND: There may be a couple of issues. That's
23 one that pops to mind. There will be issues where we will want
24 to make an offer of proof, and typically that's done outside
25 the presence of the jury, either after court or on a day off,

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1 and we will be having a process where we will want to put in a
2 full proposal of what the evidence would show on things like
3 that sign and sue issue as well as potentially a couple of
4 other issues.

5 THE COURT: When you have a sense of how long you
6 think it will take, let me know, and then we will figure out
7 when to do it.

8 MR. LIND: The last thing for the record is they got
9 those Kirby designations last Tuesday, not last night. I just
10 need to make that clear.

11 THE COURT: Thank you.

12 So we have a couple of minutes. Do whatever you like.

13 MR. FRACKMAN: There are three exhibits that have been
14 identified by Sabre that they plan to use with Mr. Klein this
15 afternoon, I gather, when we get to him, that we have objected
16 to.

17 THE COURT: OK.

18 MR. FRACKMAN: Do you want me to hand them up?

19 THE COURT: Sure.

20 MR. FRACKMAN: DX 1317, DX 1439, and DX 1452.

21 MR. MacNALLY: Let me save the Court the trouble. We
22 are not going to show DX 1439. The other two we are.

23 MR. FRACKMAN: We have hearsay and foundational
24 objections.

25 MR. MacNALLY: Both these were e-mails received by Mr.

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1 Klein in the ordinary course of business. One is a calendar
2 invite, number 1452, standard course of business for Sabre,
3 basic information where the meeting is. Then the second is
4 a --

5 THE COURT: Let's just talk about 1452 first. Is Mr.
6 Klein on this?

7 MR. MacNALLY: Yes, he is. This is taken from his
8 files. He is one of the required attendees.

9 THE COURT: I see he is listed as a required attendee.
10 The purpose of this is to show?

11 MR. MacNALLY: Just that the meeting took place, your
12 Honor. Mr. Klein is going to talk about the meeting. This
13 just shows the jury that the meeting took place and gives some
14 context, date of the meeting, location.

15 THE COURT: Normally calendar invites aren't offered
16 for the truth anyway. I would allow that.

17 And the other one being?

18 MR. MacNALLY: The second e-mail is 1317. This is an
19 e-mail to Mr. Klein from one of the negotiators at Sabre, and
20 this is just providing him information about the meeting
21 attendees from two meetings that Sabre had following the 2006
22 negotiations, including a meeting with US Airways. Again, this
23 is just going to be used to provide context around when the
24 meeting took place, not for the truth, and the time.

25 THE COURT: Well, this seems to me to be hearsay

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1 because you want to show that the meeting took place. That's
2 what the document says. Here are the people we met with. And
3 it's a Sabre document. You can, of course, elicit this
4 information from him.

5 MR. MacNALLY: I think we just want to use the
6 document for context for timing. He is going to testify that
7 the meeting took place. He was there. He is going to testify
8 about the details. This is just to orient the jury.

9 THE COURT: I am not going to admit 1317, but you can
10 use it to let him refresh his recollection, if there is any
11 question about the date and who was there, but it seems to me
12 hearsay.

13 We are ready. Let's get the jury.

14 (Continued on next page)

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Webb - Cross

1 (Jury present)

2 THE COURT: Welcome back, everyone. It's nice to see
3 you all. I hope you are all rested and did some interesting
4 things unrelated to this case. But we will do some interesting
5 things related to this case today.

6 Why don't we get the witness. Mr. Street.

7 GREG WEBB, resumed.

8 THE COURT: You understand you're still under oath.

9 THE WITNESS: I do?

10 THE COURT: You may proceed, Mr. Frackman.

11 CROSS-EXAMINATION (Cont'd)

12 BY MR. FRACKMAN:

13 Q. Good morning, Mr. Webb.

14 A. Good morning.

15 Q. Let's just orient ourselves because we have had a few days
16 off, and I could use the refreshing.

17 Last Tuesday we talked about deregulation in 2004,
18 right?

19 A. We did.

20 Q. You recall that.

21 And we talked about the emergence of genies in 2004
22 and 2005, right?

23 A. Yes.

24 Q. And the formation of Project Nike by Sabre to address that
25 issue?

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Webb - Cross

1 A. I think Nike was broader than that.

2 Q. It included the issue of the genies, G2 Switchworks and
3 ITA, right?

4 A. It included a whole bunch of things, but one of the
5 discussions was about alternate forms of distribution.

6 Q. That included G2 and ITA?

7 A. Yes.

8 Q. Then we talked about the increased use of direct connects,
9 like the America West agency portal, right?

10 A. We spoke about direct connect.

11 Q. Including the America West agency portal, right?

12 A. I don't recall specifically talking about that.

13 Q. And that was also in the 2005 time period we talked about?

14 A. I think that's correct, yes.

15 Q. And we talked about the Sabre passive segment policy that
16 was implemented in 2005, in part to charge for passive segments
17 on the Sabre system, made in order to record reservations
18 outside of the GDS, including reservations made through a
19 direct connect, right?

20 A. We changed the policy so that if you used system but didn't
21 book in the system, then you paid a charge for that.

22 Q. That's a yes? You recall we talked about it?

23 A. Yes.

24 Q. Then we talked about you how that was followed by the 2006
25 full content TMA agreements with all the major airlines, right?

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Webb - Cross

1 A. That's correct.

2 Q. We also talked about the third-party aggregator party that
3 Sabre put in place around that same time, the deal with
4 third-party aggregators such as BookingBuilder, right?

5 A. That's correct.

6 Q. And Farelogix?

7 A. Yes.

8 Q. And we also covered the consideration by Sabre of a
9 multi-source aggregator desktop, right?

10 A. Yes. We talked about the fact that we looked into

11 multi-aggregation sources and looked at how we might adjust the
12 Sabre desktop.

13 Q. You recall that Sabre viewed such a desktop as technically
14 achievable, right?

15 A. Yeah. Generally considered most technologies to be
16 achievable in time.

17 Q. And you decided not to do it, not because of technological
18 barriers, but as a business decision, right?

19 A. Yeah. We came to the conclusion that no agencies wanted
20 them. So that's correct.

21 Q. So that brings us close to 2010, which I am going to ask
22 you about. Before I get to that, I wanted to cover a couple of
23 other points.

24 You made a big deal -- you spoke about the fact that
25 Sabre has over 400 airline suppliers. Do you remember that?

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Webb - Cross

1 A. We did.

2 Q. But in 2011, the big four US legacy carriers -- those are

3 the airlines American, United Delta, US Airways -- accounted

4 for more than 50 percent of Sabre's total worldwide bookings,

5 right?

6 A. I'm not sure.

7 Q. You're familiar with the Book of Numbers?

8 A. I am.

9 Q. We spoke about that I think. The Book of Numbers, again,

10 for the jury's benefit, is the monthly set of financial reports

11 generated internally at Sabre?

12 A. It was at one point, yes.

13 Q. And you reviewed them in your capacity as president?

14 A. That's correct.

15 Q. Even before then you reviewed them, right?

16 A. That's correct.

17 Q. So let's look at one of these. It's the January 2012 Book

18 of Numbers that contains year end 2011 data. It's PX 691H in

19 evidence.

20 MR. FRACKMAN: Trevor, pull up the front page of that

21 first.

22 Q. We have given you a another binder there.

23 A. Volume 5?

24 MR. FRACKMAN: Mr. Street, I think we can take the

25 others out of Mr. Webb's way for now, just to give him some

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Webb - Cross

1 space. I will take them back.

2 Q. So in there you should see 691H.

3 It's on the screen. It's probably easier.

4 As I said, this is the January 2012 Book of Numbers?

5 A. I don't have it.

6 Q. You have it or you don't?

7 A. I don't.

8 Q. So you have in front of you the January 2012 Book of

9 Numbers?

10 MR. FRACKMAN: Excuse me one second.

11 Let's go to 691H.96 Trevor.

12 I guess it's 691I now.

13 Let's rotate that, if you would.

14 Q. I'm sorry. Our numbering got screwed up. Here is 2012.

15 So 691I, the January 2012 Book of Numbers. Now we are

16 all there.

17 We are on page dot 96. Let me know when you're there,

18 Mr. Webb.

19 A. I have it.

20 Q. So this is the listing of carrier, airline carrier bookings

21 in order of largest to smallest, right?

22 A. Yes, it appears that's true.

23 Q. And you see the third column is 2011 bookings. Are you

24 with me there?

25 A. Yes.

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Webb - Cross

1 Q. Your largest customer in 2011 was American Airlines, right?

2 A. It looks like bookings would have been Delta, then United,

3 then American, then US.

4 Q. So the largest was Delta. And if you go to the second to

5 the right column, 2011 percentage of bookings, Delta had 16.4

6 percent of your total?

7 A. That's what it says.

8 Q. And United had 14 percent, right?

9 A. That's correct.

10 Q. Is that United plus Continental by now?

11 A. Yes.

12 Q. And American had 10 and a half percent, right?

13 A. That's correct.

14 Q. US Airways was 9.1 percent?

15 A. That's correct.

16 Q. If you add those four together, you get to 50 percent of

17 your total 2011 bookings, right?

18 A. Yes, although I'm not sure -- because it's not labeled, I

19 am not sure whether this is US point of sale or whether this is

20 total bookings. That certainly is what it says on the table.

21 Q. 50 percent just for those four legacy airlines by

22 themselves, right?

23 A. That's correct.

24 Q. If you go down there, you see all the foreign airlines

25 follow. So it stands to reason this is worldwide and not just

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Webb - Cross

1 US point of sale, right?

2 A. It's just not labeled so I am not sure.

3 Q. 326 million bookings. Did you have more than that?

4 A. I assume that's worldwide, but I'm not sure.

5 Q. Just bear with me for a second. If these four airlines

6 represented 50 percent of your worldwide total of bookings, you

7 will agree that they represented far more than 50 percent of

8 your US point of sale bookings, right?

9 A. They would have represented more than 50 percent of our US

10 point of sale bookings.

11 Q. And you know that the same logic holds for the big four

12 global TMCs for their US of point of sale bookings, that is,

13 the vast majority of them are going to be bookings on these

14 four airlines, right?

15 A. I'm not sure, but I would assume it would be close.

16 Q. And it would make sense because almost all of their

17 business consists of business travel, right?

18 A. A large majority of their business is business travel.

19 Q. And the only other US carriers on your list here are

20 Southwest and Air Tran and Frontier, which are primarily

21 leisure, right?

22 A. Alaska Airlines.

23 Q. And Alaska, which are primarily leisure right?

24 A. Alaska has a decent mix of business travelers.

25 Q. The others are primarily leisure, right?

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Sabr-Transcript-000006213

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Webb - Cross

1 A. Southwest certainly is.
 2 Q. Air Tran certainly?
 3 A. Air Tran was a mix as well.
 4 Q. So if these four represented most of your US point of sale,
 5 they also represented most of your major customers, the four
 6 big global TMCs US point of sales, right?
 7 A. I believe that would be correct.
 8 Q. Now, would it surprise you to know that over 80 percent of
 9 the big four TMC bookings are on these four to five, if you
 10 count Continental as a separate airline, airlines?
 11 A. For the US point of sale?
 12 Q. For the US point of sale.
 13 A. 80 percent would surprise me.
 14 Q. Higher than 50 wouldn't surprise you, right?
 15 A. I think it should be around a similar amount. I think this
 16 probably reflects -- because it reflects Sabre as a whole, it
 17 would probably reflect their booking mix as well.
 18 Q. Because most of your biggest travel agent customers'
 19 bookings in the US are on only four airlines, with four direct
 20 connects and an aggregation tool, they could replace the
 21 majority of their US point of sale airline bookings, right?
 22 A. Well, they drive up their costs significantly having to use
 23 different systems and other things. So it still wouldn't make
 24 sense for them to operate in an environment where they were
 25 using multiple systems.

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Sabr-Transcript-000006214

GBS8SAB1

Webb - Cross

1 Q. Let's just go over my question again.
 2 Because your biggest travel agent customers, the big
 3 four global TMCs, have most of the US point of sale bookings on
 4 these four carriers, they could substitute for the GDS with
 5 direct connects to the big four and an aggregation tool, at
 6 least electrically, right?
 7 A. Technically, they could -- well, I don't know whether they
 8 technically could do it. I don't know whether they have the
 9 technical capability to do it, but you could have five
 10 different systems sitting on your desktop and use five
 11 different systems to book four carriers and then one system to
 12 book everybody else.
 13 Q. You could have one system aggregating those four, such as
 14 Farelogix, right?
 15 A. You could use a third party to aggregate. If you wanted to
 16 create another aggregator, you can certainly create a new
 17 aggregator.
 18 Q. And that would take care of well over 50 percent of their
 19 US point of sale airline bookings, right?
 20 A. If they did all four, that would likely be around 50
 21 percent.
 22 Q. Now, you recall Project 99, right?
 23 A. I'm not sure exactly which one that is so you will have to
 24 remind me.
 25 Q. Project 99 was the project that Sabre put in place to

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Sabr-Transcript-000006215

GBS8SAB1

Webb - Cross

1 address American Airlines?
 2 A. I don't recall.
 3 Q. I am going to hand up to you PX 291 for identification.
 4 It's in the binder.
 5 So take a look at this. This is an e-mail, as you
 6 will see, from Nadja Killisly to you, dated September 17, 2007?
 7 A. That's correct.
 8 Q. Why don't you tell us what her position was.
 9 A. I have no idea.
 10 Q. She worked at Sabre, right?
 11 A. She did.
 12 MS. GIULIANELLI: Objection, your Honor. This is
 13 subject to a motion in limine, and this was a specific document
 14 that you kept out on the other disputes issue.
 15 THE COURT: OK. It's the area, not this particular
 16 document.
 17 He hasn't offered it yet, but I understand you have an
 18 objection.
 19 Q. This is an e-mail that she sent to you on September 17 with
 20 an attached PowerPoint presentation, right?
 21 A. That's correct.
 22 MR. FRACKMAN: I am going to offer it in evidence,
 23 your Honor.
 24 MS. GIULIANELLI: That's the objection.
 25 THE COURT: Can I see it?

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Sabr-Transcript-000006216

GBS8SAB1

Webb - Cross

1 MS. GIULIANELLI: The objection is this is
 2 particularly a document on the strategy and targets of other
 3 issues.
 4 MR. FRACKMAN: I am focusing on page dot 42, your
 5 Honor.
 6 THE COURT: I will admit it for the purpose of
 7 displaying page 42, but not the rest. So if you're not using
 8 the rest, you just have to redact it.
 9 MR. FRACKMAN: I think this is consistent with the
 10 Court's order that it relates to airlines generally and not any
 11 one specific one.
 12 Q. Let's look at PX 291.
 13 THE COURT: In terms of admitting it, what I would
 14 admit is the cover and page 42, just so the jury knows what it
 15 is.
 16 (Plaintiff's Exhibit 291, cover page and page 42,
 17 received in evidence)
 18 BY MR. FRACKMAN:
 19 Q. In fact, in this strategy deck, the prospect of your TMC
 20 customers establishing direct connects with this small number,
 21 less than a handful of US carriers, thereby bypassing the GDSs
 22 including Sabre was an issue, right?
 23 A. I'm sorry. Am I looking at a page here?
 24 Q. I am not looking at the page yet. I will use the page
 25 after I ask the question.

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Sabr-Transcript-000006217

1 My question was, back at this time, the concern about
 2 your biggest travel agency customers forming a direct connect
 3 with just a small handful of four legacy carriers that
 4 constituted over 50 percent of their business in the US, was an
 5 issue that you discussed?
 6 A. It looks like this document is talking about six or seven
 7 different possible outcomes, different potentials, different
 8 scenarios. So this is a scenario planning document where we
 9 looked at the overall industry, landscape, and tried to do kind
 10 of worst-case scenario in every case, and then figure out how
 11 we would react to that.
 12 Q. One of the issues that you were worried about, sufficiently
 13 to address in this deck, was the top TMCs forming direct
 14 connects with this small number of US carriers that represented
 15 most of their business, right?
 16 A. There is a section called direct connect for megas.
 17 Q. Let's look at that. Page 291.42.
 18 The scenario that was sufficient for you and your team
 19 to address was the top six North American carriers and the top
 20 TMCs realize their reliance on one another for the vast
 21 majority of business and determine to work directly, right?
 22 A. That's what it says.
 23 Q. That is directly through a direct connect, right?
 24 A. I assume that's what it's talking about, yes.
 25 Q. And that would cost you 70 to 80 percent of your GDS

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Sabr-Transcript-000006218

1 revenue, right?
 2 A. Yeah. Again, this is the worst-case scenario.
 3 Q. Because not only did it represent greater than 50 percent
 4 of the bookings, it represented an even greater share of your
 5 revenue because of the high price business travel, right, high
 6 value business travel, right?
 7 A. No. I think this is -- that's actually not accurate. I
 8 think this assumes that, because of the shift or section into
 9 direct, that other airlines potentially would stop
 10 participating, that agencies would move away from us, smaller
 11 agencies would move away. So, again, I don't know what all
 12 went into this, but that wouldn't be accurate.
 13 Q. And the concern was that the global TMCs and the major
 14 carriers build direct technical links, right?
 15 A. That's what it says.
 16 Q. Just like American was threatening at that time with their
 17 direct connect, right?
 18 A. That's what it says. This was us trying to figure out what
 19 would have happen in the industry if different trends moved
 20 forward.
 21 Q. And if your four biggest travel agency customers that
 22 constitute over 50 percent of your business in the US got
 23 together with four airlines that constitute over 50 percent of
 24 their business and your business on the other side of your
 25 business, you would no longer have control over the desktop,

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1 right?
 2 A. Again, we would have to plan and figure out what steps we
 3 would take, whether we would change our business model,
 4 structurally would we change the technology. That's what
 5 scenario planning is.
 6 Q. You would lose the control that was at the heart of your
 7 business model, right?
 8 A. We didn't come to any conclusion around those things. What
 9 we were looking at is what actions we might take given shifts
 10 in the industry.
 11 Q. Let me turn to another topic. Sabre has approximately 80
 12 percent of the business travel network, BTN, largest
 13 corporations measured by business spent?
 14 A. I'm not sure if that's accurate.
 15 Q. Let me show you to refresh your recollection the SEC filing
 16 by Sabre in 2012 that has been marked as PX 3086. It should be
 17 in your binder. I am going to direct your attention to
 18 3086.148.
 19 A. I certainly don't want to read the entire document.
 20 Q. You recognize this as the S-1 filing by Sabre, dated
 21 January 21, 2014?
 22 A. I do.
 23 MR. FRACKMAN: I offer it in evidence, your Honor.
 24 MS. GIULIANELLI: No objection.
 25 THE COURT: It's admitted.

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1 (Plaintiff's Exhibit 3086 received in evidence)
 2 MR. FRACKMAN: Let's first show the front page,
 3 Trevor, to orient ourselves.
 4 Q. If you look at the top of the page, you see that this is
 5 the Form S1 that was filed in connection with a securities
 6 offering by Sabre, right?
 7 A. That's correct.
 8 Q. It's dated January 21, 2014?
 9 A. That's correct.
 10 Q. So let's turn to 3086.48. And if you go to the second
 11 bullet in the middle of the page, you see this filing says,
 12 Over 80 percent of the BTN 100, which are the corporations with
 13 the largest travel expenditures as measured by their 2012
 14 US-booked air volume. Do you see that?
 15 A. I do.
 16 Q. Sabre had over 80 percent of the BTN 100, right?
 17 A. I'm not sure if this is specifically GDS bookings, because
 18 there are some corporations that we have a relationship with
 19 that use our corporate online booking tool, but don't use the
 20 underlying Sabre GDS. So I am not sure whether this was
 21 bookings or whether this is related to relationships with the
 22 top 100.
 23 Q. You testified that TMCs tend to use a single GDS in the
 24 United States for any given corporate customer, right?
 25 A. Say that again.

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Sabr-Transcript-000006221

GBS8SAB1

Webb - Cross

1 Q. You testified that travel management companies or travel
2 agents use a single GDS within a given geographic area, like
3 the United States, for any individual corporate customer?
4 A. Or a single customer, generally.
5 Q. So that in order to get to 80 percent of the BTN 100, an
6 airline has go through Sabre and the Sabre travel agencies that
7 service those 80 percent, right?
8 A. They don't have to, but it is an efficient way for them to
9 reach those customers.
10 Q. And you agree that the TMCs tend to single-home, right?
11 A. I agree that TMC generally like to manage single
12 corporation on a single GDS in a geography.
13 Q. So that means that for any one of those 80 out of 100 top
14 companies measured by business spent, their travel management
15 company, their travel agent, is going to use a single GDS in
16 the United States, right?
17 A. It generally makes it more efficient for them to do that.
18 Q. In fact, global, multi-national corporations are
19 increasingly consolidating their global travel programs to a
20 single GDS booking tool, right?
21 A. Again, it varies depending on where the corporation
22 operates.
23 Q. Why don't you take a look at PX 472 in your binder, not in
24 evidence yet.
25 Oh, no, it is in evidence. PX 472 in evidence.

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Sabr-Transcript-000006222

GBS8SAB1

Webb - Cross

1 MR. FRACKMAN: We can put that up on the screen.
2 Q. So this is an e-mail, dated May 3, 2010, from Scott
3 Wallingford to you, among others. Do you see that?
4 A. I do.
5 Q. Who is Scott Wallingford?
6 A. He used to work at Sabre. He ran corporate strategy at one
7 point.
8 Q. So he forwarded this e-mail and attached the PowerPoint
9 presentation to you, right?
10 A. He did.
11 Q. Take a look at PX 472.14. This is what he wrote to you and
12 to Sam Gilliland, the chairman of the board, and Tom Klein, the
13 president.
14 He wrote. "Global, multi-national corporations
15 increasingly are consolidating global travel programs to a
16 single GDS," right?
17 A. That's what it says.
18 Q. And a single booking tool, right?
19 A. Yes, that's correct.
20 Q. And a single agency?
21 A. Yes.
22 Q. So there is consolidation that he is observing?
23 A. That's what he wrote.
24 Q. And he said that Sabre benefits from this, right?
25 A. Yeah. Those in particular were ones that had been on

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Sabr-Transcript-000006223

GBS8SAB1

Webb - Cross

1 multiple GDSs at some point and then consolidated to a single
2 GDS.
3 Q. And that Sabre was well positioned to benefit in the future
4 by increased consolidation, right?
5 A. Yes. We put specific tools in place to help corporations
6 manage their travel and so we felt we were well positioned in
7 the corporate space.
8 Q. Because increased consolidation meant more business in the
9 handful of large TMCs, right?
10 A. It was a double-edged sword actually, which is the
11 consolidation helped us drive volume, but it also was more
12 expensive because incentives increased because we got leveraged
13 in those discussions.
14 Q. And since you have over 50 percent of the TMC volume in the
15 United States, that meant more consolidation in the Sabre
16 platform, right?
17 A. The hope was that we would drive more volume.
18 Q. How about my question. Because you have more than 50
19 percent of the TMC volume in the United States, greater
20 consolidation in the TMCs meant greater consolidation in Sabre,
21 right?
22 A. I'm not sure I would follow it exactly like that, but there
23 was certainly a hope that we would increase volume.
24 Q. Let me turn to another topic.
25 Do you recall you gave some testimony on direct about

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Sabr-Transcript-000006224

GBS8SAB1

Webb - Cross

1 your phone app Tripcase?
2 A. Yes.
3 MR. FRACKMAN: Why don't we put up Sabre Demonstrative
4 123 for a moment, Trevor.
5 Q. So this is a shot of a phone with your Tripcase app, right?
6 A. That's correct.
7 Q. So let me ask you a few questions about this.
8 First of all, this is not a booking tool, right?
9 A. It is not.
10 Q. Unlike Concur, you can't book through this Tripcase app,
11 right?
12 A. I'm actually not sure if that is still true, but it was at
13 one point.
14 Q. It's not an aggregation tool, in the sense that it doesn't
15 include any non-Sabre content, right?
16 A. It can.
17 Q. If there is a passive segment included in Sabre?
18 A. Not even if there is not a passive segment. Travelers
19 e-mail their itineraries; if they book outside, they just
20 e-mail their itinerary to Tripcase, and then Tripcase adds it
21 into their trip fee. So it has both GDS content and non-GDS
22 content.
23 Q. Now, you testified that it provides realtime data feeds for
24 information like gate changes and cancellations, right?
25 A. It does.

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Sabr-Transcript-000006225

GBS8SAB1

Webb - Cross

- 1 Q. You get that information from the airlines, right?
- 2 A. Some of it comes from the Sabre system, some of it comes
- 3 from the airlines, some of it comes from hoteliers.
- 4 Q. But when we are talking about airline departure
- 5 information, gate information, cancellations, that doesn't come
- 6 from hoteliers, that comes from the airlines, right?
- 7 A. Certainly, if it's around airlines, it comes from the
- 8 airlines.
- 9 Q. To the extent it comes from the Sabre system as opposed to
- 10 directly from the airlines, you only have it because you got it
- 11 from the airlines, right?
- 12 A. We have a relationship with the airlines where we share
- 13 data. That's the way that it works.
- 14 Q. And this updated information on gates and cancellations and
- 15 arrival times and the like is also information that's contained
- 16 on the airline's own phone apps, right?
- 17 A. I would assume they have apps that update their travelers.
- 18 Q. Certainly American does, right?
- 19 A. I assume so, yes.
- 20 Q. You don't use it?
- 21 A. I use Tripcase.
- 22 Q. So you don't tell the airlines that you're including their
- 23 data on Tripcase, right?
- 24 A. The airlines are very specific. We have relationships with
- 25 a number of airlines. We absolutely have data restrictions and

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Sabr-Transcript-000006226

GBS8SAB1

Webb - Cross

- 1 regulations associated with every airline that we have a
- 2 contract with.
- 3 Q. So is it your testimony that you have told the airlines
- 4 that you were using their data on Tripcase?
- 5 A. I assume that we have had conversations with them about
- 6 that, but we very specifically have GDS data regulations in
- 7 place with every airline.
- 8 Q. Have you had any conversations with any airline about that?
- 9 A. I have haven't because Tripcase was not in my area.
- 10 Q. I am going to now turn to the last topic, 2011.
- 11 You testified that you were involved in Sabre's 2010
- 12 negotiations with US Airways, right?
- 13 A. I was.
- 14 Q. You were running the GDS at that point?
- 15 A. I was.
- 16 Q. You were president?
- 17 A. I was.
- 18 Q. David Gross reported to you?
- 19 A. He did.
- 20 Q. And Chris Wilding and Jason Toothman reported to David?
- 21 A. Correct.
- 22 Q. And, therefore, indirectly to you, right?
- 23 A. Yes. They reported to David and David reported to me.
- 24 Q. You had just taken over as president of the Travel Network
- 25 business at the beginning of 2010, right?

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Sabr-Transcript-000006227

GBS8SAB1

Webb - Cross

- 1 A. That's correct.
- 2 Q. One of your key objectives -- let me start again.
- 3 It wasn't just US Airways' contract that was coming up
- 4 for renewal. All of the 2006 TMA agreements with the legacy
- 5 carriers -- at least most of them were coming up for renewal,
- 6 right?
- 7 A. I'm not sure it was most, but there were a number.
- 8 Q. Most of them were five-year contracts, right?
- 9 A. That's correct.
- 10 Q. Delta had a slightly longer one?
- 11 A. That's correct.
- 12 Q. And one of your key objectives with respect to all of these
- 13 renegotiations was to extend the full content provisions that
- 14 you had obtained in the 2006 TMA?
- 15 A. Yes, it was certainly very important. That's what all of
- 16 the agencies look for, full content. So it was certainly an
- 17 objective.
- 18 Q. That's a yes?
- 19 A. Yes.
- 20 Q. And it was also to maintain the traditional booking fee
- 21 business model, right?
- 22 A. It was to maintain the structure that we had in place, yes.
- 23 Q. In fact, that's what you reported to the board of directors
- 24 in early 2010. Do you recall that?
- 25 A. I don't recall. It wouldn't surprise me though.

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Sabr-Transcript-000006228

GBS8SAB1

Webb - Cross

- 1 Q. Take a look at PX 197. It's not yet in evidence.
- 2 This is a presentation that you made to the Sabre
- 3 Holdings board of directors in February 2010, right?
- 4 A. That's correct.
- 5 MR. FRACKMAN: I offer PX 197 in evidence.
- 6 MS. GIULIANELLI: No objection.
- 7 THE COURT: It's admitted.
- 8 (Plaintiff's Exhibit 197 received in evidence)
- 9 Q. This set forth your airline negotiation strategy, right?
- 10 A. That's correct.
- 11 Q. This was your first presentation to the board as president
- 12 of the Travel Network, right?
- 13 A. I'm not sure if it was the first, but yes, it would have
- 14 been early on.
- 15 MS. GIULIANELLI: Excuse me. I think there may be no
- 16 objection subject to certain redactions in here with respect to
- 17 other airlines.
- 18 THE COURT: OK. Are the redactions already in the
- 19 document?
- 20 MS. GIULIANELLI: No, they are not. And I don't know
- 21 that Mr. Frackman is going there, but I just wanted to reserve
- 22 our rights to go back, if it's in evidence, and look at any
- 23 redactions.
- 24 THE COURT: OK.
- 25 Q. You pointed out to the board that parity with direct

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Sabr-Transcript-000006229

GBS8SAB1

Webb - Cross

1 connects or with the airlines' own Web sites continued to be a
 2 critical requirement, right?
 3 A. Where am I looking?
 4 Q. Put that aside for a moment. We will deal with the
 5 document, but let's see if you recall first.
 6 Do you recall that one of the issues that you
 7 presented to the board was that parity with the direct channel,
 8 that is with the airline's own Web sites and with the other
 9 GDSs continued to be a critical requirement?
 10 A. I don't recall specifically, but we certainly wanted full
 11 content and that included parity with the direct channels.
 12 Q. Let's look at 197.4.
 13 This is a page from your presentation to the board,
 14 right?
 15 A. It is.
 16 Q. In which you were setting out your strategy for the
 17 negotiations, right?
 18 A. This appears to be background, yes.
 19 Q. And you put down that you told them that parity with the
 20 direct channel continued to be a critical requirement, right?
 21 A. Yes. This is talking about the full content agreements.
 22 Q. Not only did you need content parity on inventory and
 23 fares, but you also needed product parity, that is, parity on
 24 ancillaries, right?
 25 A. This is broader than that, but this was -- this is

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Sabr-Transcript-000006230

GBS8SAB1

Webb - Cross

1 effectively recapping for the board the full content provisions
 2 of the former contracts and saying that it continues to be
 3 important in the next generation of contracts.
 4 Q. But parity, product parity -- seat maps, frequent flyer
 5 awards, etc. -- in your view included ancillaries such as
 6 Choice Seats?
 7 A. No, we would have put Choice Seats into content parity, not
 8 product parity. That's like saying we wanted to make sure that
 9 they participated in the seat so we can share the seat maps,
 10 people that booked through Sabre would still get frequent flyer
 11 awards, etc. So that's different than content parity.
 12 Q. So in any event, the ancillary services, such as seats,
 13 Choice Seats or premium -- whatever the airline might have
 14 called it, economy plus, you would view that as being captured
 15 by the content parity requirement?
 16 A. That's correct.
 17 Q. And you told the board that this was a requirement in the
 18 negotiations, right?
 19 A. Yes. If we were going to provide the ongoing structure
 20 around discounting for full content, that we would include that
 21 as part of what we would be negotiating for, certainly full
 22 content.
 23 Q. It doesn't say anything about negotiation or being the
 24 subject of negotiation. It says it's a requirement. Those are
 25 your words. That is your word, Mr. Webb.

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Sabr-Transcript-000006231

GBS8SAB1

Webb - Cross

1 A. Yeah. The whole thing is airline negotiation strategy.
 2 This entire document is about a negotiation. This is our
 3 strategy for negotiation.
 4 Q. Your strategy was to make full content a requirement?
 5 A. For discounts. So we had to negotiate for full content.
 6 Q. Which was a requirement in your view?
 7 A. It was important.
 8 Q. Not just important, it was a requirement. That's your
 9 word.
 10 A. It was very important. I wrote that, but it was very
 11 important.
 12 Q. It wasn't a requirement?
 13 A. What we are talking about is, again, the background of what
 14 we have been able to do to provide full content, trade-offs for
 15 pricing, and so I am pointing out to the board it continues to
 16 be important.
 17 (Continued on next page)

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Sabr-Transcript-000006232

Gbs1sab2

Webb - Cross

1 BY MR. FRACKMAN:
 2 Q. Did you tell the board in your maiden presentation as
 3 president of Travel Network that full content continued to be a
 4 requirement, in your view?
 5 A. Yes, what I said was that parity with the direct channel
 6 and GDS continues to be a critical requirement. That's what
 7 the bullet says. It was very important to us in our
 8 negotiations with the airlines that we achieve a full content
 9 outcome.
 10 Q. So you also set out your key objectives for the renewal
 11 negotiations with the Big 5, US Airways, and you told the board
 12 that one of the key objectives was to extend the full content
 13 agreements, right?
 14 A. I don't recall, but I'm sure that I said something along
 15 those lines.
 16 Q. Let's turn to PX 197.15.
 17 So you see here on this page, you set out the -- the
 18 title of the slide is Key Airlines - North America, right?
 19 A. It is.
 20 Q. And you listed there -- it's hard to read -- the largest US
 21 legacy carriers, including Delta, American, US Airways, United,
 22 Continental, right?
 23 A. Yes, this was the North America.
 24 Q. And you told the board that the key objective in the
 25 negotiations, the number one key objective, the first bullet,

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Sabr-Transcript-000006233

Gbslsab2

Webb - Cross

1 was to extend the full content agreements with traditional
 2 booking fee model, right?
 3 A. That's correct.
 4 Q. Now although you testified you had some involvement in the
 5 negotiations with US Airways in 2010, you had very limited
 6 involvement, right?
 7 A. The teams handled most of it.
 8 Q. Most of it was handled by David Gross, "The Enforcer," to
 9 use his own term?
 10 A. Mr. Gross was responsible for portions of the negotiation,
 11 as was Mr. Wilding and Mr. Toothman.
 12 Q. Mr. Gross is the one who calls himself "The Enforcer,"
 13 right?
 14 A. I don't think he calls himself "The Enforcer." As we saw
 15 in his joke presentation, that was what was up there. He also
 16 called himself "The Real Robert Palmer," as I recall, and David
 17 couldn't sing if his life depended on it.
 18 Q. So you had one meeting, a lunch meeting with Andrew Nocella
 19 and John Gustafson early in the process, right?
 20 A. That's correct.
 21 Q. And you testified you received an email from Mr. Nocella in
 22 October 2010. Do you recall that?
 23 A. I do.
 24 Q. Other than these two direct interactions, you didn't have
 25 any direct discussions or correspondence with US Airways in the

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Sabr-Transcript-000006234

Gbslsab2

Webb - Cross

1 course of those negotiations?
 2 A. Mr. Nocella and I spoke on the phone one other time.
 3 Q. Did Mr. Gross keep you regularly informed of the progress
 4 of the negotiations?
 5 A. He did.
 6 Q. Now I'd like to work a little bit backwards here and start
 7 with your testimony that when you wrote to Mr. Gross in January
 8 that you were going to take US Airways f'ing dark, to use your
 9 language. You were frustrated, right?
 10 A. I was frustrated.
 11 Q. And just to orient ourselves, let's look at PX 125 in
 12 evidence. This is the January 26, 2011 email from you to David
 13 Gross and Chris Wilding in which you said you were going to
 14 take US Airways f'ing dark, right?
 15 A. Hold on. I'm on the wrong one.
 16 That's correct.
 17 Q. And you said you were going to also make them do a press
 18 release, saying that Sabre had great ancillary capacity, right?
 19 Or capability. Right?
 20 A. Yeah, again, this is when, out of nowhere, they've told us
 21 they're not going to be able to sign a new contract, the day
 22 before it's going to expire, and I was frustrated, and so
 23 instead, what we did was send them a 30-day extension and we
 24 eventually signed the new agreement.
 25 Q. And Mr. Gross agreed that -- he promised you that he'd get

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Gbslsab2

Webb - Cross

1 a good press release from them, right?
 2 A. He says he'll get it done.
 3 Q. Now although you testified that you used this language
 4 about your good customer, US Airways, because you were, quote,
 5 extraordinarily frustrated, in your words, that type of
 6 language is commonplace at Sabre, right? At least when you're
 7 talking about airlines.
 8 A. I don't believe that's true.
 9 Q. Well, let's look at just two examples.
 10 PX 441 in evidence. This is the email in July 2009
 11 from David Gross to you, in which he reported to you that he
 12 kicked Andrew Nocella square in the balls, right?
 13 A. I don't have it in my mind, so, but --
 14 Q. Let's look up here. We'll blow it up for you.
 15 PX 441. Do you see at the top, David Gross to Greg
 16 Webb, "Looks like they launched the no publicity"? That's
 17 referring to Choice Seats, right?
 18 A. I believe that's Choice Seats, yes.
 19 Q. "So agents may not even know this is available on the
 20 website, but as you can see," David Gross speaking, "I have
 21 kicked him square in the balls for this." Right?
 22 A. That's what it says.
 23 Q. That's how he was talking about Andrew Nocella, the head of
 24 distribution at US Airways, right?
 25 A. He wasn't actually talking about Mr. Nocella. He was using

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Gbslsab2

Webb - Cross

1 it to be descriptive.
 2 Q. And let's look at another example. PX 479 in evidence.
 3 This is another of "The Enforcer's," David Gross's, emails, to
 4 Carter Davis and Chris Wilding. And for the jury's benefit,
 5 Carter Davis was the head of Travelocity, right?
 6 A. No.
 7 Q. He was a senior person at Travelocity, wasn't he?
 8 A. I think he did distribution contracts. I'm not sure.
 9 Q. He was at Travelocity?
 10 A. He was at Travelocity.
 11 Q. He was involved in the negotiations with US Airways on
 12 behalf of Travelocity, right?
 13 A. I don't recall, but --
 14 Q. In any event, David Gross wrote to Carter Davis and Chris
 15 Wilding, his lieutenant on the US Airways negotiations, "Chris,
 16 please call John and tell him we are going to effing stick it
 17 to US Airways if they are even thinking about following
 18 American Airlines." Right?
 19 A. He was clearly being very descriptive.
 20 MS. GIULIANELLI: And your Honor, again, we just
 21 request that there be actual questions about documents,
 22 especially that Mr. Webb is not on. I think we'll get to see
 23 Mr. Gross too.
 24 THE COURT: And I think we've seen these documents and
 25 we've heard a line of questions about language that was used.

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Webb - Cross

1 So probative value is slight. So let's move on.
 2 BY MR. FRACKMAN:
 3 Q. The point is that your use of the term is not unique among
 4 the Sabre team when talking about airlines, right?
 5 A. It appears US Airways made more than me just frustrated.
 6 Q. Okay. So let's put aside the language that you guys use at
 7 Sabre when talking about airlines and let's look at the
 8 asserted explanation that is for your use of that term, your
 9 asserted frustration.
 10 You testified that, among other things, you were
 11 shocked when you had received an email from Andrew Nocella just
 12 a few days before that email of yours, right?
 13 A. I didn't receive it. The one that Mr. Gross received.
 14 Q. Yeah. So let's just pull up your testimony for a second.
 15 This is trial testimony, page 3227, line 18. And following?
 16 MS. GIULIANELLI: Objection. Improper impeachment.
 17 THE COURT: I'll allow it. You can ask your question.
 18 Q. So you testified that, shortly before your f'ing dark
 19 email, you were shocked when you learned of an email from
 20 Mr. Nocella to Mr. Gross, right?
 21 A. That's correct.
 22 Q. And you said, "I was shocked," that's your term, "because
 23 we had been negotiating for at this point ten months, and we
 24 had never had a conversation about a nonfull-content deal." Do
 25 you see that?

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Gbslsab2

Webb - Cross

1 A. I do.
 2 Q. And you said, "We had never had a conversation about
 3 operating on the PCA," right?
 4 A. Correct.
 5 Q. "And we had never had a conversation about higher rates
 6 associated with a nonfull-content deal." Right?
 7 A. Yes.
 8 Q. That was your testimony under oath.
 9 So let's look at the first of those. Your expression
 10 of shock that Mr. Nocella had raised a nonfull-content deal,
 11 the reality is that full content was one of the key issues in
 12 dispute between you and US Airways from the beginning of the
 13 negotiations, right?
 14 A. The very first conversation I had with Mr. Nocella was
 15 around, beginning with the 2006 agreement, the full content
 16 provisions, and which was why I was so -- felt so comfortable
 17 about the initial start of the negotiations.
 18 Q. Well --
 19 A. I mean, certainly full content was in discussion because it
 20 was in discussion as a tradeoff to price, so I'm sure we were
 21 discussing content, and we were certainly discussing Choice
 22 Seats.
 23 Q. Full content was a critical issue, if not the critical
 24 issue, in the negotiations with US Airways from the beginning.
 25 A. Certainly we wanted full content, yes. It was part of the

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Gbslsab2

Webb - Cross

1 discussion from the beginning.
 2 Q. You knew it was going to be an issue because you told the
 3 board, in that presentation we just looked at, that full
 4 content was a requirement, right?
 5 A. We were negotiating a full content agreement, the entire
 6 time.
 7 Q. And almost every discussion, almost every negotiation,
 8 email, as we're going to see, with US Airways involved full
 9 content.
 10 A. I'm sure it was around the definition of full content.
 11 Q. It was around full content because you guys viewed Choice
 12 Seats as a violation of your full content agreement, right?
 13 A. We believed Choice Seats was covered in the full content
 14 agreement, yes.
 15 Q. And therefore, when US Airways said that they wanted to
 16 distribute Choice Seats on their own website, if Sabre was
 17 unable to do it, you guys believed that was a violation of the
 18 full content term, right?
 19 A. We believed that the original full content agreement
 20 included all seats and all inventory and all availability and
 21 so we would have considered Choice Seats to be part of that.
 22 Q. From May 2010, you guys were negotiating the very term full
 23 content that you said you were shocked Mr. Nocella had raised
 24 in early January, isn't that right?
 25 A. Again, in 2006 we created a full content agreement that we

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Gbslsab2

Webb - Cross

1 thought would have covered everything including Choice Seats.
 2 US Airways came to us in the middle of 2010 and said they
 3 believed that Choice Seats fell outside that agreement, and so
 4 certainly what we were doing in the 2010 time frame was
 5 clarifying what full content meant and what was in and what was
 6 out of that, and so there was -- yes, it was a discussion
 7 because we were trying to clarify the definition of full
 8 content.
 9 Q. Let me show you PX 113 in evidence.
 10 So if you look at 113 with me, you see this is an
 11 exchange between Jason Toothman and John Gustafson way back,
 12 May 20, 2010, early in the negotiations. Do you see that?
 13 A. I do.
 14 Q. And if you look at PX 113, at the bottom of PX 113.1, do
 15 you see that email from -- do you see an email from Toothman to
 16 Gustafson, right?
 17 A. I do.
 18 Q. And that carries over to the second page, PX 113.2, and if
 19 you go to the second to last paragraph of Mr. Toothman's email,
 20 you see that way back in May, he was already negotiating full
 21 content and parity with Mr. Gustafson.
 22 A. Again, we were trying to clarify where Choice Seats fell.
 23 This entire document is a document discussing technical
 24 specifications for how we'd implement Choice Seats, again
 25 trying to get US Airways to move off their one-off solution,

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1 which we were going to spend millions of dollars to develop
 2 that we were never going to be able to use for anybody else to
 3 move to the industry standard, and this is almost entirely a
 4 discussion around the technology aspects of that agreement.
 5 But yes, we were trying to ensure that Choice Seats was
 6 included and documented in the contract because obviously we
 7 had a dispute about how it was categorized in the 2006
 8 agreement.
 9 Q. Let me try my question again. From early on in the
 10 negotiations, as early as May, US Airways and Sabre were
 11 negotiating full content and parity because Sabre took the
 12 position that, at a minimum, Choice Seats violated those terms,
 13 right?
 14 A. From the beginning, we were clarifying whether or not
 15 Choice Seats would be included in full content. Absolutely.
 16 That was part of the discussion.
 17 Q. So that's a yes.
 18 A. That was the only component of full content that we were
 19 discussing at that point.
 20 Q. So that's a yes to my question. You were discussing full
 21 content and parity with US Airways from early in the
 22 negotiations, certainly as early as May 2010, as demonstrated
 23 by Mr. Toothman's email, PX 113, right?
 24 A. We were discussing Choice Seats, yes.
 25 Q. And in fact, Mr. Toothman said that, "If we are unable to

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1 get aligned on this initiative," Choice Seats, "and US Airways
 2 pursues this current course, it appears that Sabre may not have
 3 full content and parity." Right?
 4 A. Yes, he's stating the point that we believe it's included
 5 in the 2006 agreement.
 6 Q. "And that outcome could hinder our ability to get an
 7 extension," right?
 8 A. We had to get clarity around full -- around Choice Seats in
 9 order for us to get to a new agreement on full content, yes.
 10 Q. The point is that full content was not something that arose
 11 out of the blue in January 2011 because your team had been
 12 negotiating it, at a minimum, with respect to Choice Seats,
 13 since at least May, eight months earlier, right?
 14 A. We had never talked about a nonfull content agreement. We
 15 had been clarifying whether or not Choice Seats was included in
 16 the previous definition in 2006 or whether we needed to clarify
 17 that in 2011.
 18 Q. You knew that full content was not something that had
 19 arisen out of the blue in January to cause you such great
 20 frustration as to use the "f'ing dark" language, because David
 21 Gross reported to you back in July that he had spoken with
 22 Andrew Nocella and that full content had arisen in that
 23 discussion. Do you recall that?
 24 A. I don't, but I assume, again, it was around Choice Seats.
 25 Q. Take a look at PX 381R in evidence. This is an exchange of

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1 emails on July 7 and 8, 2010, and at the bottom of PX 381R.1,
 2 you see there's an email from David Gross to you?
 3 A. There is.
 4 Q. And when we go to PX 381R.2, you see the report from David
 5 Gross to you and Tom Klein about his conversation with Andrew
 6 Nocella, right?
 7 A. I do.
 8 Q. You've seen this before, you remember it, right?
 9 A. I have.
 10 Q. And he reported to you, in July, in case you didn't know
 11 about the Toothman-Gustafson correspondence in May, that Andrew
 12 Nocella said to him, way back in July, "We needed to talk about
 13 full content." Do you see that?
 14 A. Yes. What he's talking about, again, is the discrepancy of
 15 Choice Seats being included in the definition in 2006. You can
 16 read right there, he says -- he said he wants us to sell it so
 17 he wants a solution that promises flexibility, explain the
 18 problem with their business design. It's talking about Choice
 19 Seats.
 20 Q. And that Mr. Gross told him that full content meant all
 21 content agents need to serve as customers, right?
 22 A. That would have been the definition from 2006.
 23 Q. And the other issue that he told you about at this time was
 24 that Andrew Nocella told him that he didn't want to do a deal
 25 that included Travelocity, right?

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1 A. Where's that?
 2 Q. He wrote, Nocella, he said he wanted to distinguish between
 3 corporate and online. Do you see that, in No. 5?
 4 A. I see that.
 5 Q. That referred to the fact that US Airways was pushing back
 6 on distributing to Travelocity, right?
 7 A. I'm not sure about that. It may have been -- we talked
 8 about value-based pricing with them before, so differing the
 9 price based on online or off line. So I'm not sure what this
 10 is referring to.
 11 Q. Well, in any event, after receiving that report from David
 12 Gross, you wrote back -- you go up, Trevor, you said, "So what
 13 about the pending launch?" That means their pending launch of
 14 ~~CHOICE SEATS, RIGHT?~~
 15 A. Correct.
 16 Q. And he responded to you, and you said, at the top of
 17 381R.2, that Gross and Nocella could continue to have a
 18 conversation but Toothman should be telling his guy, I guess
 19 that meant John Gustafson, we will be going to court in a
 20 hurry. Right?
 21 A. If they violated their agreement.
 22 Q. So your view was, what you were saying here, is that
 23 Toothman should threaten John Gustafson with legal action if US
 24 Airways went forward with the launch of Choice Seats, which you
 25 viewed as a violation of the full content agreement, right?

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Sabr-Transcript-000006245

Gbslsab2

Webb - Cross

1 A. We -- we did believe that it was in violation of the full
2 content agreement, and of course we never went to court and
3 they did launch and we did nothing, and so that's how it
4 resolved itself, which is a resolution with no resolution, and
5 then we fixed it in the 2011 agreement, because full content
6 was important.
7 Q. The point is, Mr. Webb, that back in July you yourself were
8 engaged in emails with your team about full content as it
9 applied to the US Airways negotiation. That's what the emails
10 say, right?
11 A. It's all about Choice Seats. You can continue to position
12 it that way, but it was a discussion of Choice Seats. We never
13 discussed whether or not full content was in question. It was
14 merely a question as to how we defined Choice Seats in the new
15 agreement.
16 Q. Mr. Gross used the term full content, right?
17 A. Because in the two thousand --
18 Q. Answer my question. He used the term full content in the
19 email report to you, right, Mr. Webb?
20 MS. GIULIANELLI: Objection. The witness should be
21 able to answer.
22 THE COURT: Sustained.
23 Q. He -- Mr. Gross used the
24 THE COURT: Let him finish his answer.
25 A. He used the term full content because, again, this was a

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Sabr-Transcript-000006246

Gbslsab2

Webb - Cross

1 dispute between us and US Airways as to the definition of full
2 content in the 2006 agreement, which we fixed in the 2011
3 agreement, six months after they launched Choice Seats and we
4 did nothing.
5 Q. Full content continued to be the subject of negotiations
6 with US Airways through the fall of 2010, right?
7 A. Choice Seats was an ongoing discussion.
8 Q. Not just Choice Seats, full content.
9 A. It was only of -- we never discussed anything other than
10 Choice Seats in association with full content.
11 Q. Take a look at PX 285 in evidence. This is another of
12 David Gross's emails dated November 23, 2010, in response to an
13 article about US Airways distributing Choice Seats, and he
14 wrote at the top, "BS. They will give us full content, and
15 they will give us seats in a way that we can sell or they won't
16 be participating in Sabre at all." Do you see that?
17 A. I see. That's what it says.
18 Q. So again, full content in May in the Toothman email, in
19 July in your exchange with Mr. Gross, in October -- in
20 November, when David Gross was giving direction to his
21 lieutenant Chris Kroeger, all of these --
22 A. Chris Kroeger didn't -- Chris Kroeger was a peer of his and
23 ran product marketing.
24 Q. All of these used the term full content because full
25 content, I understand you say limited to Choice Seats, but full

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Sabr-Transcript-000006247

Gbslsab2

Webb - Cross

1 content, that language was repeatedly the subject of the
2 negotiation throughout 2010 between Sabre and US Airways.
3 right?
4 A. You're going to make me say it again. Because of the 2006
5 agreement, we had a discrepancy with US Airways around Choice
6 Seats. Again, this email is talking about Choice Seats, the
7 article below it's talking about Choice Seats, every email you
8 showed me is talking about Choice Seats. That's all we were
9 talking about. That was the only discussion.
10 Q. This email talks about full content. Those are David
11 Gross's words, right?
12 A. Yes, because he believed it included Choice Seats.
13 Q. And the next month, in December, David Gross again talked
14 about full content in the email we just looked at when he said,
15 "we're going to effing stick it to US Airways," PX 479. And
16 just to --
17 MS. GIULIANELLI: Your Honor, this is just getting
18 repetitive. Objection. This is the third time.
19 THE COURT: I understand. I'll allow it.
20 Ask your one question and then move on.
21 Q. And just to put this in context, I'm actually not asking
22 about the language this time; I'm asking about the content.
23 This is an email from Gross referencing Delta and US Airways,
24 do you see that?
25 A. It's what it says.

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Sabr-Transcript-000006248

Gbslsab2

Webb - Cross

1 Q. Dated December 8, 2010, right?
2 A. Yes.
3 Q. And when he talked about effing sticking it to US Airways,
4 it was in response to Carter Davis's email below, right?
5 A. It appears to be.
6 Q. And the issue -- and what Carter Davis was referring to is
7 the American dispute that was out there at the time, right?
8 A. I'm not sure, but -- I don't know what he's referencing.
9 Q. Well, take a look at the last paragraph, where Mr. Davis
10 wrote, "Feels like a lot of people are sitting on the side
11 watching American Airlines/Orbitz and don't want to move until
12 that plays out. Do you see that?
13 A. Yeah, I do.
14 Q. And that issue was a full content issue because American
15 had pulled content, right, from Orbitz?
16 A. No. American stopped participating in Orbitz in its
17 entirety. It wasn't -- they just stopped working together.
18 Q. So Orbitz did not have American full content, didn't have
19 any content from American, right?
20 A. They didn't have an agreement in place.
21 Q. You guys had an issue with American over potential direct
22 connects, right?
23 A. I don't recall.
24 Q. You also viewed that as a violation of full content, don't
25 you?

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1 A. I don't recall.

2 MS. GIULIANELLI: Objection to other disputes that we
3 have.

4 THE COURT: Sustained.

5 Q. So we've seen a number of examples, repeated references to
6 full content in the negotiations between US Airways and Sabre
7 through all of 2010. So your testimony that you were shocked
8 that full content came up again in January, the following
9 month, seems a little implausible, isn't that a fact?

10 A. No. I'm shocked you continue to assert that we weren't
11 talking about Choice Seats. We were talking about Choice
12 Seats. That's the only thing we talked about the entire year
13 was one product, and that product, which we already thought was
14 included in the choice -- in the full content definition, so
15 the only thing we were doing was clarifying language around
16 Choice Seats, for the entire year.

17 Q. Now you also testified that you were shocked because US
18 Airways had raised the possibility of reinstating the PCA
19 agreement. Do you recall that testimony?

20 A. Reinstating. That's the same email I think you're talking
21 about.

22 Q. Yeah. Well, yes, it's the same email and it's the same
23 testimony you gave. That was another reason why you were so
24 shocked as to use -- I'm going to take the "f'ing dark"
25 language. Right?

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1 A. Again, those were two separate events, but the -- I'm not
2 sure exactly what it said in the email or what I said about
3 PCA, but the assumption was that they -- after talking for,
4 again, ten months about a full content deal, the only
5 discussion about content being Choice Seats, all of a sudden
6 them saying, hey, we'd like to know about not doing a full
7 content deal at all, start from scratch.

8 Q. Your testimony was, "I was shocked because we'd been
9 negotiating for at this point ten months, we never had a
10 conversation about operating on the PCA, participating carrier
11 agreement."

12 A. Correct.

13 Q. Do you recall we just looked at that testimony?

14 A. Correct.

15 Q. Okay. Well, the fact is that your team had discussed
16 operating on the PCA with US Airways prior to January 2011.

17 A. I don't know if there was a discussion, but there was never
18 a proposal sent by US Airways that was anything but full
19 content.

20 Q. Let me show you PX 120 for identification. I don't think
21 it should be a problem.

22 A. Thank you.

23 Q. So take a look at PX 120 with me, Mr. Webb. Do you see the
24 bottom email is from Chris Wilding to David Gross, right?

25 A. It is.

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Sabr-Transcript-000006251

1 Q. The subject is US, right?

2 A. It is.

3 Q. And then David Gross flips it to you on October 28, 2010,
4 right?

5 A. Looks like, yup.

6 MR. FRACKMAN: I offer PX 120 in evidence.

7 MS. GIULIANELLI: No objection.

8 THE COURT: It's admitted.

9 (Plaintiff's Exhibit 120 received in evidence)

10 Q. So here we are in October, not January, three months later,
11 but October, and Chris Wilding reports on the discussion he had
12 with John Gustafson at US Airways, right?

13 A. Correct.

14 Q. And he reported that in that conversation Mr. Gustafson
15 raised questions about the possibility of reinstating the PCA
16 beyond January 28th without a new TMA. Do you see that
17 sentence?

18 A. I do.

19 Q. The third bullet?

20 A. Yeah, I see it.

21 Q. So in fact, months before your reaction in January 2011,
22 your team had in fact had discussions with US Airways about
23 reinstating the PCA. Right?

24 A. It looks like, from the sentence below that, that what's
25 happening is, the discussion about extending on the PCA was if

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1 for some reason we weren't done with the deal, we hadn't gotten
2 to a new deal, and it looks like we're talking about a time
3 period, meaning if we weren't done with the negotiation, could
4 we -- would we just move to the PCA on the 28th after the
5 contract expires, and Chris just tells him, "I told him if
6 there's a deal to be done, we should be able to make it happen
7 before January 28th."

8 Q. Well, how about my question? Three months before your
9 expression of shock in January, your team had had a discussion
10 with Mr. Gustafson at US Airways about -- I'm using
11 Mr. Wilding's words -- the "possibility of reinstating the
12 PCA." Do you see that?

13 A. Yeah. That's just if we didn't get the deal done on time,
14 could it revert to the PCA.

15 Q. Well, the fact is you had a discussion about reinstating
16 the PCA long before your expression of surprise in January,
17 right?

18 A. Not really.

19 MS. GIULIANELLI: Objection.

20 THE COURT: Overruled.

21 A. Not really.

22 Q. Now another reason you testified you were so shocked by
23 Mr. Nocella's January email so as to use that expletive is, I'm
24 quoting you, "We never had a conversation about higher rates
25 associated with a nonfull-content deal." Do you remember that

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Sabr-Transcript-000006253

Gbslsab2

Webb - Cross

1 testimony?

2 A. I'm sure I said that.

3 Q. Isn't it a fact that US Airways asked Sabre about rack

4 rates at least as early as December, right?

5 A. I'm not sure. That could have happened.

6 Q. And just so that we all know, rack rates are the

7 nondiscounted, full-price rates that Sabre would charge if an

8 airline, if US Airways, refused to provide what, full content?

9 Well, let me ask the question differently, because you wouldn't

10 do a deal without full content under any circumstances. But

11 the rack rate is the nondiscounted rates in your system, right?

12 MS. GIULIANELLI: Objection to the lawyer preamble, as

13 opposed to the question.

14 THE COURT: Well, yes, sustained. Just ask the

15 question.

16 Q. Rack rates refers to the nondiscounted rates in the Sabre

17 system, right?

18 A. Yes, rack rates refers to when we're unable to negotiate

19 for full content and so the discounts don't apply and so

20 there's a higher cost for that.

21 Q. So they're the nonnegotiated rates or -- and they're higher

22 than the rates in the TMA agreements, right?

23 A. Generally the tradeoff is price for full content, so yes,

24 generally those rates are higher.

25 Q. In the case of the US majors, the rack rates are at least

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Gbslsab2

Webb - Cross

1 double what they were paying, right?

2 A. Not sure exactly, but they're more expensive.

3 Q. Well, do you have any understanding of what the rack rates

4 were in 2011?

5 A. I don't recall, but they would have been probably in that

6 range.

7 Q. So back in December, long before your expression of shock,

8 John Gustafson and Chris Wilding had discussion about rack

9 rates. Do you recall that?

10 A. No.

11 Q. Let me show you PX 3063, which should be in your binder.

12 For identification.

13 A. I don't have it.

14 Q. Okay.

15 A. Oh, wait, wait. I do. Sorry. It was hidden.

16 Q. So this is an email exchange between Chris Wilding, on your

17 team, and John Gustafson, right?

18 A. It is.

19 Q. Dated December 7 and 8, 2010, right?

20 A. It is.

21 Q. Entitled Contingency, right?

22 A. Yes.

23 MR. FRACKMAN: I offer PX 3063 in evidence.

24 MS. GIULIANELLI: No objection.

25 THE COURT: It's admitted.

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Gbslsab2

Webb - Cross

1 (Plaintiff's Exhibit 3063 received in evidence)

2 Q. So back in early December, Chris Wilding and John Gustafson

3 had discussed rack rate pricing, right?

4 A. Yeah, it appears to be.

5 Q. And Chris Wilding had sent to Mr. Gustafson the Sabre rack

6 rate pricing, which is on PX 3063.2 and 3, right? You see at

7 the top there it says rack rate pricing?

8 A. I see that.

9 Q. So at a minimum, a full month before your expression of

10 surprise, shock, that the rack rate issue had arisen, the

11 parties had in fact discussed rack rates, right?

12 A. Yeah. I wasn't included on this email, but it's very

13 clearly titled Contingency; in case we didn't get the deal done

14 by the 28th of January, what would happen, how would we still

15 have a relationship without having a new contract.

16 Q. So contrary to your testimony, Sabre had in fact had

17 conversations about rack rates prior to January 2010, when you

18 said the topic shocked you, right?

19 A. We had never had a -- any negotiation around operating in a

20 nonfull content agreement, none.

21 Q. So, but what about my question?

22 A. Yes, there is a contingency plan. Both emails you showed

23 me were contingency, in case the deal didn't get done on the

24 28th of January.

25 Q. So you couldn't have been shocked that rack rates arose in:

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Gbslsab2

Webb - Cross

1 January, as you testified, because your team had discussed

2 them, had even sent to US Airways the rack rate schedule a full

3 month before, right?

4 A. Every proposal we got from US Airways was a full content

5 proposal, so I was shocked that, out of the blue, again, 13

6 days before the contract was going to expire, we got a note

7 saying, hey, we'd like to start from scratch. Yes, I'm still

8 shocked.

9 Q. Your testimony -- well, you don't look like the type of man

10 that gets shocked very easily, Mr. Webb. You were president of

11 the Travel Network.

12 A. Thank you.

13 Q. Your testimony, "We never had a conversation about higher

14 rates associated with the nonfull-content deal," is false

15 because your team had exchanged rack rate information a month

16 earlier, right?

17 A. For contingency planning purposes.

18 THE COURT: Mr. Frackman, let's move on. You've asked

19 this question 17 different ways. He's answered it. The jury

20 gets your point. And let's move on.

21 Q. Now in fact, Sabre had threatened US Airways with rack rate

22 pricing if US Airways did not agree to a deal with Travelocity

23 months earlier, right?

24 A. I'm not sure what the discussion was around Travelocity.

25 Q. Take a look at Defendant's Exhibit 392, which is the

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Gbslsab2

Webb - Cross

1 version of this correspondence that Ms. Giulianelli used so I'm
 2 using it for the same purpose, and --
 3 A. 392?
 4 Q. Yeah. And take a look at DX 392.2 and 3.
 5 This is an email from Chris Wilding to John Gustafson
 6 dated December 20, 2010, right?
 7 A. Yes.
 8 Q. And he set forth four different pricing scenarios for US
 9 Airways, right? Take a look at 392.3.
 10 A. Yes, just give me a second. It's a long email.
 11 THE COURT: Is this in evidence?
 12 MR. FRACKMAN: Yes, it is, your Honor.
 13 THE COURT: Okay.
 14 MR. FRACKMAN: Could you -- I assumed it was in
 15 evidence because Ms. Giulianelli used it. If not --
 16 MR. MacNALLY: It's in evidence.
 17 BY MR. FRACKMAN:
 18 Q. Are you with me at 392.3?
 19 A. I am.
 20 Q. So Mr. Wilding sent to Mr. Gustafson four options on
 21 pricing if a signed agreement had not been reached, right?
 22 A. Yeah, this is, again, the kind of the scenario planning of,
 23 depending on where the negotiations are, what contingency would
 24 happen if we weren't done by the 28th of January.
 25 Q. And in scenario 2, he refers to rack rate effective

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Sabr-Transcript-000006258

Gbslsab2

Webb - Cross

1 January 28, right, second paragraph under the scenario 2?
 2 A. Yes, let me just --
 3 Yeah, this was -- effectively says that if we weren't
 4 done with the agreements, we'd go rack rate pricing. As soon
 5 as we signed the agreements, then we would rebate the money,
 6 the difference back for the time period that they were
 7 operating on the PCA. This was just to give us a contractual
 8 structure to continue to operate.
 9 Q. And scenario 3 also referred to rack rates, right?
 10 A. Yes, that's correct.
 11 Q. And what you said -- what he said here was that if you had
 12 an agreement on distribution with US Airways on distribution
 13 for the Travel Network, that is, the GDS, you had a signed term
 14 sheet, but if US Airways did not agree to distribute through
 15 Travelocity, you would take them to the rack rate, right?
 16 A. Not sure exactly what -- how this was supposed to work.
 17 Not terribly clear to me. But it appears that if --
 18 Travelocity, not agreed -- yeah, just -- this one says that it
 19 looks like we wouldn't -- we wouldn't be rebating the component
 20 back if they didn't sign a deal with Travelocity, so during the
 21 time period that we were operating on the PCA, then we'd
 22 eventually move to the new contract terms on the Sabre period,
 23 but that we wouldn't rebate back.
 24 Q. So there would be rack rate unless there was an agreement
 25 on Travelocity as well, right?

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Gbslsab2

Webb - Cross

1 A. Rack rate for a period, it looks like.
 2 Q. And scenario 4 is the scenario if there's no agreement with
 3 the Travel Network and no agreement with Travelocity, right?
 4 A. Yeah. We haven't agreed on a new relationship so we
 5 wouldn't work together anymore.
 6 Q. Under that circumstance you would take them f'ing dark.
 7 That's what it says here. Sabre will not extend beyond
 8 termination date, right?
 9 A. If we didn't --
 10 MS. GIULIANELLI: Objection. I don't believe the
 11 document says that.
 12 THE COURT: Well, he's asking a question.
 13 You may answer.
 14 No speaking objections, please. Go ahead.
 15 A. Yeah, this is just -- neither -- neither -- we don't agree
 16 with US Airways on a new contract and Travelocity doesn't agree
 17 with them on a new contract and so we no longer have an
 18 agreement.
 19 Q. As of January 28th, US Airways would be dark in Sabre,
 20 right?
 21 A. We would no longer have a contract. I'd no longer have the
 22 right to distribute their content.
 23 Q. Well, they could give you the right, but you wouldn't,
 24 right?
 25 A. Well, they'd have to sign a new contract to give me the

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Gbslsab2

Webb - Cross

1 right, so I --
 2 Q. Exactly. Now your threat to take US Airways dark unless it
 3 agreed to your terms -- full content, parity, Travelocity --
 4 was not something that arose for the first time in your now
 5 belabored email of January when you were shocked, right?
 6 A. Yeah.
 7 Q. This was a constant theme throughout the negotiations.
 8 A. First of all, I didn't say any of those things in January
 9 based on any of that. I said -- I sent that frustration email
 10 because we got, the day before the contract was terminating, a
 11 need to extend for 30 days because, for the first time in 11
 12 months, I heard that they had to get board approval for the
 13 deal and they weren't going to be able to do that for a full 28
 14 days from the time we signed the contract, and so I was, again,
 15 frustrated, and, again, we sent them a 30-day extension about
 16 an hour later. At the current pricing.
 17 Q. You made it clear months earlier that unless US Airways
 18 reached an agreement with Travelocity, there would be no deal
 19 with the GDS, right?
 20 A. I don't recall.
 21 Q. Take a look at PX 148 for identification. This is an
 22 October 25, 2010 email from you to Tom Klein and Sam Gilliland
 23 and Hugh Jones. Are you with me?
 24 A. I am.
 25 MR. FRACKMAN: I offer PX 148 in evidence.

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Gbslsab2

Webb - Cross

1 MS. GIULIANELLI: No objection.

2 THE COURT: It's admitted.

3 (Plaintiff's Exhibit 148 received in evidence)

4 Q. So the bottom email here is an email from Carter Davis, who
5 was the managing director, airline relations at Travelocity at
6 the time, right?

7 A. Yes.

8 Q. And he was updating Hugh Jones and others about the
9 negotiations between Travelocity and US Airways, right?

10 A. Yes. It appears US Airways terminated the contract.

11 Q. And that Hugh Jones flipped that to you, right?

12 A. He did.

13 Q. And you reported to the chairman of Sabre, Sam Gilliland,
14 and the president, Tom Klein, that you had told US Airways,
15 quote, that they had to reach agreement with Travelocity or no
16 Travel Network deal. Right?

17 A. That's what it says.

18 THE COURT: Are you nearing the end?

19 MR. FRACKMAN: I'd say maybe ten minutes.

20 THE COURT: It's our break time, so why don't we take
21 our break, and we'll be back in 15 minutes. Thank you.

22 THE DEPUTY CLERK: All rise.

23 (Jury not present)

24 THE COURT: Okay. We're adjourned for 15 minutes.

25 (Recess)

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Gbslsab2

Webb - Cross

1 (In open court; jury not present)

2 MS. ROBSON: Your Honor, while we're waiting, we have
3 met and conferred on two video plays, and we have the
4 objections and counterdesignations here.

5 THE COURT: Okay.

6 THE DEPUTY CLERK: Jury entering.

7 (Continued on next page)

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Gbslsab2

Webb - Cross

1 (Jury present)

2 THE COURT: All right. You may be seated.

3 Mr. Frackman, you've made your fifteen minutes into
4 five, right? Or your ten minutes into five.

5 MR. FRACKMAN: Let's see how good I am. Let's go for
6 it.

7 THE COURT: All right.

8 BY MR. FRACKMAN:

9 Q. So Mr. Webb, we were just looking at PX 148, your email
10 where you said that unless US Airways agreed to do a deal with
11 Travelocity, there would be no deal with the Travel Network,
12 right?

13 A. That's -- it says that we told them something -- it says we
14 told them that.

15 Q. That's your email.

16 A. It is.

17 Q. So that wasn't the first time or the only time that you
18 threatened US Airways with either agreeing or being out, right?

19 A. I didn't threaten US Airways.

20 Q. Well, you told them that if they didn't agree on a deal
21 with Travelocity, they would be out, right?

22 A. That's explaining, that's not threatening.

23 Q. You recall you testified on direct about the proposal that
24 you received from US Airways in October 2010?

25 A. Yes, we did.

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Sabr-Transcript-000006264

Gbslsab2

Webb - Cross

1 Q. And the next day after receiving that proposal, you
2 terminated, you gave notice of termination, right?

3 A. Yes. Normal course of business.

4 Q. And David Gross told you, in response to that proposal from
5 US Airways, that he was going to tell US Airways that they had
6 to make it better or they would be out, in January, right?

7 A. I don't recall.

8 Q. Take a look at PX 118 in evidence. I'm sorry, 118.

9 MR. FRACKMAN: Your Honor, there's a redacted version
10 of this that was admitted. I'm going to offer the full
11 document. Tell you the truth, I can't remember why we redacted
12 it. It's a long time ago. But, counsel?

13 Let me just lay the foundation in any event.

14 Q. So Mr. Webb, you see this is an email from David Gross to
15 you on October 15, 2011, right?

16 A. I see it.

17 (Continued on next page)

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1 BY MR. FRACKMAN:

2 Q. And he was passing on to you the notice of termination that
3 Chris Wilding had sent to Mr. Gustafson earlier that day,
4 right?

5 A. Yes, it appears that's what it was.

6 MR. FRACKMAN: I offer PX 118, your Honor.

7 THE COURT: Any objection?

8 MS. GIULIANELLI: No objection.

9 THE COURT: It's admitted.

10 (Plaintiff's Exhibit 118 received in evidence)

11 Q. So Mr. Gross told you, after receiving the US Airways
12 proposal, that he was going to tell Mr. Gustafson that the
13 offer is not anything we can work with, and he will have to try
14 again or be terminated in January, right?

15 A. He is just merely pointing out what would happen if we
16 didn't get to a new agreement. And he says, I don't consider
17 this to be a serious offer. I'm going to tell John that it's
18 not anything we can work with, and they need to try again or it
19 will be terminated because we already sent termination.

20 Q. You sent a notice of termination and unless US Airways
21 agreed to your terms, that termination would become effective,
22 right?

23 A. Unless we jointly agreed on a new deal.

24 Q. And one of the things they had to agree to was full
25 content, right?

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Sabr-Transcript-000006266

1 A. It's what we had been discussing was a full content deal.

2 Q. That was a requirement, as you told the board of directors,
3 right?

4 A. It was part of what we had been negotiating the entire
5 time.

6 Q. Well, it was a requirement?

7 THE COURT: We have been over and over and over again.
8 He has already said what he said. Let's move on.

9 Q. In November, as we saw earlier, David Gross said that
10 unless US Airways gives full content, they will be out, they
11 won't be participating in Sabre at all. Do you recall that
12 e-mail we looked at earlier?

13 A. I don't, but if we didn't have a new agreement, then they
14 couldn't participate.

15 Q. That's PX 285 in evidence. Let's just look briefly at
16 that.

17 This an e-mail to David Gross to Chris Kroeger,
18 November 23, 2010?

19 MS. GIULIANELLI: Objection. This is the same
20 document.

21 MR. FRACKMAN: It's not this one.

22 MS. GIULIANELLI: This is at least the third time.

23 THE COURT: Let's see what it is.

24 Q. That's what David Gross said -- not only did David Gross
25 tell you that in October, that US Airways would be out, that he

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1 would tell them that they would be out, he repeated it in
2 November: They will give us full content and they will give us
3 seats in a way we can sell or they won't be participating in
4 Sabre at all. Right?

5 MS. GIULIANELLI: Objection. Same document. Same
6 questions.

7 THE COURT: Why are we doing this again?

8 MR. FRACKMAN: We are doing it for a different
9 purpose. We are doing it for the point that the threat to take
10 US Airways dark was --

11 THE COURT: So ask your question.

12 Q. Your threat to terminate US Airways, unless US Airways
13 agreed to your terms, was a long-standing threat, right?

14 A. I never threatened US Airways, nor did the team. This is,
15 again, an internal document talking about the fact that if we
16 didn't get Choice Seats -- this is again a Choice Seats
17 conversation, and if we didn't get to a new agreement, they
18 wouldn't be a participant in Sabre.

19 Q. And David Gross raised this with you again in January. He
20 raised the question of, Don't we have to at least tell US
21 Airways that unless they agree, they will be out of Sabre?

22 Do you recall that?

23 A. I don't.

24 Q. Take a look at PX 124 for identification.

25 MS. GIULIANELLI: Objection, your Honor. This is the

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1 exact document that raises the "other disputes" issue on the
2 MIL.

3 THE COURT: What is the exhibit number?

4 MR. FRACKMAN: PX 124.

5 THE COURT: Is it in evidence?

6 MR. FRACKMAN: It is not in evidence.

7 This has to do with US Airways.

8 THE COURT: OK. Could I see it?

9 MR. FRACKMAN: I'm sorry.

10 THE COURT: Thank you.

11 THE WITNESS: You bet.

12 MS. GIULIANELLI: The objection is that questioning on
13 this document would require a full inquiry --

14 THE COURT: I understand.

15 Overruled. It's admitted.

16 (Plaintiff's Exhibit 124 received in evidence)

17 BY MR. FRACKMAN:

18 Q. Mr. Webb, at the bottom here there is an e-mail from David
19 Gross to you on January 12, 2011, right?

20 A. It is.

21 Q. The subject is US Airways, right?

22 A. It is.

23 Q. He raised with you the following question: Don't we need
24 to tell them, and mean it, that if we don't have at least a
25 term sheet agreement on a new deal, or rack rate if no

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Sabr-Transcript-000006269

GBS8SAB3

Webb - Cross

1 Travelocity deal, they will be out of Sabre?
 2 Do you recall that?
 3 A. I see that's what it says.
 4 Q. Up above there was laughter, internal laughter between
 5 David Gross and you and Wilding, because David Gross said -- if
 6 you look at the top paragraph -- "It won't take long if they go
 7 dark from Sabre," right?
 8 "It won't take long if they go dark from Sabre."
 9 Right?
 10 A. That's not in reference to US Airways.
 11 Q. So let me go to another document.
 12 In addition to threatening --
 13 THE COURT: Another document.
 14 MR. FRACKMAN: Yes.
 15 Q. In addition to threatening to take US Airways dark or
 16 terminating them, you guys also threatened to go to the travel
 17 agents about the dispute, right?
 18 A. Again, we never threatened US Airways.
 19 Q. Take a look at PX 120 in evidence. We looked at this
 20 before. This is an e-mail from David Gross to you, dated
 21 October 28, 2010, forwarding an e-mail from Chris Wilding to
 22 David Gross, updating David Gross on Chris Wilding's discussion
 23 with John Gustafson that afternoon. Do you recall that?
 24 A. I don't recall it.
 25 Q. We just looked at it a little while ago.

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Sabr-Transcript-000006270

GBS8SAB3

Webb - Cross

1 If you look at the fourth bullet.
 2 A. Yes, I see it.
 3 Q. Wilding reports to Gross that you had not yet "advised" our
 4 customers that there is a real possibility that US Airways
 5 won't be in Sabre after January 28. Can you see that?
 6 A. I see it.
 7 Q. And that he told Mr. Gustafson that, although you hadn't
 8 done it yet, you were going to have to do it soon, right?
 9 A. Yeah. This is, again, our customers needed to know that
 10 there was a potential that we wouldn't be able to come to a new
 11 agreement. So that if they were making bookings on US Airways,
 12 that on January 28 those bookings would no longer be available
 13 so it was going to be difficult. So as in all of these, I am
 14 sure US Airways was going to prepare to tell the customers the
 15 same thing.
 16 Q. You viewed going to the travel agencies as a form of
 17 leverage in the negotiations, isn't that right?
 18 A. No. We had to communicate with travel agencies that there
 19 was a potential US Airways would no longer participate in the
 20 system.
 21 Q. You viewed it as a way to put heat on US Airways?
 22 A. I viewed it as a necessary communication to our travel
 23 agencies' customers that they might not be a participant in the
 24 system.
 25 Q. Take a look at PX 669 in evidence. This is an e-mail from

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Sabr-Transcript-000006271

GBS8SAB3

Webb - Cross

1 David Gross to you and Mr. Wilding on January 12, 2011.
 2 Sorry. For identification. Just take a look at it
 3 first.
 4 This is an e-mail from David Gross to you, right?
 5 A. Yes.
 6 MR. FRACKMAN: I offer PX 669 in evidence.
 7 MS. GIULIANELLI: No objection.
 8 THE COURT: It's admitted.
 9 (Plaintiff's Exhibit 669 received in evidence)
 10 Q. What Mr. Gross told you on January 12, "It may be time to
 11 tell US Airways we need a coordinated plan to communicate with
 12 travel agents that US Airways may be out." And this is his
 13 language: "Put the heat on." Right?
 14 A. Again, it looks like we wanted to coordinate a plan with US
 15 Airways. It's 17 days before the contract terminates and there
 16 is a potential that they will no longer participate.
 17 Q. You wanted to put the heat on US Airways in the
 18 negotiations. That's what Mr. Gross wrote to you, right?
 19 A. I didn't write it. And as you can see, we were looking for
 20 a coordinated plan, not us doing something on our own. We
 21 wanted to talk with US Airways, jointly go tell customers there
 22 is a chance we are not going to get to a new contract.
 23 Q. You want the jury to believe that a coordinated plan would
 24 put heat on?
 25 A. I am asking you to read the document. It says we need a

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Sabr-Transcript-000006272

GBS8SAB3

Webb - Cross

1 coordinated plan to communicate.
 2 Q. Mr. Webb, we have looked at a lot of documents relating to
 3 the 2010 negotiations with US Airways from your board
 4 presentation in February through January, almost a full year,
 5 right?
 6 A. That's correct.
 7 Q. There is not a reference in any of them suggesting that
 8 losing US Airways, terminating US Airways, taking them f'ing
 9 dark, putting them out of the system, would be a problem for
 10 Sabre, isn't that a fact?
 11 A. Ask that again.
 12 Q. There is not a reference in any of the documents that we
 13 looked at today suggesting that Sabre terminating US Airways
 14 would be a problem for Sabre, right?
 15 A. Well, as I mentioned before, from the very first
 16 conversation with Mr. Nocella until January 14, we had made
 17 significant progress toward an agreement, and I assume that we
 18 would have an agreement with US Airways that was a full content
 19 agreement.
 20 Q. How about my question. There is not a single reference in
 21 any of these documents suggesting that losing US Airways, one
 22 of your big four customers in the US, would be a problem for
 23 Sabre?
 24 A. I have no idea.
 25 Q. We didn't see one today, right?

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1 A. We only saw your documents today.
 2 Q. It wasn't in your board presentation at the beginning of
 3 the year, right?
 4 A. That was a strategy document, no.
 5 Q. You didn't tell the board that you guys were at risk as a
 6 business if you lost any one of your big US carrier clients,
 7 right?
 8 A. Not in that document, but I have presented that a number of
 9 times to the board and others.
 10 Q. It's not in your board presentation, right?
 11 A. Because that was a strict negotiation strategy for the
 12 year.
 13 Q. If it were an important issue, you would have informed the
 14 board, right, along with the rest of your strategy for the
 15 negotiations?
 16 A. We weren't at a point where I thought it was a problem yet.
 17 Q. There is not a word suggesting that US Airways leaving
 18 Sabre would be, to use your testimony, like death to Sabre?
 19 A. I don't know.
 20 Q. We didn't see it, right?
 21 A. We only saw your documents today.
 22 Q. These are your documents, not mine, Mr. Webb. It's your
 23 board presentation. It's not there.
 24 THE COURT: What is the question?
 25 Q. There is not a word in any of these documents

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1 THE COURT: So you have asked that twice.
 2 Q. -- suggesting that it would be "like death" to Sabre to
 3 lose US Airways?
 4 MS. GIULIANELLI: Objection. Asked and answered.
 5 THE COURT: Sustained.
 6 Q. You testified on direct that it would be devastating to
 7 lose one of your major air carrier clients. Remember that?
 8 A. I do. It would be.
 9 Q. There is not a reference in any of these documents,
 10 including your board presentation, referring to the loss of US
 11 Airways as being devastating to Sabre, right?
 12 A. Not in these documents.
 13 Q. Your testimony about it being "devastating" or "like death"
 14 to Sabre in losing one of your airline clients is made up for
 15 this litigation, just like your testimony about two-sided
 16 markets, right?
 17 A. Absolutely not. It would be devastating to lose a US air
 18 carrier. As you pointed out earlier this morning, they make up
 19 50 percent of our total bookings.
 20 Q. Not important enough to bring to the board's attention in
 21 February, right?
 22 THE COURT: OK. Let's move on.
 23 MR. FRACKMAN: I pass the witness.
 24 THE COURT: Thank you.
 25 (Continued on next page)

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Sabr-Transcript-000006275

1 REDIRECT EXAMINATION
 2 BY MS. GIULIANELLI:
 3 Q. Almost there.
 4 A. Good morning.
 5 Q. We just ended on the importance of content to Sabre, and
 6 Mr. Frackman asked you about Plaintiff's Exhibit 6911. And
 7 that's the Book of Numbers -- I'm sorry, 6911, I believe it was
 8 I, and that's the Book of Numbers.
 9 I had written 6911, and it looks like 6911.
 10 Do you remember being asked about the Book of Numbers?
 11 A. I do.
 12 Q. He asked you about the four airlines, the four top airlines
 13 in terms of the percentage of bookings?
 14 A. Yes, I recall.
 15 Q. Is US Airways included in one of these top four major US
 16 legacy carriers that make up over 50 percent of Sabre's overall
 17 bookings?
 18 A. They are.
 19 Q. How does it affect Sabre if any one of them pulled content
 20 out of Sabre?
 21 A. We would no longer have the same level of value to our
 22 travel agency customers. It would be impossible for them to
 23 continue to service corporate customers in a way that is
 24 efficient and effective. They would have to find another way
 25 to do that, and most likely that means they would move business

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1 from us to another GDS or another distribution partner. So it
 2 would be devastating.
 3 Q. Mr. Frackman was just asking you about this board
 4 presentation that you gave going into the negotiations and
 5 whether or not you said anything in this board presentation
 6 about the importance of content.
 7 So I am going to show you a page that Mr. Frackman did
 8 not ask you about. This is page 13 of Plaintiff's Exhibit 197.
 9 Do you see that bullet there that says, "Parity
 10 continues to be critical to maintaining relevance." What does
 11 that mean?
 12 A. Yeah. In order for us to have the content that is
 13 important to agencies to service their customers, the thing
 14 that they have come to expect from having an efficient,
 15 effective way to sell to their corporate customers is around
 16 parity, and it's around the fact that we have full content that
 17 gives them competence to tell the end traveler that they have
 18 done their best job servicing them as a travel agency.
 19 Q. Is this something you told the board in the document that
 20 Mr. Frackman was just asking you about?
 21 A. It is.
 22 Q. Moving on to the negotiations and some of the documents we
 23 have just seen during the negotiations with US Airways for the
 24 2011 deal, you were asked about Plaintiff's Exhibit 497 first.
 25 And in this exhibit, you were asked about the e-mail from

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Webb - Redirect

1 Mr. Gross at the top there?

2 A. Yes.

3 Q. Where Mr. Gross says that US Airways will have "no plate
4 pulling" in the deal. What does that mean?

5 A. It means that we had asked US Airways for a provision in
6 the contract where they wouldn't pull plates of our travel
7 agencies, and that included Travelocity, meaning that once we
8 signed a new deal, they wouldn't terminate the relationship
9 that they had, from an airline point of view, with our
10 customers.

11 Q. I am told that I said 497 and it's actually Exhibit 479.
12 In fact, did Sabre end up getting the term with
13 respect to no plate pulling in the negotiations?

14 A. We did not.

15 Q. Did Sabre take US Airways dark as a result of that?

16 A. No, of course not.

17 Q. You were also asked about Exhibit 285, and this is the
18 exhibit with respect to -- see there you were asked about
19 Mr. Gross's e-mail at the top?

20 A. I was.

21 Q. And you were asked about the sentence that says, "They will
22 give us content and they will give us seats in a way that we
23 can sell or they won't be participating in Sabre at all."
24 Do you see that?

25 A. I do see that.

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1 Q. What are the seats that is being referenced?

2 A. This was again about -- almost all of these e-mails that we
3 saw are again about Choice Seats, and the discussion around
4 rewriting the 2006 agreement to include Choice Seats, along
5 with the other full content provisions, as well as the bigger
6 discrepancy, which we had throughout the entire process, which
7 was around how we were going to build out the technology and
8 the technical specifications for Choice Seats, because, again,
9 US Airways wanted to implement it in a different way than other
10 airlines that we were implementing ancillaries, and so we were
11 concerned about the costs.

12 Q. How did Sabre end up implementing the Choice Seats?

13 A. We spent about \$3 million to implement it the way US
14 Airways wanted it.

15 Q. You were asked about this e-mail, this other e-mail
16 multiple times that you wrote.

17 Mr. Gross says -- first of all, after you sent this
18 e-mail on January 26, what happened?

19 A. I called Mr. Wilding and told him that we needed to go
20 ahead and -- again, we were already done with the agreements
21 for the most part. This was merely about when we were going to
22 sign the agreement, and it was the day before it was to expire,
23 and they told us that they needed another 30 days for their
24 board to approve it. And as I mentioned, I was frustrated, but
25 I called Mr. Wilding and had him send a 30-day extension. So

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1 we sent them a 30-day extension to give them time to get board
2 approval.

3 Q. Was US Airways taken dark?

4 A. No.

5 Q. Then Mr. Gross says, "We will get a good press release."
6 Was there a press release that came out?

7 MR. FRACKMAN: I think we are getting into the leading
8 again.

9 Q. What, if anything, was issued by US Airways after this
10 e-mail?

11 A. I don't recall.

12 Q. Then you were asked about full content and whether or not
13 it was in dispute or whether or not you were negotiating for
14 full content in the 2010 to '11 negotiations.

15 I want to show you the e-mail that Mr. Frackman
16 showed, Plaintiff's Exhibit 113.

17 Do you remember being asked about this?

18 A. I do.

19 Q. I am going to show you the sentence that Mr. Gustafson
20 writes that you were not asked about.

21 What does Mr. Gustafson say to Mr. Gross there in the
22 second paragraph of his May 20 e-mail?

23 A. This is exactly what I mentioned before, which is we had
24 been talking about full content agreement from the beginning.
25 So this is just Mr. Gustafson clarifying: "Let me be clear as

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GBS8SAB3

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1 possible. US is willing to provide Sabre access to full
2 content at parity with other distribution partners. The choice
3 as to whether or not to access such full content is entirely
4 yours."

5 Again, this was a discussion around how we would
6 access their Choice Seats product. So it meant how would we
7 build out the technology to access the Choice Seats product,
8 because, again, they were doing it completely different from
9 the way everybody else was doing it.

10 Q. What was your understanding of the statement that says, "US
11 is willing to provide Sabre access to full content at parity
12 with other distribution partners"?

13 MR. FRACKMAN: Objection, your Honor.

14 THE COURT: I will allow it.

15 A. To me this was just again another data point that we were
16 negotiating a full content deal. There wasn't going to be a
17 question of whether or not US Airways was going to pull
18 content. In fact, from the beginning, we had been discussing
19 about how to fix the 2006 agreement to include Choice Seats so
20 there was no discrepancy between the way that we and US Airways
21 looked at content. So it's just another access point of where
22 I thought the negotiations were going quite well for a full
23 content agreement.

24 Q. I am showing you Defendants' Exhibit 2540, which is in
25 evidence. And this is an internal US Airways document that was

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1 shown earlier. The subject of this document is 2011
2 distribution goals.

3 A. Yes, I see that.

4 Q. Were you here when this document was introduced into
5 evidence?

6 A. I was.

7 Q. Moving down to the goals there, it says, "Negotiate and
8 sign GDS full content agreements."

9 Is that consistent with the way US Airways was acting
10 in the negotiations with Sabre?

11 A. Yes. Like I said, we had very good negotiations around a
12 full content agreement. There were a number of other terms
13 that we talked about. There were things we wanted, there were
14 things they wanted in the agreement. In some cases they got
15 some, in some cases we did. But, generally, we never were
16 really discussing anything but a full content agreement.

17 Q. Then you were asked by Mr. Frackman about Plaintiff's
18 Exhibit 120 here, and this is, just to make it clear where we
19 are in terms of the time frame, an October 28, 2010 e-mail that
20 you were asked about. Do you see that?

21 A. I do.

22 Q. Looking at the second paragraph there, what does

23 Mr. Wilding say with respect to what the impasse was with US
24 Airways?

25 A. It's what it had been for the most part of a negotiation.

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GBS8SAB3

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1 We disagreed on price, because you always disagree on price
2 until it gets close to the end. So we were disagreeing on
3 price and on the term. We wanted a longer term during a period
4 of the negotiation, US Airways wanted a shorter term, and then
5 those kind of bounced around a bit.

6 Q. What was your perspective with respect to the price that
7 Sabre offered to US Airways?

8 A. I thought we had given them a great deal, actually, at that
9 point, but I realized that at some point we might have to give
10 a little more on price in order to close the deal, which is
11 what I think we ultimately did.

12 Q. You mentioned that there was a discussion about term. What
13 does term mean?

14 A. Term is the link of the contract. So we had a discussion
15 around how long the new contract would go.

16 Q. Moving to Travelocity, you were asked some questions about
17 Travelocity during the 2010 negotiations?

18 A. I was.

19 Q. Who owned Travelocity?

20 A. Sabre.

21 Q. You were asked about Plaintiff's Exhibit 148 with respect
22 to Travelocity.

23 What did US Airways do with respect to the Travelocity
24 contract?

25 A. They realized early on that Travelocity was an important

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Webb - Redirect

1 business unit to us at that time. So putting pressure on
2 Travelocity also put pressure on our Travel Network deal. So
3 in kind of the October time frame, they terminated the
4 Travelocity agreement. So they sent notice of termination to
5 Travelocity in the October time frame.

6 Q. What would the impact have been to Travelocity if US
7 Airways no longer participated in it?

8 A. Similar to what would happen to a GDS. If you're an online
9 travel agent that has a large US carrier that does significant
10 volume on the OTAs, it would be very damaging to the online
11 travel agency in the market.

12 Q. What would the impact have been to Sabre if US Airways no
13 longer participated in its unit Travelocity?

14 A. It would have been significant -- both in terms of
15 significant to Travelocity, obviously, it would be very
16 difficult for Travelocity to compete against the other strong
17 OTAs, Expedia and Orbitz and others. But we would have also
18 lost those bookings, as Travelocity used Sabre as its GDS. So
19 we would have lost the underlying bookings in the Travel
20 Network business as well.

21 Q. You were asked about Plaintiff's Exhibit 118 and the e-mail
22 that Mr. Gross wrote to you on October 14 with respect to the
23 term sheet that Sabre had received from US Airways.

24 A. Yes.

25 Q. Do you remember that?

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Webb - Redirect

1 A. I do.

2 Q. I can show you the term sheet if you want to see it, but my
3 question is, what did the term sheet that Sabre received from
4 US Airways say about content?

5 A. It was a full content agreement. Again, the negotiations
6 had gotten serious around price and term and some of the
7 technical pieces for Choice Seats. So this is a little bit of
8 them -- in their full content proposal, they kind of staked out
9 on price relatively low, which is why David is saying it looks
10 like it's a non-workable starting position. But, again, it
11 wasn't on full content. There was never a discussion of full
12 content in that term sheet. It was a full content deal.

13 Q. What did you understand Mr. Gross to be referencing when he
14 said the proposal was not serious?

15 A. I think that's what he expressed to Andrew or to John.
16 Look, you can't throw something over the wall that doesn't move
17 the ball forward at all toward getting to the resolution. So I
18 think he was just trying to point out to US Airways that we
19 needed something that was a little closer to where we thought
20 we would end up around price and terms and some of those
21 things.

22 Q. You were asked about the termination notice that Sabre sent
23 to US Airways, and I am showing you what is in evidence as
24 Defendants' Exhibit 138. Were you here when this document was
25 introduced?

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Webb - Redirect

1 A. I was.

2 Q. This is an internal US Airways e-mail from Mr. Gustafson to

3 Mr. Nocella sent on June 3, 2011?

4 A. Correct.

5 Q. Do you see that it's talking about strategy with respect to

6 termination followed by negotiation?

7 A. I do. This is exactly it, and I think even Mr. Gustafson

8 mentioned it before. There was the need for either of us to

9 terminate the agreement or it would just roll forward. So

10 there was a need for one of us to send a termination notice.

11 So this is, I assume, similar with what they were doing with

12 Travelport and what they were going to do with us.

13 Q. When you saw this e-mail from Mr. Gustafson that said, "We

14 did not notify the board we were intending to terminate Sabre

15 (they beat us to it)," what was your reaction?

16 A. I wasn't surprised. That's exactly what I would have

17 expected, which is both of us were going to send termination

18 notices before the agreement automatically renewed.

19 Q. Now we are going to move back five days to some of the

20 questions you were asked last week so bear with me.

21 Going back to some of the questions, and just as a

22 reminder that Mr. Frackman asked last week, regarding the

23 Department of Transportation's conclusions when it deregulated

24 GDSs. And since we have had Thanksgiving and it has been five

25 days, I would like to reorient you about the question you were

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1 asked.

2 Do you recall this question from last Tuesday where

3 Mr. Frackman was asking you about some of the Department of

4 Transportation's findings?

5 A. I do.

6 Q. What were you trying to explain when you said the DOT also

7 said that over a period of time this finding with respect to

8 market power would go away and that's exactly what happened and

9 why prices went down for the airlines over the next decade?

10 A. No matter how you think about it, despite what they put in

11 the deregulation component, they decided that the industry no

12 longer needed to be regulated. Again, the real reason for

13 regulation early on was because we were airline owned, so they

14 were concerned about the influence that airlines would have

15 over distribution. So ultimately they decided, once we were

16 all not owned, that there was no reason for us to be regulated

17 anymore. And so what happened was, and as you have seen on

18 several slides, over the last decade prices for airlines

19 distributing through the GDSs have gone down.

20 Q. I would like to show you Plaintiff's Exhibit 7, which you

21 were asked about in connection with these questions. This is

22 from the Department of Transportation's final rule from 2004,

23 the same exhibit that Mr. Frackman showed you.

24 Looking at page 7 -- actually, it's page 978, column

25 1, you see there it says, "Ending the broad regulation of CRS

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1 practices will enable each system and each airline to bargain

2 over the terms on which CRS services should be provided."

3 A. I do. That's exactly what has happened and the reason that

4 prices have gone down.

5 MR. FRACKMAN: I actually don't think there was a

6 question pending.

7 Q. I was going to ask the question, but the question was --

8 THE COURT: That's all right. He has answered it

9 already.

10 Q. Turning to the last sentence there in the call out, it

11 says, "The resulting terms under which the airlines and travel

12 agencies obtain services will likely reflect the interests of

13 both sides better than if we maintained broad regulations

14 restricting the parties' behavior."

15 My question is, what is your understanding of who the

16 DOT was referring to when it said "both sides"?

17 MR. FRACKMAN: Objection.

18 THE COURT: I will allow it.

19 A. I think airlines and travel agencies, it's again the

20 discussion of, the whole network structure only works if all

21 parties involved are working effectively jointly to deliver a

22 good experience for the end customer.

23 Q. Turning to the question of Sabre's market share since

24 deregulation, you were asked about Plaintiff's Exhibit 190 last

25 week. Do you remember that Mr. Frackman asked you some

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Webb - Redirect

1 questions about this demonstrative and whether it showed --

2 THE COURT: You mean Plaintiff's Exhibit 1090.

3 MS. GIULIANELLI: I have a trouble reading numbers.

4 Q. And whether Plaintiff's Exhibit 1090, whether it showed

5 Sabre's market share had gotten bigger since deregulation?

6 A. He did ask me that. It has.

7 Q. What data is included in this demonstrative?

8 A. This is airline bookings only.

9 Q. Does this include data from other channels other than GDSs?

10 A. I don't believe so. Keep in mind that the GDSs sell less

11 than 50 percent of the total tickets. We certainly wouldn't

12 have that kind of market share if it included airline direct or

13 any of those. So this is GDS only.

14 Q. Has Sabre's share of overall bookings, if you include all

15 channels, gone up or down since deregulation?

16 A. It's gone down since deregulation. The total bookings more

17 go direct to the airline.

18 Q. Turning back to Plaintiff's Exhibit 7, looking at page 10

19 of that, turning back to the DOT statements that Mr. Frackman

20 asked you about, there it says, "Furthermore, airlines are

21 selling an increasingly large share of their tickets through

22 Internet Web sites and a diminishing share through travel

23 agencies using a system."

24 How does that statement align with your experience

25 over the last 15 years?

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GBS8SAB3

Webb - Redirect

1 A. Yeah. Certainly since the advent of the Internet and since
2 deregulation, what we have seen is, we refer to it as channel
3 shift, which is we have seen a larger number of bookings moved
4 to airline direct, so people that utilize the airlines on a Web
5 site and out of the travel agency market.
6 Q. Turning to the topic of negotiation for the new contracts
7 with airlines after deregulation that you were asked about last
8 week, kind of in the 2005-2006 time frame, do you recall that
9 Mr. Frackman was asking you about Sabre's strategy and he
10 asked, the strategy was not just to request full content, but
11 it was to require it, right?
12 A. I remember that.
13 Q. That was the question. To begin with, why did you say, in
14 response to Mr. Frackman's question, that Sabre planned to
15 negotiate for full content?
16 A. All of our supply agreements are negotiations, for the most
17 part, which means that we go in with different wants and
18 desires, and the airlines have different wants and desires, and
19 you end up coming to the middle. So we absolutely planned to
20 negotiate for full content since it is the most important thing
21 to the travel agency community. So it's important to the
22 negotiation, and because of its importance, it's the reason
23 that we provide discounts as well as other terms that the
24 airlines want in their contracts.
25 Q. You were asked about this presentation, Plaintiff's Exhibit

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GBS8SAB3

Webb - Redirect

1 407. And what was the date of this document?
2 A. May 2007.
3 Q. Do you recall that Mr. Frackman asked you about the first
4 bullet there on this page?
5 A. Yes.
6 Q. I would like to ask you about the second bullet on this
7 page.
8 A. Yeah.
9 Q. What does the second bullet on this page mean?
10 A. Again, there was a time back in the 90s and early 2000s
11 that all of the carriers operated on the participating carrier
12 agreement so it was the same contract for everybody between us.
13 What happened was we got to a place where one size didn't fit
14 all. Things that were important to one airline weren't
15 important to another airline, things that were important to us.
16 Plus, the competitive environment had heated up dramatically,
17 and so we were in a place where we needed to negotiate all of
18 our contracts, and obviously, as we moved into a free market,
19 we needed to negotiate differently with different airlines
20 based on what they desired.
21 Q. I would like to show you another page from this
22 presentation, Plaintiff's Exhibit 407, that Mr. Frackman didn't
23 ask you about.
24 See there in the title -- starting with the title, I
25 guess, what does the title mean?

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Webb - Redirect

1 A. So, again, when the GDSs were regulated, there was a term
2 an airline owned, if you were an owner carrier. So if you were
3 an airline that owned a GDS, then you were subject to what was
4 called the mandatory participation rule, which meant that at
5 whatever level you participated in your own system, so meaning
6 whatever content, whatever connectivity level, that you had to
7 participate in all the other systems at the same level. So at
8 the same technical level, at the same content level. So it's
9 talking about the fact that this was part of the original
10 regulations around owner carriers.
11 Q. Then turning to the conclusion there at the bottom that
12 says, "Today, the deregulated GDSs are free to compete and
13 airlines are no longer required to participate as they did in
14 the past," how does that statement conform to your experience
15 since deregulation?
16 A. It's exactly what happened, which is that the airlines have
17 utilized the leverage of content which they have over us to
18 change the environment, where they now pay less for actually
19 more service than they received in the past.
20 Q. Now, do you remember when Mr. Frackman started your
21 cross-examination and he asked you about whether you had ever
22 used the term "two-sided market"?
23 A. I do.
24 Q. Why did you use that phrase "two-sided market" in
25 describing the marketplace?

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GBS8SAB3

Webb - Redirect

1 A. One, because that's what it is. But the structure is just
2 that agencies are -- and Mr. Frackman actually pointed out --
3 both agencies are our customers and airlines are our customers,
4 and so we deal as an intermediary in between the two. So it is
5 absolutely necessary for us to provide things that are of value
6 to the supply side, so things that are valuable to airlines at
7 a price that is reasonable, and we have to provide things that
8 are valuable to the agencies on the other side, because losing
9 either side literally just doesn't allow the model to work at
10 all. So our value is in trying to make sure that we provide
11 product, services, technology, good customer support on the
12 agency side, and that we provide airlines an efficient and
13 effective way to distribute their product.
14 Q. Do you remember that Mr. Frackman represented that he had
15 gone through what he said were 60,000 documents produced in
16 this case from your files to see if you had described Sabre as
17 sitting in a two-sided market?
18 A. 67,000, but yes, I recall.
19 Q. What does the graphic on page 14 of Plaintiff's Exhibit 407
20 show there with Sabre in the middle and travel agents on one
21 side and airlines on the other?
22 A. I think we have seen easily 10 or 12 different slides that
23 show this model is made up of a buy side and a sell side, and
24 we sit between the buy side and the sell side and interconnect
25 those two parties.

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GBS8SAB3

Webb - Redirect

1 Q. You were asked about Plaintiff's Exhibit 325 on the same
2 topic of whether or not Sabre requires full content, and this
3 is an airline scenario planning project. Do you remember being
4 asked about this exhibit?
5 A. I do. I'm not sure I remember which one it was.
6 Q. I am taking you to page 32 of the deck that you were asked
7 about. Do you remember that he asked you about the bullet
8 point that says, "Full content is required for Sabre
9 subscribers and their customers."
10 Who are the subscribers?
11 A. Yeah. Sabre subscribers are travel agencies, so TMCs and
12 online travel agencies. And this was just us talking about,
13 again, the specifics that were -- again, keep in mind that in
14 this time frame we were moving from the DCA3 agreements to the
15 TMA agreements which were brand-new for us. So we were trying
16 to put in place new terms, and that's why it says, in order to
17 be on a TMA, which is a full content agreement, then full
18 content would be a requirement. If not, you would be on a
19 different agreement.
20 Q. I am showing you the question that you were asked about
21 this bullet, and do you see where you were asked about whether
22 you were going to require it from the airlines on behalf of
23 your travel agency subscribers? And then you gave an answer
24 that said, We are definitely negotiating for full content?
25 A. Yes, I recall.

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GBS8SAB3

Webb - Redirect

1 Q. Then you were asked another question that says: It doesn't
2 say we are going to negotiate for full content for Sabre
3 subscribers, it says full content required. And then you gave
4 an answer.
5 What did you mean by your answer that you were
6 interpreting the document differently than Mr. Frackman?
7 A. Yeah. Again, we were negotiating a new agreement with
8 different terms and conditions. So if an airline was going to
9 be on the TMA, they would be in a full content agreement, and
10 just that it was not required of the airline, but it was a
11 requirement of the Sabre subscribers and their customers. Full
12 content is a requirement for being effective in distributing an
13 airline's content, and it's absolutely critical and important
14 to the agencies. That's what that meant.
15 Q. Turning to the topic of the negotiations with United, do
16 you recall that Mr. Frackman also asked you about Sabre would
17 require a full content agreement from United in 2006?
18 A. I remember us having a discussion, yes.
19 Q. You were shown this document, Plaintiff's Exhibit 554?
20 A. I was.
21 Q. Mr. Frackman showed you the last bullets on this page, and
22 you were asked about -- on this page 7, and you were asked
23 about these bullets.
24 Here is the question you were asked. The question
25 says that Sabre's response was to require a long-term full

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Webb - Redirect

1 content agreement. Then you were asked about whether or not it
2 says negotiate.
3 Do you remember being asked that?
4 A. I do. Again, because that line didn't say negotiate, the
5 entire document was around the negotiation we were having with
6 United. So literally the entire document is about negotiation.
7 Q. Let me show you page 4 of Plaintiff's Exhibit 554 that Mr.
8 Frackman did not show you.
9 What does this title say and how does that relate to
10 your answer that you gave Mr. Frackman about the bullet point
11 that you were shown on page 10?
12 A. This is, again, just -- as I mentioned, all of these
13 negotiations are difficult. They go on a long time and we have
14 a number of different terms we are negotiating. So this was
15 the position I am sure Mr. Klein is trying to explain where the
16 airlines are in their negotiating positions and where we are in
17 our negotiating positions.
18 Q. Now, I am going to go back to one of the demonstratives
19 that you used during your direct testimony that Mr. Frackman
20 asked you about at the very beginning of his cross-examination.
21 Do you remember that Mr. Frackman started out by
22 asking about this demonstrative?
23 A. I do.
24 THE COURT: Just for the record, it's Sabre 119.
25 MS. GIULIANELLI: Thank you. Defendants' 119.

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GBS8SAB3

Webb - Redirect

1 Q. I am going to show you what you were asked about.
2 Do you recall that Mr. Frackman said: This
3 demonstrative is misleading, isn't that true?
4 A. I remember him saying that.
5 Q. Do you recall that Mr. Frackman asked you about whether the
6 title was misleading?
7 A. I do.
8 Q. Do you recall that Mr. Frackman also said the \$4 billion
9 figure was misleading?
10 A. I remember him saying that.
11 Q. Now, this is the demonstrative that you showed. I would
12 like to show you US Airways' own demonstrative.
13 Where did you get the title for your demonstrative?
14 A. From the demonstrative that had been used earlier by US
15 Airways.
16 Q. How does this 38 percent figure shown in US Airways'
17 demonstrative, Plaintiff's Exhibit 1096, compare to the figure
18 shown in your demonstrative, Defendants' Exhibit 119?
19 A. It's the same number, 4 billion.
20 Q. Moving on to the topic of G2 and ITA.
21 First of all, do you remember last week that you were
22 asked about some documents including Project Nike and Project
23 Liberty presentations?
24 A. Yes, I recall.
25 Q. In connection with these new technologies or new products,

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GBS8SAB3

Webb - Redirect

1 G2 and ITA?

2 A. Yes.

3 Q. I would like to go to Plaintiff's Exhibit 80 that you were

4 asked about. This was a Project Nike work in progress update?

5 A. Yes.

6 Q. What was the date of this document?

7 A. October 4, 2004.

8 Q. On this document you were asked, turning to the second

9 page, about the first set of bullets there?

10 A. Yes.

11 Q. You were asked about this sentence that says, "Internal

12 analysis indicates G2 has a credible technical platform"?

13 A. Yes, I recall.

14 Q. What does the top bullet say?

15 A. Again, this was part of us looking at whether or

16 not -- this was early in their marketing of G2 and ITA, and we

17 were trying to figure out whether or not they had a technical

18 capability that would allow them to do what they were saying,

19 and we were also trying to figure out whether or not they could

20 operate at the price points that they had floated in the

21 market. So we were trying to do some assessment of whether or

22 not either the technical aspects or the business model actually

23 had any ability to be successful.

24 Q. Let's start with the technical capabilities.

25 What did the facts turn out to show once you learned

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1 more about G2, with respect to the technical aspects of G2?

2 A. G2, again, they had done a good job of marketing their user

3 interface, which was kind of slick; the user interface was

4 good. But what we realized is they never built out the guts

5 underneath it to do everything you would need to do to service

6 a travel agency. So it wasn't really a viable travel agency

7 product. A travel agency couldn't really use it and be

8 successful.

9 Q. With respect to ITA, what did the facts turn out to show

10 once you learned about ITA?

11 A. They never really built out the capability either. So they

12 talked about building it. As a matter of fact, they were a

13 little more straightforward in some of their marketing because

14 they kept saying they were going to build, but they never

15 really built past the shopping and pricing componentry, and

16 they never built the user interface, and they never built any

17 of the components. So, again, it just wasn't a product that

18 travel agencies would have been able to use and be successful

19 in distributing tickets.

20 Q. You referred to the feasibility of the economic model. If

21 you could look at the second sub-bullet there called out on the

22 screen, what does that bullet mean that is being discussed?

23 A. It appeared that both ITA and G2 were going to enter the

24 market at a price point that would be lower than their costs.

25 We thought that was for different reasons. We thought it was

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GBS8SAB3

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1 because ITA didn't really understand what they were getting

2 themselves into, which turned out to be the case. Then on the

3 G2 side of things, we assumed that they were coming in lower

4 because they were going to have significant support from the

5 airlines.

6 Q. I believe you were asked about something called the LCLP

7 model. Do you remember that?

8 A. I was.

9 Q. What is that model?

10 A. That's low cost, low price.

11 Q. What does that mean?

12 A. It meant we looked at, and this came into what eventually

13 Liberty became, but we looked at --

14 Q. What was Project Liberty?

15 A. Project Liberty was a technical project to figure

16 out -- one of the things about G2 and ITA and others that we

17 looked at was we came to realize very early on that there were

18 only going to be a small subset of transactions that they were

19 going to be able to do. So it was going to be simple point to

20 point. It was going to be a very small component of the

21 universe that we operate in, but they were likely -- and they

22 were, not likely, the simplest transactions.

23 So what we looked at in low cost, low price was, is

24 there a set of services that agencies would accept and that

25 airlines would want to participate at a different level than

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1 normal? So not get all the services we normally provide, but

2 we would have a low cost, low price alternative model for

3 simple transactions. We ended up not going down the low cost,

4 low price path. We instead introduced variable pricing. So we

5 offered to airlines the ability for them to adjust their

6 pricing. So if they sold lower cost tickets, they would pay a

7 lower booking fee. If they sold higher cost tickets, they

8 would sell higher booking fees.

9 So that's how we addressed the low cost, low price

10 component. And then we did build out the technical components

11 of that, and that was Project Liberty, which was to help us

12 lower the price to some transactions that we could do more

13

14 Q. Let me try to unpack a little bit of that.

15 A. Sorry.

16 Q. When you said that there were a small subset of

17 transactions that they were going to do, who was the "they"

18 that you were referencing?

19 A. G2 and ITA, we thought they would be able to cherry pick a

20 small portion of simple transactions and leave us with all the

21 heavy lifting. So effectively our cost for booking would go up

22 because we would get rid of the simple, easy ones. That was G2

23 and ITA that we thought were going to do the simple

24 transactions.

25 Q. What do you mean by the simple transactions?

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1 A. Just things that took less technical capability. It would
2 be easier to build. It would be easier to maintain. Just very
3 simple, noncomplex transactions.

4 Q. What was Sabre's ultimate conclusion with respect to this
5 LCLP model?

6 A. That the business model around it probably didn't make
7 sense because it was easier to address just variable pricing
8 rather than try to build out a whole other offering. We didn't
9 think that agencies would accept it, and we also didn't think
10 that airlines wanted it. So instead, we created a variable
11 pricing program, and then we also built out the technical
12 capability of it, which is actually still used today.

13 Q. Why did you not think airlines wanted it?

14 A. It would be operating in two different environments.
15 Again, the efficiency they get is kind of operating in a single
16 platform, a single way for us to connect. So ultimately, even
17 with variable pricing, we never had any real uptake on variable
18 pricing, despite the fact we thought it gave them an
19 opportunity to sell lower priced tickets at a low booking fee.

20 (Continued on next page)

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Sabr-Transcript-000006302

Gbslsab4

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1 BY MS. GIULIANELLI:

2 Q. You were asked about this Plaintiff's Exhibit 128 with
3 respect to Project Liberty, which you've just explained what
4 that was about, and I'd like to ask you about one page in
5 Plaintiff's Exhibit 128, page 9 of the PowerPoint here that,
6 first of all -- well, what is an LTD product?

7 A. I think that was -- again, we're acronym heavy, but I think
8 it was Limited Technology Distributors.

9 Q. And what does the first bullet mean with respect to the
10 value capabilities available in Sabre that the LTD product
11 lacked?

12 A. Yeah, the problem was they never built out the capabilities
13 that agencies needed to operate their business and so -- which
14 is ultimately why we -- they ended up being called in the
15 industry Limited Technology Distributors, because they just
16 didn't have the breadth and depth of capability that you need
17 to be successful in the agency environment, and so that's what
18 that's referring to.

19 Q. Looking at the second set of bullets there, it says the
20 original LTD model failed to gain travel agency participation.
21 What was Sabre's assessment as to the reasons that this limited
22 functionality model failed?

23 A. Yeah, it was -- as you mentioned, they didn't build out the
24 capability. We -- in the GDS model, you do compete on four
25 different things: the product and the technology capability;

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Gbalaab4

Webb - Redirect

1 the content that you provide; your customer service; and then
2 ultimately incentives. And so the LTDs chose to participate on
3 almost none of those, because they didn't have content
4 agreements across the board, they didn't build out the
5 technical capability that they'd need to be successful, they
6 had a varying level of customer service, and then ultimately
7 they decided to not compete on incentives, so the model just
8 didn't move forward.

9 Q. You mentioned incentives. What does the last subbullet
10 here mean?

11 A. Yeah, as I mentioned, they decided to not compete, not pay
12 incentives, like the rest of the market does, and they assumed
13 that the airlines were going to force adoption of the platform,
14 with agency customers.

15 Q. Now we just talked about these other technologies like G2,
16 ITA, the services they did not provide. I'd like to turn to
17 the question of airline websites and whether or not they
18 provide the services of the GDS.

19 A. You.

20 Q. Do you remember that on your direct you showed this
21 demonstrative?

22 A. I do.

23 Q. And do you remember Mr. Frackman showed you a
24 demonstrative, this demonstrative, and he asked if you could do
25 more on the US Airways website besides shop and book for US

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Gbslsab4

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1 Airways flights and that your answer was, not much more?

2 A. I recall.

3 Q. What were you trying to show the jury with this
4 demonstrative exhibit, DX 125?

5 A. Yeah. I mean, the -- the key on this is just that there's
6 a -- there are a whole number of things that are -- and
7 capabilities that are specific to the travel agency community,
8 things that they require in order to efficiently and
9 effectively deliver on their promise to their customers, and so
10 most of the things -- not all, but most of the things on the
11 right side are things that both benefit the airline, because it
12 eliminates a customer service burden, or that are required for
13 travel agencies to be able to deliver service to their
14 customers, whether it is corporate or leisure travelers.

15 Q. How does the USAirways.com website, or when it existed,
16 compare to the Sabre GDS as a tool for travel agents to search
17 for and book content?

18 A. Yeah. It's a consumer tool, so the US Airways website is
19 built and based on consumers that go direct to the airline and
20 largely based on leisure travelers.

21 Q. Turning to another airline technology, today you were asked
22 about direct connection?

23 A. Yes.

24 Q. And you mentioned, in answering some of the questions --
25 and I don't have the transcript yet, so I'm going by my memory

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Webb - Redirect

1 with respect to Plaintiff's Exhibit 291 -- that if five or six
2 airlines had direct connections, there would be five or six
3 screens or different pipes for travel agencies. Do you
4 remember giving that answer?

5 A. I do.

6 Q. What would the world look like if each different airline
7 had a separate direct connection from the perspective of your
8 agency customers?

9 A. Yeah, again, for travel agents, time is money. They spend
10 time on the phones with their customers, and so anything that
11 eliminates the -- any form of efficiency -- it's the reasons
12 that travel agents have been slow to do some things, it's
13 because they -- the costs on the call center are important to
14 them, so anything that would cause them to bifurcate the way
15 that they so split apart, the way that they sell, would be
16 damaging to them.

17 Q. I'm not sure I can ask you about this document because I'm
18 not sure we have a good enough version to read.

19 I'm showing you the page that you were asked about
20 earlier today in Plaintiff's Exhibit 291, and looking at 42,
21 page 42, and what I would like to ask you about is the second
22 bullet in the last box.

23 MS. GIULIANELLI: Could you pull that up for me.

24 Q. What does that bullet mean?

25 I'm sorry. It was hard to read in the version that we

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Gbslsab4

Webb - Redirect

1 had.

2 A. Yeah, this was -- these are just -- again, this was a --
3 kind of a scenario planning thing, so there were -- this
4 document has about -- looks like eight or so different trends
5 or things that we're talking about, and this is just saying,
6 this is what you'd have to believe to believe the -- that this
7 strategy would play out, that they would need to take actions
8 on it, and just says that you'd have to believe that TMCs would
9 be willing to do that, move to, you know, a bunch of different
10 business links and supplement additional content different
11 ways. So --

12 Q. And what was your ultimate conclusion with respect to
13 whether or not this belief would occur?

14 A. Yeah, I -- I think over a period of time what we realized
15 is that travel agencies value the efficiency of having a
16 consolidated aggregation source and that it didn't make sense
17 for them to switch business from the current method to direct
18 links.

19 Q. Turning to a different topic, remember you were asked last
20 week about some communication that you've had with
21 representatives of other GDSs?

22 A. I do recall.

23 Q. What kinds of things do you communicate about with other
24 GDSs?

25 A. It's all industry stuff, so industry standards, largely

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Gbslsab4

Webb - Redirect

1 it's technical discussions. We -- we -- there are a couple of
2 industry groups that are around technical specifications and
3 sales structures that we all participate in, some of those
4 include airlines, and so almost all of those discussions are
5 around how we think about the future of the technology that we
6 all connect into and that now work.

7 Q. Do the airlines participate in industry groups?

8 A. They do. And we participate with them in some. They also
9 have some that they participate in that we're not included in,
10 so the airlines do the same thing. There's a necessity in this
11 industry, because of how intertwined it is, for the airlines to
12 get together and figure out how they want to talk about new
13 sets of standards, new things, and so it's -- it's based on
14 more what we do, which is get together to discuss how we're
15 going to advance the capabilities.

16 Q. I'm showing you Plaintiff's Exhibit 3039, and this was a
17 string of emails that you were shown last week and you were
18 asked about whether the GDSs were going to coordinate a public
19 response to a statement issued by the International Air
20 Transport Association, IATA. Do you remember being asked about
21 this document?

22 A. I do. It was more specific than that. The president of
23 IATA stood up at a conference that had every airline in the
24 world at and said a number of very disparaging things about all
25 of the GDSs, about the model, mentioned that the airlines

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1 should get together and push back on the GDS structure. And so
2 it was -- it was quite disappointing.

3 Q. Who are the members of IATA?

4 A. The airlines.

5 Q. And you were asked about this email here from Mr. Wilson,
6 referring to the attack on our industry and companies by IATA
7 in Berlin and the at best distasteful PDF circulating. Do you
8 remember being asked about that?

9 A. I do.

10 Q. Okay. And I would like to show you a document.

11 MS. GIULIANELLI: And I'd like to hand up Defendant's
12 Exhibit 1490, if I may. The witness does not have it.

13 A. Thank you.

14 Q. What is this? This is not in evidence yet. But what is
15 this document?

16 A. It was the PDF referred to in the previous email.

17 MS. GIULIANELLI: I move to admit it.

18 THE COURT: Any objection?

19 Any objection?

20 MR. FRACKMAN: I'm thinking, your Honor, because it
21 hasn't been shared with us. We'll let it in.

22 THE COURT: Okay. Admitted.

23 (Defendant's Exhibit 1490 received in evidence)

24 BY MS. GIULIANELLI:

25 Q. Okay. And this was the PDF that the airlines at this IATA

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Gbslsab4

Webb - Redirect

1 meeting in Berlin showed?

2 A. It is.

3 Q. Okay. And what was your reaction when you saw this

4 document?

5 A. Well, it's fairly disappointing when you have literally a

6 conference of airlines that's looking at the GDSs in a negative

7 way and utilizing that conference to talk about how they could

8 come together to -- as you can see, wanted to put us in a bad

9 light, and so we felt the need to respond to the comments that

10 were made by the president of IATA and so we did want each of

11 the GDSs to send a letter because we, as I mentioned before,

12 participate in a number of IATA things as well, we provide

13 funding for some things from time to time, so it was -- it was

14 disappointing to hear the president of an organization that

15 ultimately you should be coming together, not pushing apart.

16 Q. And you were asked about this response with respect to

17 Plaintiff's Exhibit 3039 and your desire -- I think you were

18 asked about this email -- to issue a public response to IATA.

19 Do you remember that?

20 A. I do.

21 Q. Now were you concerned one way or another about the

22 legality of talking to other GDSs about issuing a public

23 response to IATA's disparaging comments?

24 A. Certainly not, and on -- if you look at the email, not only

25 our general counsel but the general counsels, so the lead

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Gbslsab4

Webb - Redirect

1 lawyer for all the other GDSs are included in every email, and

2 certainly responding to -- to a public statement made by the

3 president of IATA seemed to be something that we all needed to

4 do and was certainly not out of bounds on a legal standpoint

5 and was totally normal.

6 Q. Now Mr. Frackman also asked you about why Sabre did not

7 take advantage of Amadeus and Travelport when they were having

8 public disputes with particular airlines, including American.

9 Do you remember those questions?

10 A. I do.

11 Q. And Mr. Frackman had asked you about three things. I'm

12 going to ask you about each, but just to reorient us, remember

13 he asked you about when American Airlines pulled content from

14 the online travel agency Orbitz?

15 A. I do.

16 Q. And then he asked you about when American Airlines

17 surcharged Travelport bookings?

18 A. I recall that.

19 Q. And then he asked you about when Air Italia -- I may have

20 slaughtered that.

21 A. Alitalia.

22 Q. -- Alitalia was going to pull content from Travelport?

23 A. Yes.

24 Q. And do you remember being asked about these disputes and

25 why Sabre did not take advantage of the disputes to hurt

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Webb - Redirect

1 Sabre's competitor GDSs?

2 A. I do.

3 Q. I'd like to start with Orbitz. What was your reaction to

4 AA's pulling content from Orbitz?

5 A. Well, keep in mind at that point in time we owned

6 Travelocity as well, and so we were concerned about an airline

7 beginning to discriminately -- indiscriminately pull the plates

8 of a travel agency as part of what appeared to be a negotiation

9 strategy associated with their negotiation with Travelport, and

10 so -- and we thought it was a contract dispute that was going

11 to be short and so it was -- it appeared to us to be a contract

12 dispute.

13 Q. You just said that you thought it was going to be a

14 contract dispute that was going to be short. What was the

15 significance of that, in your mind?

16 A. Well, they -- again, we at that point likely felt that --

17 and that the same thing would eventually be brought to us,

18 meaning that American would begin to negotiate with Sabre based

19 on pulling plates with Travelocity and we'd be down the same

20 path.

21 Q. What is that, pulling plates, just as a reminder?

22 A. It's, again, back to the little plate thing that I talked

23 about before. It's an industry term which means that American

24 Airlines would decide to no longer do business with -- with an

25 agency.

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Gbslsab4

Webb - Redirect

1 Q. How did AA's pulling content from Orbitz affect your

2 thinking about Sabre's business?

3 A. Yeah, we thought it was a significant threat to -- to our

4 business potentially, especially being the owner of

5 Travelocity.

6 Q. And how did that impact your thinking as to whether or not

7 you wanted to take advantage of Orbitz during this dispute?

8 A. Yeah, we -- again, it was -- we looked at it from an

9 industry perspective and thought it was a bad path to go down

10 if airlines started pulling plates from different people, so

11 taking any immediate action didn't make sense to us at that

12 time.

13 Q. Moving on to AA's surcharging of Travelport. What did you

14 believe would happen to Sabre if AA was successful in

15 surcharging Travelport agencies?

16 A. Yeah, we assumed that eventually we'd be headed down a path

17 where we'd be in a place where our customers were no longer

18 competitive with the airlines' direct websites if they were

19 successful in implementing surcharges across all the GDSs.

20 Q. Did that affect your thinking one way or another as to

21 whether or not you wanted to take advantage of the AA dispute

22 with respect to Travelport?

23 A. Yeah. Anything that would cause me to no longer have

24 parity with the airlines' direct websites, so as we've talked

25 about, full content was important, and that would have been --

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1 would have been terrible.

2 Q. What would have happened if Sabre had gone out and tried to

3 get business based on AA's surcharging Travelport and then

4 American started surcharging Sabre?

5 A. Yeah, it would have been unsuccessful completely.

6 Q. Turning to Air Italia, what was that dispute with

7 Travelport about, at least as you understood it?

8 A. Yeah, my understanding was that they were just in a

9 contract renewal so they were in the middle of negotiating a

10 new deal and so they -- they were trying to -- to get to a new

11 GDS agreement.

12 Q. And you were shown Plaintiff's Exhibit 178. This is an

13 email -- is this an internal Sabre email?

14 A. It is.

15 Q. And I'm just going to ask you about where, looking at the

16 first sentence, where you got this understanding from. Was it

17 the airline?

18 A. Yes. The airline called to tell us that they were in

19 the -- they were going to make an announcement regarding

20 another GDS and so, again, as we assumed that it was with the

21 hope that that would cause us to turn up pressure with travel

22 agencies and bring Travelport to the table with Alitalia.

23 Q. And again, what would have happened if Sabre had tried to

24 take advantage of this dispute and then the dispute between

25 Travelport and Air Italia suddenly ended, what would the impact

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1 of that have been to Sabre?

2 A. Yeah, we would have wasted a bunch of money, gotten no new

3 business, and that's exactly what happened, which is they

4 signed a new agreement about a week later.

5 Q. Do you recall, turning to the question of content

6 advantages, Mr. Frackman asked you about whether Sabre had any

7 content advantages over other GDSs?

8 A. I recall.

9 Q. Which GDSs distributed US Airways' Choice Seats product?

10 A. We do today and we were the first, so --

11 Q. Did Sabre being the only GDS to offer Choice Seats give

12 Sabre a content advantage over its competitors?

13 MR. FRACKMAN: I think that's probably beyond the

14 scope of the cross.

15 THE COURT: Sustained.

16 Q. Now, if at all, did Sabre's content advantage with respect

17 to Choice Seats relate to your competitive offering with

18 respect to the other GDSs?

19 A. Yes, we had a content advantage with Choice Seats for a

20 while and then ultimately still have a content advantage over

21 Amadeus associated with Choice Seats.

22 Q. What is your response to US Airways' claim that Sabre

23 conspired with other GDSs not to compete with each other for

24 airline content?

25 A. It's ridiculous because we all compete to get full content

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1 so -- and what happens with that is that we end up -- all three

2 of us end up dropping price to the airlines to ensure that we

3 have full content.

4 MS. GIULIANELLI: I have one more topic. I'm happy to

5 continue or end, depending --

6 THE COURT: How long is it?

7 MS. GIULIANELLI: I'm thinking three minutes.

8 THE COURT: Let's do it.

9 MS. GIULIANELLI: Okay.

10 BY MS. GIULIANELLI:

11 Q. Mr. Frackman also --

12 MS. GIULIANELLI: I'm sure Mr. Webb wants to end,

13 so --

14 Q. Mr. Frackman also asked you about multisource products last

15 week.

16 A. He did.

17 Q. And I actually think today too. Do you remember that he

18 asked you about whether it was a business or a technical issue

19 that Sabre decided not to develop a separate multisource

20 desktop aggregation tool of GDSs?

21 A. I recall that, yes.

22 Q. Now I want to ask you about a document that he showed with

23 respect to the technical issues that would be involved, and

24 that is Plaintiff's Exhibit 772. And do you remember that he

25 asked about this Exhibit 772 in connection with the multiGDS

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1 desktop -- I don't know if it's --

2 A. I recall, yes.

3 Q. -- questions? Okay. And I'd like to turn you to page 3 of

4 this document here, where it's giving some background on the

5 multiGDS solution.

6 A. Yes.

7 Q. And this document says they have made significant

8 investments and multiGDS solutions but their efforts have

9 largely been unsuccessful. My first question is, who is the

10 "they" referring to?

11 A. Yeah, this is talking about the major travel agencies, so

12 Amex, Carlson, BCD, they all had efforts to create multisource

13 desktop that would potentially either sit on top of the GDSs or

14 other things that could provide additional content. They spent

15 a lot of money on them but ultimately abandoned those efforts.

16 Q. What was your assessment as to whether or not there were

17 complexities involved in creating these multisource products?

18 A. Yeah, there was -- and it was the reason that ultimately it

19 drove a significant amount of cost for the agencies that they

20 didn't really see much benefit from it, which is why they ended

21 up really abandoning their internal efforts.

22 Q. And then Mr. Frackman asked you about this page 6 of

23 Plaintiff's Exhibit 772, and it's a chart of different

24 products?

25 A. It is.

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1 Q. Looking at the listing of different products out there,
 2 what does this chart show?
 3 A. It was just trying to show the number of third-party
 4 aggregators that exist in the marketplace and kind of what they
 5 do, where they're deployed, meaning which travel agencies use
 6 which of those third parties, and so it lists out kind of
 7 the -- the structure of each one of them and then where
 8 they're -- where they're deployed.
 9 Q. And how did the features and -- we don't need to go through
 10 each one, but how did the features and functionality or
 11 capabilities of each of these third-party products compare to
 12 Sabre?
 13 A. Well, they're not -- none of them compare to Sabre in terms
 14 of total functionality, but they each -- they each had a
 15 different kind of role in the -- in the travel distribution
 16 landscape.
 17 Q. Looking at the bullet here, at the top, before the chart
 18 that says, "There are no robust multisource solutions in the
 19 market, but various third parties sell components and a broader
 20 vision." What does that mean?
 21 A. Yeah, just exactly -- it's -- it means that each of those
 22 players down there had some functionality that was -- since
 23 they were deployed some places, had some functionality that the
 24 agents found to be interesting, but in no -- no case were they
 25 a robust, fully automated, fully accessible system that really

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1 delivered the capabilities that travel agencies need.
 2 Q. Now even though Sabre did end up investing in creating its
 3 own separate multisource product from the GDS desktop it
 4 already had, are there any developers that Sabre authorizes to
 5 aggregate content?
 6 A. There are.
 7 Q. Which are they?
 8 A. Concur, we authorized AgentWare, we authorized
 9 TravelFusion, so there are a number.
 10 MS. GIULIANELLI: I have nothing else.
 11 THE COURT: Okay. We're going to break for lunch, but
 12 is there any recross?
 13 MR. FRACKMAN: Very short, your Honor.
 14 THE COURT: Okay. So we'll come back, we'll do the
 15 very short recross, and then the jurors' questions. 2:10.
 16 THE DEPUTY CLERK: All rise.
 17 (Jury not present)
 18 THE COURT: Okay. We're adjourned.
 19 (Luncheon recess)
 20
 21
 22
 23
 24
 25

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1 AFTERNOON SESSION
 2 2:10 p.m.
 3 (In open court; jury present)
 4 THE COURT: You may be seated.
 5 Mr. Frackman.
 6 CROSS EXAMINATION
 7 BY MR. FRACKMAN:
 8 Q. Mr. Webb, on redirect, you gave some testimony again about
 9 your assertion that US Airways never asked for a full content
 10 agreement. Do you recall that?
 11 A. I do.
 12 Q. Now when you talk about full content, you sometimes talk
 13 about the full content suite of provisions, right?
 14 A. I may have said that.
 15 Q. And you include in those the no direct connect, right?
 16 A. That's part of the overall parity provision.
 17 Q. No bypass, right?
 18 A. Again, it's a nondiscrimination agreement so it's on both
 19 sides, yes.
 20 Q. No incentives; that is, the airline can't induce a travel
 21 agent to use another channel by paying them anything?
 22 A. Yeah, they can't participate in the system and then go
 23 around the system by inducing someone to do something else.
 24 Q. So when you said that US Airways had never made a no full
 25 content proposal, you know that they made a proposal that

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1 contained a direct connect provision, right; that is, a
 2 provision that permitted them to do direct connects?
 3 A. I don't recall, but that may have been one of the terms
 4 that we negotiated during that time period.
 5 Q. And they also made a proposal that would permit them to pay
 6 incentives to induce travel agents to use the direct connect,
 7 right?
 8 A. They may have.
 9 Q. Well, let me show you PX 117 in evidence.
 10 A. Thank you.
 11 Q. PX 117 is the proposal that US Airways -- a term sheet that
 12 US Airways submitted to Sabre on October 14, 2010, right?
 13 A. It appears to be that, yes.
 14 Q. You've seen this before, right?
 15 A. Yes.
 16 Q. And we went over earlier today that the very next day Sabre
 17 sent a termination notice, right?
 18 A. Yeah, normal course.
 19 Q. And if you look at page PX 117 -- well, PX 117, the front
 20 page, there's an email from Mr. Gustafson to Mr. Wilding, with
 21 a proposal. PX 117.2 is the beginning, or the first page of
 22 the term sheet, right?
 23 A. That's correct.
 24 Q. And if you turn to PX 117.3 --
 25 A. Yes.

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Gbslsab4

Webb - Recross

1 Q. -- you see there's item 6, Other Terms.
 2 A. Yes.
 3 Q. And in the Other Terms provision, the fifth bullet down,
 4 there's a reference to paragraph 4(c). Do you see that?
 5 A. Yes, I do.
 6 Q. And in this paragraph, what US Airways was proposing to
 7 Sabre, as part of the term sheet for negotiations of the 2011
 8 renewal, was a provision that would permit it to utilize direct
 9 connects, right?
 10 A. That's what it says.
 11 Q. And would permit it to induce travel agents to use a direct
 12 connect as long as the inducement was not more than \$4 a
 13 ticket, right?
 14 A. Yeah, that's what it says. That's in the Other Terms
 15 component, and item 3 was the content part of the proposal.
 16 Q. Okay. So when you said that there was no full content
 17 proposal from US Airways, you were using a narrow definition,
 18 you weren't using full content in reference to the full suite
 19 of full content provisions that you just testified to a moment
 20 ago, right?
 21 A. Yeah, I was referring to the content that US Airways would
 22 provide in the system.
 23 Q. There's no dispute that US Airways proposed that it be able
 24 to do direct connects and pay inducements to travel agents,
 25 right?

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Gbslsab4

1 A. That's what it says.
 2 Q. And the next day Sabre terminated, sent notice of
 3 termination, right?
 4 A. Yes, that the contract did not roll over automatically,
 5 that is correct.
 6 MR. FRACKMAN: No further questions.
 7 THE COURT: Okay.
 8 REDIRECT EXAMINATION
 9 BY MS. GIULIANELLI:
 10 Q. Okay. Two questions.
 11 Looking at the October term sheet that you were just
 12 asked about -- I think we're turning on the system here.
 13 Looking at Plaintiff's Exhibit 117, what are the
 14 content terms?
 15 A. They're in Section 3.
 16 Q. And then what does the proposal with respect to the booking
 17 fees say with respect to the content?
 18 A. Yeah, it's a full -- obviously it's a full content
 19 agreement. These are the full content regional booking fees
 20 that US Airways proposed.
 21 MS. GIULIANELLI: Thank you.
 22 THE COURT: All right. Jury questions. Mr. Street,
 23 do you want to gather them.
 24 THE WITNESS: Looks like I was here too long.
 25 (Continued on next page)

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Sabr-Transcript-000006323

Gbslsab4

1 (In the robing room)
 2 THE COURT: Okay. So, first question: "Who or what
 3 does Sabre charge when a consumer uses their consumer
 4 self-service website?"
 5 MS. GIULIANELLI: I'm not sure I understand what that
 6 means.
 7 THE COURT: I'm not either, but I think I'm going to
 8 ask it because maybe it can --
 9 MS. GIULIANELLI: Clarify?
 10 THE COURT: Right.
 11 Next question: "What is higher cost technology versus
 12 lower cost technology used when booking Southwest or US
 13 Airways?" Maybe they just mean: Is higher cost technology
 14 versus lower cost technology used when booking Southwest or US
 15 Airways?
 16 MS. GIULIANELLI: That's a fair question.
 17 THE COURT: "Please explain more how the participating
 18 carrier agreement works."
 19 MR. FRACKMAN: That could be a long answer.
 20 THE COURT: In 2010 -- I'm going to ask him to do this
 21 briefly. Briefly explain.
 22 MS. GIULIANELLI: Have you seen Mr. Webb?
 23 THE COURT: Yes, for a long time.
 24 "In 2010, why did Expedia split its use of GDSs
 25 between Sabre and another GDS? What caused that split?"

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Gbslsab4

1 MR. DIAMOND: Could be a foundation issue.
 2 MS. GIULIANELLI: I think he testified that he was the
 3 one that actually negotiated that deal with Expedia. He was
 4 the lead.
 5 MR. FRACKMAN: But what they would -- what Expedia
 6 might have told him as the reasons would be hearsay, so I think
 7 there is a --
 8 THE COURT: But I remember there were all sorts of
 9 hearsay objections during that and he did testify about what he
 10 did, what he thought, so I'll ask for a nonhearsay answer,
 11 whatever that means.
 12 "To be clear, would an airline be permitted to enter
 13 into a nonfull content agreement with Sabre in exchange for
 14 higher booking fees? In 2006? 2011? And in the future?"
 15 "What is Sabre's share of North American airline GDS
 16 bookings today?" Irrelevant, right?
 17 MS. GIULIANELLI: I guess we can -- I mean, I guess we
 18 can ask.
 19 MR. LIND: If he knows.
 20 MS. GIULIANELLI: We actually showed an exhibit that
 21 had this.
 22 MR. DIAMOND: That was 2011.
 23 MS. GIULIANELLI: Through 2011.
 24 MR. DIAMOND: As of today, it's a different question.
 25 THE COURT: How is it relevant what it is today? I'm

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1 going to skip this one.

2 "Plaintiff's 772, which addresses the lack of success
3 of AmEx, CWT, and BCG with their efforts to develop a
4 multisource solution, who was the intended audience of this
5 presentation?"

6 Okay. "Why is Sabre's fee structure based on booking
7 fees rather than subscription?"

8 MR. LIND: Fine.

9 THE COURT: "You testified that Southwest doesn't get
10 a lot of the premium services that Sabre offers, which US
11 Airways gets, and you know that the assets or cost of services
12 are lower for Southwest. Is the cost to Sabre to provide these
13 services actually lower? In other words, what is it about
14 these other features that cost Sabre more to provide them or is
15 it just that you charge more for those?" That's very similar
16 to another question.

17 MR. FRACKMAN: It's a good question.

18 MS. GIULIANELLI: I was going to say, ask that one
19 instead. More the second one.

20 MS. ROBSON: Yeah, the second one.

21 THE COURT: Okay. "You testified that travel agents
22 are buyers of your services in a two-sided market. In that
23 case, why do they not pay you and instead you pay them?"

24 "Seems as though everyone agrees that the consumer
25 wants access to all available content. Sounds like Sabre wants

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Gbslaab4

1 to ensure that happens using provisions of its contract,
2 whereas others prefer an external aggregator to ensure all
3 content is captured. Can you repeat why all content must go
4 through Sabre versus being captured via another aggregator
5 strategy if that's what customers prefer."

6 "Is there any point in Sabre's history that it did not
7 pay agency incentives or have they been part of the business
8 model from the start?"

9 I'll have to follow up.

10 "Plaintiff's 1339 shows the services available for
11 corporate travelers that value them. Wouldn't it make sense
12 for the traveler to have the ability to pay for these services
13 if it values them by booking through a travel agency or Sabre
14 and not pay for them if they don't need them by booking through
15 the website minus the Sabre fee?"

16 "Under what circumstances would Sabre have settled for
17 less than full content in its negotiations with US Airways?
18 What would the terms of scenario have needed to be?"

19 "I still don't understand why an airline that doesn't
20 believe it needs all of Sabre's services can't offer fares
21 outside of Sabre. You've talked about the value of Sabre's
22 services, but if an airline doesn't perceive that value, why
23 force them?"

24 You'll get a complicated answer.

25 MS. GIULIANELLI: Sounds like something he should

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Gbslsab4

1 answer.

2 THE COURT: I agree. It just needs clarification.

3 "Under the content backup agreement, if Amadeus had
4 content that Sabre did not, which GDSs would get paid for
5 booking on the airline that was in Amadeus but not Sabre if the
6 booking was made by a Sabre travel agent?"

7 "In your view what would happen to the industry --
8 airlines, GDSs, travel agents -- if full content provisions
9 were not allowed?" Interesting.

10 "Mr. Webb, if Sabre had market power, why did they
11 want full content on the new agreement with US Airways?"

12 MS. GIULIANELLI: Good question.

13 THE COURT: I'm going to skip that, I think.

14 MR. LIND: It assumes --

15 THE COURT: Too many -- I'm just going to skip that.
16 It's like if Sabre had market power -- he would say they
17 didn't -- why did they want full content on the new agreement
18 with US Airways? I'm going to skip this.

19 All right. "We heard many different testimonies
20 surrounding the \$3.41 booking fee that US Airways paid. During
21 negotiations, were there any counters to Sabre from US Airways
22 to pay less of a fee -- for example, 3.10, 3.20?" Okay.
23 Interesting questions.

24 MR. DIAMOND: We just saw one, so it may have been
25 written before that last exhibit went up.

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Gbslsab4

Webb

1 MS. GIULIANELLI: That's going to go through the whole
2 term.

3 THE COURT: Yes.

4 MR. LIND: And they want to know if they were back and
5 forth.

6 THE COURT: Yes. I mean, I think that's a legitimate
7 question.

8 (Continued on next page)

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Gbslsab4

Webb

(In open court; jury present)

THE COURT: All right. So we have a lot of good questions here. A couple of them I can't ask and a couple of them seem to be the same question in different words, so I'll just ask one of those. But most of these I will ask.

Okay. You testified that Southwest doesn't get a lot of the premium services that Sabre offers which US Airways gets, and you noted that as such, the cost of services are lower for Southwest. Is the cost to Sabre to provide these services actually lower? In other words, what is it about these other features that cost Sabre more to provide, or is it that you just charge more for those?

THE WITNESS: That's a good question. Now the most expensive portion of the GDS functionality is low fare search, so when you do a search on a website, whether it's Expedia or American Express or BCD, the system works really hard to go through all of the fare classes and services and rules that are associated with providing that low fare search back. The level of connectivity that Southwest is -- participates at, they're not included in low fare search, so we don't search Southwest at all, so if you go out and do a low fare search on the Sabre GDS, you won't get any responses that include Southwest flights. So there's no cost associated with search.

Separately, we don't provide availability, so when you get the -- when you get the connection back after you've done a

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scheduled lead search or those things, we don't actually check availability for Southwest so there's no availability call, there's no -- nothing to do with that, and we don't show their inventory, so there's no inventory shown on the screen either. So none of those things are included in the cost that it would take to manage Southwest.

Separately, they have a separate, different ticketing mechanism, so we have a different way to ticket Southwest, so there are a number of functions that Southwest just doesn't use in the system.

THE COURT: So in other words, it actually costs Sabre less --

THE WITNESS: It does.

THE COURT: -- to service the Southwest agreement.

THE WITNESS: Absolutely.

THE COURT: Next, who or what does Sabre charge when a consumer uses the consumer self-service website?

THE WITNESS: So if they're using TripCase or any of those things through the mobile device or if they're using an agency self-service website or any of those things, we wouldn't charge anybody anything for that.

THE COURT: Okay. Short answer, okay? Please explain more how the participating carrier agreement works.

THE WITNESS: Okay. The short answer is, for many, many, many years, when we were airline owned, there was a

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single contract for all airlines, and that was called the participating carrier agreement. And it was standard for everybody, and it's been around for a long, long time, since the '90s. And so that agreement is still in place with every airline because all of the agreements that you've heard us talk about, whether it was the DCA3 agreement in 2003 or the TMA agreement in 2006, or the new TMA agreement in 2011, those were amendments to the participating carrier agreement, because the participating carrier agreement is like that thick, because it has all the provisions around how we interoperate and -- it's a lengthy document, and so all the others are just amendments on top of that underlying agreement.

THE COURT: And so one of the things you're saying is that at the time of the participating carrier agreement, that agreement was standard amongst all the airlines, that as the various parties have entered into successive amendments, now the same agreement does not exist with every airline.

THE WITNESS: That's correct. When we were airline owned, everybody had the same participating carrier agreement, so now that we negotiate every agreement, those additional amendments are all different.

THE COURT: But with the exception of Southwest and some other airlines, they all have full content?

THE WITNESS: There -- no. There are a handful of airlines that chose not to sign the TMAs that still operate on

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the participating carrier -- the underlying participating carrier agreement.

THE COURT: Okay. And could you just remind us who those are.

THE WITNESS: Lufthansa, Spirit, Gol, TAM --

THE COURT: Okay.

THE WITNESS: -- Southwest.

THE COURT: So next question: I'll remind you of what we talked about when you were asked questions about Expedia before, that you shouldn't testify about what Expedia or any third party told you.

THE WITNESS: Okay.

THE COURT: It's really a question of what you did, or what you thought.

THE WITNESS: Okay.

THE COURT: Okay? So what caused the split when Expedia split its use of GDSs between Sabre and another GDS?

THE WITNESS: What happened was that Expedia began to operate in a two-GDS market, so they moved a portion of their bookings from Sabre to another GDS, so on any given day, about 70-ish percent of the bookings go through Sabre and about 30 percent of their book -- I'm sorry. US point of sale bookings go through another GDS, so they utilize both at the same time.

THE COURT: Okay. And in terms of why they did that,

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1 you would only know that from something somebody told you, is
2 that fair?
3 THE WITNESS: I know why they did it, but --
4 THE COURT: First think of how do you know why they
5 did it.
6 THE WITNESS: We had lengthy discussions about it and
7 we had to contract around it because the previous contract
8 had -- was specific to effectively a single GDS negotiated set
9 of terms and so we had to negotiate for a dual-use model in
10 which -- which came with a different set of terms, and so
11 through that, I came to realize how they thought about the
12 process.
13 THE COURT: Okay. And the different set of terms, can
14 you briefly summarize that.
15 THE WITNESS: Yeah, just -- there again, they're --
16 we've tried to set up our contracts so that again, because our
17 cost model and our revenue model are not always in synch, so
18 before, where they used Sabre 100 percent, there wasn't a time
19 when they would be utilizing the system but not making bookings
20 in the system, and so we had to set up a structure that made
21 sure that if they used the Sabre system, they would make
22 bookings in the Sabre system, but if they weren't using Sabre,
23 they could make bookings wherever they wanted, and so it was to
24 make sure that for use of the system, if they were using the
25 system, they'd be making bookings in the system is the

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Gbslsab4

Webb

1 effective way, so that we had this other insurance policy that
2 they wouldn't utilize us and then make bookings in the backup.
3 THE COURT: All right. Got it.
4 So to be clear, would an airline be permitted to enter
5 into a nonfull content agreement with Sabre in exchange for
6 higher booking fees? In 2006?
7 THE WITNESS: They would have been able to stay on the
8 participating carrier agreement and participate with a nonfull
9 content, but they wouldn't have gotten discounts associated
10 with the -- the TMAs.
11 THE COURT: And is the answer the same for 2011?
12 THE WITNESS: Yes.
13 THE COURT: And how about today?
14 THE WITNESS: Today, that would be true too. If
15 they -- if they operated on -- under the underlying PCA, they'd
16 have nonfull content but they'd have a higher booking fee.
17 THE COURT: Okay. So Plaintiff's 772, which we'll
18 give you -- we'll see if you can figure out which one it is --
19 which addresses the lack of success AmEx, CWT, and BCG had with
20 their efforts to develop a multisource solution, who was the
21 intended audience of this presentation?
22 And if it helps to look at it, it's Plaintiff's 772.
23 THE WITNESS: Let me see if I have it in my book.
24 THE COURT: If there's any chance we can put it on the
25 screen --

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Gbslsab4

Webb

1 MS. GIULIANELLI: I believe I have it.
2 THE WITNESS: It's not in this one. Sorry.
3 THE COURT: Okay.
4 Okay. We have 772.
5 THE WITNESS: Can you go to the next page?
6 THE COURT: Next page?
7 Can we see the next page?
8 THE WITNESS: Also not helpful.
9 THE COURT: Okay. And the next page.
10 MS. GIULIANELLI: Let's go to the -- I can call this
11 out and see if that helps and then I can go to the page he was
12 asked about, if you'd like.
13 THE WITNESS: Yeah, that doesn't give the --
14 THE COURT: MultiGDS JOA.
15 MS. GIULIANELLI: Let me go to that. This is the page
16 he was testifying about.
17 THE WITNESS: Yeah, obviously it's an internal
18 document. It looks like, again, another kind of scenario
19 planning or strategy document talking about what -- what we
20 might do, improving sales process. It looks like it's a
21 discussion around improving sales to deliver, you know, value
22 to agencies.
23 THE COURT: So can you tell who the intended audience
24 was?
25 THE WITNESS: It was internal, so I'm not sure what

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Gbslsab4

Webb

1 the group was.
2 THE COURT: Okay. Is there any indication on the
3 document?
4 MS. GIULIANELLI: The only thing that we have in this
5 exhibit that -- in the plaintiff's exhibit is the cover page.
6 THE COURT: Ah, and that page.
7 MS. GIULIANELLI: Which is why I showed it, because --
8 THE COURT: Okay. All right.
9 THE WITNESS: Yeah, I'm sorry.
10 MS. GIULIANELLI: It went to Mr. Webb.
11 THE WITNESS: Yeah. I just don't know.
12 THE COURT: All right. Next question: Why is Sabre's
13 fee structure based on booking fees rather than subscription?
14 THE WITNESS: Well, that's a great question. A couple
15 of things. One is that we have tried over a period of time to
16 make adjustments to pricing, the way that we price. We've done
17 value-based pricing, we've done fee-structured pricing, we've
18 done -- we tried a lot of things. The simplest answer is that
19 it's the structure that's been in place for probably 25 years
20 that was there from the time the airlines created the GDSs and
21 so people are just familiar with it so it's -- it's simple
22 for -- for everybody to kind of understand.
23 THE COURT: Okay.
24 THE WITNESS: But I wouldn't be opposed to a
25 subscription fee if somebody wanted to talk about a

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1 subscription.

2 THE COURT: Okay. Juror's next question: You
3 testified that travel agents are buyers of your services in a
4 two-sided market. In that case, why do they not pay you and
5 instead you pay them?

6 THE WITNESS: Yeah. Again, that was structurally what
7 happened back when we were airline owned, which is that the
8 airlines utilized an incentive to incent agencies to utilize
9 the GDS that they owned and so that model was in place since
10 since we were created, and it's become one of the ways in which
11 we compete for agency business. There are some things that
12 agencies pay for, so if they buy separate products that we
13 create that are outside the standard GDS booking fee structure,
14 then agencies pay for those products.

15 THE COURT: Okay. It seems as though everyone agrees
16 that the consumer wants access to all available content. It
17 sounds like Sabre wants to ensure that happens using provisions
18 of its contracts, whereas others prefer an external aggregator
19 to ensure all content is captured. Can you repeat why all
20 content must go through Sabre versus being captured via another
21 aggregator strategy, if that's what customers prefer.

22 THE WITNESS: Well, they could capture it using
23 another aggregator. The only issues, the only provisions in
24 our contract just say that if you're going to utilize the
25 system, meaning if you're going to shop it, if you're going to

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1 put bookings in the system, if you're going to utilize the
2 underlying Sabre technology, that you actually make the
3 bookings in the system as well, so if somebody wanted to -- and
4 as you saw, AmEx, BCD, Carlson all had aggregator strategies,
5 third-party or internally built aggregator strategies. They
6 still have those today. And so the only difference being that
7 when they utilize those aggregation capabilities, they don't
8 use the Sabre system, they don't shop the Sabre system, they
9 don't book in the Sabre system, they don't save data in the
10 Sabre system. They do that elsewhere. And so you could do
11 that and agencies could do that today if they wanted to.

12 THE COURT: Okay. Maybe I'm confused, but I thought
13 you said earlier that they abandoned their aggregator efforts.

14 THE WITNESS: They abandoned those specific ones that
15 are out there. They've created different things over a period
16 of time, some to do with regional content gaps. But almost all
17 of the large guys still have an ability to capture what I would
18 call nonGDS bookings, so maybe for car service or other
19 other forms of content.

20 THE COURT: Okay. Was there any point in Sabre's
21 history that it did not pay agency incentives, and have they
22 been part of the business model from the start?

23 THE WITNESS: They've for the most part been part of
24 the business model since the beginning.

25 THE COURT: Plaintiff's 1339 shows the services

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1 available for corporate travelers that value them. You
2 remember that line.

3 THE WITNESS: Yes, I believe so.

4 THE COURT: Wouldn't it make sense for the traveler to
5 have the ability to pay for these services if it values them,
6 by booking through a travel agency or Sabre, and not pay for
7 them if they don't need them, by booking through the website
8 minus the Sabre fee?

9 THE WITNESS: Yeah. It's -- again, it's a -- because
10 of the -- the structure of the way that the industry works
11 today, some of those services are things that are -- despite
12 the fact they benefit the corporate traveler, there are things
13 that also benefit the agency and things that also benefit the
14 airline, and so we've made it a practice of not charging
15 separately or not charging additional fees for new products
16 that we create, new things, new capabilities that we put in the
17 system. We just have them stay inside the -- the underlying
18 booking fee structure. And so we've never thought it made
19 sense to add additional charges, and that's the reason we don't
20 charge for ancillaries to the airline. We don't charge for
21 additional things. It's a bundled fee.

22 THE COURT: Okay. Under what circumstances would
23 Sabre have settled for less than full content in its
24 negotiations with US Airways?

25 THE WITNESS: I think if we'd gotten to loggerheads

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1 where, at the end, there was no option for a non -- for a full
2 content agreement, it would have eventually been better for us
3 to look to have a nonfull content agreement with US Airways and
4 have them participate, still participate in the system so that
5 we could still have some portion of US Airways content in the
6 system. However, that would have caused us a significant issue
7 with -- with travel agents and eventually it would have caused
8 us to lose a significant amount of business.

9 THE COURT: And what would the terms have been?

10 THE WITNESS: It would have just been the underlying
11 participating carrier agreement, so we would have reverted to
12 the PCA document.

13 THE COURT: Okay. I still don't understand why an
14 airline that doesn't believe it needs all of Sabre's services
15 can't offer fares outside of Sabre. You have talked about the
16 value of Sabre's services, but if an airline doesn't perceive
17 that value, why force them?

18 THE WITNESS: Yeah. We didn't force them to
19 participate. They would have a choice to not participate in
20 the Sabre system, but the problem is the discrimination issue,
21 which is, we didn't want an airline to sign up to utilize the
22 Sabre system, be a full-term participant, so sign a long-term
23 contract, and then spend time trying to -- the entire time
24 they're in an agreement with us going around the system by
25 really disadvantaging the consumers that choose to buy through

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Sabr-Transcript-000006341

Gbslsab4

Webb

1 Sabre. So by putting lower fares on their own website or other
2 places, we felt like they would be discriminating against the
3 people that chose to use Sabre.

4 THE COURT: Under the content backup agreement, if
5 Amadeus had content that Sabre did not, which GDS would get
6 paid for a booking on the airline that was in Amadeus but not
7 Sabre if the booking was made by a Sabre travel agent?

8 THE WITNESS: Yes. Amadeus would have gotten paid in
9 that scenario, and that scenario was only in the case of an
10 airline totally pulling out of one or the other. So the
11 carrier that -- I'm sorry -- the GDS, so in that scenario,
12 Amadeus would get paid.

13 THE COURT: In your view what would happen to the
14 industry -- airlines, GDSs, travel agents -- if full content
15 provisions were not allowed?

16 THE WITNESS: Yes. I think it would become a very
17 confusing, very cost-intensive environment because you'd have
18 scenario where consumers were no longer able to comparison shop
19 so you wouldn't have a place to go to look at all of the fares,
20 all of the seats in a single place, so it would cause consumers
21 to bounce around between websites, carrier direct websites, the
22 online booking engines, it would cause travel agencies to have
23 to begin to search multiple places for content, it would cause
24 them to have to begin to fulfill those things in multiple
25 places. It would be very costly for the entire industry.

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Gbslsab4

Webb

1 THE COURT: We've heard testimony from many witnesses
2 surrounding the \$3.41 booking fee that US Airways paid. During
3 negotiations were there counters to Sabre from US Airways to
4 pay less of a fee?

5 THE WITNESS: Yes.

6 THE COURT: So how did the price negotiations go?

7 THE WITNESS: About what you would expect, which is
8 our initial proposal proposed raising the fee and US Airways'
9 proposal proposed lowering it dramatically, and then we worked
10 our way back to -- to where we ended up.

11 THE COURT: Okay. And how did this fee compare to the
12 prior booking fee?

13 THE WITNESS: The 3.41 -- so we're talking in 2006.
14 It went down dramatically, so we reduced our fee in 2006, to US
15 Airways.

16 THE COURT: And then how did the 2011 fee compare to
17 the 2006 fee?

18 THE WITNESS: It stayed flat, for the first year, and
19 then it had what I would call cost of living adjustments on top
20 of that. So inflationary adjustments for the outer years.

21 THE COURT: Okay. That is it. I'm going to mark
22 these as Court Exhibit 12.

23 MR. FRACKMAN, did you want to follow up?

24 MR. FRACKMAN: Could I?

25 THE COURT: Yes, you may.

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Sabr-Transcript-000006343

Gbslsab4

Webb - Recross

1 RECROSS EXAMINATION

2 BY MR. FRACKMAN:

3 Q. Mr. Webb, you referred to Spirit in one of your answers to
4 the jury's questions. Spirit has a full content agreement with
5 Sabre, right?

6 A. Oh, you're right. I misspoke.

7 Q. The only thing about the Spirit agreement, which is full
8 content, is that it permits Spirit to charge back the GDS
9 booking fee, right --

10 A. They have --

11 Q. -- to the traveler?

12 A. They have a limited surcharge amount on their website.

13 Q. Now you also discussed, in connection with one of the
14 questions, the PCA agreement, and in fact, Mr. Gustafson -- you
15 testified that US Airways never suggested reverting to the PCA.
16 Is that your testimony?

17 A. I don't think I said that.

18 Q. Okay. Because you know in fact Mr. Gustafson did raise
19 going back to the PCA, right?

20 A. I think he raised the PCA as an extension, if we didn't
21 complete the contract by January 28.

22 Q. And you guys rejected that as an option.

23 A. Well, we had three more months before January 29th and so
24 we felt like we would get to a new deal.

25 Q. Right. You told him, or Mr. Wilding told him that there

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Gbslsab4

Webb - Recross

1 was -- if a deal was going to be done, it would have to be done
2 before the 28th or that there was time to get it done before
3 the 28th so that you didn't need to agree to the PCA
4 alternative that Mr. Gustafson raised.

5 A. Right. We were still negotiating a full content agreement,
6 and we thought we had plenty of time to get that done.

7 Q. But there's no question that Mr. Gustafson raised the PCA,
8 right?

9 A. As part of an extension, if we didn't have an agreement.

10 Q. There was another question about whether Sabre would ever
11 have agreed to a nonfull content offer, and I want to be clear
12 on this. You never made any nonfull content proposal to US
13 Airways, right?

14 A. No. Mr. Nocella in our first lunch asked for a full
15 content deal.

16 Q. And in fact, as we've seen I think a couple times,
17 Mr. Gross made it clear that there was no deal without full
18 content, right?

19 A. I think if you go back through the timeline, we were never
20 having a negotiation about anything that wasn't full content.

21 Q. You do recall Mr. Gross's email to Mr. Nocella that said --

22 THE COURT: Well, whether or not he does, somebody
23 else may, so you can continue.

24 Q. Okay. So now --

25 MR. FRACKMAN: I didn't want to show it again, your

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1 Honor.

2 Q. So you also gave an answer to a question about consumers in

3 the absence -- what would happen to consumers in the absence of

4 full content on Sabre, right?

5 A. I did.

6 Q. And in fact, consumers could get that information through

7 ITA Google Flights, right?

8 A. They get some of it, yes.

9 Q. They get almost all of it through ITA Google Flights, all

10 the airfares?

11 A. Depends on who's participating with ITA.

12 Q. Which airlines don't?

13 A. I'm not sure.

14 Q. Can you name one?

15 A. I'm not sure. Southwest.

16 Q. So they could get it through Kayak, right? That doesn't go

17 through the GDS, right?

18 A. Kayak again is US point of sale and doesn't include every

19 airline.

20 Q. They could get it through Concur if their travel agent uses

21 Concur because Concur gets flight information outside of the

22 GDS, right?

23 A. Concur primarily uses the GDS.

24 Q. Well, it gets Southwest outside of the GDS, right?

25 A. That's one.

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1 Q. And then the last point, which I think you answered -- I

2 just want to be clear on it -- that at the end of all of this

3 so-called negotiation in 2010, you ended up with a fee

4 structure, a price to US Airways that was exactly the same as

5 the one you had charged in 2006, \$3.41, right?

6 A. That's correct. We traded -- we got to the exact same

7 point, which is where Mr. Nocella and I started, which is we

8 traded price and they traded full content and we ended up with

9 the same number.

10 Q. Mr. Nocella didn't start at 3.41, he started way below

11 3.41, and you got the same price at the end of the day, right?

12 A. We ended up moving on the same price, that's correct.

13 THE COURT: Ms. Giulianielli?

14 MS. GIULIANELLI: I have a couple of follow-up

15 questions.

16 REDIRECT EXAMINATION

17 BY MS. GIULIANELLI:

18 Q. You were asked about Mr. Gustafson's request for an

19 extension, temporary extension to go back to the PCA.

20 A. I was.

21 Q. And what happened with respect to whether there was an

22 extension while the deal was being negotiated after that?

23 A. Yeah, eventually we -- we ended up doing a 30-day

24 extension, but we actually didn't do the 30-day extension on

25 the PCA, which would have been at a higher price. We did a

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1 30-day extension on the current price, so we extended the deal

2 on all the same terms for the 30 days that we did not yet have

3 a new signed agreement.

4 Q. In other words, during this 30-day extension, US Airways

5 continued to pay the lower price and not the higher PCA price.

6 A. That's correct.

7 Q. Okay. And you were asked about Kayak and what could be

8 searched through Kayak.

9 A. Yes.

10 Q. How, if at all, does a user make a booking through Kayak?

11 A. They don't make a booking through Kayak, so even if the

12 consumer was able to shop and have an understanding of the

13 providers, the suppliers that participate in Kayak, they would

14 still have to go to the airline direct website to make a

15 booking, so really not an effective model for business

16 travelers.

17 Q. One more question. You were asked about a subscription fee

18 structure as opposed to a booking fee structure.

19 A. Yes.

20 Q. And I would just like to ask a little bit about what does

21 the booking fee structure payment model do with respect to when

22 an airline pays Sabre?

23 A. Yeah, I think that's why we've never really been asked for

24 a subscription fee from an airline because much like I've

25 talked about the fact that our costs and our revenue aren't

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1 aligned, moving to a subscription fee for an airline would mean

2 that they had a set fee, so whether they made more bookings or

3 whether they made less bookings, they paid the same amount,

4 whereas today they only pay when they sell something, and so

5 their costs and their revenues are in direct alignment, so I

6 think it's a model that makes much more sense for them.

7 Q. You said the airlines had not asked you for such a

8 structure. Did US Airways ever ask for a subscription fee

9 structure as opposed to the booking fee model?

10 A. They never asked me.

11 MS. GIULIANELLI: Thank you.

12 THE COURT: Okay. Thank you very much.

13 THE WITNESS: Thank you.

14 (Witness excused)

15 THE COURT: Next witness.

16 MR. LIND: Your Honor, the next witness we have is

17 Mr. Doug Parker, who is the CEO, the chief executive officer,

18 of US Airways, who will be testifying via videotape. It lasts

19 about 30 minutes. And then we'll have Mr. Klein after that --

20 THE COURT: Okay.

21 MR. LIND: -- live.

22 (Videotaped deposition of Doug Parker played)

23 (Continued on next page)

24

25

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GBS8SAB5

1 MR. LIND: That's it for now. Should we take our
2 break?
3 THE COURT: Let's take our break.
4 (Jury exits courtroom)
5 THE COURT: Mr. Lind, what is after the break?
6 MR. LIND: We are going to have Mr. Klein, the
7 president and CEO of Sabre.
8 THE COURT: How long do you think his direct will be?
9 MR. LIND: He will go into tomorrow, I believe,
10 considering we have an hour and a half left today.
11 THE COURT: How long do you think his direct will be?
12 MR. LIND: Probably closer to three, a little over,
13 hours.
14 THE COURT: And then Mr. Wilding.
15 MR. LIND: I think we may have a couple of shorter
16 depositions in between, but then Mr. Wilding.
17 THE COURT: Wilding on Wednesday?
18 MR. LIND: Correct. If he doesn't start tomorrow,
19 depending on what happens.
20 THE COURT: Then after that?
21 MR. LIND: Then we have depositions potentially again.
22 And then I believe we are scheduled right now to have Mr. Gross
23 and Stratford. We are figuring that out, what order. We will
24 let them know tonight.
25 THE COURT: Thank you. That's helpful.

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Sabr-Transcript-000006350

GBS8SAB5

Klein - Direct

1 (Recess)
2 (Jury present)
3 MR. LIND: Your Honor, Sabre calls Tom Klein.
4 TOM KLEIN
5 called as a witness by the defendant,
6 having been duly sworn, testified as follows:
7 THE DEPUTY CLERK: State your name and spell it for
8 the record.
9 THE WITNESS: My name is Tom Klein, T-O-M, K-L-E-I-N.
10 DIRECT EXAMINATION
11 BY MR. LIND:
12 Q. Mr. Klein, we have heard your name. Nice to have you here
13 in person. Can you just introduce yourself briefly to the
14 jury?
15 A. Thank you. It's good to be here.
16 My name is Tom Klein. I am the president and CEO of
17 Sabre.
18 Q. Where do you live?
19 A. I live in Dallas, Texas, with my wife Deanna and my two
20 teenage daughters.
21 Q. How long have you been with Sabre?
22 A. I started at American Airlines, which owned Sabre at the
23 time. 28 years ago, and I have been with the Sabre side of the
24 business for about 23 years now. Later this year I will be
25 leaving the company as I get close to my 30th year.

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Sabr-Transcript-000006351

GBS8SAB5

Klein - Direct

1 Q. What I want to do today is start with some background and
2 your work and life before Sabre real quick, and then we will
3 come back and walk through your time at Sabre in more detail.
4 Where did you grow up?
5 A. I was born in Newark, New Jersey. I grew up about six
6 miles from the courthouse, in a little town called North
7 Arlington, New Jersey.
8 Q. Did you go to college?
9 A. I did. I went to Villanova University just outside of
10 Philadelphia.
11 Q. What did you do after college?
12 A. I came back home. I worked in the air cargo industry.
13 When I was growing up, I had worked in the freight industry; I
14 loaded trucks, had driven trucks, knew that business a little
15 bit, and I got a job with a company called CF Air Freight and
16 sold air cargo services in the Newark, New Jersey and then
17 later New York City area.
18 Q. How did you end up in at Sabre?
19 A. I followed one of my colleagues to American Airlines in the
20 same capacity. I was in the cargo business at American for a
21 short time, went over to the passenger sales business, met a
22 gentleman there who was my boss, and he later ran a big
23 division at Sabre and asked me to come work at Sabre for him
24 after a short time.
25 Q. I want to put on a screen a demonstrative with some of your

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GBS8SAB5

Klein - Direct

1 employment history at Sabre.
2 This is Sabre Demonstrative Exhibit 144. We are not
3 going to walk through everything on here, but let's touch on a
4 few highlights.
5 You list here that you were a manager of passenger
6 sales in American, your second job at American. Just briefly
7 tell us what that was.
8 A. I was out in the Bay area. I was responsible for a team
9 that would deal with our travel agency customers at American
10 Airlines. We would provide them various services. We would
11 negotiate the commission contracts with the travel agents, and
12 we would also negotiate with corporations on discounts if they
13 put a lot of their travelers on American. And we also worked
14 hand-in-hand with our Sabre colleagues to promote the Sabre
15 system and travel agents across the Bay area as well. Sabre
16 was part of the airline. They also paid commissions to the
17 same customers that we did business with at the airline.
18 Q. You mentioned marketing to Sabre to travel agents at that
19 time and the commission structure. We have heard a lot about
20 this sort of payment flow where the airline would pay Sabre and
21 Sabre passed on commissions to the travel agents. Who put that
22 system in place?
23 A. When I worked for the airline back in the late 80s, that
24 was in place already. So American Airlines had put it in place
25 earlier.

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1 Q. Let's walk through some of your time now when you moved
2 over to Sabre. What was your first job at the Sabre part of
3 American?

4 A. AMR, the parent of American, and Aeromexico and Mexicana
5 formed a joint venture to distribute the Sabre system in
6 Mexico, and I went down there and I was director of Sabre de
7 Mexico.

8 Q. Next, it looks like you went to become vice president of
9 Sabre product marketing in the late 90s there. Tell us what
10 you did in that role.

11 A. There I was responsible for all of our travel agency
12 products. So our technology products for our travel agencies,
13 including the travel agency desktops where they did all their
14 work every day, and also online products. It was the early
15 stages of the Internet and a lot of the travel agencies were
16 developing online sites at the time. I was responsible for
17 that.

18 Q. Did you develop any specific sites for travel agency use?

19 A. Yeah. The agency desktop that I was responsible for back
20 then was called Planet Sabre. It was the first graphical user
21 interface for travel agents. It was Internet enabled. It was
22 really a first generation Internet product. And that was
23 really the core of my responsibilities. We also developed what
24 were the first Web sites, first OTA Web sites for some of the
25 travel agents, like Cheap Tickets, which was later bought by

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1 Orbitz, and Travel Escape, which was later purchased by
2 Expedia.

3 Q. We have heard some testimony earlier in this trial from
4 Mr. Davidson, who was at Amadeus back at the time, that in the
5 late 90s Amadeus had decided not to develop a graphical user
6 interface, he said to make it harder for travel agents to
7 switch. What was Sabre doing in regard to that graphical user
8 interface back in the late 90s?

9 A. That was -- well, it was by far the biggest project that I
10 worked on at that time, and we were deploying a graphical user
11 interface -- again, it was called Planet Sabre -- at the time.
12 And we did roll out that product to travel agencies across the
13 world.

14 Q. Was Planet Sabre this green screen thing we have heard
15 about?

16 A. No, it wasn't. It was a graphical user interface.

17 Q. I have put up Defendants' Demonstrative 113. Just briefly,
18 tell us what we see here.

19 A. So maybe not as rich and exciting as some of the user
20 interfaces you see today, but in 1999, this was state of the
21 art. It won design awards. It was in design textbooks
22 regarding software design. Down the left-hand side there's
23 marketing spaces for suppliers to put marketing offers. Then
24 the interface itself, it gives time demonstrations and bars.
25 Connections is a broken line. Nonstops is a solid line. There

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1 are a lot of just visual clues across the interface to make it
2 easier for a travel agency to learn how to use the system.

3 Q. I think we learned that Sabre had already launched
4 Travelocity, the online travel site, previously. Was this just
5 sort of Travelocity in another form?

6 A. No. We took some of the lessons we learned on the design
7 side from Travelocity, but this was specific to the travel
8 agency workflow and how they used the system every day.

9 Q. Who would use this system, Planet Sabre?

10 A. Travel agents would.

11 Q. What happened to Planet Sabre?

12 A. The good news was, as I said, it got great reviews on the
13 design side. The bad news was our customers didn't use it very
14 much.

15 Q. The customers being the travel agents?

16 A. Yes.

17 Q. Why didn't the travel agents use it?

18 A. Travel agents, they have a pretty specific workflow, and
19 they think about travel in a different way and what they are
20 booking in a different way. Much like if I tried to take the
21 court reporter's tool and change it into a graphical user
22 interface, I am sure that it might slow her down. Or if we
23 tried to create a graphical interface of a piano, a virtuoso
24 piano player wouldn't use a computer graphical interface. It
25 would just slow him down. That's what we found with travel

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1 agents. We had the workflow right. The graphical user
2 interface worked great, it represented the product great, but
3 the travel agents didn't find it efficient for the business
4 that they did using the green screen.

5 Q. As president and CEO now, have you continued to invest and
6 develop new technology over the last decade?

7 A. We have had a few that worked a little better than Planet
8 Sabre, but I have a passion about design user experience for
9 customers. We have tripled that investment while I have been
10 CEO. And where we see opportunities to invest in innovation,
11 we do, and that's how you win in the technology business.

12 Q. Has Sabre continued to develop a graphical user interface
13 for those travel agencies that prefer it, right up through
14 today?

15 A. Yes. Today it's called the Sabre Red Workspace and every
16 travel agency in the world that uses Sabre has access to that
17 product.

18 Q. Let's go back to your work history for one second, back to
19 Demonstrative 144.

20 Why don't you briefly walk us through sort of the next
21 couple of roles that you had here. Again, we don't have to
22 walk through all of them, but just briefly, from '98 right up
23 until 2004, what were you doing at Sabre?

24 A. The Sabre Travel Network jobs in Latin America and North
25 America was really responsible for the travel agency customers.

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GBS8SAB5

Klein - Direct

1 In Latin America, it was from Puerto Rico down to the tip of
2 South America, so all of the Latin American countries. Then I
3 moved over to North America, which is our biggest market, to
4 service our travel agency customers.

5 I did a short stint in something called emerging
6 businesses, which was a bunch of start-up ideas that we had
7 inside the company during the dot-com boom. Some of those
8 became products, others failed, some we sold.

9 Then I became president of Sabre Airline Solutions,
10 which is our broad portfolio of technology services that we
11 sell to airlines, everything from passenger reservation systems
12 that about 90 airlines around the world use to, a couple of
13 examples, a United Airlines pilot uses our flight planning
14 system to see his flight plan on his iPad every day, or the
15 jetBlue flight attendants that are able to do their cruise
16 schedule on their telephone.

17 So that's the story on those three jobs.

18 Q. Prior to becoming CEO, you have run both the airline
19 systems or airline solution side of the business as well as the
20 GDS side?

21 A. That's correct.

22 Q. Let's skip ahead now to the time period that most of the
23 issues in the case revolve around, which is this 2005 into 2011
24 time period. What were your responsibilities at Sabre then?

25 A. I was responsible for the operation and all of our customer

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GBS8SAB5

Klein - Direct

1 activities for both the Sabre Travel Network and Airline
2 Solutions that carries through all of these three jobs. And
3 then the president role and eventually the CEO and director
4 role just broadened my responsibilities to be some of the more
5 corporate functions, like strategy and advance group and all of
6 the other things that roll up into the CEO.

7 Q. So you worked your way up from selling freight in the belly
8 of the airplanes to CEO. Tell us about some of the major
9 milestones that you're sort of most proud of?

10 A. One, this is a business where it's a global business. We
11 have customers around the world. We get to work with airlines
12 and hoteliers and travel agents to help make their business
13 better every day. I have enjoyed doing that. We had great
14 growth in Latin America. We were relatively small back then in
15 Latin America and the growth there was exciting. We are now
16 the largest provider of services. We provide both in Airline
17 Solutions and in Travel Network in the Latin American market.

18 I think we have navigated through a lot of technology
19 change over the years, and that's been exciting for me and our
20 team. We are a much more global business today. About 50
21 percent of our business is outside of the United States. That
22 wasn't true when I joined the company. We were more of a
23 US-centered company back then.

24 And just getting a chance to work with everything from
25 family businesses to the biggest airlines in the world has been

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Klein - Direct

1 really rewarding, and I have a great team of colleagues that do
2 that around the world.

3 Q. I assume you don't spend all of your time at Sabre. So I
4 want to pull up a couple of other things that you do.

5 This is Demonstrative Exhibit 145. What else do you
6 spend your time on when you're not working at Sabre?

7 A. The first two things are things I spent time on in
8 Washington. They are derivatives of being in the travel
9 industry, but they don't have any direct ties to Sabre.

10 The first is I was recently appointed to President
11 Obama's advisory council on doing business in Africa. It's
12 been a big initiative of this administration to try to do more
13 economic activity between the continent of Africa and the
14 United States and get a chance to go to the White House once in
15 a while and talk about the issues in Africa and the issues for
16 US companies doing business there.

17 Brand USA is a public private partnership. Most
18 countries have a vehicle to promote tourism to their country
19 that is a government function. In the United States, that's
20 not a tax payer funded initiative. It's a public private
21 partnership. The board is appointed by the secretary of
22 commerce, and I am chairman of that board. We promote the
23 United States as a destination to people in 16 nations that
24 make up about 80 percent of our visitors here in the US. For
25 every 33 people that come to the United States, that creates

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Sabr-Transcript-000006360

GBS8SAB5

Klein - Direct

1 one job. It's a really important stimulator in the economy and
2 it's an important function.

3 So those two things are appointments. They are unpaid
4 appointments that I participate in.

5 The third one is the Executive Committee of World
6 Travel and Tourism Council. This is just an organization that
7 promotes the value of tourism to governments around the world
8 and helps them understand the impact of travel and tourism on
9 their economies.

10 Q. Let's go back to your work at Sabre now.

11 Today, and potentially into the morning tomorrow, I
12 would like to focus on your work on sort of the GDS side of the
13 business and talk about three topics.

14 First, I want to ask you some basic questions about
15 the way this industry works, the competition Sabre faces, and
16 generally how your company makes a living, so to speak. Are
17 you prepared to talk about that?

18 A. I am.

19 Q. Second, I want to ask you about the relationships and the
20 contracts that you have with airlines in connection with your
21 GDS business. Are you prepared to talk about that?

22 A. Yes.

23 Q. And finally, I want to talk more specifically about your
24 involvement in the actual contract negotiations with US Airways
25 in 2006 and 2011. Are you prepared to talk about that?

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Sabr-Transcript-000006361

1 A. Yes.

2 Q. The GDS business, is it a challenging business to run?

3 A. It is. It's an incredibly -- it's a global business, as I
4 mentioned. It's incredibly competitive. It's a two-sided
5 marketplace so you're always balancing the needs of both sets
6 of customers and suppliers that want to sell more products
7 through the network and the travel agents who sell products to
8 consumers.

9 Q. What is the impact of that competition on your business?

10 A. We have to compete on technology, we have to compete with
11 great services for our customers, and we have to compete on
12 price on both sides of the marketplace.

13 Q. You mentioned the airline side and the travel agent side.
14 How does Sabre compete for the airline's business?

15 A. You have to start with technology that meets all the needs
16 of airlines that want to distribute what is an increasingly
17 complex set of products to our travel agency customers to allow
18 them to comparison shop and find the best alternatives for
19 their customers. So it starts with the technology. Airlines
20 do require a bunch of services of us. And then we have to
21 compete on price to make sure we have a total proposition for
22 an airline that works for them.

23 Q. It's been argued at this trial that every airline has to be
24 in every GDS, and therefore there is really no competition for
25 the airline's business. How does that compare with your

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1 experience?

2 A. Yeah. It's not really how it works. With every airline,
3 we have to negotiate to have that airline participate in the
4 system. It's often part of their distribution strategy, but
5 that doesn't mean they have to do it. We have to put a
6 competitive package together, and we negotiate hard to get as
7 much content as we can from the airline to provide to our
8 travel agency customers.

9 Q. Let's talk about the travel agents for a minute. Do you
10 compete on the travel agency side for the travel agent's
11 business?

12 MR. FRACKMAN: Maybe a little less leading.

13 THE COURT: Sustained.

14 Q. How does competition work for the travel agent's business?

15 A. On travel agency side of the business, they use our system
16 to run a big chunk of their business and to service and sell to
17 their customers. So, again, it starts with a technology
18 package that works for them. We have to have a set of services
19 that they can use when they need support and consulting around
20 how to use our system best. And we have to have competitive
21 commissions or else they won't use our product.

22 Q. What role do those commissions that Sabre pays the travel
23 agents play in your competition for the travel agency business?

24 A. It plays an important role. It's part of the package, and
25 if you're not competitive on commissions, then at some point

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Sabr-Transcript-000006363

1 you will have a difficult time keeping their business.

2 Q. What would happen if Sabre couldn't or didn't offer travel
3 agencies commissions?

4 A. I don't think we would have any business in the travel
5 agency side of the business over time, and then there wouldn't
6 be a network.

7 Q. Based on your 30 years in this business, or 28 I guess, and
8 working with the travel agents and being in charge of Sabre's
9 relationships with those travel agents, what choices do travel
10 agents have in picking a distribution channel?

11 A. They both on a daily basis can go look for content
12 anywhere. They do do that. They look for content wherever it
13 might be to be able to serve their customers. Whenever we have
14 a contract come up for bid at a travel agency, generally, we
15 are in a competition to keep their business. They might
16 evaluate what is new in our technology. They might evaluate
17 our services package. And they certainly talk to us about the
18 commission that we pay them, and if somebody is paying them a
19 higher commission, we have to negotiate through them.

20 Q. Tell us more about that process where you're in a bid or in
21 a competition for a travel agent's business. What do you do to
22 retain a travel agent?

23 A. I mean, it's a negotiation process. Sometimes they put us
24 through a formal bid process, if it's a bigger business. If
25 it's a smaller family-owned business, sometimes they are just

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1 talking to us about the offers that they have, or at least
2 telling us what they want to tell us about the offers that they
3 have, and see if we will do something different for them to be
4 able to keep their business. And if we don't, then we will
5 create a bid process and a competitive process and they will
6 move business away from us.

7 Q. When a travel agent decides to stay with Sabre, if they
8 have already been using Sabre, what does that say about the
9 competitive process?

10 A. Look, I think if we have the business, we ought to be able
11 to keep the business over time if we are doing a good job for
12 the customer, but it means that we have competed fairly to keep
13 the business.

14 Q. I am going to talk about full content now. We have talked
15 in this trial a lot about the full content provisions in the
16 contracts with the airlines, including US Airways.

17 Why do you negotiate for these full content
18 provisions?

19 A. Well, it starts with what the travel agency needs to serve
20 their customers. Travel agencies demand of us that we bring
21 them as comprehensive a set of content as we can. They want to
22 find the best trip for their customer, and they have to
23 comparison shop across our system to do that, and if they don't
24 have comprehensive content, it's difficult for them to do their
25 job. So our desire to have full content is because it's what

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GBS8SAB5

Klein - Direct

1 we need to provide to our travel agencies so that they can
2 serve consumers and corporations the way they need to.

3 Q. We have heard that before the first round of the full
4 content agreements that several airlines had withheld certain
5 fares for their Web sites. I think we have heard them called
6 Web fares. What was the reaction from your travel agency
7 customers when that happened.

8 A. It was outrage.

9 MR. FRACKMAN: Objection. Hearsay.

10 THE COURT: Overruled. Just don't say what they said.

11 A. The way that travel agents reacted was they talked to us
12 about the services we provided and made it clear to us that if
13 we didn't have comprehensive content, that their businesses
14 were becoming less efficient and that their corporate customers
15 were putting pressure on them. And we talked to corporations
16 as well and corporations made it clear that they wanted to be
17 able --

18 THE COURT: Let's just stop there. You're supposed to
19 not say what they said. You can say what happened and what you
20 did, but don't say what anyone said to you.

21 MR. FRACKMAN: I move to strike the hearsay.

22 THE COURT: It's stricken.

23 A. Let me talk about how corporate travel works.

24 Any big corporation that's purchasing travel requires
25 that their employees follow some policy, often that says take

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GBS8SAB5

Klein - Direct

1 the lowest available fare that accomplishes your mission to
2 take your trip. They don't always buy the lowest fare, because
3 the lowest fare isn't sometimes flexible enough or it's not on
4 a flight that's at the right time, but they always want to know
5 what it is. And when you're a big buyer of travel, you
6 certainly don't want your suppliers to be playing shell games
7 of, where's the lowest fare, I don't know where to find it.
8 They expect the travel agency to be able to tell them that this
9 was the lowest fare, your traveler took this other fare, and
10 you're able to evaluate whether your travel program is working.
11 So on the corporate side of the market, that's what was going
12 on.

13 On the consumer side of the market, travel agents were
14 experiencing what you might expect. Consumers would call them
15 and say, well, I'm looking over at this other source and I'm
16 seeing a different fare. You're the expert, why don't you have
17 that fare? And that deterioration in the travel agency's
18 ability to be an expert makes our system less valuable to them
19 and makes it harder for consumers to get what they need.

20 Q. You referenced the travel agency side or what I will call
21 the brick-and-mortar travel agency side. Putting aside the
22 traditional travel agents for a minute, how important is
23 providing full content to your customers that service more the
24 leisure travelers or the OTAs?

25 A. That's absolutely critical because in the leisure travel

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GBS8SAB5

Klein - Direct

1 segment -- consumers actually do shop differently. They look
2 for the lowest fare first, and we have lots of data that says
3 that. If a corporate travel agency is shopping, they will look
4 for the best route first. For a consumer, typically, we look
5 for the lowest fare, and then we decide if that's a good trip
6 for us or not, and we might buy a higher fare if we choose to,
7 but we shop by the lowest fare.

8 When an online travel agency -- and we owned one,
9 Travelocity -- when Travelocity wasn't able to display the
10 lowest fare, consumers just didn't trust the system. And you
11 just have less customers coming through because they couldn't
12 comparison shop effectively.

13 Q. How does Sabre's ability to offer full content from all the
14 major airlines affect the travel agents and their customers,
15 the consumers or the travelers?

16 A. It helps them find the best trip at the lowest fare, at
17 least in a source of content that's as comprehensive as
18 anything out there. And again, that's what corporations and
19 consumers want. It doesn't mean -- as I said, it doesn't mean
20 they buy the lowest fare all the time, but they certainly want
21 to see what all their options are, and they want to do it with
22 some confidence.

23 Q. You mentioned Travelocity. If Sabre didn't have full
24 content provisions and wasn't able to get access to full
25 content from all of the major airlines, how would that affect a

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GBS8SAB5

Klein - Direct

1 consumer, for instance, planning a trip on Travelocity for
2 instance?

3 A. Even a small gap in airline content creates lack of trust,
4 if a consumer has a feeling that they have to look at multiple
5 places to see if they can kind of chase down the lowest fare.
6 So the online travel agents really started as a way to create
7 pricing -- the reason they were successful is consumers liked
8 the idea that they can see all the prices, they can see a
9 transparent view of this very complex airline pricing that's
10 out there, and be able to have confidence that they are seeing
11 all the options and buy something.

12 Q. You mentioned price transparency. What is price
13 transparency?

14 A. I just mean being able to see what is available at the time
15 that you're looking to buy in an industry that's pretty
16 complex. Because the airfares change pretty frequently and
17 being able to see all the prices compared and all your options
18 compared in one place, back in the early 90s, when the online
19 travel agency started, was unique.

20 Q. How is offering or having the ability to offer price
21 transparency through Sabre affect the price of airline tickets?

22 A. I think it allows consumers to find the lowest fares and be
23 able to compare, and again, decide whether they want to pick
24 that trip or not. It creates price competition that wouldn't
25 be there if you didn't have that level of transparency.

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Sabr-Transcript-000006369

1 Q. Price competition among whom?

2 A. Among the airlines.

3 Q. What would Sabre GDS be like if you had all
4 non-full-content agreements?

5 A. The products -- I'm not sure that we would have a business
6 over time. If you didn't have full content agreements, and
7 nobody knew where they needed to go to get the best deals or
8 didn't know which airlines -- what airline had what content in
9 your system, it would be not very useful for travel agencies
10 and it wouldn't allow for comparison shopping.

11 Q. How does Sabre's ability to provide full content help the
12 airlines?

13 A. The buyers of travel, when they are using a travel agency,
14 have confidence that they are going to be able to -- they are
15 talking to an expert and they are going to have the best shot
16 at finding the best deal that meets their needs. When they
17 have that confidence, they actually buy in a frictionless way.
18 There is not a barrier to them buying because they trust the
19 travel agent they are dealing with. They trust themselves if
20 they are looking at an online travel agency and see all the
21 options. So it allows airlines to distribute in a seamless way
22 to some of their most valuable customers, and it also provides
23 a bunch of services that those customers that buy through the
24 travel agencies need. And our technology allows the services
25 to be delivered.

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Sabr-Transcript-000006370

1 Q. What would happen to Sabre if a major airline like US
2 Airways pulled its content or pulled its fares out of Sabre?

3 A. If we didn't have any one major airline for some period of
4 time, we would lose a significant amount of our business.

5 Q. If you lost content from a major airline, would you just
6 lose those US Airway bookings or what would the effect be?

7 A. No. If we lost content -- let's just use a couple of
8 examples. US Airways was very big in Phoenix. They were very
9 big in Pittsburgh. They were very big here operating the
10 shuttle market between New York and Boston and Washington.

11 Travel agents that sold in those markets wouldn't find our
12 system useful at all if we didn't have US Airways content, and
13 they would use somebody else's system for everything, not just
14 use somebody else's system to get to US Airways.

15 Q. What about for travel agents even outside of those markets?

16 A. These are big companies and big airlines. This was the
17 fourth largest airline in the United States at the time, one of
18 the biggest in the world, and we would lose business in other
19 places as well, but I use that as an example because in some
20 markets it would be a significant part of what needed to be
21 sold. But even if you had just a couple of markets, if you
22 only had a couple of flights out of a market, it still is a big
23 content gap for the agents that have to sell in that market,
24 and it would make our product much less valuable and I think we
25 would lose business.

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Sabr-Transcript-000006371

1 Q. I want to look at an exhibit that we have seen up on the
2 screen a couple of times. This is a demonstrative exhibit from
3 US Airways. It's their demonstrative exhibit 1096. And they
4 have shown the revenues from Sabre in the red, and then the
5 booking fees on US Airways flights in the blue slice on the
6 right.

7 Based on your experience, what would the likely impact
8 be on Sabre of losing US Airways content, just those light blue
9 bookings fee from US Airways?

10 A. No. I think we would be at significant risk of losing,
11 first, the biggest travel management companies that do business
12 across the United States. There's four or five agencies that
13 make up a huge chunk of our business, almost half. We would be
14 at significant risk of losing them. They all use other GDSs
15 already. It would shift business. Those are the four or five
16 up there. I think we would lose a significant amount of
17 business in a relatively short period of time, and we would
18 lose other business as well. So this would be devastating.

19 Q. Let me ask about Sabre Demonstrative Exhibit 28 that I put
20 up. Tell us what this shows.

21 A. That shows the five travel agents. So Expedia, American
22 Express, Carlson Wagonlit, BCD, and Hogg Robinson make up about
23 48 percent of our business. Again, all those five agencies use
24 at least one other GDS. I think they probably all use all
25 three GDSs, and I think we would lose a significant portion of

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Sabr-Transcript-000006372

1 that business.

2 Q. I want to switch topics to airline booking fees.

3 How does an airline's willingness to provide Sabre
4 with full content affect the booking fees that Sabre is willing
5 to negotiate?

6 A. One of the trades that we make in a negotiation with an
7 airline is if they provide us with full content that drives
8 value for our customers on the travel agency side of the
9 marketplace, that we generally are more flexible with price,
10 and they will get a lower price for providing us with full
11 content.

12 Q. Why?

13 A. We only have one place to get their content, it's from
14 them. So I can't get US Airways' content from Delta. I have
15 to go to US Airways. If they are offering -- if they will give
16 full content as a trade for a lower price, that's generally a
17 decent trade, and it's good for our travel agency customers
18 that need that content.

19 Q. How does the volume of bookings that an airline sends
20 through Sabre affect the booking fee?

21 A. Like most businesses, it plays into it, and usually the
22 higher volume producers get a lower price.

23 Q. How does the basket of services that an airline chooses to
24 purchase through Sabre affect the booking fee?

25 A. It at times does. Different airlines do use different sets

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Sabr-Transcript-000006373

GBS8SAB5

Klein - Direct

1 of services. Sometimes they are buying up and paying us a
2 little bit more because they want more services, and other
3 times they are using a smaller set of services and don't pay us
4 quite as much.

5 Q. We will talk about some specific booking fees as we move
6 down the road here, but, generally, in your tenure in the last
7 decade or more of being the president and the CEO, what has
8 generally happened to the booking fee Sabre is charging?

9 A. In North America, it has come down significantly. In the
10 United States market, it has come down around 30, 35 percent.

11 Q. What has caused that decline?

12 A. The airlines in the US have quite a bit of leverage. The
13 airlines are bigger than they used to be. There has been new
14 competitors that have at times tried to come into the market
15 and given the airlines leverage to push price down, and they
16 are good negotiators. We had an industry that was regulated
17 back in the 2000s. Most of the time it was regulated was when
18 airlines owned those systems. The market is now deregulated
19 and what you would expect in a deregulated market happened.
20 Prices came down. There was negotiations, like this
21 negotiation, for content for price, and it's resulted as you
22 would expect in a deregulated market.

23 Q. Let's spend a couple of minutes on the full content
24 provisions themselves.

25 Do the full content provisions give Sabre any

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Sabr-Transcript-000006374

GBS8SAB5

Klein - Direct

1 advantage over its competitors?

2 A. No, not necessarily. Most airlines, they can put their
3 full content anywhere they want, and generally they do.

4 Q. If there is no competitive advantage, how do the
5 competitors compete in this industry?

6 A. We compete on the technology product that we provide, we
7 compete on the services side, and we compete with commissions
8 or price.

9 Q. We have heard that US Air paid Sabre a booking fee of 3.41
10 per booking or per segment, and it's been suggested here that
11 it may cost less for booking for US Air that comes through, for
12 instance, its Web site. Assuming that's true for a minute, why
13 should US Airways pay 3.41 for booking through Sabre?

14 A. A little bit is you get what you pay for. There's a
15 broader set of services in the GDS system than you might see at
16 the airline Web site. The airline Web site captures a lot of
17 low-fare travelers that are generally in markets where the
18 airline is big and the airline spends a little bit of marketing
19 money or is known. The Sabre GDS displays an airline's
20 product, and US Airways in this case all over the world, many,
21 many times a day. It puts the product on display, essentially
22 markets it for the airline, and they only pay us when the
23 product is actually purchased, when they actually sell a
24 ticket.

25 The other thing that happens is the service load for

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Sabr-Transcript-000006375

GBS8SAB5

Klein - Direct

1 the airline for these higher value customers who demand
2 services is off-loaded to the travel agencies who use our
3 system to service the traveler. Our estimates are one phone
4 call to an airline or a hotelier costs about \$25 for an airline
5 or a hotel to take the call. It's just one call. So that
6 service burden moves over to the travel agency. And there's a
7 broad set of things that airlines do that are complex.

8 Airlines share passengers across different airlines. So they
9 do codeshare where one airline markets another airline. They
10 do interline where a passenger gets to transfer from one flight
11 to another flight on a different airline and the bag gets
12 transferred seamlessly and all of those things. Selling that
13 type of product is difficult on an airline Web site. It works
14 seamlessly in Sabre in the travel agency market.

15 Q. You mentioned the cost to an airline of processing a phone
16 call, for instance, on a booking made through its Web site.
17 Are there additional costs for the airline on, for instance, a
18 Web site booking compared to a booking that comes through
19 Sabre?

20 A. Yeah. I think they have to -- as I said, they do all the
21 servicing. They have to keep the Web site current, which is
22 getting more and more expensive, and they have to spend
23 marketing money to market their product. It's increasingly
24 expensive to do that, especially airlines that want to get
25 business everywhere, even if they don't have a big presence in

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Sabr-Transcript-000006376

GBS8SAB5

Klein - Direct

1 a particular big market.

2 Q. What additional marketing costs or costs for that phone
3 call does US Airways incur for a booking through Sabre?

4 A. None.

5 Q. Let's talk specifically now about the negotiations. I want
6 to start with the 2006 negotiations and then we will move to
7 the 2011 negotiations.

8 When Sabre and US Airways began the negotiations for
9 the 2006 contract, what was your position at Sabre?

10 A. I believe I was group president of Sabre Airline Solutions
11 and Sabre Travel Network.

12 Q. So Sabre Travel Network is the GDS side?

13 A. Yes, it is.

14 Q. Let's focus on that for a minute. Describe your
15 responsibilities over the GDS business at that time?

16 A. I was really responsible for the operation of the business
17 and the performance of the business and our relationships with
18 our airline customers and travel agency customers.

19 Q. In that 2005-2006 time frame, what was the status,
20 generally, of Sabre's contracts with the airlines, the GDS
21 contracts?

22 A. Our contracts were -- we had contracts that had a
23 three-year term that we had negotiated a couple of years
24 before. They were coming up for renewal. So most of the big
25 airlines in the US had a contract that was going to expire

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Sabr-Transcript-000006377

1 sometime in that 2005 or '06 time frame.

2 Q. Did that include US Airways?

3 A. It included US Airways' contract, yes.

4 (Continued on next page)

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Sabr-Transcript-000006378

1 BY MR. LIND:

2 Q. What was your involvement in setting Sabre's negotiation
3 strategy for those negotiations for the 2006 round of
4 contracts?

5 A. I mean, I was involved from the standpoint of, you know, as
6 best we could, trying -- I was involved in the strategy so
7 trying to understand what our airline customers were asking for
8 and how we might navigate to a -- to agreements that got them
9 what they needed and got us what we needed for our customers,
10 on the travel industry side of the market. So at a high level
11 I was involved in the strategy and I was also, you know -- I
12 had relationships across the industry, I was involved with some
13 executive conversations at some of the airlines where -- where
14 I knew -- knew some of the executive teams.

15 Q. And at a high level -- again, we'll get in more detail, but
16 what was Sabre's strategy for the 2006 contract negotiations?

17 A. Well, we had -- we had a couple things that we were trying
18 to get done. One, we had airlines telling us that they wanted
19 and needed a lower price. They'd gotten a price reduction in
20 our DCA3 contracts which we had done three years prior. We saw
21 the price come down. They made it clear to us that they
22 expected the price to come down again. We wanted to have full
23 content, as I talked about, because that's what our travel
24 agency customers needed, and there were some new types of
25 content that -- that airlines were talking about withholding

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Sabr-Transcript-000006379

1 from us. As an example, seats were one of the things that
2 airlines talked about as not being part of the full content
3 agreement. We thought they were. Airlines said they weren't,
4 and so we had a debate about that. We thought we had to expand
5 our definition a bit and make sure we got as much content as we
6 could.

7 Q. We'll get into the seats issue. The seats issue is
8 primarily during which contract negotiation?

9 A. The 2011 contracts.

10 Q. Starting with 2006, what was your involvement specifically
11 with the negotiations with US Airways?

12 A. I, you know, I was aware of the negotiation. I had a few
13 conversations with -- with Mr. Kirby, who was president of the
14 airline at that time.

15 Q. And at that time what was your relationship like with
16 Mr. Kirby?

17 A. You know, my -- Mr. Kirby, he had started his career at
18 Sabre, he -- he had -- he had run America West. We had sold
19 products to America West, on the airline solution side of the
20 business so had a, you know, a good relationship with
21 Mr. Kirby, felt like we could pick up the phone and talk to
22 each other whenever we needed to.

23 Q. And what was Mr. Kirby like as a negotiator?

24 A. Tough negotiator. He, you know -- he's a hard-nosed
25 executive. He's been very successful in the airline business,

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Sabr-Transcript-000006380

1 and I think it's a tough business. You know, he's been
2 involved with a couple different smaller airlines that took
3 over big airlines. America West took over US Airways, US
4 Airways took over American. He's a tough negotiator.

5 MR. LIND: Your Honor, could I stretch for a minute?

6 THE COURT: Yes.

7 MR. LIND: Thank you.

8 THE COURT: Everybody up.

9 Okay.

10 MR. LIND: Thank you.

11 BY MR. LIND:

12 Q. And we're going to get into some detail on this, but what
13 generally did your discussions with Mr. Kirby regarding the
14 contract renewals back in the 2005 time frame for the 2006
15 contract involve?

16 A. You know, again, we'd talk about what we thought we needed
17 for travel agents. Mr. Kirby generally was pretty focused on
18 price.

19 Q. And what was the general gist of -- and we'll go again into
20 some detail, but --

21 A. Right.

22 Q. -- but that approach at the negotiation?

23 A. Look, again, we had our teams negotiating, and my
24 discussions with Mr. Kirby were, again, generally around a full
25 content deal, and at the time America -- when we first started

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Gbslsab6

Klein - Direct

1 these discussions, America West didn't have a full content deal
2 with Sabre. We wanted one. And Mr. Kirby was talking to me
3 about one. He wanted lower distribution costs, and secondly,
4 that maybe there was a path towards -- towards full content,
5 and that was when, again, America West had a less than full
6 content deal.

7 Q. And there came a time when America West and US Airways
8 merged or at least announced their merger originally in --

9 A. That's right.

10 Q. -- middle of 2005, I believe?

11 A. That's correct.

12 Q. And at that time did Mr. Kirby become your contact for the
13 sort of merged airlines, America West and US Air?

14 A. He did. He did.

15 Q. During your contract negotiations with Mr. Kirby for the
16 merged airline agreement, did he ever ask you for an agreement
17 that did not need full content?

18 MR. FRACKMAN: Objection. Leading.

19 THE COURT: Sustained.

20 Q. What, if anything, did Mr. Kirby say in your negotiations
21 about content and whether they wanted a nonfull content
22 agreement?

23 THE COURT: How about content?

24 MR. LIND: Fine.

25 THE COURT: Okay. Go ahead.

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Klein - Direct

1 A. Yeah, I -- once the merger was announced, the tone of the
2 conversations changed in one sense; they didn't change in the
3 other. Mr. Kirby was consistent that he wanted lower
4 distribution costs. He did -- he didn't ever bring up this
5 idea of nonfull content. America -- sorry -- US Airways was a
6 full content agreement. The airline was a different type of
7 airline than America West. And -- and he seemed to be
8 comfortable with full content agreement and was primarily
9 focused on -- on distribution costs, or the booking fee.

10 Q. During your negotiations, what, if anything, did you say to
11 Mr. Kirby about whether Sabre intended to remove US Airways'
12 content?

13 A. We never had that conversation. It would have been counter
14 to what our objectives were. You know, we had a few things
15 going on. One, as I said, America West didn't have a full
16 content agreement. We were excited about the combined airline
17 having a full content agreement, and we knew it would be tough
18 to negotiate, but we were excited about that prospect. US
19 Airways used the Sabre reservation system internally. From an
20 airline solutions team, airline solutions business, we were
21 hoping that the combined air -- airline would use the Sabre
22 reservation system. So we had -- we had -- we had no intent of
23 doing anything but try to get the full content to US Airways or
24 this new bigger airline into the Sabre system.

25 Q. There has been testimony that you told Mr. Kirby that you

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Gbslsab6

Klein - Direct

1 would bias US Airways flights if he didn't agree to certain
2 terms. What, if anything, did you say to Mr. Kirby on that
3 issue?

4 A. I didn't say anything like that to Mr. Kirby. Again, it
5 would have been counter to what we were trying to do, which is
6 get US Airways content into the system.

7 Q. How about zeroing out inventory?

8 MR. FRACKMAN: Your Honor, it's all leading.

9 THE COURT: Well, the last question, the one just
10 asked was, so sustained, but the prior one was not.

11 MR. LIND: Your Honor, they came and made these
12 accusations, and Mr. Klein has the right to rebut them.

13 THE COURT: I understand. We had this discussion.
14 And the form of your prior question was just fine, but if you
15 could just reask that last one.

16 MR. LIND: Thank you.

17 BY MR. LIND:

18 Q. There's been testimony that you threatened Mr. Kirby that
19 Sabre would zero out inventory of US Airways flights and fares
20 if he didn't agree to certain terms. What, if anything, did
21 you say to Mr. Kirby on that issue?

22 A. I never would say that to Mr. Kirby, and again, it was
23 counter to the objectives we had.

24 Q. Well, and there's been testimony that you threatened to
25 kick Mr. Kirby or to kick US Airways out of the Sabre system if

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Sabr-Transcript-000006384

Gbslsab6

Klein - Direct

1 they didn't agree to certain terms. What, if anything, did you
2 say about that with your conversation with Mr. Kirby?

3 A. Never had a conversation like that with Mr. Kirby. In
4 fact, it was quite the opposite. He talked about taking US
5 Airways completely out of the Sabre system.

6 Q. Now what did Sabre want to see in terms of whether US
7 Airways succeeded as an airline?

8 A. We wanted them to be successful. I mean, we wanted, you
9 know -- this was a time when the airline industry in the United
10 States was -- was consolidating, so this wasn't the first
11 airline merger, it wouldn't be the last, over this past decade,
12 and, you know, more competition in our view was better, better
13 for consumers, it was better for our airline travel agency,
14 Travelocity, and it's better for Sabre, so we wanted a strong
15 fourth competitor, and this was a, you know, an airline that
16 was coming together with a new strategy and we thought, you
17 know, we could help them be successful and we were excited
18 about that.

19 Q. How would taking any action that would threaten US Airways'
20 existence as an airline have fit with your strategy?

21 A. It wouldn't have. It would have been counter to our
22 strategy.

23 Q. What did Mr. Kirby say to you during the negotiations
24 regarding whether or not US Airways intended to continue
25 providing flights and fares to Sabre?

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Sabr-Transcript-000006385

Gbslsab6

Klein - Direct

1 A. Mr. Kirby made it clear that he had a price objective that
 2 he wanted to get from us, he wanted a booking fee at a certain
 3 price, and that if he couldn't get the economics that he
 4 wanted, that he would be compelled to take US Airways out of
 5 the Sabre system.
 6 Q. How did you take his statements?
 7 A. I took them very seriously, and he's not a -- he's not a --
 8 somebody that you wouldn't take seriously.
 9 Q. What effect would that have had on Sabre?
 10 A. As -- as we talked about, it would have been devastating
 11 for our business, had -- it would have been devastating for
 12 Travelocity, our online travel agency, and it would have been
 13 devastating for our GDS business.
 14 Q. All right. We're going to come back and walk through those
 15 negotiations in some detail, but as you went into the 2006
 16 contract negotiations, how did you view your negotiating
 17 position or strength compared to the airlines?
 18 A. These are big entities. There's only one place for us to
 19 get content, and that's from the airline. Again, we can only
 20 get US Airways content from US Airways. US Airways could put
 21 their content in a lot of different places. That creates an
 22 imbalance in the negotiation, and we always feel like we have
 23 to do our best to get as much content for our customers as we
 24 can at a price that's fair.
 25 Q. How did the size of US Airways at the time affect the

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Gbslsab6

Klein - Direct

1 negotiations?
 2 A. They had just gotten quite a bit bigger, so that's more
 3 leverage.
 4 Q. If you didn't have US Airways content, presumably you could
 5 still sell Delta or United, so why does it matter whether you
 6 have US Airways too?
 7 A. As I said, you know, I mean, travel agencies proposition to
 8 their customers or what they -- promise that travel agencies
 9 made to their customers, that they're experts, that they're
 10 going to comparison shop, and they're going to find the best
 11 trip, the lowest fare, or the best itinerary for the traveler,
 12 and if you don't have content of the fourth largest airline in
 13 the United States, you can't deliver on that promise to
 14 customers, and so if our travel agencies can't use our
 15 technology to deliver to their customers, to consumers, then we
 16 don't have a business over time.
 17 Q. And how did the risk that you might not get content from US
 18 Airways affect the negotiation?
 19 A. It gave them a fair amount of leverage and it certainly
 20 informed our, you know, our offer that, as we went to the
 21 negotiating process and, you know, resulted in a much lower
 22 price for US Airways.
 23 Q. Let's go through those negotiations, starting with 2006.
 24 When did you first meet with Mr. Kirby to sort of kick off the
 25 negotiations for the 2006 agreement?

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Klein - Direct

1 A. I think we met -- we met in early 2005. I believe that was
 2 before the -- the merger was announced. But that was the first
 3 time we met.
 4 Q. Do you remember where that meeting took place?
 5 A. I do. It was in Dallas at a restaurant called Pappasito's,
 6 which is a taco joint in Dallas.
 7 Q. Why do you remember it was there?
 8 A. It was -- it's one of Mr. Kirby's favorite places. He used
 9 to live in Dallas.
 10 Q. All right. Let's look at Exhibit 1452 in evidence. This
 11 is a calendar invite for February 16, 2005. Just tell us what
 12 this is.
 13 A. It's just a note from my assistant to -- to two people at
 14 Travelocity. Michelle Peluso is the CEO there; Tracey Weber
 15 was the COO, the chief operating officer there; and Toni Beeny
 16 was somebody on our Travel Network team. That was the primary
 17 contact for US Airways.
 18 Q. Why do you have Travelocity people at this kickoff meeting?
 19 A. Well, we -- both companies, you know -- we're both -- we're
 20 all one company. Travelocity and Sabre were one company at the
 21 time. We both had relationships with -- with -- with US
 22 Airways or at this point America West. Travelocity was --
 23 was -- the way that travel agencies work, they're given a
 24 ticketing agreement by the airline, so America West provided
 25 Travelocity with a ticketing agreement and they were a ticket

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Klein - Direct

1 agent for America West. And they received commissions from
 2 America West, and we had the booking arrangement with America
 3 West for the GDS.
 4 Q. Did both Sabre GDS and Travelocity need separate agreements
 5 with America West and US Airways?
 6 A. Yeah, they had separate agreements, yea.
 7 Q. And what was the just general purpose of this meeting?
 8 A. This was really a kickoff session to just talk about what
 9 our mutual objectives were, what America West needed from us,
 10 how we thought about the business and where it was going and
 11 what we needed from them; really just a cordial kickoff.
 12 Q. In this initial meeting what did Mr. Kirby say about his
 13 goals in the next round of contract negotiations?
 14 A. We talked about the fact that America West might be willing
 15 to do something different than they had been doing, which was,
 16 you know, they were, as I said, not a full content carrier at
 17 this time, but we talked about the idea of full content, and
 18 Mr. Kirby made it clear that he wanted a -- to have lower costs
 19 and in the form of a lower booking fee.
 20 Q. At some point -- this is in February. In the months I
 21 think pretty soon after this did US Airways and America West
 22 announce they were merging?
 23 A. Yes, they did.
 24 Q. How did that merger announcement affect the timing or the
 25 approach to this next round of contract negotiations?

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Sabr-Transcript-000006389

Gbslsab6

Klein - Direct

1 A. Well, it was important, you know, again, smaller airline,
2 America West, Mr. Kirby and Mr. Parker, were backed by
3 investors to take over US Airways, so it was going to be a
4 bigger airline. The bigger airline in the merger had a full
5 content agreement, and we hoped to have a negotiation that
6 would allow us to get full content from the new airline.

7 Q. In terms of when these airline agreements were expiring,
8 sort of the last version, how did US Airways and America West
9 fit in and how did that affect the timing?

10 A. Yeah, I think -- I believe that US Airways was -- was one
11 of the earlier agreements expiring so we -- it was one of the
12 ones that we would have to get done soonest.

13 MR. LIND: And your Honor, depending on your timing
14 today, I know we're three minutes away from our 4:45 at least
15 ending.

16 THE COURT: 5:02.

17 MR. LIND: Okay. Good.

18 Q. So at some point -- this is February now. The merger I
19 believe was announced in May. At some point in the summer of
20 2005, after the merger, did you talk to Mr. Kirby about a new
21 agreement for both the airlines?

22 A. I did.

23 MR. FRACKMAN: Well, your Honor, objection, leading.

24 MR. LIND: This is just background.

25 THE COURT: This is just foundation, directing him to

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Sabr-Transcript-000006390

Gbslsab6

Klein - Direct

1 a point in time. It's allowed. Go ahead.

2 A. Yes, I did.

3 Q. And what was Mr. Kirby's role in the negotiation at that
4 point?

5 A. He was the executive responsible for -- eventually
6 responsible for the agreement between the Sabre GDS and the
7 combined -- the new combined airline.

8 Q. Let's look at Defendant's Exhibit 1334. This is in
9 evidence. I'm showing you an email from you to Mr. Kirby dated
10 July 18th of 2005. Are you familiar with this?

11 A. I am.

12 Q. The subject line here says, US Airways. Tell us at a high
13 level what this email relates to.

14 A. Yeah. Mr. Kirby was going to be the responsible executive
15 for the combined airline. As I mentioned, we were still having
16 conversations with both airlines because the merger hadn't
17 happened yet, and I was making -- I wanted to make it clear to
18 Mr. Kirby, based on something that our team had picked up in
19 discussions with -- with America West, that we had been talking
20 to US Airways, their contract was coming up soon, that we had
21 no intention of doing any -- anything irrational or counter to
22 our objectives or their objectives, like kicking US out of
23 Sabre, which somebody on the team had mentioned as one of our
24 options. One of the airline folks at America West had
25 mentioned that we might be thinking that. We were -- wanted to

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Sabr-Transcript-000006391

Gbslsab6

Klein - Direct

1 be clear that we weren't thinking that. And I also wanted to
2 convey to Mr. Kirby that there were a couple options with the
3 existing US Airways contract.

4 Q. All right. So let's walk through those.

5 First you say, "Let me clear the air on this one --
6 there has been absolutely no discussion about kicking US
7 Airways out of Sabre." What did you mean by that?

8 A. Just -- just what I said. I -- as I mentioned, our team
9 came to me and -- and told me that one of the folks at America
10 West had suggested that that was what we were thinking. I
11 wanted to make it clear to Mr. Kirby we weren't thinking that
12 at all.

13 Q. You also wrote that, "We have a contract that expires -- it
14 can renew for 12 months or snap back to preDCA3 price points."
15 Explain what you were saying to Mr. Kirby there.

16 A. Yeah. There's -- there were two options. One was, we had
17 a contract in place with US Airways, it had full content in it,
18 that was their obligation, and -- and a lower price point for
19 that full content. If neither one of us canceled that
20 contract, it would go forward for another year. And that was
21 one option. We weren't going to cancel it.

22 And the second option was that they could choose to go
23 to a nonfull content agreement at -- it says preDCA price
24 point. That's a higher price.

25 So the first option is stay in your full content

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Sabr-Transcript-000006392

Gbslsab6

Klein - Direct

1 agreement, low price; take a nonfull content agreement for US
2 Airways to higher price.

3 Q. And let's walk through -- first I want to ask you about --
4 just jump back here. When you said there's absolutely no
5 discussion about kicking US Airways out of Sabre, how did that
6 email that you sent to Mr. Kirby compare with your oral
7 discussions with him?

8 A. It was consistent.

9 Q. I want to break this down on two options that you talked
10 about.

11 First, you talked about it can renew for 12 months.
12 That was a DCA3 agreement?

13 A. That was a DCA3 agreement, yes.

14 Q. And what was that in terms of full content versus nonfull
15 content; what kind of agreement was that?

16 A. Full content agreement.

17 Q. And then you say, or US Airways could snap back to the
18 preDCA3 price points. And the preDCA3 agreement, is that a
19 full content or nonfull content?

20 A. It was a nonfull content agreement.

21 Q. But how does the price --

22 A. Higher booking fee.

23 Q. Next, let's focus on the next line for a minute. You say,
24 "We also are suggesting that any deal cut with HP --" first of
25 all, who's HP?

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Sabr-Transcript-000006393

Gbslsab6

Klein - Direct

1 A. That's the airline code for America West. Makes no sense,
2 but that's what it is.
3 Q. So you're saying that, "We're also suggesting that any deal
4 cut with America West would have a roll-in provision for US
5 Airways." What did you mean by that or what are you referring
6 to?
7 A. Well, since -- since Mr. Kirby's team at America West had
8 already started negotiating with us and since he was going to
9 be responsible, we were saying that, look, if that negotiation
10 continues, then we'll certainly create a provision so that
11 the -- the new merger airline would roll into the new contract.
12 Q. In terms of the two options, the merged airline together
13 would have either way?
14 A. Yes.
15 Q. And how did your offer to Mr. Kirby regarding going to the
16 preDCA3 agreement compare to the type of agreement that America
17 West had at the time?
18 A. It was very similar.
19 Q. Let me look briefly at a demonstrative Exhibit 156, which
20 we went through with Mr. Webb, but this just lays out the
21 different contracts and the full content versus nonfull content
22 contracts. How does the preDCA3 agreement that you offered
23 Mr. Kirby for the combined airline fit in here?
24 A. It would just extend that bottom red line all the way
25 across, so it's a -- it's a less than full -- nonfull content

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Sabr-Transcript-000006394

Gbslsab6

Klein - Direct

1 agreement. It's a higher price point. It was essentially the
2 same kind of deal that America West had.
3 Q. And that would be for both airlines, or the combined, I
4 guess, merged airline?
5 A. Yes.
6 Q. What was Mr. Kirby's response to your offer to put the new
7 merged airline under a nonfull content agreement?
8 A. He never talked to me about that option.
9 Q. Did he express any interest in that option to you?
10 A. No.
11 Q. Did Mr. Kirby say anything to you about wanting to convert
12 this new merged airline to the America West nonfull content
13 model?
14 A. No.
15 Q. And based on your conversations with Mr. Kirby, what was
16 your understanding of why the new merged airline negotiated for
17 a full content agreement after at least the America West arm of
18 it had had a nonfull content agreement?
19 A. A couple reasons. One, US Airways was a different kind of
20 airline than America West, and the combined airline would be
21 more interested and was set up more to handle business
22 travelers. I mentioned exemplifying the shuttle markets hired on
23 the East Coast, heavy business markets, and those business
24 travelers typically buy their services through travel agencies.
25 So the distribution strategy for the new airline would be

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Sabr-Transcript-000006395

Gbslsab6

Klein - Direct

1 different.
2 I think the second reason was, Mr. Kirby expressed and
3 said publicly that they needed to take a lot of cost out of the
4 merged airline. That was what they committed to investors and
5 this was a way to -- full content came with a load of costs, so
6 it was a revenue benefit on the customer side and a cost
7 benefit on the booking fee side.
8 Q. Go back to your email real quick, Defendant's 1334. So
9 after this email exchange in July of 2005 with Mr. Kirby, what
10 happened to the US Airways contract?
11 A. It actually did roll over. Neither party canceled it, so
12 it extended for a one-year period.
13 Q. And did you continue having conversations with Mr. Kirby
14 that summer about negotiating a new agreement for the new
15 merged airline?
16 A. Yes, we did. And I did.
17 Q. Let's move to Exhibit 1333, which is in evidence.
18 Defendant's 1333. This is an email from Mr. Kirby to you dated
19 August 8 of 2005. Can you tell me -- and we'll go through this
20 in some detail, but can you tell me at a high level generally
21 what this email related to, or this discussion.
22 A. Yes. It relates to the -- that -- the rollover of the
23 contract that we just talked about, so -- and it relates to
24 Mr. Kirby's expressing a desire for a lower price point on the
25 booking fee.

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Sabr-Transcript-000006396

Gbslsab6

Klein - Direct

1 Q. It references a press release relating to the rollover.
2 Why did you put out a press release announcing the rollover?
3 A. There was, you know -- the market knew, our travel agency
4 customers knew, and I think investors knew too that the US
5 Airways contract was coming up for renewal. That's big news.
6 We couldn't be silent about it. We had executed a one-year
7 extension. And we just put out a short release that let -- let
8 our customers know and let our investors know that we had done
9 that.
10 Q. Mr. Kirby also says here, he references, because US Airways
11 had been in bankruptcy, we can therefore simply reject the
12 Sabre contract. What did you understand that to mean?
13 A. It meant that he was serious -- I took it to mean that he
14 was seriously considering rejecting our contract. That's -- he
15 had that right. And pulling the airline out of Sabre.
16 Q. And how did Mr. Kirby's message that US Air could simply
17 reject this contract with Sabre affect your position or your
18 approach to the negotiations?
19 A. It created additional leverage for US Airways, and I think
20 it resulted in us responding in the next round with a -- with a
21 lower price.
22 Q. How did you take the threat?
23 A. I -- I took it seriously.
24 Q. What would it have meant to your company if US Airways had
25 simply rejected the contract?

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Sabr-Transcript-000006397

Gbslsab6

Klein - Direct

1 A. Again, an airline of this size, this is a -- this is a -- a
 2 newly formed fourth largest airline in the United States. If
 3 they pulled out of -- out of the Sabre system, it would have
 4 been devastating for our business, and I think we would have,
 5 again, lost a lot of business pretty immediately.
 6 Q. Let's move to the next paragraph. He says to you, "While
 7 we are anxious to discuss new terms with you and would like to
 8 develop a better long-term partnership with Sabre, we
 9 unequivocally will not affirm the existing contract." What did
 10 you understand that to mean?
 11 A. I understood it to mean that, again, that he was very
 12 willing to exercise his right to -- to not accept the contract
 13 through the court, as he said in the first paragraph, on the
 14 new terms and would like to develop a long-term partnership.
 15 Again, I -- we hoped to get full content for the combined
 16 airline, and that's -- that's what he and I had been talking
 17 about, and I assume that's what he meant there.
 18 Q. And at the end he says, "We would very much like to
 19 complete a new deal with Sabre but certainly aren't interested
 20 in the old economics." What did you understand that to mean in
 21 terms of how the negotiation would go forward?
 22 A. That, well, he wanted a lower price, and we would need to
 23 be responsive to it if we wanted to keep his airline in our
 24 system.
 25 Q. And what did you understand the old economics to mean?

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Gbslsab6

Klein - Direct

1 A. The existing US Airways contract or the existing America
 2 West contract.
 3 Q. And what did Mr. Kirby say about content in his email or
 4 your discussions with him at this time?
 5 A. He didn't mention it at all.
 6 Q. And at the time what kind of contract did US Airways have?
 7 A. A full content agreement.
 8 Q. Was this email consistent with your conversations with
 9 Mr. Kirby?
 10 A. It was.
 11 Q. Did you end up responding to him in this email?
 12 A. I did.
 13 Q. Let's look at Defendant's Exhibit 1463. This is in
 14 evidence. This is an email dated August 8, 2005, from you to
 15 Mr. Kirby. I think that's the same day, a couple hours later.
 16 And we'll walk through this in a little bit of detail, but
 17 generally, what did this email relate to?
 18 A. I -- it was, you know -- I responded to his comments on the
 19 press release, just said that we thought it was factual, and
 20 affirmed that we understood his right, US Airways' right to not
 21 assume the contract or to be able to cancel the contract, and
 22 wanted to make sure that we had a chance to talk soon.
 23 Q. And let's focus on -- and I tried to make that bigger but
 24 it didn't get any bigger. You also write, we are certainly
 25 aware that US Airways has that right under the bankruptcy

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Gbslsab6

Klein - Direct

1 protection. The right to, that is, reject the Sabre contract
 2 in its entirety if it chooses and drop out of the Sabre system.
 3 What are you referring to there?
 4 A. That's -- it's the right that he expressed to me that he
 5 had. I was just telling him that I understood that that was
 6 very much within his legal rights and that, you know, that
 7 those two things were tied, that they could stop, you know --
 8 they could reject the contract and they could pull their
 9 content out of the system.
 10 Q. And what would it have meant to Sabre if they dropped out
 11 of the system at this point?
 12 A. Again, it would -- it would have been devastating to us
 13 and -- and we would have lost business pretty much immediately.
 14 Q. All right. The last line of your email, you say, "Thanks,
 15 and let's talk soon." This is in August 2005. Did you talk to
 16 Mr. Kirby shortly thereafter?
 17 A. I believe I did, yes.
 18 Q. And tell us generally what you discussed in your phone call
 19 with him following this email exchange.
 20 A. We talked about a variety of things, which I wound up
 21 documenting because they were -- I thought they were important
 22 to the negotiation. We talked about his -- his -- he made it
 23 clear to me that not only was -- was he serious in his threats
 24 here but that he now had investor support to pull US Airways
 25 out of Sabre. These are the new investors who invested in the

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Sabr-Transcript-000006400

Gbslsab6

Klein - Direct

1 merged airline. He made it clear that he wanted to continue
 2 conversations but that -- that a lower price point was the only
 3 way that we were going to be able to get to -- get US Airways
 4 content in our system.
 5 Q. Did he make any explicit suggestions about pulling out of
 6 Sabre?
 7 A. He -- yeah, he made it clear that he had the support of his
 8 investors to pull out of Sabre, and for some -- even, for some
 9 of his investors, that it was the preferred option.
 10 Q. How did you take that threat?
 11 A. I took it extremely seriously.
 12 Q. In your call with him following up on these emails, what,
 13 if anything, did Mr. Kirby say about providing content or
 14 wanting nonfull content, or his desire to withhold content?
 15 A. Yeah, we -- we didn't have a discussion about anything
 16 other than full content. He mentioned that -- I believe he
 17 mentioned that -- that the airline would look at kind of
 18 industry standard terms, which meant what the other big
 19 airlines were doing, which were full content agreements. He
 20 mentioned a most favored nations clause, which is something he
 21 desired, which means that if we negotiated with some other
 22 airlines a lower price, that he would like access to that lower
 23 price. So that was the gist of the conversation. I documented
 24 it and sent it around to our team because I -- it was really
 25 important to the discussions we were having at the time.

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1 Q. Why did you document your call with him?

2 A. It's pretty much whenever I -- I mean, that type of call
3 where we were talking about very specific things and the type
4 of threat that he made, I thought it was important to document
5 that and send it around to our team. It's kind of normal
6 course of business.

7 MR. LIND: And your Honor, I'm going to walk through
8 that. It might take more than a couple minutes, so I'd rather
9 do that all at once, if we can break today.

10 THE COURT: That's fine.

11 Okay, ladies and gentlemen. We will come back
12 tomorrow, same time, same place. Please don't talk about the
13 case.

14 (Continued on next page)

1 (Jury not present)

2 THE COURT: I have only a telephone conference this
3 evening, so if you want to leave materials on the tables,
4 you're free to do that.

5 ALL COUNSEL: Thank you, your Honor.

6 (Adjourned to November 29, 2016, at 9:15 a.m.)

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3 GREG WEBB

4 Cross By Mr. Frackman3428

5 Redirect By Ms. Giulianelli3497

6 Cross By Mr. Frackman3541

7 Redirect By Ms. Giulianelli3544

8 Recross By Mr. Frackman3565

9 Redirect By Ms. Giulianelli3566

10 TOM KLEIN

11 Direct By Mr. Lind3572

PLAINTIFF EXHIBITS

13 Exhibit No. Received

14 291, cover page and page 42,3438

15 30863442

16 1973450

17 1203473

18 30633477

19 1483483

20 1183487

21 1243490

22 6693493

DEFENDANT EXHIBITS

24 Exhibit No. Received

25 14903530

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