UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE:	.	Case No. 09-50026-mg
MOTORS LIQUIDATION COMPANY, et al., f/k/a GENERAL MOTORS CORP., et al,	.	Chapter 11
	.	(Jointly administered)
Debtors.	.	
MOTORS LIQUIDATION COMPANY AVOIDANCE ACTION TRUST, by and through the Wilmington Trust Company, solely in its capacity as Trust Administrator and Trustee,	.	Adv. Proc. No. 09-00504-mg
Plaintiff,	.	
v.	.	
JPMORGAN CHASE BANK, N.A., individually and as Administrative Agent for Various lenders party to the Term Loan Agreement described herein, et al.,	.	One Bowling Green New York, NY 10004
	.	Thursday, April 24, 2017
Defendants.	.	9:02 a.m.

TRANSCRIPT OF ADVERSARY PROCEEDING: 09-00504-mg
MOTORS LIQUIDATION COMPANY AVOIDANCE ACTION TRUST V.
JPMORGAN CHASE BANK, N.A. ET AL, TRIAL
BEFORE THE HONORABLE MARTIN GLENN
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES CONTINUED

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APPEARANCES (Continued):

For the Plaintiffs:
Binder & Schwartz, LLP
By: ERIC B. FISHER, ESQ.
NEIL S. BINDER, ESQ.
LINDSAY A. BUSH, ESQ.
LISA C. LIGHTBODY, ESQ.
LAUREN K. HANDELSMAN, ESQ.
366 Madison Avenue, 6th Floor
New York, NY 10017
(212) 933-4551

For JPMorgan Chase Bank, N.A.:
Wachtell, Lipton, Rosen & Katz
By: MARC WOLINSKY, ESQ.
CARRIE M. REILLY, ESQ.
C. LEE WILSON, ESQ.
HAROLD S. NOVIKOFF, ESQ.
ANEIL KOVVALI, ESQ.
S. CHRISTOPHER SZCZERBAN, ESQ.
51 West 52nd Street
New York, NY 10019-6150
(212) 403-1000

For the Debtor:
King & Spalding LLP
By: ARTHUR STEINBERG, ESQ.
SCOTT DAVIDSON, ESQ.
JENNIFER CHIANG, ESQ.
1185 Avenue of the Americas
New York, New York 10036-4003
(212) 556-2158

For Certain Term Loan Lenders:
Jones Day
By: ERIN L. BURKE, ESQ.
BRUCE BENNETT, ESQ.
GREGORY M. SHUMAKER, ESQ.
CHRISTOPHER DIPOMPEO, ESQ.
555 South Flower Street
50th Floor
Los Angeles, CA 90071-2300
(213) 489-3939

For Certain Term Loan Lenders:
Davis Polk & Wardwell LLP
By: ELLIOTT MOSKOWITZ, ESQ.
MARC J. TOBAK, ESQ.
450 Lexington Avenue
New York, NY 10017
(212) 450-4241

I N D E X
4/24/17

(Proceedings commence at 9:02 a.m.)

THE COURT: All right. Please be seated. We're here in Motors Liquidation Company Avoidance Action Trust versus JPMorgan Chase Bank N.A., et al. Adversary proceeding 09-00504. Good everybody.

UNIDENTIFIED ATTORNEYS: Good morning.

THE COURT: All right. Let's begin. Mr. Wolinsky.

MR. WOLINSKY: Your Honor, I'm Marc Wolinsky. Why don't we just start with our first witness?

THE COURT: Absolutely.

MR. WOLINSKY: Perfect. We'd like to call Eric Stevens to the stand, Your Honor.

THE COURT: Mr. Stevens.

MR. WOLINSKY: And Your Honor, we handed out to your clerks and to yourself a binder of demonstratives that we're going to be using.

THE COURT: Okay.

MR. WOLINSKY: But they'll also be up on the screen.

THE COURT: All right. Good morning Mr. Stevens. Okay. If you would raise your right hand and be sworn.

ERIC STEVENS, DEFENDANT'S WITNESS, SWORN

THE COURT: All right. Please have a seat. And there's a pitcher of water and cups there, Mr. Stevens, if you need it.

THE WITNESS: Okay.

DIRECT EXAMINATION

BY MR. WOLINSKY:

Q And you might move the microphone a little closer to yourself.

A Okay. Is that better?

Q Thank you. Perfect.

THE COURT: We'll see when you start to speak.

THE WITNESS: All right.

THE COURT: You've got make sure you keep your voice up more, make sure we get a clear --

Q Good morning, Mr. Stevens.

A Good morning, Marc.

Q You submitted a written witness statement in this case?

A Yes, I did.

Q And is everything in that statement still true?

A Yes, it is.

MR. WOLINSKY: Your Honor, we'd like to offer Mr. Stevens' witness statement.

THE COURT: Mr. Fisher?

MR. FISHER: Your Honor, we have objections to the admissibility of certain paragraphs which we've identified in advance to defense counsel. Just for the purpose of the record --

THE COURT: Mr. Fisher, we're talking about the April 7, 2017 direct testimony of Eric Stevens?

MR. FISHER: That is correct, Your Honor.

THE COURT: Okay.

MR. FISHER: In particular, we object to the admissibility of charts and diagrams contained in Paragraphs 47, 79, 93, 95, and 96. I've -- Mr. Wolinsky is aware of this objection. And I think that we both agreed to see how the testimony comes in before asking for any kind of ruling on that issue, Your Honor.

THE COURT: All right. Let's proceed.

MR. WOLINSKY: Good. Thank you. So Your Honor, subject to that, we're offering it -- we also --

THE COURT: It's the -- so the direct testimony of Eric Stevens dated April 7, 2017 subject to later ruling --

UNIDENTIFIED ATTORNEY: Right.

THE COURT: -- on the objections that Mr. Fisher has stated on the record, the testimony is admitted into evidence.

MR. FISHER: And Your Honor, just one further clarification is simply that we do reserve our right to seek to strike certain elements of the testimony, depending on what the trial testimony shows about the basis for it.

THE COURT: All right.

MR. WOLINSKY: And we've also been working cooperatively to come up with a list of exhibits that are going to go in through this witness. There's a correspondingly short list of exhibits that are being objected to. I hope to move

those objections during the direct.

THE COURT: All right. Thank you.

BY MR. WOLINSKY:

Q Okay. Mr. Stevens, you're a former General Motors employee, correct?

A That's correct. Yes.

Q Okay.

THE COURT: You have to make sure you keep your voice up.

THE WITNESS: Okay.

BY MR. WOLINSKY:

Q Can you trace your career at General Motors insofar as it relates to the issues that you're going to be testifying to today?

A Yes. I've spent most of my 35-year career at General Motors in the operating fields of manufacturing or engineering, specifically manufacturing engineering. I've had a variety of assignments around the world in various plants as plant manager, and several running and being responsible for large manufacturing engineering organizations throughout the world. Specific time in North America, responsible for the North American operations. And I completed my career with General Motors before my retirement, responsible for all manufacturing, engineering and building and construction activities in all GM regions of the world.

Q Could you describe for the Court what the field of manufacturing engineering is?
A Oh yeah. Manufacturing engineering primarily is involved directly in the design, development, installation of all machines and equipment that go into factories. As part of the production process, equipment required to produce the various products that GM would produce in their plants from castings to machined engines and transmissions, stamping for body metal and through to the final assembly of the process and the equipment required for those processes to deliver the vehicle to the customer.
Q And with respect to the Lansing Delta Township plant, did you have any involvement in the planning for that plant?
A Yes. Between 2002 and 2004, my responsibilities were to lead the North American assembly, manufacturing engineering team in direct responsibility for the operations in the assembly side of the business. During that period of time, Lansing Delta Township project was one of the key projects that was being worked within General Motors at the time to establish a brand new facility in Lansing. And the planning, the initial designs and initial planning and layouts and equipment specifications for that plant were done under my teams during that period.
Q Now we're going to get into this a little deeper later, but in your direct written statement, you talk about lean,

agile, flex, global manufacturing systems, and the platform strategy. Just briefly, what is your personal involvement in those aspects of General Motors' business strategy?

A They are all, as you defined, key elements of the manufacturing strategy for General Motors and similar strategies for other OEMs that have been evolving since the mid-90s or so. I was personally involved in, certainly, the initial codification, the initial establishment of GMS principles into a codified system for General Motors, working with colleagues in North America, I was at the time working in Europe. And we, together -- brought together this -- the basis for what became GMS formally in the mid-90s. That evolved through time over the next number of years into product engineering strategies that supported lean, agile, flex type processing.

And during the period of time from the mid-90s up until my retirement, the direct involvement of our teams in not only working with the product design teams and the product development teams but clearly in establishing the lean, agile equipment specifications through what we called a bill of process and a bill of equipment.

Q Okay. And just to round this out, have you been involved in General Motors' budgeting and capital allocation plan?

A Yes. Capital forecasting because of the level of capital spending that was in my area of responsibility, capital

forecasting was a key part of the role.

Q And briefly, how was capital forecasting -- I've seen a reference to something called bill of equipment.

A Yes, the bill of equipment was the basis for our capital forecasting process. Bill of equipment defined a set of machines or equipment that would fit into any project going forward in that standardized way based on the lean GMS principles. And the bill of equipment was constantly updated. Pricing was confirmed on an annual basis. And that became the basis for our capital forecasting. Of course adjusted for the nature of whatever project we were actually doing a forecast for. But BOE was the starting point for that process.

Q Okay. And you may have mentioned this, but the position you held at the time of retirement was what?

A I was the vice president of global manufacturing and engineering, with the responsibilities for the manufacturing engineering and building and construction activities around the world.

MR. WOLINSKY: Okay. Bunky -- Your Honor, you're going to be hearing a lot about Bunky. He's -- his formal name is Andy Cepregi, but everyone calls him Bunky. So you're welcome to too.

Bunky, could you please pull up Exhibit A to Mr. Stevens' direct, Page 11, the process diagram.

BY MR. WOLINSKY:

Q Just so we're on the same page for the next two weeks, could you just walk the Court through what we see here?

A Sure. This is a high level diagram outlining a generic but quite repeatable manufacturing process for major OEMs. Starting in the bottom, you have foundry operations of some sort which cast rough castings which are machined into engines or transmissions and assembled in our various engine transmission plants and eventually delivered to what the top part of the diagram shows, a generic assembly plant.

And assembly plants where the vehicle's put together and shipped generally include a stamping operation which completes the stamping of the major body sheet metal panels, doors, hoods, underbodies, fenders, et cetera. These are assembled and welded together in the body shops in preparation for sending a completed body shell into the paint area where the various rust prohibitive coatings, et cetera, as well as the color coats and top coats of the vehicle are applied in the paint area before the vehicle is shipped to general assembly where the, as I said, the powertrain elements and thousands of outside supplier parts would be added to that body shell as it's being completed for shipment to the customers.

MR. WOLINSKY: Okay. Your Honor, yes --

THE COURT: I'm going to stop you for a minute.

MR. WOLINSKY: Yes, I was going to stop.

THE COURT: I'm oriented to -- you know I see it. I

see the chart in the binder that you handed up to me. I brought out on the bench --

MR. WOLINSKY: Yeah, the big one.

THE COURT: -- the large -- there were multi-volumes. I guess that Mr. Stevens, there -- it's labeled as Exhibit 2?

MR. WOLINSKY: For Mr. Stevens --

UNIDENTIFIED ATTORNEY: It should be Exhibit A.

MR. WOLINSKY: Exhibit A to his written statement. And on the Exhibit list --

UNIDENTIFIED ATTORNEY: That's the old Exhibit 1.

MR. WOLINSKY: Oh, okay.

UNIDENTIFIED ATTORNEY: I'm looking at it.

MR. WOLINSKY: Your Honor, I think you should be working with Exhibit A. You may have -- do you have old Exhibit 1?

THE COURT: On this?

MR. WOLINSKY: Yeah.

THE COURT: Yes. So I can put aside -- I thought I was going to --

MR. WOLINSKY: Exhibit --

THE COURT: -- make sure my -- I'm not having -- dealing with another set. And I thought I was very efficient t throwing out all of these binders. Okay. So I have what is now Exhibit A.

MR. WOLINSKY: Exhibit A to the written. And we're

on Page 11, the process –

THE COURT: Okay. And it's also in --

MR. WOLINSKY: Yes.

THE COURT: -- this binder that you handed up?

MR. WOLINSKY: Yeah.

THE COURT: Okay. Go ahead. It may take me a little while to get oriented with all the papers.

THE WITNESS: I sympathize.

THE COURT: Go ahead.

BY MR. WOLINSKY:

Q Okay. It can turn, again on Page 11, the overview of the LDT facility. And just what do we see here?

A This is the site of the LDT assembly plant from above, obviously. And moving quickly from left to right, stamping is in the upper left. As I mentioned, the panels would flow through into the body shop where they're welded into the paint shop eventually where they're painted and into a series of conveyor supported operations in general assembly where parts of various sorts are assembled to the vehicle prior to it being shipping -- shipped in the upper right-hand corner of this particular diagram.

Q So this is the flow of materials from raw to finished goods?

A In some sense, yes. Raw metal comes in the left side and is processed into a vehicle. Finished goods come out the right

side, yes.
Q Okay. And right in the center of the CUC which the Court had a chance to visit --
A Yes.
Q -- what does that do?
A The CUC is the central utility complex for the full facility, provides a variety of essential utilities to the various types of processing and operations that are performed throughout the site and required by the manufacturing processes.
Q Okay. And specifically, what are the kinds of systems in there?
A There's a number. There's large hot water boilers. There's cool water chillers. There's a series of compressed air compressors and driers which provide the compressed air for much of the processing throughout the shops and a variety of other related facilities to treat the waste products and waste water systems that come out of the processing of the major plants, major shops in the plant.
Q So the CUC supports this entire complex?
A That's correct. Yes.
Q And the entire complex, roughly how many square feet under roof?
A It's just been enlarged. It's close to a million square feet now, 850, 900,000 square feet, something like that.

Q Okay. And would you consider this to be a standard heavy industrial building?

MR. FISHER: Objection. Leading.

THE COURT: Sustained.

THE WITNESS: I'm not sure --

THE COURT: Let him ask another question.

MR. WOLINSKY: Yeah.

THE WITNESS: Okay.

BY MR. WOLINSKY:

Q Have you ever heard the term, heavy -- standard heavy industrial building?

A I'm not sure what a standard heavy industrial building is.

Q Is this building -- how has this building been adapted to the manufacture of automobiles?

A The various portions of the building have been adapted differently because of the differing requirements of the manufacturing processes that would be performed in each of the sections of the buildings. Stamping, obviously would have, as you recall, some pretty high bay construction to support not only the height of the presses themselves, the ability to move the press pieces into the building as required to install them initially, but also to support the large number of die movements that are done on a daily basis within the stamping plant, requiring high bay cranes to safely move dies through.

Body shop construction would have been -- would have

definitely considered the kinds of loads that would have been applied from the various mezzanine level conveyors that were part of that process requirement for the building.

Paint shop, certainly a uniquely adapted in the sense a multilevel facility with numerous elevation changes of an operations going through the shops requiring large -- in many cases, large openings in the concrete floors of the various levels of the shop to allow transport of vehicles through conveyors or transport of vehicles through process steps.

General assembly, adapted again, similar to body to accept and support the large weight loads that would be part of the conveyance requirements at the -- not at the floor level, at the mezzanine level. In fact, in this particular case, the chassis area which supports the VACs, which we'll talk about later, the vertical adjusting carriers we saw, the truss loads in those areas were actually specified because of the additionally extra weight of that entire conveyance system is roughly two million pounds, which is significantly more than a normal roof load would support.

And additionally, both GA and stamping had significant work done in floor level pits, or below level pits, to support the process assets that were eventually installed in those areas.

Q If we could put up Demonstrative DDX-1. This is the -- this is what was given to us on the plant tour by the GM hosts?

A That's correct.

THE COURT: I just -- when was Lansing Delta Township first constructed?

THE WITNESS: The stamping plant itself started in 2003. It was obviously in construction for a year and a half or two before that. The assembly operations started in late 2006, I believe September -- August, September of 2006.

THE COURT: When you say started, construction was completed and it was put in operation?

THE WITNESS: Sorry. Yes, that's correct. Construction would have been roughly two years -- started roughly two years before that.

THE COURT: Thank you. Go ahead.

BY MR. WOLINSKY:

Q DDX-1, if you could just describe to the Court what we're seeing here?

A Yeah, as you mentioned, this is the specific diagram that was provided to us during our recent tour. It is the full layout of the general assembly shop at Lansing Delta Township. As you can see, our tour really covered one relatively small corner of the full layout of the shop itself.

Q And what's the significance of the T shape?

A The T shape layout was a design concept that we developed as part of our transition within General Motors to lean and lean manufacturing processes. The T-shaped layout became the

standard procedure or the standard layout for all of the assembly plants that were built new around the world with in GM since about the mid-90s because it was specifically purpose built to support a lean assembly process by compressing operations as closely together, reducing floor space as much as possible as well was providing access for delivery of -- various deliveries of materials to specific points of use on the three main assembly lines that you see in the picture.

Q Okay.

A Certainly it provided additional building really. It's savings as well as smaller areas to heat, smaller areas to cool. Concentration of people operators in areas to make walk times shorter and easier as well.

Q Okay. And in the --

MR. FISHER: Your Honor, I object and move to strike as beyond the scope of the direct. I don't believe that there's any discussion of this T-shaped layout concept in the direct.

THE COURT: Mr. Wolinsky?

MR. WOLINSKY: I don't think either, Your Honor. You visited the plant, I thought it would be useful to give you an orientation of what you say.

THE COURT: Overruled. Go ahead.

BY MR. WOLINSKY:

Q And in the area -- well, let's move on. If you can -- let

me direct you to Mr. Goesling's testimony, Paragraph 23. And Mr. Goesling states in his direct that in this case, "The strongest evidence of whether GM expected that a particular asset would or would not be conveyed along with the building is the evidence of GM's actual real world practice when a plant was sold or closed." Was this strongest evidence point highlighted by Mr. Goesling in any of his reports?

MR. FISHER: Objection. Leading.

THE COURT: Overruled.

THE WITNESS: I don't think so, no.

BY MR. WOLINSKY:

Q Okay. Focusing on intent at the time of installation, did GM design its plants in order to facilitate removal or otherwise?

A No, there was no consideration of the possibility or the intent to remove during the design or installation phases of any of the assets we were responsible for.

Q Okay. What was the design principle or goal of the design of the facilities?

A The design principles were simple, to support the lean processes which I just described and certainly to ensure by the specification of the equipment and the installation methods that those assets would continue in place to operate for as long as they could, as long as their useful lives allowed.

Q And how does this process or philosophy that you've

referred to, how has that evolved over time?

MR. FISHER: Objection. Your Honor, I believe these questions about a philosophy of intent with respect to assets runs afoul of Your Honor's in limine ruling.

THE COURT: Mr. Wolinsky?

MR. WOLINSKY: Your Honor, I don't think it does. We actually submitted the short memo this morning to talk about the engineering --

THE COURT: Which I had two minutes to look at.

MR. WOLINSKY: Yeah, we understood that.

THE COURT: And Mr. Fisher hasn't had the opportunity to respond. I'm going to reserve --

MR. WOLINSKY: Let me --

THE COURT: I'm going to reserve -- I'll let you continue, but I'm going to reserve decision on whether or not it should be stricken.

MR. WOLINSKY: Right. Let me rephrase the question.

BY MR. WOLINSKY:

Q What were the business and engineering considerations that drove the design of the plants?

A Prior to the time period that I previously outlined, mid-90s onward, early 90s onward, manufacturing processes were by and large installed in many plants with what I would call fixed -- more fixed automation or less flexible systems in place. At that time, model changes became or were extremely major events

in the course of automotive business. To tear out or rip out what were inflexible operations to allow a model change, in many cases, took three, four months to strip out a body shop and reinstall major, major new components of a body shop.

The new systems that I'm describing now have enabled -- the lean systems, the flexible equipment, the flexible concepts that you have asked about have really enabled a great change in that kind of processing in that model changes are easy, model changes do not impact the base assets, the base manufacturing process assets.

Certainly, the timeframe for model changes is reduced from three or four months to three or four hours. In many cases, you see a brand new vehicle following directly on the assembly line the last of the old vehicles -- old models. And certainly, the costs involved with model change in general under the old manufacturing philosophies where you were shutting down and tearing out large pieces were three or four times what a model change costs today. So significant change primarily in time, cost, and ability to start new models much easier and much quicker.

Q Okay. And in your answer --

MR. FISHER: Your Honor, and just to be clear, I want to preserve the objection to testimony about what we would characterize as general corporate intent without having to belabor it on the record. I believe the last answer also

included information of that sort, Your Honor.

THE COURT: I don't permit continuing objections because it results in an ambiguous transcript. As much as I regret, Mr. Fisher, you're going to have to object, I'm going to reserve ruling. I'll give you an opportunity -- I have a few minutes to see the defendant's brief, short brief that they filed. I'm going to reserve ruling but -- so that I can accurately keep track, you're going to have to raise your objections.

MR. FISHER: Understood, Your Honor.

THE COURT: Okay.

BY MR. WOLINSKY:

Q In your answer, you referred to base assets. Just explain what you meant by base assets.

A Base assets would be the pieces, in my opinion, these pieces of the manufacturing process as it would remain in place. Many or most of the 40 representative assets would fall in that kind of a category, the major blocks of the manufacturing process, from stamping through to general assembly.

Q And the business and engineering considerations that you referred to, what is that -- what has been the effect on GM's ability to keep assets in place?

A Certainly, this transformation from -- to lean thinking and lean process equipment as specified through our bill of

process and bill of equipment has led directly to much larger reuse of major assets through any of our plant changes or new model introductions. Basically allowed the major systems all to remain in place unchanged through that process and extended their ability to produce vehicles for GM on that set of processes and assets.

Q Let me --

MR. FISHER: Objection. Move to strike on the same ground.

THE COURT: Decision's reserved.

Go ahead, Mr. Wolinsky.

BY MR. WOLINSKY:

Q Okay. Let me walk you through the plant very briefly. For stamping assets, how do these business and engineering considerations affect the stamping operations?

A Primarily, the stamping impact would be around the evolution or the move to the large types of transfer presses that we saw during our visit. These transfer presses can handle and produce at a higher volume rate. But the major impact has been the size of the kinds of panels that these systems can produce versus the older systems that I mentioned earlier which were in many cases smaller, individual presses. So it typically would have handled much smaller parts and would have required much more welding in the body shops. So the large panels, large transfer presses, quick transfers through

those transfer presses at high volume has been the major impact on the assets in the press shop.

Q Just so --

MR. FISHER: Objection, Your Honor. I move to strike. Mr. Stevens is not the defendant's expert with respect to stamping assets. And this testimony is outside the scope of his direct.

THE COURT: Mr. Wolinsky?

MR. WOLINSKY: We presented Mr. Stevens as an overview witness, Your Honor. I think this is covered.

THE COURT: Show me where in his direct testimony it's covered. When I say direct, the written direct.

MR. WOLINSKY: Written direct.

THE COURT: I think for the record, his written direct is 112 pages long. So --

MR. WOLINSKY: Let me save time. Let's move onto general assembly.

THE COURT: The objection's sustained. You can come back to it after you show me where in the written direct the last subject would be covered.

MR. WOLINSKY: Yeah. It'll be covered by another witness. I don't need to --

THE COURT: Okay. Just so we have a clear record, I'm sustaining the objection.

MR. WOLINSKY: Okay.

THE COURT: And if you can come back and show me where in the direct it's covered, I'll reconsider it.

BY MR. WOLINSKY:

Q Okay. General assembly. How have these business and engineering considerations affected the general assembly area?

A I outlined a minute ago several examples around floor space utilization and the need to compress the overall plant layouts into a reduced configuration. The T-shaped layout is certainly one element that I mentioned. Additional elements would have been as I mentioned also the chassis area, the whole chassis portion of the T with additional roof truss supports to handle a much, much increased load in that particular loop area, roughly two million pounds. Building considerations in terms of column spacings were you know modified and specifically to support the conveyor configurations that were planned in the shops, as indicated by the pits that were installed.

The final area, the final assembly area where there is -- where there are basically finished vehicles running down floor level conveyors, the column spacings in those areas actually was increased to create a more open environment for those vehicles to be processed rather than the more constrained environment where column spacings were supporting conveyance operations. So many things like that were reflected in the general assembly building and equipment that was -- that was

part of the LDT project.
Q And in the body shop, have these business and engineering considerations affected the layout of the body shop?
A The layouts of the body shops, again I highlight only quickly, the configurations of the support roof structure to handle mezzanine level conveyance. Primarily, the concepts are identical in all the shops in terms of trying to concentrate what I would call the value added operations at the floor level or a single level in the body shop that would be manual operations by men or welding operations -- spot welding operations by robots on one level and then to reserve the mezzanine or upper levels for what I would call non-value added operations to process the movement -- to facilitate the movement of -- and in some cases, sub-assemblies from the sub-assemblies areas to the main line, in other cases for processes between the main lines themselves.
Q So when we were at LDT, we saw large conveyor systems running overhead. Why were they designed to go up there as opposed to down on the floor?
A As I said, couple -- major considerations in our design concepts was to keep the floor space as efficiently used as possible, to shrink the layouts, to provide some of the other advantages I mentioned in terms of heating and cooling requirements, concentration of people, reducing -- reduction of the distances that people had to actually walk to perform their

operations. So to have tried to have lay out a -- to lay out a body shop that would have conveyance from a relatively remote sub-assembly areas to their point of use on the main line would have necessitated some conveyance through existing manufacturing processes that would have disrupted processes or required layouts of value added processes that would have added labor time, work time, distance, or costs in terms of extra floor level conveyance.

Q If ease of removal were a design consideration in the LDT plant for example, would it look like it did when we saw it?

MR. FISHER: Objection. Leading.

THE COURT: Sustained.

BY MR. WOLINSKY:

Q How would the plant look if it were designed for removal as opposed to what we saw?

A That's an interesting question. I guess if you were, for some reason, trying to design a plant to be disassembled and moved at some you know period of time in the near future, you probably would try to configure a single layer -- a single level plant in the body shop for example that would allow better access to conveyance should you need to move it.

Paint shops, I guess I would answer very similarly. Multilevel paint shop could, if removal was a design characteristic, a design requirement, paint shop may be considered on a single level to provide the -- as a

consequence, would provide -- could provide better access to some of the assets as you tried to remove them. I guess the same concept, you could apply in general assembly to, where possible, remove the conveyance transport from the upper level down to a floor level.

In all cases, it would certainly lead to an extremely significant increase in floor space required for the buildings themselves. And I would certainly estimate as well a significant increase in the labor requirements because of the additional floor space to provide the time and the distances required that operators would have to move. So certainly, your unit cost would go up significantly.

Q From a business and engineering perspective, why doesn't GM design its plants that way?

A I believe it's economically not viable as I've outlined for a series of reasons. The kinds of design considerations you might apply in a hypothetical removal basically indicate an increase in many of the key cost drivers in a facility that would reduce the economic viability of the operation either by a significant volume reduction or an additional requirement in terms of cost, labor, heating, cooling, operating costs in larger facilities, loss of efficiency, et cetera. So I certainly believe that the economic viability of such a facility would not be possible.

Q Let me show you something else Mr. Goesling had to say in

Paragraph 23 of his written direct -- well actually, returning to the same statement. He says in this case:

> "As I said, the strongest evidence of whether GM expected that a particular asset would or would not be conveyed along with the building is the evidence of GM's actual real world practice when a plant was sold or closed."

Did you consider this to be an important element of evidence of GM's intent?

A No, I didn't.

Q Why not?

A Several reasons. As I mentioned, our planning process certainly focused on our role in providing assets that were installed at the time of installation to provide the opportunity to leave them in place for as long as possible. And in that sense, sale of plants or sale of assets was not a consideration or not even a factor in our day to day work.

Q When GM did try to sell a plant, what was its goal? What was its objective?

MR. FISHER: Object. Foundation? Objection.

THE COURT: Sustained.

BY MR. WOLINSKY:

Q Do you have a personal knowledge with respect to GM's efforts to sell plants?

A Yes, I've participated in several attempts or successful

sales of facilities, yes.
Q And for purposes of your expert testimony, have you researched that issue?
A To a certain degree, yes.
Q Okay. And who's assisted you with that?
A Our team of experts in general. McKenzie has helped with providing some base data from -- I believe it's from CAR, in terms of plant closures that we have followed up on to try to understand the circumstances and surrounding issues.
Q And did you personally -- were you personally involved -- have you personally reviewed the work product that's been generated?
A Yes, I have.
Q So if I may, what has been -- and what is General Motors's goal or preference when it tries to sell a plant?
MR. FISHER: Objection. Lack of foundation. This witness is here as an expert. There's been no foundation laid that he is an expert with respect to plant closures. The only testimony has been that he has reviewed some work that McKenzie did with respect to certain plant closures.
MR. WOLINSKY: Yeah --
THE COURT: First -- Mr. Wolinsky, whether this topic is covered in the written direct testimony?
MR. WOLINSKY: It is, Your Honor.
THE COURT: Could you point to me where?

(Counsel confer)

MR. WOLINSKY: Let me come back to it, Your Honor.

THE COURT: All right. So is the question withdrawn?

MR. WOLINSKY: Yes.

THE COURT: All right.

UNIDENTIFIED ATTORNEY: Marc?

MR. WOLINSKY: Yes?

UNIDENTIFIED ATTORNEY: Section 4 on Page 46.

MR. WOLINSKY: Thank you. My colleague helped me out here. Page 46 of his written direct. And Paragraph 121 on Page 48.

THE COURT: Just bear with me, okay? All right. The objection's overruled. You can ask the question again.

MR. WOLINSKY: Okay. Thank you.

BY MR. WOLINSKY:

Q So Mr. Stevens, from a business perspective, when GM tries to sell a plant, what's its preference?

A Certainly, the initial preference would be to sell the plant intact with the assets that are enclosed within that facility.

Q And why is that?

A Economically, it makes the most sense. And in terms of should there be a potential buyer, the -- you've maximized potential economical value of the site. If not, it's certainly -- if so, it certainly removes the need to eventually try to

strip out and sell individual assets during which you recover much less -- certainly would recover much less economic value.

Q If you could put up DDX-2? What is this list? I'm sorry, wrong list.

A This is -- yeah, this is the wrong list.

Q DDX-3. No, wrong. There we are. Looking at this list --

THE COURT: Is what you have up is DDX-2?

MR. WOLINSKY: DDX-2. It should be 2.

THE COURT: I have the binder you handed me, it's on Tab 4?

THE WITNESS: Correct.

THE COURT: It's DDX --

MR. WOLINSKY: DDX-2 on mine.

THE COURT: Yes.

MR. WOLINSKY: Do you have --

THE COURT: I have it open in front of me. Go ahead.

BY MR. WOLINSKY:

Q Okay. So the plant sales that you were personally involved in, just identify those.

A On this list, I was personally involved with or personally knowledgeable about direct -- because of direct involvement the Daewoo Romania plant, Ford bought it, but GM bid on it. I was one of the key negotiators of that deal. Obviously, we didn't close it. The GM Opel Eisenach negotiations with Daimler in

Germany in 2009 was also not a completed deal. But I was involved directly as a -- at the time as responsible for all manufacturing operations in Europe.

Q And what is this -- I'm sorry, did I cut you off?

A The Saab plant to a certain extent, but less directly.

Q Okay. And --

MR. FISHER: Your Honor, plaintiff objects to this demonstrative exhibit. I think we saw it this morning for the first time. And I'll note that Paragraph 121 in Mr. Stevens' written direct testimony that Mr. Wolinsky referred you to refers to the Halol plant in India to Daewoo Romania plant and to the Skoda plant. These other plants are not referred to in Paragraph 21. There is some discussion in Mr. Stevens' written direct about the GM Wilmington plant and the GM Shreveport plant. But all these other plants are entirely new to us. And as far as I know, were not included in any analysis supplied in the written direct testimony.

THE COURT: What's on the screen is demonstrative exhibit which is not in evidence. It's demonstrative exhibit insofar -- so the objection's overruled. So far, Mr. Stevens' testimony I think is fairly contemplated by the written direct.

BY MR. WOLINSKY:

Q So let's focus on the ones that are in Paragraph 121. Halol plant in India, GM sales of operations in Africa, Isuzu, Ford Daewoo Romania, Volkswagen purchase of Skoda. In those

instances, is there something common?

MR. FISHER: Objection. The witness did not testify that he has any personal knowledge of the India --

THE COURT: Overruled. Go ahead, Mr. Stevens.

THE WITNESS: In each of the cases, the plant -- just to point out the Halol plant sale is pending. It will be closed later this year. But in each of these cases that you asked about, the plant sale involved the full set of assets that were installed at the plant at the time of the sale. In each cases, the types of assets might be slightly different given the volume, outputs and capacities of those plants in terms of levels of automation, et cetera. But the base capability of each of those plants to produce automobiles in their regions was similar based on the assets that were contemplated to be part of the sale.

BY MR. WOLINSKY:

Q And in the GM Wilmington and Shreveport examples?

A Similar. Shreveport was slightly different in the fact that Elio Motors, the eventual purchaser has plans to produce a composite body vehicle rather than a steel body vehicle. So the press operations in Shreveport were not part of that particular transaction.

Q Okay. And from the buyer's perspective, why does the buyer want the plant with machine or equipment?

A Based on my discussions and negotiations, it was obvious

that the fact that they could potentially purchase an existing and operating facility, complete with assets that were capable of producing vehicles of basically any type, any model, indicated to them that they could start a business immediately rather than go through the two-year timeframe that it would take to build a new plant or the six to -- months to one-year timeframe it would take to potentially add capacity to some of their existing operations. So very much a question of opportunity to immediately start production on the basis of those existing assets that could support their processes as well.

Q And when plants are not -- you can take it down. Thank you. When plants are not sold to other original equipment manufacturers, what typically happens?

MR. FISHER: Objection. Foundation.

THE COURT: Sustained.

MR. WOLINSKY: Okay.

THE COURT: Just lay a foundation for --

MR. WOLINSKY: Sure.

BY MR. WOLINSKY:

Q Have you studied what typically happens when plants are sold to non-OEMs?

A Yes, we have.

Q For purposes of this testimony today?

A I have as well, yes.

Q Okay. And do you have personal experience in that area?
A Some. Not as much as trying to sell plants, but yes.
Q Okay. And what typically happens?
MR. FISHER: Objection. No foundation's been laid yet.
THE COURT: Sustained. What was --
THE WITNESS: Okay.
THE COURT: What personal involvement did you have, Mr. Stevens?
THE WITNESS: During my time in North America in the early 2000s, we closed our Sainte-Therese operation in Montreal or in a suburb of Montreal, Canada. After trying unsuccessfully to sell it as a full unit, it was eventually sold to, I believe, Home Depot. And at the time of the sale, it was incumbent on us to remove the assets that had some potential economic value and prepare for the demolition of the facility.
BY MR. WOLINSKY:
Q Okay. And for purposes -- for purpose -- for purposes of your testimony today, what work have you done and what research have you done to ascertain what happens when plants get sold to non-OEMs?
A I've worked with, as I stated a second ago, I've worked with some of the McKenzie team in researching and identifying through with some of my expert colleagues a list of closed

plants that was provided by the CAR report. And in some cases, I believe others will testify to the actual status of some those demolitions, but that's the research we did based on the CAR report.

Q And the CAR is the Center for Automotive Research?

A That's correct.

Q And what is that?

A It's an industry think tank type of research organization that provides a variety of information, not just on plant closures, their research involves plant, plant capacities, production rates, sales rates, sales numbers, and historical data, trends analysis of the major OEMs trying to derive strategy -- assumptions about major OEM strategies, et cetera.

Q And based on your personal knowledge and the work you've done to prepare up your testimony today, what typically happens to an auto plant when it's sold to a non-OEM?

MR. FISHER: Objection. Foundation.

THE COURT: Overruled.

THE WITNESS: Typically, there's some attempt to recover some potential economic value from some assets if there's some useful life remaining. But by and large after that stage, they would be demolished.

BY MR. WOLINSKY:

Q Have you studied the eFast data from 2009 to 2015 for the closed or idle plants covered by the lien to determine what

percentage of the fixtures, the assets that the claimant -- that the defendants have identified as fixtures have actually -- were moved out of those plants to be repurposed?

A Yes, I have.

Q And what did you find?

A I found that roughly 5.4 -- just over five percent of the assets that our team would have considered fixtures or would have potentially passed the three-factor test, only 5.4 percent of them were moved even from closed plants.

Q Okay. Now --

THE COURT: Let me just stop you for a second. I just want to look at the testimony.

MR. WOLINSKY: Yeah.

THE COURT: I'm looking at the screen as I have a --

THE WITNESS: Yes.

THE COURT: -- copy as it's being transcribed. So the record's clear, I just want to review the answer. Go ahead, Mr. Wolinsky.

MR. WOLINSKY: Okay. Thank you, Your Honor.

BY MR. WOLINSKY:

Q Are there kinds of assets in a closed rival plant that GM would try and move out?

A The -- there are, obviously. In this case, as I said, there's about five percent that were moved. And the kinds of things that makes some sense -- again, I would caveat the

answer with the statement, general statement that it depends on the remaining useful -- potentially useful life of the assets that you would look at. If something was in the -- well beyond the 50 percent or 70 percent of its useful life, you probably would not consider moving it only because the cost of moving and relocating that asset probably wouldn't be -- wouldn't make it worthwhile in that you could probably purchase new for similar costs.

Additionally, to install let's say older assets with a shorter remaining useful life into an existing system, you're starting to mix useful lives of equipment and impacting future replacement plans in a way to complicate them a little. So useful life's a key consideration.

The second key consideration would be the type of asset. In some cases for example, the presses that were moved out of Shreveport as part of the closure that we -- or the sale that we discussed earlier, the economic value of a press is significantly high enough in spite of the months of planning and probably up to a year of time that it would take to disassemble and reinstall a press, the value of that press would probably warrant movement. So those kinds of assets would be considered for movement.

THE COURT: Let me ask you this, during the site visit in Michigan, I also toured the Warren Transmission plant.

THE WITNESS: Correct.

THE COURT: And there was a large area of the facility, which is vacant now, that as I understand it had lines for three-speed transmissions which are no longer used. And the equipment was moved out, it was basically vacant space. Were you at all involved in the shutdown of a portion of the Warren Transmission plant?

THE WITNESS: No, personally I wasn't. I think one of our other experts can testify.

THE COURT: Go ahead.

THE WITNESS: I was more directly involved with the installation of the new six-speed equipment that you did see, but not with the previous activities in that area.

MR. WOLINSKY: Okay. And --

THE COURT: Just so the record's clear, there -- I was shown a portion of the plant that was now vacant where I was told the equipment had been removed --

MR. WOLINSKY: Right.

THE COURT: -- and the pits in the floor had been sealed.

MR. WOLINSKY: Right.

THE COURT: I suppose you'd want --

BY MR. WOLINSKY:

Q And that was a four-speed?

A That was the four-speed, yeah. I don't think there was a three-speed.

THE COURT: Okay.

BY MR. WOLINSKY:

Q You -- in your testimony, you mentioned the stamping press a year to move it. What was the time to plan for that move?

A It depends on the number of presses you might be working on at any given time. But it's a long period of months. It could be anywhere from six to eight months. Again, the preparation at the receiving site is just as important as the activities at the removal site in that you would have to create a foundation and a pit structure similar to the one we saw in Lansing if you were trying to move to a new location. So the period of time for prep is certainly significant as well.

Q Let me direct you to something else Mr. Goesling said in Paragraph 24 of his written direct:

> "GM's practice of relocating or selling manufacturing assets comports with my understanding that GM was prepared to redeploy its manufacturing assets in order to comply with the constantly evolving regulatory evolvement and constantly shifting consumer preferences and demands."

Let me just break that down. Did GM have a practice of relocating or selling manufacturing assets?

A No, we did not. It was not part of the planning at all.

Q Okay. And the trends, regulatory trends, consumer preference trends that Mr. Goesling refers to, how did GM --

how did those trends impact GM's business and engineering plans for its assets, for its manufacturing assets?

A As I mentioned earlier, the entire discussion around lean transformation and the evolution of manufacturing strategies to provide flexibility within the assets, whether they're in assembly shops or whether they're in machining shops with CNC type operations, that was a direct response to the kinds of change that were on the horizon that were -- that GM and other OEMs were impacted by at the time.

The design and development of those kinds of flexible systems enabled the company to better utilize its asset base on a longer basis just because it was move flexible and because the installed machines, et cetera, et cetera could handle different models, different sizes of models, and different configurations from the product development that would be responding either to consumers or environmental changes. So the flex was a direct enabler of allowing those assets to produce longer without change given the nature of the environment around us.

Q Okay. And how does what you've just referred to -- what you've just testified to relate to the concept of the global manufacturing system?

A The global manufacturing system was the, as I mentioned, sort of the codification of these lean principles and lean concepts into a set of guiding principles and guidelines that

drove the downstream activities in all the functions, from product engineering through to manufacturing engineering through to manufacturing. The interrelationship of those principles which were focused primarily on standardization, continuous improvement, built in quality, short lead time, and people involvement as the guiding -- overriding principles of GMS.

Q Did the implementation of the global manufacturing -- global manufacturing system make it harder or easier to move assets?

A It was designed around the concepts to ensure that assets remained in place longer. I don't think there was a consideration. I know there was not a consideration of whether it made it harder or easier to move assets. It was designed specifically to install a set of machines, a set of assets, a set of conveyance systems that was flexible enough to remain in place no matter what kinds of change came through that processing system.

Q Okay. Now GM also had something called the platform approach?

A That's correct.

Q Could you explain what the platform approach is?

A Platform approach is really the manifestation within the product engineering group of the GMS principles. The platform approach was an enabler to allow the manufacturing installed

asset base to be used for a longer period of time through the number of model changes or whatever that might come out of the platforms, defined a series of common interfaces between vehicle parts, common interfaces between vehicle parts and the machines and equipment in the manufacturing systems. And those common interfaces across a platform with -- which could support various sizes and various dimensions was the role of product engineering in pulling together the relation between product and process in the GMS world. And the platform approach really was the manifestation in the product itself.

Q Okay. Let me just put up, from your direct testimony, Paragraph 57 --

MR. WOLINSKY: Tab 5, Your Honor.

BY MR. WOLINSKY:

Q This is what the consumer sees?

A Yes, these are models that are in the marketplace, correct.

Q Okay. And as the -- could you explain to the Court what the platform approach -- what we're looking at and how it relates to the platform approach?

A Yeah. The key on the -- the key point on the full page is the various -- the capability of a single installed asset base to produce various models, flexibly and transparently, each of the pairs in the sheet are produced in the same plant on the same installed asset base and the same machines and equipment.

The highlighted line at the bottom of the screen is a good example. The same platform producing Cadillac CTS sedans and Camaro convertibles which certainly in the marketplace not only look different but are completely different market segments. So in that sense, the platform approach enables coverage of broader market segments and broader model distribution within existing segments as well.

Q Okay. So just to wrap it up, the same -- this car can be produced on the same installed base?

A It is installed. They are being installed on the same base in the same plant.

MR. WOLINSKY: Okay. Now if you could put up, Bunky, DX-94.

BY MR. WOLINSKY:

Q This is a presentation that you were shown at your deposition?

A At my first deposition, that's correct.

Q Okay. And at your deposition, you said you had not seen this specific presentation before, is that right?

A That's correct.

Q Okay. Have you seen presentations like this before?

A I've seen presentations and given presentations with very similar content on many occasions.

Q Okay. And the title, Gary Calgar (phonetic), who's Mr. Calgar?

A Gary Calgar was our Number 1 manufacturing senior executive at General Motors at the time. And he was my direct boss at the time as well.

Q Okay. So you looked through this presentation and the substance of this presentation are things that you've personally delivered?

A I have delivered content and pieces of this presentation in similar or identical format in other groups, yes.

MR. WOLINSKY: Okay. If we can turn to Page 12, the top half? Thank you.

BY MR. WOLINSKY:

Q Just explain to the Court what we're seeing here and how this relates to lean, agile, flex global manufacturing system platform --

THE COURT: Mr. Wolinsky, you have seven of the binders --

MR. WOLINSKY: Yes, thanks. Let me check. Yes, Your Honor.

THE COURT: That's good. Go ahead.

THE WITNESS: As I mentioned in my overview a second ago, the upper left quadrant which is referred to here as a bill of material is the work that the product engineering teams would be working to release parts for a new model or a new vehicle from a common set of components. In other words, they would have a series of engine families from which they would

select the engine families that would be appropriate for the new model.

They would have a series of component solutions, component solution sets that they would select one or two for a new model so that product engineering would select from a common set of components in what we would refer to as a bill of material. That would then -- as those parts would be released for a new model, then on the lower left, from those released common parts, the interfaces as I mentioned earlier between the parts and how those parts interface with the manufacturing systems and the plants are released in a common way as well.

And just to explain maybe the most direct correlation with the manufacturing process would be how do you process those large pieces of metal underbodies through the various conveyance systems and the various robotic welding systems? The way we did that was working to define what we called common pickup points or common hole locations. And regardless of the size of the underbody, the holes would be in the same place. Very simple. I remember Calgar said many times, put the holes in the same place. That allows you --

THE COURT: There are a common set of jigs that you would place the components on --

THE WITNESS: Exactly. Or a common set of conveyance pickups that you shuttle these underbodies through. So very simple concept, not so simple to execute. But the interfaces

between the parts, the definition of how parts relate to each other as well as how the parts relate to the vehicle or to the manufacturing process.

The lower right refers to the dimensional flexibility within that platform or within the vehicle set. Some models within a single platform are certainly different shaped as we saw with the CTS or the Camaro. And they have certain different dimensions that would have to be worked within the flexibility of the manufacturing process.

The upper right refers to how do you translate customer requirements, customer expectations into performance or functional specifications of the vehicle itself. So it's not really process related, it's the expectations from the field being translated into product definition.

BY MR. WOLINSKY:

Q And how did GM implement the lean manufacturing strategy, global manufacturing strategy into its existing plant base in North America?

A As I defined earlier, the rough timeframe where this became codified to the extent where it was policy, early ‘90s, mid-‘90s, you can -- it's hard to pin down because it was certainly in evolution. The intent and execution of movement to more lean, agile, flex machining in our powertrain operations and more flexible equipment in our assembly operations was done primarily on an opportunity basis. As

opportunities arise -- arose in each plant or as the need to replace equipment that had reached the end of its useful life as part of the normal capital replacement programs, we would have and did install directly machines and equipment that supported these flexible concepts that allowed these product enablers to have value for manufacturing.

THE COURT: I don't understand what you mean by opportunities.

THE WITNESS: Model changes, where you might have to provide additional tooling or some new M&E, opportunities for as I mentioned a specific example on end of useful life replacements. Generally useful life forecasting was part of the capital forecast plan. So every year, there was a plan to replace certain assets in certain plants, the ones that were older, the ones that needed to be replaced. Again, it depends somewhat on the timeframe we're talking because certain capital constraints impact your replacement plans as well -- can impact your replacement plans. But typically model changes that are used for life replacement plans and capital strategies were the main opportunities.

BY MR. WOLINSKY:

Q Okay. Mr. Deeds is going to testify about this. But since the Court asked, as it relates to the six-speed line that we saw in Warren, just what were the circumstances for that, for the installation of that line?

MR. FISHER: Objection. Beyond the scope of the written direct.

THE COURT: Overruled.

THE WITNESS: As I mentioned, I was involved in the initial planning for the -- or at least aware of the initial planning for the six-speed line. Although at the time I was involved, the plant allocation had not been decided. It was a project that was, locationwise, being finalized. When it was finalized for Warren, the plan involved relocation or removal of the four-speed assets, which had already performed beyond their useful life, and replacement with a brand new flexible set of machining operations to produce a new six-speed. So the four-speed was technologically obsolete at the time as well as the equipment that had been producing it for many, many years. And that equipment was removed.

MR. WOLINSKY: Okay. If we could move onto Mr. Goesling's testimony, Paragraph 25, Bunky? It's the top -- the last sentence of his Paragraph 25.

BY MR. WOLINSKY:

Q GM's platform approach was only in limited use in 2009 and had not dramatically affected the need for changes to machinery equipment. Is this -- was this idea in Mr. Goesling's prior reports?

A I don't think so, no.

Q Okay. True or false?

A It's false.
Q What's the truth?
A The truth is that as I mentioned earlier, the move towards flexible equipment and processing had been evolving since the early '90s, mid-'90s. And the use of platform technology -- or the platform architectures and platform engineering to enable that use of installed assets by 2009 was in place in most of the assembly plants in General Motors.
Q Okay. And if we could pull up DX-353 and specifically focus you on Page 7. This is an excerpt from GM's 2007 10-K. And I've highlighted -- asked Bunky to highlight a sentence referring to the eight different global architectures that are currently managed by global leadership teams. You can explain what this means -- what this is -- what GM is telling the world in 2007 as it relates to the implementation of GMS and the platform strategy prior to 2009.
A First, just let me clarify for the group that in our terminology, I would refer to architectures and platforms as basically interchangeable. So in this particular 10-K, the statement around use of global architectures in my mind and in the GM terminology would equate to global platforms.

In this, you can see here that by this time, there were vehicles being built and produced around the world in various plants in all of these architectures, the minis, the smalls, the compact, mid-size, rear-wheel-drive, luxury wheel drive,

small, medium size crossovers, and mid-size trucks. These vehicles were being produced in plants around the world with installed asset basis that were already flexible and equipped to produce the platform models that would come at it across a variety of types of vehicles. And additionally, I might add that there were in addition to these global architectures, several of which were in North American plants, some larger what I would call regional architectures or platforms that had been defined as well, long before 2009.

MR. WOLINSKY: If you could pull up DDX-3. And which tab is that?

UNIDENTIFIED ATTORNEY: It's Tab 9.

MR. WOLINSKY: Tab what?

UNIDENTIFIED ATTORNEY: Nine.

BY MR. WOLINSKY:

Q Tab 9. This is a list of the (indiscernible) filing plans that were sold by old GM to new GM, correct?

A Yes.

Q Okay. Could you just go down the list and lay out for the Court the status of the implementation of lean, agile, flex and the global manufacturing system in these plans as of 2009?

MR. FISHER: Objection. Beyond the scope of the written direct.

THE COURT: Is it covered in his written direct?

MR. WOLINSKY: Your Honor, we're responding to a new

statement that Mr. Goesling made in his written direct.

THE COURT: All right. I will permit it and -- I mean overruled. Go ahead.

THE WITNESS: Okay. Okay. Lansing Delta Township is the plant we're well aware of. It had been actually constructed and concepted to produce a brand new platform. So in that sense, it already was certainly on the platform strategy with lean, agile, flex equipment throughout.

The next three items, Fort Wayne, Flint, and Arlington were the full size large pickup plants, common platform. In fact, the first two plants were the pickup plants. Arlington was the plant that produced the large SUVs like the Escalade and the Tahoes. But exactly the same platform as the truck plant. So those three had already, for many years, been producing a single platform.

Detroit-Hamtramck and Fairfax were the mid-sized platform from the previous 10-K listing. Lansing, Glen River was also built new in the early 2000s for a new rear-wheel-drive luxury platform which was also on the 10-K list. Lordstown was the small car platform for two generations prior to 2009.

Orion actually was being converted as part of the bankruptcy review to a new small -- very -- mini-car platform that was a platform that had come from one of our overseas engineering centers. So it was a brand new platform Orion was

in the process of converting.

Janesville was a closed plant, idle plant. And it remained idle.

The stamping plants, Marion and Pontiac both had, to my earlier discussion on the convergence to large high speed transfer presses capable of handling the newer types of large panels that were part of the platform process.

And the powertrain plants, Warren and Tonawanda both had major elements that had already been converted to lean, agile, flex CNC type machining operations.

THE COURT: Is Tonawanda in New Jersey?

THE WITNESS: Tonawanda is near Buffalo.

THE COURT: Near Buffalo.

THE WITNESS: Just a suburb of Buffalo. Romulus, a little bit behind. It wasn't quite as advanced in CNC machining at the time. Flint Engine South was again being converted in 2009 to utilize some surplus equipment that was being moved from Tonawanda. But in 2009, it was being converted. Bay City was a smaller machining operation for repairing gears and blanks, smaller gears for the other transmission and engine plants. And Defiance was producing aluminum and iron castings for the new engine families that were being released.

So by and large, by 2009, except for two or three of those plants, the conversion and use of the platform strategies

and the flexible equipment had been in place for several years or many years in some cases.

BY MR. WOLINSKY:

Q So if we can put back up Mr. Goesling's testimony at Paragraph 26 where he says, The result of these various trends and pressures on GM was that GM plants required relatively frequent machinery and equipment changes in 2009", that's a true or false statement?

A That's false.

Q What was the truth?

A The truth was that the equipment and machinery that I outlined in relation to the platform strategy in the plants that I just reviewed were able to remain in place longer than they ever had been in the past, independent of model changes or other changes to the product that might or might not come through to the assembly plant.

Q Moving onto something else in this same paragraph, yeah, the next portion. Mr. Goesling states:

> "Further during the years leading up to 2009, poor economic conditions discussed in further detail below required GM to close and consolidate plants and to shift and reduce capacity within those plants that remained."

That's true?

A Yes, it is.

Q Okay.

"All of these different pressures and trends required GM to remain prepared for the possibility of significant changes to its manufacturing assets, notwithstanding any hope that GM may have had to keep its assets in place for as long as possible in order to maximize their use."

Let me focus you on two aspects of this. First, his statement that these pressures and trends required GM to remain prepared. Do you have a reaction or thought on that?

A I'm not clear precisely on what remained prepared for the possibility actually refers to. Certainly, that was not part of anything that we were planning or considering at the time. The fact that the asset base was concepted and installed specifically with the intent that it remain in place longer to provide longer runs through the useful life of the equipment but also through the useful life of the systems that were installed, that was the primary response to the kinds of changes and economic conditions that Mr. Goesling is referring to in the first sentence.

Q And continuing in that same sentence where he refers to the hope, any hope that GM may have had to keep its assets in place, from a business and engineering perspective, was it a hope or something else?

A We didn't hope, we intended. We planned and our design

processes were set up with the intent to keep assets in place. So there was no -- we didn't sit around hoping very often.

Q And just --

MR. FISHER: Objection. Move to strike. General corporate intent.

THE COURT: Overruled.

BY MR. WOLINSKY:

Q And just from a hard asset perspective, just could you explain what kind of things GM did to reflect, to enable its assets to remain in place? I know you've testified about that, just shortly sum it up at this point.

A Okay. The -- one of the key -- several key enables, the product strategies around the bill of material and the platform strategies were key enablers to interface directly with the products, the processes that were installed at the plants. The use of and installation of flexible systems throughout the plants from large transfer presses to flexible framing systems and robotic application systems in paint and the generic specifications around vehicle sizes of conveyance requirements and assembly all were key process enablers that matched with the product platform strategies to enable the assets to be -- what I refer to as transparent to the product and allowed those assets regardless of what came at the asset base to remain in place for extended periods of time.

Q Okay. I'd like to direct you to a -- excuse me, a table

that you have in your written testimony.

MR. WOLINSKY: Your Honor, it's at Tab 10.

THE COURT: On Page 19 of his written testimony?

MR. WOLINSKY: Yes, Your Honor. And this is something we developed in response to Mr. Goesling's known, unknown theory that we moved to exclude. So Your Honor, that's why we're presenting it here.

BY MR. WOLINSKY:

Q Looking at the period from 2006 to 2010, just explain what we're seeing here.

A This chart highlights the number of manufacturing site closures within the GM network over the past 35 years. The chart does indeed highlight the period of time just prior to the bankruptcy from '05, '06 through to 2010 with a large number of plant closures that had been executed either in an attempt to avoid bankruptcy or as a direct result of the bankruptcy process itself. Clearly, that period is highlighted as an abnormal period of time with significant number of closings over -- the abnormality over a 35-year period or more.

Q Were these plant closures anticipated at the time the plants were constructed?

MR. FISHER: Objection. Foundation.

THE COURT: Sustained.

BY MR. WOLINSKY:

Q When GM shut -- was forced to shut down plants, how did it select which ones to close?

MR. FISHER: Objection. Foundation.

THE COURT: Sustained. Lay a foundation.

BY MR. WOLINSKY:

Q Were you involved in helping GM decide which plants to close or not?

A I was not.

Q And have you studied that subject in connection for your testimony today?

A I have studied to a certain extent because I was aware of directly as a senior executive of the company the closure plans and discussions at the senior executive level were part of our regular quarterly reviews. So I was certainly aware of but not a decision maker in the process of which plants.

Q As a -- someone who was at GM at the time, did you become aware of the rationale that GM used in terms of which plants to close and which to keep?

MR. FISHER: Objection. Leading.

THE COURT: You can answer that yes or no.

THE WITNESS: Yes.

BY MR. WOLINSKY:

Q And could you explain?

A The vast majority of the plants that have closed over this period of time, and I would argue even previously some of the

earlier ones, were older, outdated plants either from a building or site standpoint or from the asset bases that were in those plants that had reached in many cases and performed well beyond their useful lives. The large majority were also, as I mentioned earlier, not yet converted towards the more flexible systems that we believed were required for reestablishing successful business after bankruptcy.

Q In the period leading up to 2006, did GM scrimp on maintenance?

A No, we did not.

Q Why not?

A It's not a good tradeoff in my experience. Maintenance actually extends -- potentially extends use of assets. Skimping on maintenance potentially causes unexpected breakdowns you're unprepared for. And in some cases would directly impact your output. So ongoing maintenance is one of the last things you would cut budgets of as an operating executive or an operating manager.

Q Okay. Let me ask you a question prompted by the Court's request that the lawyers brief the 4R, the Regional Rail Act case.

A Okay.

Q In 2000 -- were you in the LDT plant in 2009, 2010?

A Yes, several times.

Q And what was the condition of the asset -- of the

machinery and equipment?
A Very, very good condition. It was operating at full capacity after the bankruptcy. It was in good shape, looked pristine and very similar to what we saw in -- during our tour, except it was a few years younger at that time.
Q Okay. Let me move onto Mr. Goesling's testimony at Paragraph 29. Now we're literally going to get into the nuts and bolts of the case. Mr. Goesling says:

"In my opinion, the fact that an asset was bolted to a building or to other assets weighed strongly in favor of a determination that the asset was not intended by GM to be permanent installed."

THE COURT: Permanently attached.

MR. WOLINSKY: Permanently attached. Thank you.

BY MR. WOLINSKY:
Q Did you have that same reaction?
A No, I would not have drawn that conclusion.
Q Okay. Could you, from an engineering perspective, explain why GM uses bolts as opposed to some other method of attachment?
A Certainly it does depend on the connection. But generally bolts have significant advantages over welding -- welding connections in most circumstances. Bolts -- first of all let me premise the entire answer with the fact that General Motors primarily prohibits the use of welded construction -- welded

connections in relation to the building construction or to steel connections to the building supports due to the fact that welds can weaken and provide a source of structural fatigue. So primarily policy would prohibit the use of bolt -- of welds in those circumstances.

Bolts provide a permanent, but somewhat more flexible connection in that the torsional strength of bolts, in other words, the ability of bolted connections to flex with relative movement with the pieces that are connected to handle light vibration.

Q Let me interrupt you.

MR. WOLINSKY: Bunky, if you could put up JX-1278. Your Honor, if Mr. Goesling could approach the picture and explain --

THE WITNESS: Mr. Stevens.

MR. WOLINSKY: Stevens. We'll get there. We'll get there.

THE COURT: Okay. Go ahead, please. You're just going to have to keep your voice up so we make sure --

THE WITNESS: Yes, I realize that.

THE COURT: That's fine. So zoom in on the top half of JX-1278.

THE COURT: Is this in the binder you --

MR. WOLINSKY: Yes, I hope so.

THE COURT: Yes, it is. Okay. It's behind Tab 11.

Go ahead. Tab 11.

THE COURT: Go ahead, Mr. Stevens.

BY MR. WOLINSKY:

Q Yes, please.

A Okay. Just to orient the Court this is the sort of the underview of one of the vertical industrial carriers on the chassis line. Looking up through the carrier into the superstructure of the building and at the (indiscernible) superstructure. As you can see almost all the connections you see are bolted connections using a variety of and types of additional metal connectors. The conveyor itself just looks may be a different picture later. But the conveyor itself is mounted on a rail, horizontal rail which you see a segment of at the top of this picture which itself is mounted with substantial structural members, what we refer to as white steel. White steel meaning you can pieces, intermediate pieces of steel significantly clean (indiscernible). You can see examples of that right here. Generally in this photo the white steel are the left to right pieces and the building steel is -- are the top to bottom structure pieces that you see generally. In all cases you could see the white steel attachments through the building steel with a series of bolts or hanger or brackets.

You see also, very typical in most of the overhead conveyor construction, some, let's say straps rather than I-

beams -- large I-beams like the major structural support straps, which provide additional lateral strength to the mezzanine or the conveyance system supported. The bolts give you an access should there be an issue or problem to retighten and retain the permanence of the connection. The bolts give you the access should there be an issue or problem to retighten and remain -- retain the permanence of the connection. The bolts give you the access -- give you the engineering properties that I mentioned earlier in terms of relative motion between the connected pieces to absorb some of that relative motion through time without the risk of cracking or breaking welds, et cetera.

And so those are the primary kinds of applications where we would see a bolt that's permanent attachments of various systems which the structural steel or supporting white steel (indiscernible).

Q And this asset would be -- it's a moving asset so it would be prone to vibration?

A There is certainly some vibration in the system actually the entire carrier and vehicle, but it's supporting together probably 12 or 13,000 pounds and there are some relative vibrations constantly to the system.

Q So I think you covered this, but just to be clear why wouldn't you weld these connections?

A Certainly as I mentioned the structural integrity of some

of the steel trusses could be compromised and from a policy standpoint we would not do that because of the possibility of structural integrity or rail breaks. It's very difficult to predict or anticipate (indiscernible).

Q Okay. Thank you. So is the use from your perspective in your years of engineering in designing facilities like this is the use of a bolt an indication of permanence or impermanence?

A I think I stated I certainly would consider it an indication of permanence.

Q Let me continue on Mr. Goesling's testimony about attachments, Paragraph 32. This is his testimony about attachments to common utilities. I guess that would be electricity, water, things like that?

A I assume so, yes.

Q Okay. And he says most of the representative assets are attached to common utilities and the majority of these connections indicated that GM did not intend the asset to be attached permanently. Let's go right to an asset JX-1146. This is part of the CUC, is that right?

A That's correct.

Q So if you can just remind the Court what we're looking at here.

THE COURT: I remember.

THE WITNESS: A couple of chillers in this particular picture.

THE COURT: But if you want to describe it for the record that's fine. I should remember it.

BY MR. WOLINSKY:

Q Well, this picture's in, but this is the -- these are the chillers?

A There are some of the chillers in the plant and some of the piping and water systems connected to the chillers. Yes.

Q Just to -- let me make sure it's all clear. This is producing chilled water that's going to cool the plant. And where is this cooled water being deployed in the plant?

A Primary use is for the body shop robot welding well water cooling systems which provide cool water to keep the temperatures so the well tips at an appropriate level to ensure quality. Secondary use is for building cooling during the summer weather.

Q So physically these chillers are supplying water -- chilled water to assets that are how far away?

A I don't know exactly, but it's hundreds of feet.

Q Okay. All right. Now, let's talk about the connection. This is a bolted connection?

A This is a bolted connection of two very solid metal flanges, one coming from the chiller itself on the right to the water pipes in the white on the left. You can see the bolted -- you can actually see the nuts on the rear side of the bolts at the lower part of the circular flange. It's some sort of

flange gasket or ceiling within -- hidden within the flange itself as it's attached. And the bolted connection actually in this particular case serves to ensure that the ceiling mechanism or ceiling substance does its job as well.

Q Why is this bolt --

THE COURT: Stop for a second. Mr. Fisher, remind me, you can test whether this is a fixture or not? I thought that the equipment -- most of the equipment within the CUC was not contested.

MR. FISHER: Your Honor, the CUC building itself and much of the equipment is not contested. There are components of the system that we do contest particularly --

THE COURT: Can you tell me whether what we're looking at is contested or not?

MR. FISHER: If you give me just a moment, Your Honor.

THE COURT: Yes, please, that's fine. I'll tell you what, we'll go on and then after the break, we're probably going to take the break at around ten minutes to 11 because I think I -- I had an inquiry last week, because we're stopping early today my plan is to go until one o'clock. We'll take the break about ten minutes to 11 for 15 minutes. After the break maybe you can tell me whether this was a -- this asset is -- what we're looking at in JX-1146 whether it's contested or not that the specific asset is -- whether it's contested or it's a

fixture.

MR. FISHER: Yes, Your Honor. Thank you very much.

THE COURT: Go ahead, Mr. Wolinsky.

BY MR. WOLINSKY:

Q So why is the -- why do you use a bolt as opposed to welds here?

A Two key reasons. One, I just outlined in terms of the ability of the bolts to actually improve the seal between the two flanges by consistent and equal force in attachment around the perimeter. And second, as I outlined earlier the advantage of bolts is a good example in this case to provide superior ability to handle relative motion which would be the vibrations of the large coolers that are part of this system.

MR. WOLINSKY: And JX-1288, if you could put that up, Bunky.

BY MR. WOLINSKY:

Q This is the portion of the wheel and tire conveyor asset 20.

A That's correct.

Q Okay. And let's focus on the electrical connection here. Mr. Goesling calls this a quick disconnect. Have you ever heard of that term before?

A At GM we referred to them as quick connects. So I can't say I've ever heard it or not heard it. But to me they're quick connects. That's how we refer to them as.

THE COURT: What tab is this? Is this behind --

MR. WOLINSKY: This is Tab 13.

THE COURT: Okay. I'm there. Go ahead.

BY MR. WOLINSKY:

Q So let me just show you Mr. Goesling's testimony on this. Paragraph 35.

MR. WOLINSKY: Are we going to put that up? Yes, thanks Bunky.

BY MR. WOLINSKY:

Q Based on what I observed in my experience with these kinds of connections it is clear that GM was willing to spend additional money and time installing these assets in order to preserve the ability to easily disconnect and relocate the assets. Is that correct?

A No, I don't think so.

Q How is it wrong?

A In my experience the use of quick connects for installation is actually cheaper than the alternative which would be to run individual wiring between power supply and points of use of the various assets. These connectors which you see in the highlighted area on the silver piece of the connection rather than the blue piece at the lower right, okay, these connectors can have anywhere from ten to 15 to sometimes 80 or 90 individual pin connectors inside the connector itself. The alternative would be to run those 50 or 15 to 80 individual

wires from a power supply to a control panel or in this case a control box for a motor. And certainly the running of those kinds of numbers of individual wiring throughout the plants to every single point of use whether it be a panel or a control box or an electrical substation would require infinitely more time and money to use than these quick connect type fittings that we've used at GM.

Q So does GM use these types of connectors to facilitate the removal of the asset?

A No.

Q Why does it use them?

A The reason I just outlined in terms of installation ease and installation timing. And the second major advantage of these kinds of connections is ongoing maintenance, ongoing capability of diagnose quicker and easier electrical -- potential electrical problems by reducing the need to diagnose and troubleshoot a series of many, many, many wires over long spans throughout the facilities.

Q Let me ask you now switch gears to Mr. Goesling's discussion of catwalks and generally the uses of catwalks, mezzanines, platforms in a plant. Here is Mr. Goesling's discussion of catwalks, platforms, stairs and railings, and he says, in the middle, such additional components can suggest that an installation is intended to be more permanent as compared to assets that do not require catwalks, mezzanines,

platforms, stairs or railings. But what he gives with one hand he takes away with the next. He says in all cases that I observed here the catwalks, mezzanines, stairs and railings were installed in sections that were bolted together and were attached to the floor by lag bolts for relatively easier removal. And then on that basis he discounts the significance of catwalks, mezzanines, et cetera.

Let me put up JX-1164 and maybe you can approach the screen and explain to the Court. This is a picture at Tab 14, asset 12, the overhead robot. Point out for the Court -- well, just explain the picture to the Court and what it means for permanence.

A Okay. This is also a picture of an asset. I'm sure you have remember --

THE COURT: I do. I remember.

THE WITNESS: -- a few weeks ago. The position where we were standing actually is more or less (indiscernible). The catwalk mezzanine structure Mr. Wolinsky is referring to, generally catwalks is a narrow (indiscernible) would be considered a broader (indiscernible) generalization for the purpose of illustration. We were standing on a similar series of catwalks (indiscernible) systems. This particular mezzanine catwalk system was directly installed as part of the larger framing system with the assets below and directly installed (indiscernible) of course the assets at this level. If you

recall there were two overhead robots that were performing a variety of weld operations (indiscernible) from this mezzanine level. It could only be in this kind of a position to access the upper frames, the upper structure of the body as it is processed through the (indiscernible). So the catwalk system was designed and installed specifically as a part of the framing operation to support directly these assets themselves.

BY MR. WOLINSKY:

Q And the mezzanine here is welded together?

A These sections of the mezzanine that you can see on some of them, not-so-good pictures, but they're welded together.

Q And the robot itself is bolted to the mezzanine.

A The robot itself is bolted to the mezzanine. The mezzanine is also supported by columns from the floor level but they're bolted into the concrete floor of the facility as well.

Q And why bolts?

A Because again, bolts are, as I said, provides in this particular case a good capability to do a relative motion, as a robots moving and flexing its position and the relative motion in relation to the mezzanine itself. And the ability as I said should there be any reasons to access or retighten the bolts are certainly very easy to maintain and tighten (indiscernible).

Q So with respect to JX-1164 which is on the screen when was that spot welder installed, if you know?

A It would have been installed -- I guess the plant started in September of '06, this probably would have been put in this position at least six months earlier.

Q And at any time since it was initially installed has it been removed, repaired, replaced? Let me stop there?

A No, it hasn't.

Q And there were -- briefly, I think this is the one we focused on during the site visit. There were obviously other similar spot welders.

A At the mezzanine level there were two. Framing systems particularly have two or maybe sometimes four robots at the upper level either keeping the structure of the vehicle (indiscernible). The lower level on this particular cell, there was four robots on each side that would have had some (indiscernible) in the vehicle (indiscernible) each of those four welders or four robots at least two (indiscernible) done their welding operations.

Q Based on your positions at GM between 2006 and 2009 would you know if any of these spot welders were removed and replaced or removed for servicing?

A In general?

Q Yes.

A No. I was in Europe at that particular time, the training stations in Europe are virtually identical. Different suppliers, but it's actually the same suppliers (indiscernible)

so framing system and framing station. And during the time period (indiscernible) much experience and knowledge of the lack of robot replacement from (indiscernible).

THE COURT: Well, but I'm specifically focusing on the ones that I saw, the ones that are among the representative assets to this trial. You wouldn't have personal knowledge then if you were in Europe as to whether they were moved, replaced, whether there were spares that were put in during a repair.

THE WITNESS: This particular one (indiscernible).

THE COURT: Okay. All right. Thank you. But let me see if I can just expand on that.

THE COURT: Let him go back to the witness --

MR. WOLINSKY: Yes. Sure.

THE COURT: Go ahead and have a seat again.

BY MR. WOLINSKY:

Q Did GM have a practice of keeping spares of assets of robots like this on the side to swap in and out if the need arose?

A No, we did not.

Q Okay. And if this asset required repair would you do it in place or would you take -- remove it and swap in the temp?

A The repairs were always done in place. You can replace knuckles, you can replace well controllers, you can replace pretty well any of the mor pieces or components of that robot

system in place. And it would have been done, you know, on an emergency basis if necessary maybe over a weekend or something like that.

Q And this asset, this robot is part of an overall framing system, correct?

A That's correct.

Q If you could explain to the Court how this one robot fits into the entirety of the system.

A The framing system -- the major part of the framing system is this framing station that we're looking at in this particular photo. I mentioned there's four robots on each side at the floor level, two robots at the higher level and a series of gates, what I call gates, which are the model tools that would slid into position. Depending on the model that was being welded those gates would compress into position and allow the robots to do their work in a fixed position.

Additionally, to the robots that are a part of the framing station itself subsequent to the framing station there's a series of what we call respot robots which basically did the additional robots for the structure -- or additional welds for the structure that were not performed in the framing station itself. And an outer framing line like this could have somewhere between 60 and 80 robots additional. These robots each would apply 10 to 12 initial set, geometric set welds that set the structure of the body and the subsequent 50, 60, 80

robots would finalize the additional welds to the vehicle before it was shipped for the final line in the body shop. So it's a complex system of some initial geometric setting, the framing station which would apply somewhere around 100, 120 total welds, and then the respot robots downstream finalize the additional welding to somewhere around 1,500 welds per vehicle at that particular stage.

Q And was the engineering of this location and placement of this robot, was the engineering designed behind it to enable its removal or something else?

A No, the engineering design was to enable its permanence in a position of access to the top structure of the vehicle because that's the only part of the framing -- the only method to perform that part of the framing operations.

THE COURT: Were you involved in the designer layout of this specific assembly line?

THE WITNESS: Yes. As I stated between 2002 and 2004 I had direct responsibility for a lot of the initial planning and concepting and equipment to the specifications for LDT. It was executed after I left for Europe.

BY MR. WOLINSKY:

Q And have you been involved in the engineering design of systems like this around the world?

A Yes. Part of our bill of equipment that I mentioned earlier is a very standard set of framing station -- framing

system alternatives that are used in plants around the world. In fact, this particular system -- framing system supplier Comau is global supplier -- strategic supplier that does by far the most -- the majority of GM framing systems on a blanket type contract.

THE COURT: What was the name of the supplier?

THE WITNESS: Comau. C-o-m-a-u. They were in the old days the M&E portion of Fiat. They went their own way many decades ago and are one of many -- not many, one of five or six major body shop framing and M&E suppliers globally today.

MR. WOLINSKY: Your Honor, I'm going to do another concept. Should I go forward or take the break?

THE COURT: I think we'll take the break now. We'll take a break until five after 11.

MR. WOLINSKY: Good. Thank you.

THE COURT: And when we resume you'll just take your seat again.

THE WITNESS: Okay.

THE COURT: You're still under oath when you come back.

THE WITNESS: No problem. I can do that.

THE COURT: Thank you very much.

(Recess taken at 10:49 a.m.)

(Proceedings resumed at 11:08 a.m.)

THE COURT: Please be seated. Before we begin, when

we end today at one o'clock, I would request that each side speak with my law clerks and maybe have a paralegal from each side. There have been substitutions of exhibits over the last week and there may still be some. I just want to be sure that we, meaning the Court and my clerks, are operating with the correct set of exhibits. So it's perfectly fine to your either lawyers or paralegals speak with my law clerks. And it's just really making sure that -- I mean coming to chambers and looking make sure that we have the right -- that we're dealing with the right -- the correct set of documents. Okay?

MR. WOLINSKY: We'll do that.

THE COURT: All right. Go ahead, Mr. Wolinsky.

BY MR. WOLINSKY:

Q Mr. Stevens, over the break we went back and researched the question that the Court raised about the chiller and whether Mr. Goesling classified it as a fixture or not.

MR. WOLINSKY: Bunky, could you put up Mr. -- for Mr. Goesling's statement Exhibit A, Pages 84 to 85, and let's start on the front.

BY MR. WOLINSKY:

Q So he's drawing a line 6.1 is the centrifugal chiller so that's the same asset we're talking about, correct?

A Yes, actually I think it's the same photo as well.

Q And if you go down he's referring to a chilled water tank. Is 6.1 the chilled water tank?

A No. The tank is physically located just outside the CUC.
Q Okay. Now if we can go to the next page, just flipping through some of the things that Mr. Goesling pointed out, so, for example, on asset construction he says permanent and reversible construction. And reversible construction -- well, he'll explain what he meant by that. Asset typically sold with land and building. If this building was going to be sold to an OEM would they need that chiller?
A If the complex is being sold to an OEM for sure they would need a chiller system. Yes.
Q Okay. And he says essential to use of real estate. If the real estate is going to be used for auto manufacturing is it essential to that purpose?
A Yes, it is.
Q Okay. And then his conclusion the centrifugal chillers are not fixtures while the chilled water holding tank is a fixture. That's consistent with how you prepared your report -- your testimony.
A I would have concluded that the centrifugal chillers are also at least would pass the three factor test that we were asked to apply in this case.
THE COURT: The chilled water holding tanks were the ones outside the building.
THE WITNESS: That's correct.
THE COURT: And I think I was told there's no -- that

those are fixtures.

MR. WOLINSKY: Correct, Your Honor.

THE COURT: Okay. All right. Thank you.

BY MR. WOLINSKY:

Q So let's go back to Paragraph 40 of Mr. Goesling's written direct. Now he's talking about means of construction and assembly and I think now we're moving into conveyors largely. The use of such reversible assembly methods indicates that a majority of its machinery and equipment GM planned for the possibility of removal and did not intend to install the asset permanently. Why don't we just go right to an asset, JX-1267, JX-1268.

MR. WOLINSKY: Your Honor, it's Tab 15 and 16 in your binder.

BY MR. WOLINSKY:

Q And this is the kind of asset that Mr. Goesling is speaking to in that paragraph?

A I assume so. These conveyors systems obviously would be transported into and installed from sections of some length because the transport or installation of a 1,500 foot system in one piece would be physically impossible.

Q Why don't you just -- if you could approach and explain the diagram on the left. Maybe let's focus on the left to start.

A Just highlight the purpose of the conveying system that is

viewed from underneath and I honestly don't recall which particular section from underneath. This particular process the conveyor takes the body side -- left-hand body sides that have been produced in other assembly area to the top left of this diagram, transports them through a series of what we would call (indiscernible) which would allow you to sort by model and bring them then to the point of use on the framing line where they would drop down or unloaded at the far level into the framing system -- into a framing system for the (indiscernible).

The total conveyor length is as I said about 1,500 feet. What you don't see highlighted in yellow is the right-hand side. So they're not quite (indiscernible) the right-hand assembly comes from this are and the left side comes from this area and are delivered to the (indiscernible). Both conveyors -- both left and right (indiscernible) that's what we're looking at involve raising the right side (indiscernible) support level to the conveyor level and eventually lowering them down into what would be the processing level (indiscernible).

So there's numerous left to right or lateral changes in the move through the conveyor and is specifically laid out to access the installed framing system itself. And as I said earlier the fact that this configuration could not be installed -- the transporters aren't installed except in sections as

highlighted by the what they call (indiscernible).

MR. WOLINSKY: And, Bunky, if you can run the video. This is JX-1259. Oh, I'm sorry -- yes, this is it.

BY MR. WOLINSKY:

Q This is it from the mezzanine level?

A (Indiscernible).

THE COURT: I'm sorry --

MR. WOLINSKY: Oh, different asset. I'm sorry, I'm confused.

THE WITNESS: Sorry?

THE COURT: I couldn't hear you. That was all.

THE WITNESS: I said this is (indiscernible) conveyor.

BY MR. WOLINSKY:

Q Like this is another mezzanine conveyor system.

A It's a different mezzanine conveyor system that we also viewed from underneath.

Q And how is this installed into the plant?

A Very similarly. The other was an overhead rail, this is a, obviously a lower -- rail at the lower level of the system but mounted on a mezzanine. These sections are impending on the set portion of the conveyance system which probably comes to it on lower sections that are transported into the plant primarily on flatbeds or in large trailers as sections (indiscernible) layout configuration (indiscernible), et

cetera, ending onto a turntable (indiscernible). They're brought in in sections. Eventually after the mezzanine has been built, installed and supported from the structural steel these conveyance systems would be brought to the location as sections and installed as sections given that there's a possibility (indiscernible).

The one thing to add here the turntables at the various 90 degree turns are part of the conveyor system. They obviously are not sectional pieces of (indiscernible).

Q Okay. And when Mr. Goesling says that this engineering system -- or he would suggest that this engineering solution was done because GM planned for the possibility of removal, true or false?

A False.

Q What's the true reason why GM chose this engineering?

THE COURT: Is -- can he resume the witness seat?

MR. WOLINSKY: Yes, please.

THE COURT: Why don't you go ahead and sit down. Thanks, Mr. Stevens. Go ahead.

BY MR. WOLINSKY:

Q And what was the engineering reason for this motive installation and assembly?

A Primarily as I outlined during the review of the photos any other non -- any other attempt to bring in as larger pieces or as a single piece would have been physically impossible

either for the transport or the installation in the mezzanine levels.

Q And if GM was planning for the possibility of removal of this asset would it look like that?

A No. The configuration as a consequence of that would actually probably have made potential removal more difficult.

THE COURT: Mr. Stevens, the conveyance systems that we've just been looking at were they installed before Lansing Delta Township was first put into active service?

THE WITNESS: Yes, they were. All the assets that -- not only the 40 that we're reviewing, but all the assets in the Lansing plant would have been physically installed and attached, again, depending on the assets, anywhere from a year, year and a quarter to four to six months prior to the start of production of the plant. Part of the startup process involves production of what we would refer to as pre-production or trial vehicles. So all the equipment would be installed and fully functional somewhere around four to six months prior so you could run your trial vehicles to test your systems and prepare your people for the regular volume of production.

THE COURT: Thank you. Go ahead.

BY MR. WOLINSKY:

Q Let me turn now to Mr. Goesling's testimony at Paragraph 42. And this is damage to the realty. He says one of the key benefits of using foundations, piers and pits is

that the manufacturing asset may be removed in a way that minimizes damage in contrast to an asset that is embedded in the building floor itself without an intermediary asset like a foundation pier or pit.

MR. WOLINSKY: And if we could go right to a picture, Tab 18, Your Honor, JX-1459.

BY MR. WOLINSKY:

Q What are we looking at here?

A This is the foundation pit for the Danly Tryout Press asset that is located in the Lansing Delta Township stamping facility.

Q So in the visit we were at the shop floor level. We didn't get to go down beneath.

THE COURT: Yes, we did.

THE WITNESS: No, not in this pit. This is the Tryout plant -- Tryout. The single stand alone large 4,000 ton very significant, but single unit. The pit we entered was for the AA large transfer press system further down on the left side of the stamping plant. The foundation concept would be very similar though, you're right.

BY MR. WOLINSKY:

Q So if you could describe the foundation system we're seeing here.

MR. FISHER: Objection. Beyond the scope of the written direct. This is not one of Mr. Stevens' 11 assets,

Your Honor.

THE COURT: Response, Mr. Wolinsky?

MR. WOLINSKY: He's responding to Mr. Goesling's assertion with respect to why foundations, pits and piers are used.

THE COURT: Overruled. Go ahead.

THE WITNESS: The Danly Press has roughly -- has exactly four of these large concrete pillars that you see in the front center of the photo as foundations. You see one in sort of the right background as well. These four foundations are, in this particular case, at the upper site supported by a huge I-beam on which the Danly Press partly rests, one in the front, one in the back. And the foundation pillars themselves in the pit rest on the pilings that were installed in the ground prior to the building even being built and prior to the pit even being built. The pilings to solidify the ground beneath the foundations that were installed.

BY MR. WOLINSKY:

Q Does GM design a foundation like this in order to obtain a benefit that if the asset is removed there's no damage to the asset?

A No, we don't.

Q Okay. And why do you?

A A pit of this nature provides not only the foundations required to support the heavy assets above it, but also the

ongoing operation of those assets. And as you probably recall the pits are also installed to provide space for some of the supporting equipment. Especially on the longer press lines you would have scrap conveyors and conveyance systems to deal with the process waste from the stamping itself as well as in the case of the -- all the presses. There's air search tanks and other equipment that relate to the operation of the press themselves.

Q Okay. If we can move on to Mr. Goesling's testimony Paragraph 44 where it says the GM tax classification data in particular confirmed my conclusions about the assets. GM itself categorized certain machinery and equipment this personal property in its submitted tax documents confirming its intent to keep the asset as personal property. Did you look at the data that Mr. Goesling cited, provided us in connection with this assertion?

A Yes, I did.

Q What did you do?

A I started with the files that plaintiff had identified as fixtures. I compared those files -- cross-referenced those files against the tax documents that he references from GM. There were actually two of them. One referring to the majority of the Michigan plants and the second tax file referring specifically to the Lansing plant. I cross-referenced then his fixture list -- or their fixture list against the

classifications that General Motors reported in those two tax filing documents.

Q And this analysis was in your rebuttal report, is that correct?

A It was. Yes.

Q And it's repeated in your direct testimony?

A Yes, it is.

Q Okay.

MR. WOLINSKY: If you could put up DDX-4 which, Your Honor, is Tab 19.

BY MR. WOLINSKY:

Q What did you find as a result of your analysis?

A This check summarizes --

MR. FISHER: Objection. Foundation.

THE COURT: Overruled.

THE WITNESS: This check summarizes the results of the analysis process that I just outlined, the cross-referencing of the tax files versus the plaintiff's asset fixture file. Of the 5,300 assets in the Michigan plant listings that were identified 2,242 or 42 percent were reported in the GM files as personal property. And by implication the other 58 percent were reported as real property or not personal property.

BY MR. WOLINSKY:

Q And what conclusion did you reach from the data?

A Given the data I concluded that the use of tax classification data itself as an indicator is probably not relevant.

Q If you can turn -- let me direct you now to Paragraph 45 of Mr. Goesling's testimony where it talks about leases. Again, these leases were not the primary basis for my classification determination, but they provide strong support for my conclusion that even the large and heavy presses were intended by GM to remain as personal property.

Let me just ask you as a factual matter based on your history with the Lansing Delta Township plant, when was the planning for the specing and the installation of the press done?

A Press planning is significantly longer because the lead time to produce presses so the planning for the presses and specifications for the stamping plant would have been done in the 2000 time frame.

Q And how does that compare to the date the leases were entered into?

A Significantly before the leases were entered into.

Q And at the time you were planning for the installation of the press did you have any knowledge one way or the other as to whether the press was going to be leased?

A No --

MR. FISHER: Objection. Foundation.

THE COURT: Sustained. Lay a foundation.

MR. WOLINSKY: Okay.

BY MR. WOLINSKY:

Q At the time you were -- you were involved for the planning for the -- the specing and the planning of the installation of the press.

A Not this particular press. No.

Q Okay. How about the presses generally at Lansing Delta Township?

A No, not the presses.

Q Okay. Then we'll move on. For the CUC did you review the lease for the CUC?

A Yes.

Q What portions did you focus on?

A I reviewed the entire lease, but focused primarily on two sections. The section that outlined the payment terms and conditions as well as the conditions around getting out of the lease or end of lease expectations. The second area I looked at was the utility supply agreement which was related more specifically to the individual assets that we saw within the CUC.

Q And looking at the termination provisions what did you see and what did you --

THE COURT: Stop. I don't understand what you mean by you looked at the utility supply agreement which was related

more specifically to the individual assets. Can you explain that more?

THE WITNESS: There are two major sections to the lease. One is the commercial side and one I would refer to as the technical side -- more technical. The utility supply agreement outlines by asset, in other words, which chillers provide how much cool water at what rate, the electricity requirements and the draw on electricity to which area from the CUC and really specifies at the utility level the requirements that the CUC had to meet for the processes in the plant.

THE COURT: Go ahead.

BY MR. WOLINSKY:

Q And as it relates to the business journals, what did you see and what did you conclude?

MR. FISHER: Objection. There's no foundation for an expert opinion on this topic.

THE COURT: Sustained.

BY MR. WOLINSKY:

Q On a business perspective what did you see and what did you conclude?

MR. FISHER: Objection. Relevance.

THE COURT: Overruled.

THE WITNESS: I reviewed the terms of termination and it was apparent to me that at the end of the 16 or 17 year term of the lease that the asset and all the utility equipment and

machines inside would revert to General Motors for a nominal price. I believe it was one dollar.

BY MR. WOLINSKY:

Q And without the CUC could the plant operate?

A No, it could not.

Q Let me direct you now to Mr. Goesling's movement analysis. This is something you covered in your rebuttal report, is that right?

A That's correct.

Q And you covered in your direct testimony?

A That's correct.

Q Let me direct you to Mr. Goesling, Paragraph 47. This is his basic movement analysis. He says based on his analysis -- this analysis I determined, among other things, that more than 10,000 asset entries with an installed cost of more than $790 million had been transferred from 2009 and 2015. You had a data file from Mr. Goesling that captured this?

A Yes. He presented a file at one point with the moves indicated.

Q Okay. All right. Let me walk you through your analysis of that file. Why don't we start with Table 1.2, DDX-5.

MR. WOLINSKY: Your Honor, it's Tab 20.

BY MR. WOLINSKY:

Q And a table like this appeared in your rebuttal report?

A That's correct.

Q So why don't you just start on the left and make your way across. Or start where you want and explain it to us.

A I'll start on the third bar just to relate it back to the previous discussion. Mr. Goesling's report did identify the 10,598 assets that had moved. The eFast listings that we as a group had been working from for the same time frame and same plants had 254,000. So that indicated that 244,000 of them did not move. But from the analysis that I did on Mr. Goesling's 10,598 3,300 of those were moved from plants that were not party to this case. So they're uncovered plants in that sense. There's 1,200 of them, roughly that were by our very quick application of a three factor test probably wouldn't have met the fixture requirement and that basically left a remainder of 6,000 that I continued my analysis from.

A small number were accounting changes with no physical movement in the plants, but one department accounting record to a different department accounting record. And of the 6,000 then with further analysis based on location and plant information I concluded that roughly 3,000 were fixture type assets that were moved from closed plants, and roughly 3,000 were fixture type assets that had been moved within the normal operating business of new GM plants.

Q Okay. So let's take the analysis the next step.

MR. WOLINSKY: Although, Your Honor, we'd like to offer DDX-5 into evidence.

THE COURT: Hearing no objection, DDX-5 is in evidence.

(Exhibit DDX-5 admitted into evidence)

MR. FISHER: Yes, Your Honor, this is an example of an exhibit that we think is a demonstrative exhibit that helps Mr. Stevens articulate his expert opinion, but it is not itself a summary exhibit or something that's admissible into evidence.

THE COURT: You've got to speak up a little more quickly when, you know. Is this a summary exhibit?

MR. WOLINSKY: Your Honor, he's testified as to every number on the page so his testimony is in the record. This is an aid to the Court to Your Honor or any reviewing court looking at the testimony and piecing it together.

THE COURT: I understand that. But, you know, for example --

MR. WOLINSKY: Oh, this is a summary of his analysis. Yes.

THE COURT: But what are the backup records which would establish, for example, that 2,955 fixtures were moved from closed idle plants? Are there -- if this is a summary exhibit --

MR. WOLINSKY: Yes.

THE COURT: -- there needs to be sufficient backup for it. And that's my question.

MR WOLINSKY: There is --

THE COURT: What is the backup for it?

MR. WOLINSKY: There is an exhibit somewhere in the masses that captures this data.

THE COURT: And have you identified for the plaintiff the exhibits which this summarizes?

MR. WOLINSKY: Yes, Your Honor.

THE COURT: Mr. Fisher.

MR. FISHER: Your Honor, this document embodies arguments, positions, expert positions including, for example, how the various parties characterize assets. We wouldn't necessarily agree with Mr. Stevens that something characterized as a fixture is characterized as a fixture and that that was an asset that moved or didn't move. This simply helps him articulate his expert opinion which he has the opportunity to do with reference to this document--

THE COURT: Which parts specifically? I'm looking at Federal Rule of Evidence 1006. Tell me why you don't believe that DDX-5 satisfies the requirements of Rule 1006. Well, here's what I'm going to -- I'm going to conditionally overrule the objection. I'm going to give Mr. Fisher an opportunity if he wishes to file a very short brief and you can -- a letter brief and Mr. Wolinsky you can respond to it. I'm conditionally admitting it into evidence subject to striking after I see letter briefs that address whether DDX-5 satisfies the requirements of Rule 1006 of the Federal Rules of Evidence.

MR. WOLINSKY: Okay. Thank you.
BY MR. WOLINSKY:
Q If we can move on to -- from your direct testimony Page 36, Table 2.
MR. WOLINSKY: Your Honor, it's Tab 21.
BY MR. WOLINSKY:
Q This is your analysis of the 3073 fixtures that moved from which plants, operating or closed?
A This is the total list of plants, operating plants at that period of time.
Q Okay. And what did you find looking at the assets that moved from operating plants?
A Just to relate the Court to the numbers the 3073 --
THE COURT: Please stop. I was making notes. Where will I find this?
MR. WOLINSKY: Your Honor, this is Tab 21.
THE COURT: Okay. Thank you. I'm sorry.
THE WITNESS: The 3073 in the lower line is the same 3073 from the previous chart, Your Honor. This chart breaks the information of movements down by operating plant and I -- as you can see from the chart the vast majority of plants had zero or very, very minimum moves. I would note there are several at the top where the number of moves impacted were slightly higher than those four plants at the top. The average move of fixture type assets from those plants would have been

in the six or seven percent range.
BY MR. WOLINSKY:
Q Okay. So the reason why you get the six or seven percent is because Pontiac has 25.8 percent, but relatively small number of fixtures.
A That's correct. Lower denominator. But the average of those four plants, I forget the exact number, I think it's 7.4 or something in that neighborhood.
Q Okay. And if you could explain what the significance of those four plants are in the context of your assessment of Mr. Goesling's data.
A Part of the bankruptcy process was some additional restructuring that was mandated after the date -- the official date of the bankruptcy. These plants were particularly impacted with those decisions. There are some labor requirements, labor negotiations as part of the settlement that required the establishment of additional jobs in southeast Michigan. For example, Orion which had been idle was decided to remain open and install a brand new product, a new architecture in that plant. And Pontiac, the top line on the item was assigned to be its stamping plant. The distance is geographically five or eight miles. So it's very close. So those two were impacted by the decision to meet the labor requirement to add jobs in Michigan.
The Tonawanda very similar. The moves there were dictated

or decided because of another labor agreement to keep jobs in the Flint area. One of the old Flint engine plants without flexible equipment was closed and there was a union demand to -- - and decision to keep jobs in the Flint area. The Flint Engine South plant was chosen to take and install idled lien agile flex machining stations from Tonawanda at the time.

Q So just take another example, GM assembly Lansing Delta Township almost 7,500 assets, eight moved.

A That's correct. From Mr. Goesling's list that's correct. Their the ones that were identified by us as fixtures.

MR. WOLINSKY: So, Your Honor, we're going to be offering this into evidence, I guess, on the same basis --

THE COURT: Well, it's in his report.

MR. WOLINSKY: It's in his testimony.

THE COURT: Yes, it's in his testimony. It's Page 36.

MR. WOLINSKY: But I think Mr. --

MR. FISHER: It's the same objection, Your Honor. His testimony and his expert opinions of course are coming into evidence. What doesn't come into evidence is this document because it is even the premise for Mr. Wolinsky's question was that this was a summary of his analysis. The headings talk about number of fixtures in plant, number of fixtures moved. That's based on their expert's characterization of assets. So it doesn't come into evidence as a summary of some voluminous

exhibit. It comes in because it's a paragraph in his direct testimony and the Court is hearing him explain it. But it's not a document that ought to be admitted into evidence.

THE COURT: Response, Mr. Wolinsky?

MR. WOLINSKY: Your Honor, the defendants have identified assets that they consider to be fixtures. That was done way back early on to facilitate the trial of the case. So that is the underlying source of the information. So that is -- he's capturing our position, he's then transposing that against a file that Mr. Goesling provided us and that we analyzed.

THE COURT: The objection is overruled. It's in evidence.

BY MR. WOLINSKY:

Q If we can move to Tab 22, this is Table 3 from your direct testimony. Now this again there were 3073 fixtures -- assets that the defendants identified as fixtures that were moved within new GN, correct?

A That's correct.

Q And what happened if you exclude the assets associated with those four plants?

A It walks down the total number of fixture type assets that moved in the normal course of business into about 489 --

MR. WOLINSKY: Your Honor --

THE WITNESS: -- in that six year period.

THE COURT: I'm sorry, I'm missing this point. Explain this to me again.

THE WITNESS: The 3073 is the number of fixtures moved from the previous chart in all plants. These four impacted plants are the ones I just mentioned that had been impacted with restructuring subsequent to the date of -- the official date of bankruptcy and that the impact with -- excluding the impact of those additional restructurings that had not yet taken place in the normal plant -- normal course of business in plants that had no subsequent restructurings post-bankruptcy is approximately 489 fixture type assets that moved over that six year period.

MR. WOLINSKY: Your Honor, we're moving this into evidence along with Mr. Stevens' witness statement.

MR. FISHER: Your Honor, same objection. And with respect to this table I'll simply point out to the Court that the word fixtures is in quotes because it's a litigation position. Ordinary course of business is a judgment that Mr. Stevens made as part of his analysis as to whether the asset he was evaluating moved in what he would consider to be the ordinary course of business. This is not a summary.

THE COURT: I'm permitting it as part of his opinion testimony. The objection is overruled. You can cross examine him about it.

BY MR. WOLINSKY:

Q Let's move on to Table 5 from your direct testimony, Tab 23.

MR. WOLINSKY: Actually Bunky, let's include the bottom.

BY MR. WOLINSKY:

Q So this is the same 489 assets that we saw in the prior chart?

A That's correct. Analyzed and classified in a different way, but the same assets. Yes.

Q Okay. And what would you highlight -- what would you like to highlight for the Court here?

A The rationale behind the looking -- the alternative way to look at the data by category of types of equipment rather than category of plant or the location of the plant was an attempt to understand the types of assets that may or may not have been moved during that period. So the 489 representing point five percent of the fixture type assets in the operating plants at that time of point five percent. You can see the types of assets. The GM categories that were pulled directly off the eFast listing they're not anything other than the same data from eFast.

The GM categories tend to be sometimes over inclusive, they tend to not necessarily be a hundred percent equivalent in each application in every plant, but they do give an indication from this chart are the types of things, the types of assets

that may have moved during this time. And as you can see in this particular case other than, you know, some administrative type categories which I do not completely understand you can look and see there were some production equipment point four percent, there was some process equipment point six percent, and it appears that 200 robots or basically one percent out of the total number of robots in GM operating at that time were moved over this six year period.

MR. WOLINSKY: Your Honor, we're offering this into evidence as well.

MR. FISHER: Same objection.

THE COURT: Overruled.

BY MR. WOLINSKY:

Q Now Mr. Goesling at Paragraph 49 of his testimony talks about the secondary market and he did an analysis of the secondary market for machinery equipment. And he concludes that this analysis was significant to my conclusion because not only did it demonstrate the possibility of removal with minimal damage, see discussion above, but also that the machinery and equipment was of the type that GM and the market at large treated as saleable goods with value separate from the real estate. Let me just ask you when -- from an engineering perspective, planning perspective when GM installed assets was it considering the secondary market?

A No, it was not.

Q Is there a reason why?
A It wasn't on our to do list. It was not part of the planning process at all.
Q Again on the secondary market in that same paragraph Mr. Goesling states similarly evidence that GM frequently sold assets similar to the representative assets in the context of plant closings or downsizings is strong evidence that GM did not intend to keep these assets permanently with the realty. Did you draw the same conclusion?
A No, I did not.
Q And why not?
A It makes -- as I mentioned earlier the time frame just prior to bankruptcy 2005 to '06 was -- until 2009 or '10 was certainly an abnormal period of time, does not represent let's say an ongoing and normal situation or circumstance. The fact that plant closures happened during that period of time is obvious. The fact that GM did attempt to and did sell some of the assets in those closures makes sense from an economic standpoint. If there is some useful life left on those -- on some of those assets it would make some sense to try to recover some value if at all possible knowing that those plants were no longer going to be part of GM.
THE COURT: Other than equipment that was moved to Lansing Delta Township from other GM plants was all of the other equipment purchased new or was any of it purchased in a

secondary market?

THE WITNESS: No. All equipment installed in GM plants are conceived and purchased as new.

THE COURT: Go ahead.

BY MR. WOLINSKY:

Q And the one asset that the Court was referring to was the Danly Tryout Press?

A Danly Tryout Press there was two paint applicators that were moved from Orion. There were one or two utility fixtures that were moved -- or utility equipment machines that were moved from the old Lansing site ten miles away. But by and large it's a practice to only buy new equipment except for the few circumstances within General Motors where you might be able to reuse an asset and cover some economic value that way.

Q Moving on to Paragraph 50 of Mr. Goesling's testimony, let's see, he says, for example, I assessed whether each of the representative assets exclusively served the specific use of the building or whether the asset was more broadly useful for any manufacturing use to which the building might be put. The fact that an asset was exclusively useful to a specific GM manufacturing process being conducted in the building tended to weigh against a finding of permanence because a different user of the realty would not keep that asset in place. Let me just ask you, the underlying factual premise of this statement, is it true or not?

A I believe --

THE COURT: I didn't understand your question.

BY MR. WOLINSKY:

Q The underlying factual premise of this statement is that assets were installed specifically -- exclusively -- that the assets were installed that were exclusively useful to a specific GM manufacturing process. Were the assets that were installed specific to GM's manufacturing processes?

MR. FISHER: Objection. Vague. What asset?

MR. WOLINSKY: The same ones that Mr. Goesling's talking about.

THE COURT: Overruled. This is an area I'm not clear on. I'm going to let him answer that question, but --

MR. WOLINSKY: I think the question --

THE COURT: -- you better focus in.

BY MR. WOLINSKY:

Q Okay. Help everybody out Mr. Stevens.

A Can you repeat the question?

Q Sure.

A Sorry.

Q Sure. Let me just ask it a different way. Are the assets that GM installed in its manufacturing plant specific to GM's manufacturing process?

A No, they are not.

MR. FISHER: Same objection.

THE COURT: Overruled.

BY MR. WOLINSKY:

Q Explain your answer.

A Several answers -- several previous answers would support that conclusion. The fact when we were reviewing the plant sales with assets outlined several examples where plants were sold with assets installed and as part of the deal to other car companies that were intent on producing automotive products on those same installed asset basis. So that fact that the interest in purchasing plants with assets by other OEMs by its nature would imply, at least, that the assets can be used by them and they have -- they sense and see some economic value in it.

The second major piece of evidence I'd mention is the discussion we had earlier on lien systems in general and the application of flexible equipment and flexible conveyance systems and flexible machining throughout our entire manufacturing network. I've highlighted that they're somewhat transparent to model change. I've highlighted that the ability to change on the fly from one product to another product is possible with these flexible systems. And I would certainly extend that to say I could produce other brands and other car's companies on our assembly line should that be -- should that ever be required.

Q Actually, do you have personal experience in producing

other manufacturer -- other brands on GM equipment?
A Yes, it's done frequently in the industry. My personal experience and knowledge would be an example from our Luton plant which is near London, England which produces mid-size vans for Renault, Nissan and for Opel and Vauxhall on the same assembly line with the same installed set of assets.
Q We can move on to Paragraph 51 of Mr. Goesling's testimony. This is where he takes you to task. Former GM employee suggest that I should also have considered whether a representative asset was necessary for GM's production and what losses to GM's productivity might have been had -- might have been had a representative asset been removed from an operating facility. And then he continues, skipping down, machinery and equipment maintained by a manufacturer is presumably necessary for its business operations. This is not a sound basis on which to differentiate between fixtures and non-fixtures. You obviously had a different view.
A That's correct.
Q And why did you think it was relevant to look at the impact on GM from the removal of a representative asset in order to assess GM's intent?
MR. FISHER: Objection. Legal conclusion.
THE COURT: Overruled.
THE WITNESS: Two reasons. Obviously the fact of its usefulness or necessity for the business being performed is one

of the key considerations that was offered by defense counsel in our application of the three factor test and therefore would have been considered as an indicator in each case over a scale of continuum in our analysis.

The second major issue I'd say is the fact that something is necessary for the business in the sense that we've been identifying assets within the plant and in our visit the integration of the assets of -- into systems in many cases indicates the system itself could not operate without that asset and the asset could not necessarily operate independently of that system. And those are the two key drivers that certainly gave some indication of intent which we weighed in our -- in my final consideration.

BY MR. WOLINSKY:

Q Let's put this in a business context. What was GM's investment in Lansing Delta Township to build and open that plant?

A The initial investment was over a billion. I think it was 1.2 billion.

Q And how much has GM put into the plant since it opened?

A Since 2006 probably around 500 million or so for various capacity adjustments or especially the most recent new product changes.

Q And how many cars is the car capable of producing --

THE COURT: Can you ask that again just -- start the

question again.
BY MR. WOLINSKY:
Q How many cars is the plant capable of producing an hour?
A Roughly 60 an hour at the current production rate.
Q And how many a day?
A That's 1,100. I think they're at 1,150 right now on a three shift basis.
Q And if you pulled out the stamping press, zero.
A Until you found that some other alternative supply, yes.
Q And fair to sum up that's why you thought looking at the impact on the plant was a relevant consideration.
A Yes.
Q Now just because you concluded that assets were integral to the operation of the plant does that mean you automatically concluded that it met each of the three factors under the Michigan test?
MR. FISHER: Objection. Leading.
THE COURT: Overruled.
THE WITNESS: No.
MR. WOLINSKY: Bunky, if you could put up DDX-6. This is --
THE COURT: What tab?
MR. WOLINSKY: Tab 24.
BY MR. WOLINSKY:
Q And Mr. Stevens if you could approach.

MR. WOLINSKY: This is Your Honor, this is the schematic that the GM guys provided us as part of the Lansing stamping visit.

BY MR. WOLINSKY:

Q Yes, go ahead, Mr. Stevens. What are we looking at?

A The red lines indicate the (indiscernible) relevant to the discussion (indiscernible). This particular layout as you recall we had the two (indiscernible) transfer presses, the two large AA transfer presses (indiscernible) press itself. And this large area here --

THE COURT: The large area you're pointing to is on the right side of the exhibit.

MR. WOLINSKY: Yes, if you could --

THE COURT: We need words to --

THE WITNESS: Okay. Got it.

THE COURT: -- explain what you're showing -- what you're saying.

THE WITNESS: The large right side -- the large area on the right side of the diagram is primarily dedicated to die storage and to die storage equipment is part of the that process. The large area on the left side has changed somewhat since 2006, but primarily these are all the outputs from (indiscernible) press systems and the transitional storage in racks or transfer racks (indiscernible).

THE COURT: On the schematic, it's Exhibit 6, what's

-- on the left side, lower left side there are things that are in blue. What are those?

THE WITNESS: Well, I know what they are. I'm not sure why they're blue. Okay.

THE COURT: Okay. Well, there's green at the top and blue at the bottom so I was just wondering so you could explain.

THE WITNESS: This is an older (indiscernible) diagram that was provided by GM. I'm not sure of the rationale behind the drawing. But again, these are storage racks the typical storage --

THE COURT: No significance for our purposes whether it's green or blue.

THE WITNESS: To my knowledge, no.

THE COURT: All right.

THE WITNESS: But the storage racks are in place for somewhere between two and eight hours. No more than that as the processes are -- that the stamping are delivered off of the line systems (indiscernible) the racks are transported (indiscernible). So the green and the blue for the purposes of this exhibit (indiscernible).

BY MR. WOLINSKY:

Q And could you move forward in the -- so what are we seeing here?

A This is the same layout with the assets that we reviewed,

the representative assets are whited out at least from the defense standpoint we implied (indiscernible). Again, the press system from the (indiscernible). The remaining assets throughout the stamping plant including the dies themselves, the die storage system and the dye moving systems, the racks, et cetera, some of which are affixed to the building substantially would not, in my opinion, (indiscernible).

Q Okay. Thank you.

MR. WOLINSKY: Your Honor, just for the aid of the Court we'd like to move DDX-6 into evidence so when someone goes back and looks at the transcript they can follow the testimony.

THE COURT: Mr. Fisher?

MR. FISHER: No objection, Your Honor.

THE COURT: All right. DDX-6 is in evidence.

(Exhibit DDX-6 admitted into evidence)

MR. WOLINSKY: Just to clear up one -- we're going to move now into individual assets. Your Honor, we're not going to cover asset two because the parties agreed that the general assembly, pits and trenches are fixtures. There's one small evidentiary objection that I'd like to cover.

Bunky, if you could pull up DX-1007 and JX-30, Page 2. No, that's not right. DX not J. Right. And JX-30, Page 2. Okay. Bring that up. Thanks.

BY MR. WOLINSKY:

Q So when we visited the CMM machine -- well, just explain to the Court what these two pictures represent.

A The picture on the left represents an example, a --

THE COURT: The picture on the left is DX --

MR. WOLINSKY: 1007.

THE COURT: Okay.

THE WITNESS: DX-1007 represents a photo from my initial report as well as from my rebuttal report of a representative CMM given that the asset itself -- the representative asset had been removed at the time of our visit. This particular representative asset is similar, not identical to the one that was removed. This particular one has construction and configuration of the floor plate on which the mounting towers are installed is roughly two feet off the floor. Our representative asset was very, inter terms of function, identical, but the floor plate –

THE COURT: The function quality control measurement?

THE WITNESS: Correct. Dimensional checks of the body and therefore the integrity of the equipment that had welded it. The representative asset, though, the floor plate was level with the floor. The two towers at the back, the automated measuring towers and the system by which the measurements were done were very, very similar. So the difference would be the floor plate mounting. The photo on the right which is -- I'm not sure of the reference --

THE COURT: Mr. Wolinsky, I can't read the exhibit.

MR. WOLINSKY: Okay. It's JX-30.

BY MR. WOLINSKY:

Q When we were visiting the CMM machine there was one that had been removed --

A Right. That's what I was going to say.

Q -- and one that was in place.

A That's correct. This is the LY90, slightly different model, but same supplier and basically the same CMM. This is the one that would --

THE COURT: One tower each side.

THE WITNESS: -- one tower each side.

THE COURT: (Indiscernible) was being measured.

THE WITNESS: Exactly. And it is -- now at the floor level as the asset in question would have been.

BY MR. WOLINSKY:

Q Actually I've been corrected. This is the one that was removed JX-30, Page is the one that was removed. There was a sister in shop.

A We viewed the sister. Correct. Floor mounted dual tower. That's the difference from the representative photo that we had in our earlier report.

Q And for DX-1007 everything that we see above the floor level in JX-30 is below the floor level.

A That's correct. Yes.

MR. WOLINSKY: So, Your Honor, we're going to be offering DX-1007 into evidence.

MR. FISHER: No objection, Your Honor.

THE COURT: All right. DX-1007 is in evidence.

(Exhibit DX-1007 admitted into evidence)

MR. WOLINSKY: Moving on to asset number 15, Bunky, if you could put up JX-1215 and JX-1224. Your Honor, that's Tabs 26 and 27.

BY MR. WOLINSKY:

Q And this the GA Soap Mount and inflation system.

A That is correct.

Q And in a sentence what does it do?

A In a sentence it takes wheels and tires from the delivery system of those components, prepares them to be mated together and assembled into a wheel and tire assembly and inflates them to the proper required air pressure.

Q Okay, you did it. Run-on sentence, but still a sentence.

A Okay. Got it.

Q Let's look at Mr. Goesling's testimony, Paragraph 111. On this asset I gave significant weight to the wheel assembly machine's non-permanent method of attachment, the various stations that comprise this asset are attached to the floor with lag bolts.

So going back to the asset do you consider this method of attachment to this asset to be non-permanent in the sense that

he's using it or in any sense?
A No, I don't.
Q Okay. And why?
A Bolting attachments to the floor of industrial processes is fairly standard process for several reasons. Obviously it gives some of the advantages I mentioned earlier in terms of managing relative motion of the equipment. This equipment as well would have a significant amount of libation and movement of that sort over its long useful life, and the floor bolts would allow for corrections, tightening as required throughout the life of the equipment. Other alternatives obviously would not provide those kinds of advantages.
Q So Mr. Goesling suggests as an alternative that GM could have embedded the feet of the machine into the concrete pad, concrete floor. Is there a reason why GM doesn't do that?
A In my opinion it's not a good engineering solution for the reasons I just outlined.
Q If you did that what would happen? If you had embedded the feet of the machine into the floor what would happen?
A Again, primarily because of the inherent vibration in these kinds of equipment, these kinds of large machines probably through time the concrete embedment, the concrete mounting would need to be either replaced, repaired on an ongoing basis. But certainly you would have some additional -- you could have some additional vibrations that would impact the

operation of the equipment.
Q How did this asset wind up in the place in this location?
A The wheel and tire assembly process in most automotive manufacturers is either done inside an assembly plant or in some cases by a supplier that delivers the fully assembled and fully inflated wheel to the assembly plant. That decision process of whether to do it in or out, as we've called it, was being done as the LDT plant was being finalized. It was a late decision. The decision to move it inside for economic reasons it was determined to be more cost effective to do it inside even though the investment required would be high. That decision was made -- at the time that that decision was made an additional building bubbled to provide space for this equipment was designed and built because the original plant was already in construction and being facilitized with the equipment.
Q Was this equipment in place before the plant began operating?
A Yes, it was.
MR. WOLINSKY: If you could, Bunky, put up Mr. Goesling's direct Paragraph 112.
BY MR. WOLINSKY:
Q This is his discussion of a patent associated with the machine. And he says not only did this confirm my analysis of this machine as a portable item, but it also told me that GM specifically purchased a machine who's overriding

characteristic was modularity. Let me break that into two. Is this a portable item?

A No, I don't think so.

Q Why not?

A The weight and size of the system, 90 feet long, five major machines each of which is connected and joined to the building, but also to each other would in my mind make it certainly not portable.

Q And at the time the machine is installed is modularity its overriding characteristic?

A The modularity in this sense of the patent would refer to the capacity that

THE COURT: I'm sorry, could you start that again? You said in this sense of the patent. I don't understand.

BY MR. WOLINSKY:

Q Yes. Why don't you just expand your answer.

A Okay. The patent refers to this modular concept. In the sense of the patent the modularity allows you to install the number of machines that would be required to meet your volume requirements. For specific example in this case the Lansing Delta Township tire and wheel line has two machines performing the assembly operation or the mounting operation and two machines performing the inflation operations.

So the fact that that would be -- that would imply that it was designed with the intent of having the capacity that

required two of the supplier modules for the assembly operation and two of the modules for the inflation operation. A higher volume plant could take advantage of this modularity so-called by installing three if they required. A lower volume plant might install and plan one. But it would be based -- the number of modules would be based on the planned and engineered capacities and volumes that were required to come out of the system.

Q So once you've planned the capacity -- just explain to the Court for this plant there was a planned capacity for entire assemblies -- finish the sentence. That meant what?

A That necessitated the installation of two mounting stations or machines and two inflation stations. This is a relatively high volume plant as we stated, up to 60 jobs an hour and it required obviously more than the one single module for each of those operations.

Q So two -- they move in tandem down the line in twos.

A The tires themselves are cycled in units of two into the two machines. Yes.

Q Now this asset is connected to another asset that we saw, asset number 20, the conveyor system. Conveyor system is how long and why is it so long?

A The conveyor system that moves the tires from the balance stations which is subsequent to the one we just looked at to the point of use on the assembly line and the final line is

roughly 400 feet long. The rationale and the reason again is in my previous answer was the decision -- the late decisions to install the equipment in the Lansing plant and the fact a bubble was constructed specifically for the equipment given the location of the bubble in relation to the final line that was -- is significant length of almost 400 feet.

Q So if we can turn to Mr. Goesling's testimony on this, Paragraph 126. A primary consideration in my determination was how the wheel and tire delivery conveyor was attached together and to the wheel to using non-permanent methods.

MR. WOLINSKY: And if we could put up JX-1290 and 1291.

BY MR. WOLINSKY:

Q So this is the asset that we saw. JX-1290 is what and JX-1291 is what?

A JX-1290 is the entry to the conveyor system from the balance machine on the right-hand lower part of the photo. The conveyor inclines -- it's a belt incline conveyor that takes the turn wheel finished assembly up to the mezzanine level. What we don't see in these photos is the transport of the mezzanine level 350, 380 feet on a powered roller system.

The right-hand photo, 1291 is the delivery from the mezzanine level of those completed tire and wheel systems through a gravity conveyor in a tower system to the point of installation where the tires are actually put on the vehicle on

the final line.
Q And approximately how many connection points are associated with this system?
A Many, many. The floor connections from the input area and the floor connections from the tower areas of delivery hundred of bolts. And the conveyor supports -- white steel supports to the building structure not only for the incline, but also for the power roller conveyor at the mezzanine level of thousands of bolts.
Q And was the bolting system chosen to facilitate removal of this asset?
A No, it was not.
Q Why was it chosen?
A Bolts again give relative motion -- or more flexible to relative motion between the elements being connected. I've already highlighted that our policy for structural integrity reasons prohibits the use of welded connections to structural steel. And certainly at the floor level you're not able to weld to concrete. So we would not. From an engineering standpoint bolts provide a much better solution.
Q So bolting was used to help or retard keeping this asset in place permanently?
A Bolts were intended and specified to help keep the assets in place and operating for at least their useful lives.
MR. WOLINSKY: If you could turn to asset 18, Bunky,

if you'd put up JX-1279.
BY MR. WOLINSKY:
Q This is the -- well, what is this?
A This is an upper view of the vertical adjusting carrier that we looked at from below at the beginning of my testimony. Also we would have not seen this level of detail from our tour given that we were at the floor level.
Q And maybe you can approach and explain for the Court how this asset is -- well, how -- no, let me show you Mr. Goesling's testimony --
THE COURT: Just tell me which asset you're going to.
MR. WOLINSKY: This is asset 18 and it's Tab 30 new book. I apologize, Your Honor.
BY MR. WOLINSKY:
Q And then Mr. Goesling says this asset is not physically attached. And then he continues, the connection of the rails of the cracked white steel is significant to me because it suggests that GM did not intend to make the rails a permanent part of the realty. The actual VACs, vertical adjusting carriers have no physical points of attachment to the realty at all. They are moving pieces of equipment regularly traveling hundreds of feet along the monorail track.
MR. WOLINSKY: So Bunky, if you could put back JX-1279. Thanks.
BY MR. WOLINSKY:

Q And Mr. Stevens, if you could explain for the Court how this -- the VACs are attached to the rail and the rail is attached to the white steel. And the white steel is attached to the building.

A Okay. Got it.

Q I got it in one sentence. Go ahead.

A As I mentioned this is the top (indiscernible) carrier. The carrier, this level is made of what we call top frame and the top frame is what we'll focus on for the moment. There's two major points of connection -- three major points of connection with the rail and the carrier. The first is the location of the five wheels. The back ones are what we call idle wheels. They're more for location than the actual drive. The drive wheels are located and (indiscernible) contact with the top of the rail.

The second major contact point or connection is the silver rail here with the black electrical supply strip. It's in contact with the pickup -- the electrical pickup from the -- on the carrier itself, physical contact provide the power directly from the strip through to the control box that provides the motor for the actual movement of the carrier.

The third major connection is between the carrier and the rail is the configuration of the upper train itself. The creation of the box type configuration (indiscernible) carrier position allow the rail top to bottom as it transports --

sorry, this way down the assembly line. The rail itself is attached, you can see, by a series of C-brackets along its' entire length, 2,000 foot system overall. The carrier is about just under 9,000 pounds supporting a vehicle 3,500 pounds. So the entire system of 2,000 feet is supported by these kind of C-brackets which are bolted to white steel.

These white steel structures themselves are connected and bolted to various portions of the roof structure. In some cases through these kinds of stress brackets with numerous bolt connections bringing it to the white steel level throughout the length of the conveyor path. You don't see it, but there's an identical one on the other side of this so any (indiscernible) would be -- if you were to take the opportunity (indiscernible) very similar fashion.

White steel alone for this system was roughly a million dollars on the significant portion of the system in terms of the requirement to make it permanently attached to building like these.

Q And I think you can take your seat. Thank you.

THE COURT: Mr. Wolinsky, I'm looking at defendant's appendix to the pre-trial brief and asset 18 is -- there's a picture at Page 50. Is that the asset we're looking at? A different view of the same asset?

BY MR. WOLINSKY:

Q Yes. We're looking -- Eric, why don't you confirm. We're

looking at the top of this asset?
A Yes, we are. You see in the --
THE COURT: The reason I look at the picture is because it shows a vehicle moving as part of this conveyor system.
THE WITNESS: Correct. You see the orange swing arms at the lower left which you're highlighting in the other photo. Each of those carriers, as I said is an individual drive motor which you see in the center right which transports the carrier along that rail.
BY MR. WOLINSKY:
Q So this system as a whole both the -- it carries vehicles. When the system is fully loaded what's the weight that's associated with it?
A The loaded weight is roughly a million, million point one pounds. The system weight if you include the rail and the white steel would be well over two million pounds. It's a 2,000 foot run, two chassis lines and a return loop, basically.
Q And what kind of person is involved in figuring out how to get this asset safely in the building?
A Certainly I'm not qualified to do it. This is certainly the work of a structural engineer or certified structural engineer to determine the adequate and proper connection and load bearing requirements.
Q Did the carriers have any value without a rail?

A No, they don't.
Q Does the rail have any value without a carrier?
A No, it does not.
Q Does the white steel have any purpose without the system?
A The white steel is purposely put there to support the system. So the answer is no.
Q And the U-connections that you referred to, can this asset -- I mean an image of an asset on a rail as a boxcar, can this asset and the VACs be taken off the rails in the way you would take a boxcar off a train tract?
A No. As I tried to highlight in my illustration of that u-box connection of the upper orange part of the frame it prohibits you from actually lifting the carrier straight up off the rail. It would not be possible.
MR. WOLINSKY: Your Honor, I'd like to move on to asset 21, JX-1304. If you'd put up the picture at Tab 31 in the book.
BY MR. WOLINSKY:
Q This is a skillet conveyor system.
A It is.
Q Let's quickly put up Mr. Goesling's testimony. He says other than being mounted inside of the shallow pit I conclude that the skillet conveyor system is the most lightly attached and easiest to remove of the eight conveyance systems.
THE COURT: Which tab in the book is that?

MR. WOLINSKY: Your Honor, I'm sorry. I hop I'm not confusing you. Tab 31 in the handout that we gave you for his testimony.

THE COURT: Yes, that's what I want to know. For other witnesses would it help, Your Honor, if we track the 40 asset book?

THE COURT: Not necessary. You don't have to do that.

BY MR. WOLINSKY:

Q So again, let's look at JX-1304. Why is there a pit?

A The pits were designed and installed throughout the general assembly shop in Lansing Delta Township as in many other assembly plants especially the newer ones in GM to facilitate the location of the skillets at floor level for operator reasons. The skillets not only allow the operator to walk along with the vehicle on the skillet itself at floor level, so you're reducing walk time, more efficient process, et cetera, but also the fact that the skillets are height adjustable allows the adjust -- or the vehicle to be adjusted to the height that the operator would require for his particular operation. So the pits enable the operator interface options that you have with the skillets.

Q From an engineering perspective does it make -- is the pit part of the overall system?

A Yes, it is.

Q And can you explain that?
A Yes, without the pits the skillets would -- the skillet system itself and the conveyor would be -- would not deliver the two major advantages I just mentioned, and certainly the conveyor itself without the pit would have less value for the same reasons.
Q Let me move onto the body shop overhead power and free conveyor, Asset 17.
MR. WOLINSKY: Bunky, let's start at JX-1268 and 1260. Tabs 32 and 33, Your Honor, in your book, 1268 on the left.
BY MR. WOLINSKY:
Q In a sentence, what does the system do?
A The system delivers the body -- left-hand body side inner that had been welded together in the subassembly areas to the point of use at the beginning of the framing -- the inner framing line.
Q Okay. So this is the -- what part of the car body are we talking about?
A The left-hand side, which would be the structure into which the doors would be eventually installed and the fenders would be eventually attached to.
Q If we turn to Mr. Goesling's testimony at Paragraph 141.
MR. WOLINSKY: Can you pull that up, Bunky? Thanks.
BY MR. WOLINSKY:

Q He says with respect to this asset, a significant factor in my conclusion is that despite its length of the BSPF -- PNF conveyor, it has relatively minimal points of attachment. For example, although overhead it is only connected with bolts to steel members that are suspended from the roof truss. Okay. If we can go back to the asset, JX-1268 and JX-1260, and maybe, Mr. Stevens, if you could walk through the nature of the attachment of this asset, 126 -- yeah, it doesn't -- 1268 on the left, 1260 --

A That's fine.

Q -- on the right? Right.

A Yeah, the method of attachment of the conveyor system and conveyor rail to the white steel and -- is bolts, and I would say add from the right-hand photo, which is 1260, the method of attachment of the mezzanine structure that supports that operation is by bolts. This particular photo shows a series of strap-type steel pieces that connect the bottom of the mezzanine level to some white steel trusses that are connected to the building steel.

I would add and this particular conveyor is roughly 2,000 feet long. The number of bolted connections for the conveyor and the mezzanine are well over -- well into the thousands. There's thousands of bolted connections here supporting the weight and configuration of the conveyor system.

Q Okay. And from your perspective it that relatively

minimal attachment?
A No, it's not.
Q What kind of person figures out how to get this asset safely into the plant?
A Again, this would have to be done by and calculated by a structural engineer and certified by a structural engineer.
Q Okay. Let me move onto Asset 16, the body shop skid conveyor. Again, let's start with Mr. Goesling's testimony, Paragraph 145, a significant factor in my classification conclusion for the BS skid conveyor was its modular construction and nonpermanent method of attachment.
MR. WOLINSKY: And let's see, Bunky, could you play JX-1259, a video.
(Video played)
MR. WOLINSKY: Okay. And, Your Honor, the still is Tab 34 in your book.
BY MR. WOLINSKY:
Q So this is all at the mezzanine level?
A That's correct.
Q Okay. And it's installed in the mezzanine level for the reasons you discussed previously?
A Correct, there's an elevator at each end, one to raise the body to the mezzanine level and at the output end to the lower the body back down to the final line.
Q And all these vertical members and diagonal members that

we see, what are they?
A They're various pieces of white steel, in some case strapping, in some case horizontal beam structure. They're used to support the weight and structure of the mezzanine as well as the conveyor itself --
Q And --
A -- as well as the load of the bodies as they're transported along the path.
Q And this was installed in a modular way?
A Each of the sections was brought into the plant, as I think I estimated earlier, probably in 20-foot sections, and they were installed in that way in place due to the difficulty and the complexity of the layout configuration.
Q And the bolts are for the reasons you discussed previously?
A That's correct.
Q So was this design, the engineering plan behind this design to facilitate the removal of this asst?
A No, it was not.
MR. WOLINSKY: If we can go to the body shop overhead welding robot, and, Your Honor, we have a video. Let's start with --
THE COURT: What asset number are we on?
MR. WOLINSKY: I'm sorry. Asset 12. And, Bunky, if you could put up the beginning of the video, DX-1084.

(Video played)

MR. WOLINSKY: Just explain -- oh, go back, the beginning, if you can. There you go.

BY MR. WOLINSKY:

Q So this is the video of an ABB machine?

A That's correct. This is taken of the ABB website. It's a -- ABB is one of the major, as I mentioned, framing system suppliers in the world, and this is a video showing a framing system with an identical concept, slightly different configuration due to it being a different supplier, but identical concept to the LDT system.

Q The basic design and engineering of the ABB system, how does it compare to the --

A Comau.

Q -- system that we saw?

A Very, very similar. They do similar things. They perform similar functions and are quite similar in the engineering thinking behind them.

MR. WOLINSKY: Okay. If you could play the video.

(Video played)

BY MR. WOLINSKY:

Q And if you could narrate or explain what we're seeing.

A This is the vehicle entering into the framing station itself and being lowered into position. The next thing we'll see here are the framing gates, which as I mentioned before

were the model gates that come into position. You can see how they're clamped into position, and the robots synchronously start performing their weld requirements. This particular framing station has four at the upper level whereas the LDT had two, but the access for upper level welding is facilitated by the mezzanine in both cases.

The framing concept of being able to cycle different frames in and out of position is what gives the system its flexibility. The yellow frames actually get moved in and out and slid along rails along the line to access a different frame for the next model that comes in.

The clamps are released. The frames slide back out into the frame rail system and the vehicles moves onto the next station in the line.

MR. WOLINSKY: Okay. If you could put up Mr. Goesling's testimony about this.

BY MR. WOLINSKY:

Q Paragraph 151, he says, in my experience bolts are relatively insignificant methods of attachment and here GM only used eight of them, suggesting that GM attached the robot to ensure that it retained its position rather than indicating anything about an intent for permanence.

MR. WOLINSKY: JX -- and if you could put the picture of the asset JX-1174.

BY MR. WOLINSKY:

Q This is a different view of the same asset we looked at earlier?
A That's correct. It's the view from the opposite side of the mezzanine, the other catwalk that we talked about earlier.
Q And how this asset, this robot affixed into place?
A As you can see, it's one of the mezzanine -- one of the two mezzanine robots. The lower level robots are visible below. This robot is bolted to a mounting plate that is attached physically by welds to the mezzanine itself. The mounting plate is roughly three and a half or four feet square, so a linear run of somewhere around 15 feet, and it's attached to that plate with eight seven-eighths inch bolts.
Q And would you call that a relatively insignificant method of attachment?
A No, I would not.
Q Why not?
A A seven-eighth inch bolt is a substantial attachment, much later than a standard bolt, and certainly eight of them within a run of 15 feet is -- indicates permanence in my mind.
Q Okay. And why not welds?
A Various reasons. Certainly the primary one would be, as I said earlier, there is some relative motion that you want to protect against, and the fact that -- or the fact that bolts can perform the required function of, as Mr. Goesling himself states, holding it in place permanently would lead to that kind

of engineering solution.

MR. WOLINSKY: Your Honor, before I move on, I'd like to move DX-1084, the video, into evidence.

THE COURT: (Indiscernible).

MR. FISHER: No objection. We had earlier stated an objection. We withdraw it, Your Honor.

THE COURT: It's in evidence.

(Exhibit DX-1084 admitted into evidence)

MR. WOLINSKY: Thank you, Your Honor.

Asset Number 13, the --

THE COURT: Just so my record -- what was the exhibit number?

MR. WOLINSKY: It was Exhibit 10 -- DX-1084. The body shop weld bus duct, Asset 13, I think JX-1186 is a video. Bunky, could you play that? Thanks.

BY MR. WOLINSKY:

Q So the bus duct is that dark black strip that we see?

A It's dark gray, yes, at the higher level of the --

THE COURT: What asset number is this?

MR. WOLINSKY: Asset Number 13.

THE COURT: Thank you.

THE WITNESS: This is a portion of the bus duct.

BY MR. WOLINSKY:

Q Right. Actually give us -- the Court a sense of how big this asset really is.

A The bus duct distribution network itself is approximately 10,000 feet along, distributed over the major positions within the body shop in a network that really geographically covers most of, if not all of the floor space in the body shop.

Q So the --

THE COURT: So that you can tap in for power anywhere along the line?

THE WITNESS: Correct, correct, it allows the flexibility to use this asset in place independent of where you need to tap in for the power.

BY MR. WOLINSKY:

Q Okay. And let me direct you to Mr. Goesling's testimony about this asset, Paragraph 160, a factor in my conclusion is my understanding of why bus ducts are used, based on my experience, confirmed in my review of relevant literature, bus ducts, first introduced in 1932, fuel the automotive industry's need for a flexible power distribution system to serve its linear layouts. Could you just lay out the history of, you know, what proceeded bus ducts and why they've replaced what proceeded them?

MR. FISHER: Objection, foundation.

MR. WOLINSKY: Do you have --

THE COURT: Go ahead.

MR. WOLINSKY: Okay.

THE WITNESS: Well, I will admit I wasn't around

before 1932, but I can express my knowledge based on alternatives to bus ducts. I mentioned earlier a smaller example with relation to the quick connect fittings that we talked about, the running of long runs of numerous wire and cables from power supply sources, whatever they are, to points of use in industrial factories, especially in an industrial factory of this size, would require not only miles and miles and miles of wire, many of them going to the same point, but also a significant amount of labor to not just to install, but to maintain and run diagnostic and trouble shooting approaches to -- if there were problems with the current supplier to locate that.

So certainly labor, the miles of wire and the maintenance diagnostics are facilitated by this kind of a permanent distribution system in a large area.

BY MR. WOLINSKY:

Q Were bus -- the switch to bus ducts, was that in order to facilitate their removal?

A No, it was not.

Q What was the reason?

A What I just stated. It was intended and in all cases supporting the concept to leave the power supply distribution network in place for the facility to be able to full power wherever.

Q And in the two-mile stretch of this asset, how is it

attached to the building?
A The two miles are -- encompass several long vertical sections, each of which is connected every ten feet or so with a hanger mechanism attached to the building steel. The hanger mechanism is primarily made up of two threaded rods on each side of the bus duct supporting a tray holding the bus duct, and the top of the threaded rods would be supported by the building steel with nuts and bolts on another attaching bracket.
Q So at least a thousand attachment points?
A A thousand attachment points, each with at least two connections, probably more given the 90 degree turns and other configuration changes, but the main runs would be at least a thousand connections, yes.
Q Now, the last asset that you're covering for us, Asset Number 11, the CUC, and we've talked a little bit about it already. And I won't take the time to show Mr. Goesling's testimony, but I think it's fair to say he makes two points. First, he says that everything is easy to remove because everything is bolted. That might be an overstatement. Second, he focuses on removal, ease of removal. Let me -- let's start with JX-1156. These are the hot -- what are these?
A These are the hot water boilers. I'm sure you remember them too, Your Honor, the major boiler systems that are in place for the LDT plant.

THE COURT: Okay.

MR. WOLINSKY: And, Bunky, could you put up, I'm going to do this on the fly, Mr. Goesling's Exhibit A, Page 87.

BY MR. WOLINSKY:

Q This is -- he characterized this as not a fixture, correct?

A That's correct.

MR. WOLINSKY: Okay. All right. So let's put up JX-1156, which, Your Honor, is Tab 38 in your book. And if we could focus on the gray pad at the bottom.

BY MR. WOLINSKY:

Q Okay. Just what are we seeing here?

A Several things. The gray pad itself is a poured foundation that was designed and poured prior to installation of the boilers to support the boiler pad that you see in green that is attached to the gray foundation pad with a series of large bolts. You also see the yellow is the gas utility connection hard piped to the boiler system.

If we've expanded the photo, the upper left is the exhaust system from the boiler system for the natural gas exhaust from the burners. You can see a flex connection between the two large flanges, the flange of the piping and the flange of the boiler itself. There's a flex connection there for heat expansion purposes, as well as relative motion purposes.

And you also see in the upper middle of this photo the

white water piping that's part of the system as well.
Q And that's in and out, in-flow, out-flow?
A It's one or the other. It's not both in one pipe.
Q Okay. And, again, this is bolts, bolted?
A These are bolted to the pallet. The pallet is bolted to the poured foundation to support the exact size of that pallet.
MR. WOLINSKY: Okay. Now, let's put up Mr. Goesling's testimony, Paragraph 225.
BY MR. WOLINSKY:
Q Particularly relevant to my decision was the steel skid mounting and how several lifting points attached to each boiler demonstrating that the how water boilers were designed for portability. Okay. Now, if you could push that on the side. Let -- we talked about the steel skid mountings.
MR. WOLINSKY: Bunky, if you could pull up the lifting points that he's referring to there.
BY MR. WOLINSKY:
Q The lifting point is, what, that two-inch piece of steel coming off, three-inch piece of steel?
A There's two, yeah, eye hooks there, probably two on the other round side of the tank itself.
Q Okay. And if you can pull back, would these tanks -- was this hot water boiling system designed for portability?
A No, it was not.
Q How did they get into the building?

A Many of the larger pieces of equipment had to be sequenced in during the actual construction of the building just due to their large side. The particular case of the boilers, the walls of the building in that area were left unbuilt or unconstructed until the boilers were put in place, and at that point in time then the walls were completed. There were other sequence equipment, but it was related to the location of the boilers.

Q Right. And how tight or expansive is the spacing between these pieces of equipment, if you can remind the Court?

A Yeah, very, very space limited. What you see, the aisle where the photographer is standing to take the picture, you might recall is probably 10 or 12 feet wide, but a very restricted access space in the entire CUC to be honest, but certainly the aisle width was not designed with any intent of trying to do anything with these kinds of large assets.

Q And if you wanted to remove this asset, what would you have to do?

A Well, I anticipate because the aisle width and constraints are so constrained, you would have to remove some parts, some pieces of the walls again to transport these out, either by rigging to some of the small eye hooks that we just looked at with some sort of overhead crane or some sort of roller system to roll the steel skid out somehow through the openings that you've created in the walls of the building.

Q And was this system designed to be removed?
A No, it was not.
MR. WOLINSKY: Thank you, Your Honor. That's all I have, Your Honor.
THE COURT: Thank you. Mr. Fisher?
MR. FISHER: Your Honor, I presume the Court would like me to begin my cross examination.
THE COURT: Yes, yes, I -- we have 20 minutes.
MR. FISHER: May I proceed?
THE COURT: Yes, please.

CROSS-EXAMINATION

BY MR. FISHER:
Q Good afternoon, Mr. Stevens.
A Good afternoon. It is afternoon. You're right.
Q I just double checked. Your view, Mr. Stevens, is that your experience at GM qualifies you to offer the opinions that you've offered about 11 of the representative assets, is that right?
A Yes, that's correct.
Q And those 11 assets are all located at the Lansing Delta Township plant, correct?
A Yes.
Q Now, you were working overseas in Europe from June 2004 until approximately July or August of 2009, is that right?
A That's probably correct, yes.

Q And the GM bankruptcy of course occurred in June 2009, right?
A That's correct.
Q So you were not involved in planning for GM's bankruptcy filing, correct?
A For the planning directly, no. As I stated, as a senior executive in the company, I was directly aware of bankruptcy planning and bankruptcy planning detail through numerous senior executive reviews, meetings, et cetera.
Q And my question, Mr. Stevens, is you were not involved in planning for GM's bankruptcy filing in any way, correct?
A That's correct.
Q Now, during the 2004 to 2009 time period, when you were in Europe, there are more than 20 GM automotive plants that were closed in the United States, is that right?
A It's probably correct. I don't recall the exact years on the chart that I used, but it's -- the magnitude is probably correct, yes.
Q And you were not involved in any decision about the closure of any of those U.S. manufacturing facilities, correct?
A The U.S. manufactured facility closings, I was not directly involved. That's correct.
Q And you were not a decision maker with respect to the repurposing of any U.S. manufacturing facility during that period of that time, correct?

A That's correct.
Q Now, Lansing Delta Township, as you described, has a stamping plant and it also has an assembly and body shop plant, is that right?
A Yes.
Q And the stamping plant I think you said was built in 2003?
A It was -- the operation started there in 2003. It would have been under construction for probably roughly two years prior to that.
Q Okay. And with respect to the stamping plant at Lansing, to be clear you were not involved in the design of that plant, correct?
A That's correct. I tested that when asked the same question by my -- by defense lawyer.
Q And you were not involved in the construction of that plant?
A That's correct.
Q And you were not involved in the installation of any assets at that point?
A That's probably not totally correct. I was, as I mentioned, at least involved as a manufacturing engineering lead for North America in the years 2002 to 2004, but it would have been at the very tail end of what you're describing, so no impact probably, yes.
Q There's not any specific asset at the stamping component

of the Lansing plant that you can tell me you were specifically involved with, correct?

A At the stamping component plant at Lansing, that's correct. I have seen and installed identical presses, very identical presses in many other places on several occasions at other times.

Q Well, Mr. Stevens, during the course of my cross examination I'm going to try really hard to ask you questions that are capable of being answered yes or, and so to the extent that I do ask a question that you can answer in that way, I would ask that you please do so.

A Uh-huh.

Q Now, the Lansing Delta Township assembly plants, I'm leaving the stamping plant and now moving to the assembly and body shop, that was built you said or the construction was completed in 2006, is that right?

A The start up of the facility was in 2006.

Q And in your written direct testimony at Page 6, Paragraph 13, you say among other things, quote, that teams designed and developed the new greenfield assembly operation destined for -- that your teams, I'm sorry, designed and developed the new greenfield assembly operation destined for Lansing Delta Township, right?

A Yes.

Q Now, just to be clear, you were overseas when all of the

assets were actually installed at Lansing Delta Township assembly plant, correct?
A Yes, the installation phase, yes.
Q And you were also overseas for the two years leading up to the construction of the Lansing Delta Township assembly, right?
A Yes.
Q And there have been many documents produced in discovery in this case, right?
A I believe so, yes. I've seen --
Q And --
A -- many documents.
Q And you've had the opportunity to review any documents you've asked for, right?
A I think so.
Q And General Motors produced documents in this case, right?
A They did. They didn't produce everything we requested, so I was not able to review everything I asked for, but certainly we reviewed what was presented and produced, yes.
Q And, Mr. Stevens, there's not a single document about the Lansing Delta Township assembly plant that mentions your name, is that right?
A I did not see my name mentioned on any of the technical productions that General Motors may have provided us, no.
Q And there's not a single document that describes the planning process for LDT that you say your teams were involved

with, right?
A That's probably correct also.
Q And now with respect to the 11 assets about which you offer an opinion, you did not yourself inspect any of the 11 assets, correct?
A Not as part of the primary -- preliminary tour. I certainly saw them most recently in -- several weeks ago with the Court visit to Lansing.
Q And so setting aside for a moment the visit to the site with the Court, before you offered your expert opinion in this case, you had not inspected any of the 11 assets about which you offered an opinion, right?
A Not the specific assets at Lansing. Similar assets at many other places, but not at Lansing.
Q So you didn't inspect the 11 Lansing assets?
A That's correct.
Q And you offered some general testimony about plants other than the Lansing assembly and body shop. To be clear, you have no experience whatsoever with designing the Warren Transmission plant, right?
A No, I don't believe I've claimed so.
Q And you were not involved in any way in any planning for the Defiance Foundry, right?
A I -- when I came back in 2009, there was significant activity going on in Defiance to install the new aluminum

machining areas under my direction, under my team's direction, so certainly some of the newest installations in Defiance were -- I have some personal direct knowledge of.

Q You weren't involved in the installation of any of the assets that are among the 40 representative assets at Defiance, right?

A That's probably correct, yes.

Q And you don't have any experience with the installation of assets at Defiance before 2009, right?

A That's correct.

Q And turning now to the Warren Transmission plant, you're not involved in any way with construction decisions about the Warren Transmission plant, right?

Q Could you outline the time frame you're asking about?

A Sure. So before the bankruptcy was filed, so before June --

THE COURT: This whole plant was built in 1941.

MR. FISHER: That's true, and Mr. Stevens already testified that he couldn't remember back to 1932 with respect to the bus ducts.

THE WITNESS: I still -- 41 is not much more recent, so the same answer.

BY MR. FISHER:

Q So I understand that you were not involved in the initial construction of what became the Warren Transmission plant, but

were you involved in any construction decisions involving the installation of GM assets at Warren Transmission before the bankruptcy in June 2009?

A In terms of direct construction, no. In terms of the V6 project that eventually went into Warren, I was directly aware and involved in the initial planning for that during --

THE COURT: I'm sorry. Which project?

THE WITNESS: The V6 -- I'm sorry, the six-speed transmission --

THE COURT: The six-speed transmission.

THE WITNESS: -- project, yes.

THE COURT: Okay.

BY MR. FISHER:

Q The six-speed transmission line, that's the line that you said replaced the four-speed line?

A Correct.

Q And you testified that all the four-speed assets were taken out of Warren in order to make room for the six-speed assets, is that right?

A I think I referred that question to further testimony of Mr. Deeds. I don't recall stating that directly.

Q Okay. And just a moment ago when you said that you were involved in planning for installing the six-speed line at Warren, in fact, you didn't know that that line was even going to be allocated to Warren, right?

A That's correct. I don't believe I said I was involved in planning for it to be installed in Warren. I believe I said I was aware of and involved in the planning for the six-speed -- or the six-speed transmission processing and equipment.

Q And GM's decision to locate --

MR. WOLINSKY: Your Honor.

THE COURT: Let him finish. Let him finish.

MR. FISHER: I'm sorry, Your Honor.

THE WITNESS: No, and I was going to say and I have preciously testified that it was under discussion and a site review and a site selection process was underway and remained underway after I left in 2004.

BY MR. FISHER:

Q And GM's decision to allocate the six-speed line to the Warren Transmission facility as opposed to some other facility happened while you were in Europe, right?

A That is correct, yes.

Q And your career with GM began in 1978?

A Yes.

Q So I want to focus on the period from 1978 until the bankruptcy in June 2009, so that's approximately 31 years, right?

A Okay.

Q I would not trust my arithmetic, but it's a long time, right?

A It's a significant part of my total career, yes.
Q And over that entire period of time you spent a little less than two years based in the United States, is that right?
A That's correct.
Q And that was from 2002 until 2004, right?
A That's correct.
Q Now, in this case you were asked to apply a three-part fixture test, right?
A Correct.
Q And that three-part test was supplied to you by counsel?
A Yes, it was.
Q And all of the considerations that you took into account were supplied to you by counsel?
A That's correct.
Q And I want to ask you to please have a look at Pages 11 and 12 of your direct testimony. It's part of Paragraph 29, and I'll ask Mr. Cole to please put that up on the screen. So what's in the boxes -- the text that appears in the boxes on Pages 11 and 12, those are all of the considerations that were supplied to you by counsel in connection with your application of the three-part fixture test in this case, right?
A Yes, I think so.
Q And these considerations that we're looking at on these two pages, those are the only considerations that you took into account in applying the three-part test, correct?

A Yes, obviously each one of them had to be judged and interpreted in the way that was appropriate for the assets, but they certainly were the only considerations.
Q So you had to apply these considerations and evaluate a three-part fixture test that was supplied to you by counsel, right?
A Yes.
Q You've never before applied this fixture test to any group of assets, correct?
A Not as a fixture test, that's true. Certainly many, many of these elements were part of my daily work in terms of manufacturing, engineering and machinery and equipment over many years.
Q But specifically you've never worked with this three-part fixture test before, right?
A I've not been asked to apply the factors in relation to -- their relation to a fixture, non-fixture evaluation, no.
Q And you've never been asked to do an analysis that's anything like the analysis that you did in this case, right?
A As I said, many of these considerations were inherent in the day-to-day work, so in terms of attachment and adaptation, was it called adaptation and attachment, maybe not, but certainly the questions, considerations were in the day-to-day nature of what I did and what my teams did.
Q Mr. Stevens, you understand that in offering an opinion

about how the three-part fixture test applies, you're essentially deciding whether an assets ought to be classified as personal property or real property, do you understand that?

A No, I don't -- that's not my understanding. I was asked to apply these relatively directly objective factors to my analysis of the assets and my knowledge of these assets or similar assets that I've worked with in many cases elsewhere.

Q And you've never applied these considerations to decide whether a three-part fixture test has ever been satisfied, right, aside from this case?

A I've never been asked to before this case.

Q And you've never been designated an expert witness before, correct?

A Not for technical purposes, that's correct.

Q And you've never been an expert witness on any topic, correct?

A I assume that's correct. I did have one previous case where I testified which I believe was a business case, not an expert witness case.

Q So you've testified at trial once before, but not as an expert?

A That's correct.

Q And in your written direct testimony you also offer an expert opinion about the useful life for each of the 11 assets, correct?

A Yes.
Q And in your written direct testimony the useful life opinion can be found at Pages 111 and 112, correct?
A Yes, that's correct.
Q And there's a column that says average operational useful life, do you see that?
A Yes, I do.
Q That's not what you called it in your expert report, is it?
A I don't recall the terms -- exact terminology. I might have used useful life or expected useful life. I'm not -- I don't recall exactly.
Q And if I told you you used the term mechanical useful life, would that refresh your recollection as to what term you used in your expert report?
A I don't believe I used the word mechanical useful life.
Q And when you say average operational useful life, what were you averaging?
A Several things. Again, I have extensive experience with assets similar or identical to the assets that I'm testifying to in other plants in other locations in other parts of the world. I've been directly responsible for putting together capital forecasts based on replacement plans based on useful lives in plants as part of the budgeting process at the regional level -- at the plant level, at the regional plan and

at the corporate level in my last position. So I'm basing it on the knowledge and the experience in putting together those kinds of plans based on the needs and the condition of the assets and the life of the assets at the time that they -- that we were making decisions on replacement.

Q So you're not using the word average in its statistical meaning?

A No, I'm not using --

Q You're not actually calculating an average, right?

A No, I have not.

Q And, in fact, you didn't look at any written data in connection with coming up with your average operational useful life estimates, correct?

A As a part of this case, I did not look at written data. Certainly in the course of my normal job in manufacturing engineering, especially over the last several years, I would have reviewed hundreds of documents relating to useful life replacement plans, as well as the capital impacts of those plans.

Q But to be clear, Mr. Stevens, you have never before, before this case you have never provided a useful life estimate for a specific asset like any of the 11 assets about which you offer an opinion, correct?

A Never provided to who or to where? I'm not clear --

Q You've never --

A -- on the question.
Q -- had to determine what the useful life is for a specific asset in the way that you've had to do in this case, correct?
A Not -- that's correct, in the way I've had to do it here. I've been asked many times, you know, in terms of does this conveyor need replacing as a course of our normal business, and I would offer an opinion at the time, yes, we can replace it or, no, we can defer that capital cost. So I've been asked on numerous occasions for a recommendation based on the condition of the asset and its useful life in relation to, as I mentioned, the capital planning process.
Q And in terms of the answer to my question, you have never before had to assign a specific number of years to a specific asset just like you've had to do in this case, right?
A That was part -- that was inherent in our process. I have not personally put a number into a system which would define that. That's correct.
MR. FISHER: Your Honor, I'm happy to continue, although --
THE COURT: No.
MR. FISHER: -- this is --
THE COURT: It's 12:59 on my watch. It's a very convenient break point. You can step down --
THE WITNESS: Okay.
THE COURT: -- Mr. Stevens. Let's just --

Mr. Wolinsky, what did you -- you wanted to say something?

MR. WOLINSKY: Yes, Your Honor. Two things, we've talked about how we see the trial progressing and how we're going to fit everything into two weeks. Today was longer than we anticipated, but hopefully since Mr. Stevens got into a lot of substance, we can cut back on some of the witnesses.

To finish what we collectively hope to do this week, we think we're going to need to make up three to four hours, maybe more, but we can go back. So, you know, I -- we're going to ask to impose on you to go some longer days.

THE COURT: Additional hour Tuesday, Wednesday and Thursday, that's three hours right there --

MR. WOLINSKY: That should do it.

THE COURT: -- or we'll just go longer.

MR. WOLINSKY: Yeah, and then we can see where we are on Wednesday and see if it's --

THE COURT: Fridays I don't go long.

MR. WOLINSKY: Got it. The other thing, Your Honor, for both the teams, there are a lot of people in the room, but people working behind the scenes --

THE COURT: I think they'll lose interest pretty soon, but I suspect we're going to see dwindling crowds.

MR. WOLINSKY: In the pretrial order Your Honor said you would advise us whether you wanted briefs or proposed findings, and if you can give some thought to that, it would

help us.

THE COURT: Well, I am going to want proposed findings.

MR. WOLINSKY: Okay.

THE COURT: And, you know, just to give you the recent Lyondell experience as an example, I left it to -- with -- I did want proposed findings of fact, and I left it to each side whether they were going to give me the conclusions of law, whether they were going to essentially do it as a brief or whether they were going to do numbered paragraph.

MR. WOLINSKY: Okay.

THE COURT: I -- and I would say the same thing to you. I'll leave you the flexibility how you think you can best persuade me.

MR. WOLINSKY: Great.

THE COURT: Okay. Let me raise one thing from -- one issue that came up this morning. So I reserved decision, I admit -- conditionally admitted some of the evidence and reserved decision on Mr. Fisher's objection. If I conditionally admit it, if I don't hear from you again, Mr. Fisher, about it, if I get a short letter brief addressed to it, I'll rule on it again, but I'm not going to go back to my notes and tick off, well, that issue is still open. It's incumbent on each of you if I reserve -- if I give you the opportunity to challenge something I've conditionally admitted,

to raise it again, otherwise it's in. Okay. I just wanted to make clear that. I don't think -- is there -- either of you have anything you want to raise?

MR. FISHER: No, nothing from the plaintiff, Your Honor.

THE COURT: Okay. So we'll start tomorrow morning at nine. You know, in terms of stop time for the next three days, you got to assume we're going to go at least until six o'clock. And, again, if you're going to finish up a witness and you need another half hour, we'll take the extra half hour to finish up a witness.

MR. WOLINSKY: Okay.

THE COURT: Okay.

MR. WOLINSKY: All right. Thank you.

THE COURT: See you in the morning. Thanks very much. Carry on. And, again, you can tell my law clerks, you can tell them make sure --

MR. WOLINSKY: Yes.

THE COURT: -- I've got the latest and greatest of your exhibits. The other -- I'll raise this, the pretrial order has been -- I've gotten amendments and things like that. I would like in a three-ring binder the current version of the pretrial order and all exhibits to it. Okay. Thank you.

(Proceedings concluded at 1:03 p.m.)

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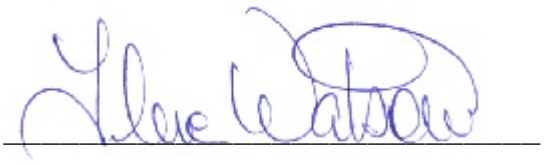
C E R T I F I C A T I O N

I, Ilene Watson, court-approved transcriber, hereby certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.



ILENE WATSON, AAERT NO. 447 DATE: May 1, 2017