

Exhibit A-6

Part One

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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3 -----x
4 UNITED STATES OF AMERICA,
5 v. 09 CR 1184 (RJE)
6 RAJ RAJARATNAM,
7 Defendant.
8 -----x
9 New York, N.Y.
10 March 9, 2011
11 12:30 p.m.

12 Before:
13 HON. RICHARD J. HOLWELL
14 District Judge

15 APPEARANCES
16 PREET BHARARA
17 United States Attorney for the
18 Southern District of New York
19 JONATHAN R. STREETER
20 REED M. BRODSKY
21 ANDREW MICHAELSON
22 Assistant United States Attorneys
23 AKIN GUMP STRAUSS HAUER & FELD LLP
24 Attorneys for Defendant
25 JOHN M. DOWD
TERENCE J. LYNAM
ALSO PRESENT: B.J. KANG, FBI

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1 (Case called)
2 (Whereupon, a jury of 12 and 6 alternates was
3 impanelled and sworn)
4 THE COURT: Ladies and gentlemen, members of the jury:
5 This case is now officially on trial and you are the jurors in
6 the case. I am going to give you some preliminary instructions
7 to guide you in your participation of the trial, take a few
8 moments, and we will take our lunch break and begin this
9 afternoon with opening statements by the government and by
10 defense counsel. From this point on until you retire to
11 deliberate about the verdict in this case it is your duty not
12 to discuss this case, not to remain in the presence of any
13 person who may be discussing the case, not to let anyone talk
14 to you about the case.
15 If at any time during the course of the trial any
16 person attempts to communicate with you, either verbally or in
17 writing about the case, whether in this court house or outside
18 the court house, please immediately report it to me and to no
19 one else, just bring it to my attention through the deputy
20 clerk.
21 When I say not to talk about the case I also mean that
22 you shouldn't talk among yourselves about the case. I want
23 everybody to keep an open mind throughout the proceedings and
24 you will first talk about the case when you begin your
25 deliberations.

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1 In this regard, let me explain to you that all of the
2 counsel here have been asked by me not to speak to you. So, if
3 you see them, as you probably will in the hallways or in the
4 elevators and they ignore you, please don't take offense. They
5 are doing exactly what I told them to do.
6 Now, let me give you a few words about publicity in
7 the case because this, as in many other cases, gets some
8 publicity.
9 First you have to, those of you who have seen any,
10 disregard any and all reports that you have read or seen or
11 heard in the news media, any statements or inferences made by
12 any reporters in those reports. These matters are not evidence
13 in the case and you can't permit anything you have heard before
14 this case starts to interfere with your independent judgment as
15 to what the facts are in this case.
16 Second, you cannot read or listen to anything touching
17 upon the case in any way. If there is publicity relating the
18 case you are instructed not to read it, to change the channel
19 if it comes on TV, and not to be influenced by anything that
20 you might hear or see outside of the courtroom.
21 Third, you should not talk or read about the case or
22 the facts or the circumstances of the case on any internet
23 facility such as Facebook or MySpace or Twitter or similar
24 websites. You can't engage in any commentary through something
25 like Twitter or one of the other social networking sites, and

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1 none of you can engage in any real world or cyberworld
2 communication in any way relating to the trial.
3 Finally, you should not and cannot do any research or
4 investigation into the case or anything touching the case.
5 Please don't go on to the internet and do any searches about
6 the case or these kinds of cases or the parties or the lawyers
7 that are involved, or Google anyone or anything that has any
8 relationship to the case. That's because it is going to be
9 your duty to find from the evidence what the facts are and you
10 are the judges of the facts. You will then have to apply those
11 facts to the law as I will give it to you and instructions at
12 the end of the case. And then you, of course, as I said, have
13 to follow the law and apply it to the facts of the case.
14 Keep in mind that nothing that I say or do during the
15 course of the trial is intended to indicate and it shouldn't be
16 taken by you as indicating what your verdict should be. That's
17 entirely within your province. The evidence from which you
18 will find the facts will consist of the testimony of witnesses,
19 documents and other things that are received into the record as
20 exhibits, and any facts that the lawyers might agree or
21 stipulate upon or that I might instruct you to find.
22 Keep in mind that there are two types of evidence,
23 direct and circumstantial evidence. Direct evidence is proof
24 of a fact, direct proof of a fact through the testimony of an
25 eyewitness. Circumstantial evidence is proof of facts from

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1 (In open court; jury present)
2 THE COURT: Please take your seats.
3 Mr. Streeter, will the government call its next
4 witness please.
5 MR. STREETER: Yes the government calls Anil Kumar.
6 ANIL KUMAR,
7 called as a witness by the Government,
8 having been duly sworn, testified as follows:
9 THE COURT: Good afternoon, Mr. Kumar.
10 Proceed.
11 MR. STREETER: Thank you, your Honor.
12 DIRECT EXAMINATION
13 BY MR. STREETER:
14 Q. Mr. Kumar, where were you born?
15 A. In Madras India.
16 Q. And how old are you now?
17 A. Fifty-two years old.
18 Q. And where do you live now?
19 A. In California. In Saratoga, California.
20 Q. Are you married?
21 A. Yes.
22 Q. Do you have any children?
23 A. Yes.
24 Q. When did you move to the United States?
25 A. In 1981.

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1 Q. And where did you go to work after that?
2 A. At Hewlett-Packard, HP. Actually began work for them in
3 1982, between my two years, and continued.
4 Q. How long did you work at Hewlett-Packard after you finished
5 business school?
6 A. Three years, from '83 to '86.
7 Q. What did you do there?
8 A. I was a product manager for computer-aided design software.
9 Q. And after you left Hewlett-Packard, what job did you do
10 next?
11 A. I joined McKinsey & Company in San Francisco.
12 Q. What's McKinsey & Company?
13 A. It's an international management consulting firm.
14 Q. What does that mean? What does McKinsey do?
15 A. It provides advice, McKinsey in particular, to the very
16 senior-most executives on matters of great importance to
17 companies that are strategic or make a huge difference to the
18 company's performance.
19 Q. When you say -- does McKinsey -- McKinsey provides advice
20 to clients? Is that essentially --
21 A. That's correct. It has big companies, typically the
22 largest companies in the world, but also sometimes countries
23 and governments, to which it provides advice mostly on business
24 issues.
25 Q. How long did you work at McKinsey?

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1 Q. Are you a United States citizen?
2 A. Yes.
3 Q. Could you describe your educational background before you
4 came to the United States?
5 A. I have a bachelor's degree in technology from the Indian
6 Institute of Technology in Mumbai India in mechanical
7 engineering, and a master's degree in applied mechanics from
8 the University of London in London.
9 Q. And when you came to the United States in 1981, for what
10 reason did you come here?
11 A. I came here to go to business school.
12 Q. Where did you go to business school?
13 A. The Wharton School at the University of Pennsylvania in
14 Philadelphia.
15 Q. Why did you come all the way from India to go to business
16 school at the Wharton School?
17 A. I thought the U.S. is the best place for an education in
18 business.
19 Q. And the Wharton School in particular?
20 A. The Wharton School was one of the best business schools at
21 the time when I applied.
22 Q. Did you complete business school at Wharton?
23 A. Yes.
24 Q. What year was that?
25 A. 1983.

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1 A. For 23-and-a-half years.
2 Q. And what titles did you have at McKinsey?
3 A. I joined as an associate in the first two years.
4 I was then promoted to a project manager.
5 Six years later I became a junior partner, which at
6 McKinsey is called a principal as a title.
7 And eleven years after joining McKinsey, I became
8 senior partner, which at McKinsey is called a director. And
9 that's the title I had until the end.
10 Q. And what, broadly speaking, what different job
11 responsibilities did you have during your time, your 23 years
12 at McKinsey?
13 A. They were quite a few but the salient ones were in my early
14 years when I was in California and I was responsible for the
15 west coast technology practice.
16 I then went to India and I was responsible for the
17 North India New Delhi office for India.
18 On my return, I was the cohead globally for the
19 internet and eCommerce practice.
20 After that I was responsible for the outsourcing and
21 offshoring practice.
22 And when I finally left in -- and this all ended, I
23 was responsible for the issue center for globalization.
24 Q. Let me sort of walk through those. The first one that you
25 mentioned.

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1 What years did you have that responsibility?
2 A. From roughly 1991 to 1993.
3 Q. And what did you say that was?
4 A. That was responsible for the west coast technology
5 practice.
6 Q. What did that mean?
7 A. It meant trying to serve technology companies better with a
8 focus on the west coast, mostly California, and trying to
9 mobilize my partners and fellow colleagues to do a better job
10 in serving technology companies.
11 Q. And while you were in India, what were your
12 responsibilities?
13 A. That was more of a geographic responsibility. McKinsey did
14 not have an office before I went to Delhi and so I was
15 responsible for establishing the reputation, the practice of
16 McKinsey, letting people know in India what McKinsey does and
17 the value of being able to provide business expertise to Indian
18 companies largely as they try to expand.
19 Q. Over what years were you in India?
20 A. From 1993 to 1999.
21 Q. And in 1999 you returned back to the United States?
22 A. That's correct.
23 Q. And from 1999 until what year you said there was another --
24 A. From 1999 when I returned it was at the peak of the -- what
25 was called the dot-com boom. I was -- I returned as a senior

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1 partner, a director, and I was asked to cohead the eCommerce
2 and internet practice for McKinsey from 1999 until around 2001,
3 2002 when it collapsed.
4 Q. What collapsed --
5 A. Sorry. The entire internet eCommerce phenomenon collapsed
6 at that time in the marketplace, not McKinsey.
7 Q. What kinds of clients did you serve during that time
8 period?
9 A. They were mostly either large technology companies trying
10 to take advantage of providing internet as a service for
11 companies or smaller companies that were trying to come and
12 attack with large companies using internet as their strategic
13 advantage, their technology advantage.
14 Q. What was your next job? What did that involve?
15 A. From 2002 I started the global outsourcing and offshoring
16 practice, which was to help clients around the world decide
17 where they should do manufacturing, research, different types
18 of functions; what is the best location in the world for them
19 to do that.
20 Q. And what was the next -- the next part of your
21 responsibility after that?
22 A. So, after that I proposed and started the practice on
23 globalization. That was a large phenomenon. U.S. companies
24 were wanting to take advantage of business opportunities in
25 Asia. And Asian companies were trying to do more business with

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1 the U.S. So I suggested we started an Asia center for
2 globalization which I then led.
3 Q. For what years did you lead that?
4 A. From 2008 to my last day at the firm.
5 Q. Where were you -- where was your office? Where were you
6 principally located during that time period?
7 A. I moved to New York in June of 2008 primarily to start and
8 lead a particular practice on globalization.
9 Q. What is the principal investing practice at McKinsey?
10 A. The principal investing practice is a relatively new
11 practice that McKinsey had where it served either private
12 equity companies or hedge funds. And when I moved to New York
13 an additional responsibility I took, though a somewhat minor
14 one, was to lead the principal investing practice on just the
15 east coast. It was not a global leadership role.
16 Q. Now you mentioned two things that were under that: Private
17 equity and hedge funds. Can you tell the jury briefly what
18 private equity is.
19 A. Private equity is when a company with a pool of money, they
20 get the money from different sources, invests that money in a
21 company but not just by buying shares in the stock, in the
22 stock market but by actually buying a big portion of the
23 company, like 10 or 20 or 30 percent of the company, by talking
24 to the board of the company and saying we'd like to be a major
25 investor.

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1 So that's how private equity typically works. They
2 can do that with a company that is either listed on the stock
3 market or not listed on the stock market. That's primarily
4 what private equity is.
5 Q. What's the distinction you just described between being
6 listed on the stock market and not being listed on the stock
7 market?
8 A. Some companies have an ownership by shareholders. Anyone
9 can buy their shares on whichever stock market they're listed
10 in. And that's called a public company.
11 But some companies you could have someone who started
12 a company, he had some friends or other investors who helped
13 them. And the company grew over time but needed more money to
14 continue to grow. That company may still be private because
15 there's just a small group of people who hold the ownership of
16 that company and there are no stocks that are traded on that
17 company because -- sorry, I used the word shares instead of
18 stock -- because it's privately held by just a small group of
19 people.
20 Q. And you mentioned that in this principal investing practice
21 that you were the head of the east coast part of, there was
22 private equity and there was hedge funds?
23 A. Yes.
24 Q. What's a hedge fund?
25 A. There are many different types of hedge funds.

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1 Hedge funds largely -- the name is derived from the
2 fact that they hedge their risks. So what they do is they make
3 a bet on how something -- the price of something will move, but
4 they also take a bet on the fact that if it doesn't move that
5 fast or doesn't move in that direction they will protect the
6 downside.
7 They can be hedge funds in currency and commodities
8 and metals, or even in just shares, in stock, in the equity
9 markets.
10 You can hedge pretty much anything these days, I
11 think.
12 Q. When you say the equity markets, are you just referring to
13 publicly traded stock?
14 A. Yes, sir.
15 Q. And with respect to a hedge fund that's in the equities
16 market, where does there pool of capital come from. Where does
17 the money that they invest come from?
18 A. It comes from a source, typically a combination of sources.
19 Usually the person who starts the hedge fund puts some of their
20 own capital into it and sometimes two or three or five people
21 start a hedge fund. They are called the general partners. And
22 then they go out and try and get money raised from what are
23 known as limited partners, who are like passive investors.
24 They just put the money in and hope that the hedge fund will do
25 well for them.

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1 Q. And the types of people or entities that invest in hedge
2 funds are what?
3 A. They are everything ranging from pension funds,
4 institutions, sometimes academic endowments, wealthy
5 individuals who are sophisticated investors. They are the
6 types of people who invest in hedge funds.
7 Q. And the hedge fund that's in the equities markets, what do
8 they do with the money once they got it from the investors?
9 A. They study the equity -- the different companies. And they
10 look at whether a company is likely to go do well to their best
11 knowledge.
12 And if it -- and they take a bet on the fact that if
13 it's going to do very well, they'll hold the shares of that
14 company. And in the future when it does well, they'll sell the
15 shares.
16 Or if it's going to do badly, they take a bet that
17 they'll do badly and still try and find a way to profit from
18 that process.
19 Q. When they think the company is going to do badly, what's
20 the name for the position that they take?
21 A. They go short on the company.
22 And going short essentially means that they promise
23 someone that they -- if the share price today is a hundred and
24 they think it will go down to 90, there's some people in the
25 future who believe it will be hundred. So the hedge fund, by

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1 going short, agrees to buy the shares at -- knows it can buy
2 the shares at 90, agrees to sell them at a hundred because at
3 that point they'll buy them at 90, sell them to whoever has
4 offered to buy them at a hundred and quickly make a profit on
5 it. So that's --
6 (Continued on next page)

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1 BY MR. STREETER: (continuing)
2 Q. Falling short is basically, if you think the company is
3 going to go down, the stock is going to go down, then you can
4 make money?
5 A. You can make money when the stock price will go down.
6 Q. When did you leave McKinsey?
7 A. On -- I was let go on November 30th, 2009.
8 Q. And what were the circumstances of your being let go?
9 A. I was arrested on October 16th, 2009 after which McKinsey
10 did an internal investigation and determined that I would no
11 longer be with the firm.
12 Q. You mentioned your arrest on October 16th, 2009; what were
13 you arrested for?
14 A. For conspiracy to conduct securities fraud and for
15 securities fraud.
16 Q. After your arrest, what did you decide to do with respect
17 to the government's investigation?
18 A. The first thing I did was try and find the best lawyer I
19 could possibly find.
20 Q. And after you spoke with your lawyer, what was the next
21 step that you took with dealing with having been arrested?
22 A. I told him everything. I just bared my soul to them and
23 told them everything that happened and just said I want to do
24 whatever it is now right to redress this wrong.
25 Q. And what did you -- what was that next step? What did you

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1 the government said if I ever did that, that entire agreement
2 would be torn up or not valid.
3 So -- sorry. There are two pieces: One, the
4 agreement would be violated, and I would think I would be
5 committing an even bigger crime which would be a problem.
6 Q. Do you know a person named Raj Rajaratnam?
7 A. Yes, sir.
8 Q. When did you first meet him?
9 A. At business school in Philadelphia in roughly -- I recall
10 meeting him in 1982 but roughly then.
11 Q. What was your relationship during business school?
12 A. I would say it was something between an acquaintance and a
13 friend. He was part of the salutation community business
14 school but he had very different interests to mine so we would
15 just meet in sort of group settings. We didn't go out just
16 together him and I or anything.
17 Q. And after business school, did you stay in touch with him
18 at all?
19 A. Not right after. A few years later, yes.
20 Q. Could you describe your relationship between 1983 when you
21 finished business school and 1993 when you left for India?
22 A. In those 10 years I was in California. Mr. Rajaratnam
23 worked in New York. I believe a few years after business
24 school he joined a company called Needham & Company as a
25 technology analyst and that job required him to come to

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1 California frequently and he would meet me once in a while.
2 Q. What is a technology analyst?
3 A. A technology analyst is someone who studies technology
4 companies and analyzes them to see if they're going to do well,
5 if they're going to do poorly. They normally do that by a
6 number of ways, talking to people, visiting with executives,
7 reading research reports, and in that context once in a while
8 he would come to me to share ideas about technology.
9 Q. And between 1993 and -- I'm sorry, 1983 and 1993 can you
10 describe the sort of the subject matters that you discussed
11 during that time period when you would meet?
12 A. I found Mr. Rajaratnam to be quite an insightful person on
13 the technology industry. He had privileged access as an
14 analyst to meeting senior executives of technology companies in
15 Silicon Valley. He would meet me maybe once or twice a year,
16 not more than that, and we would just share ideas about what is
17 happening in the industry; maybe manufacturing is moving to
18 China or some software is getting more important than hardware.
19 You know, just trends like that.
20 Q. Did, during those conversations from 1983 to 1993, did you
21 share any confidential information from your McKinsey clients?
22 A. No.
23 Q. And why not?
24 A. It was against all the policies of McKinsey & Company and
25 it was completely forbidden and every McKinsey consultant

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1 was -- it was the biggest violation at McKinsey.
2 Q. In 1993 you said you went to India. At some point while
3 you were in India did you learn that Mr. Rajaratnam left
4 Needham?
5 A. Yes. I had lost touch with Mr. Rajaratnam while I was in
6 India. I was quite focused on just that geography and --
7 Q. Let me stop you right there. Did there come a time when
8 you learned that he had moved to a different business?
9 A. Sorry. Yes, there was a time.
10 Q. And what business was that?
11 A. The Galleon Group.
12 Q. What was the Galleon Group?
13 A. It was a hedge fund.
14 Q. And what did you understand Mr. Rajaratnam's goal at
15 Galleon Group was?
16 A. He was the founder of the Galleon Group.
17 Q. And I know you spoke a little bit about hedge funds, did
18 you ultimately come to learn what type of hedge fund it was
19 that Galleon Group was?
20 A. Yes. His co-founder or partner was the one who met me in
21 India and he said he handles the health care portfolio and
22 Mr. Rajaratnam handled technology for the Galleon Group.
23 Q. More broadly, what type of hedge fund was it in terms of
24 you said there were all these different types; what type was
25 it?

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1 A. It was what they call an equity long/short hedge fund which
2 means it -- yes.
3 Q. Go ahead and finish. Which means what?
4 A. Which means it would trade in stocks and equities and would
5 either go long or short on them, and those equities would be in
6 the technology and health care industries. The companies that
7 invested.
8 Q. And what did you understand, how does a hedge fund make
9 money? How did the managers of a hedge fund make money?
10 A. They charge a management fee and they keep a percentage of
11 the profits that they generate for their investors.
12 Q. Can you give us an example of the management fee that's
13 typically charged and how that works?
14 A. The management fee is typically 1 or 2 percent of the money
15 that has been given to them by an investor. So, if an investor
16 gives them \$1 million and they have a 1 percent management fee,
17 they would make \$1,000 every year. If that money grows to \$2
18 million then they would make \$20,000 as their management fee.
19 The rationale is that that's used for expenses to pay
20 people's salaries and for office buildings and all the rest.
21 Q. And other than management fee, how else does a hedge fund
22 charge its investors?
23 A. It charges something called a carry. A carry is that part
24 that the sharing of the profits and that percentage varies from
25 hedge fund to hedge fund. It's typically around 20 percent.

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1 So, if that \$1 million went up by 15 percent in the year, it
2 went from say a million to \$1.15 million, the profit is
3 \$150,000 for the year and the hedge fund keeps 20 percent of
4 that so it keeps \$30,000 as its share. It says, look, we made
5 you money, we want to keep 20 percent of the money we made you.
6 Q. You mentioned earlier that often times the founders of the
7 hedge fund also are investors in the hedge fund?
8 A. Yes, sir.
9 Q. So, how did the investor in the hedge fund, the founder who
10 is an investor, make money off of that investment as well?
11 A. There are two ways. The founder's money itself is not
12 subject to these charges so the founder gets a pure return.
13 And then the founder also gets to share the management fee and
14 the carry portion.
15 Q. So, if the hedge fund is profitable and someone is an
16 investor in it, they get some of the profit of the amount that
17 goes up?
18 A. That's correct.
19 Q. What did you understand Mr. Rajaratnam's role was at
20 Galleon?
21 A. He was the founder.
22 Q. And what about sort of the management of the operation?
23 A. He was responsible for building a company or firm, of
24 hiring people, making sure they have all the right procedures,
25 and also for personally managing their technology portfolio,

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1 all their investments in technology since that was his
2 expertise.
3 Q. When did you return from India?
4 A. In 1999, spring.
5 Q. And between 1999 and 2003, can you describe the
6 interactions that you had with Mr. Rajaratnam during that time
7 period?
8 A. Upon my return I met Mr. Rajaratnam a little more
9 frequently, maybe -- or talked to him maybe three or four times
10 a year. He and his family moved to California to the same
11 small town I live in called Saratoga for one summer just during
12 the summer, and during that summer I met him maybe three, four
13 times. And I then reached out to him to -- I learned he had
14 done very well financially and I was raising money for an
15 educational institution so I reached out to him to contribute
16 to the institution, which he did, very generously.
17 Q. During this period, 2000 to 2003 when you met with
18 Mr. Rajaratnam or spoke to him on the phone, can you sort of
19 describe, generally, apart from the contribution to the
20 educational institution -- what was the educational
21 institution, by the way?
22 A. It was a business school that I had been involved with
23 founding in India while I lived in India.
24 Q. And putting that aside, can you describe the kinds of
25 conversations that you had in that time period after you

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1 returned, '99 to 2003?
2 A. Yes. We -- Mr. Rajaratnam had done very well while I was
3 away in India and during the dot com boom because he focused
4 enormously on internet companies. And so, when I came back
5 from India I was in charge at McKinsey for the entire internet
6 practice consulting for McKinsey, so he shared ideas about not
7 only just technology in general but internet in particular. He
8 would talk about whether this is a bubble, is it going to
9 burst, why these companies are worth so much, what is
10 happening. Just a number of things around the internet.
11 Q. And what types of things would you share with him during
12 those conversations?
13 A. I would share with him what my perspectives were about how
14 the internet phenomenon was going to transform the way
15 companies do business, that it will be much easier to get
16 information and good information and that will make companies
17 more efficient.
18 Q. Did you ever share any client confidential information with
19 him during that time period?
20 A. Not at all.
21 Q. What is the difference between sort of client confidential
22 information and the kinds of conversations that you had with
23 Mr. Rajaratnam during the '99 to 2003 period?
24 A. The McKinsey definition for client confidential information
25 is anything that the whole world doesn't know, that's not

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1 widely known in the public or someone who is thoughtful can't
2 figure out. My conversations with Mr. Rajaratnam were what I
3 was hoping would be what someone who is thoughtful can figure
4 out.
5 Q. Did you discuss what was happening with specific clients
6 with him during that time period?
7 A. No, sir.
8 Q. Did you discuss industry trends with him during that time
9 period?
10 A. A lot.
11 Q. Did there come a time when you had conversations with him
12 during that time period during 2002 about McKinsey possibly
13 providing services to Galleon?
14 A. Yes.
15 In 2002, roughly in the summer, he asked for a
16 propose -- he told me that he receives \$100 million a year in
17 soft dollars that he can spend on market research and he said
18 he would like a proposal from McKinsey to provide him some form
19 of industry research.
20 Q. I'm going to hand you a document. Handing you a document
21 that's been marked for identification as Government Exhibit
22 2091; what is 2091?
23 A. It is an e-mail from a former McKinsey colleague, Tom
24 Stephenson, from the Silicon Valley office, to Raj Rajaratnam
25 of the Galleon Group, copied to me and another McKinsey

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1 from McKinsey clients?
2 A. Not at all.
3 Q. And can you turn to the next page, Ms. Pilcer? Actually,
4 can you turn to the page after that, the page that ends in 86?
5 The second hypothesis down.
6 A. Yes.
7 Q. Can you tell us what that is about and what you were
8 proposing you might be able to provide services on here?
9 A. Yes.
10 This was done in 2002 and the point was how quickly
11 would consumers use broadband internet in the home. So, the
12 topic was consumer broadband adoption. What is the consumer
13 demand curve? which essentially means if the price for
14 broadband to your home is \$100, how many people would buy it.
15 If it is \$50, how many people would buy it. If it is \$20, how
16 many people would buy it.
17 That's the nature of sort of an economics demand
18 curve.
19 Q. Were these discussions of potential industry trends?
20 A. Yes.
21 Q. And, was there any proposal here that you would tell
22 Mr. Rajaratnam specific strategic plans that McKinsey clients
23 were engaged in?
24 A. Not at all.
25 Q. And this document was sent to him on what date? If we can

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1 A. In the fall of 2003 I was at a charitable event in New
2 York. And after the charitable event ended, the charity event,
3 we were walking out together and he pulled me aside and he said
4 I -- you know, you sent that document. You do realize that's
5 not really what I want. What I want is your inputs and I would
6 much rather have you as a consultant rather than McKinsey. And
7 I am willing to pay you half a million dollars a year just for
8 you. He said you just have to speak to me every four to six
9 weeks and I will pay you half a million dollars.
10 Q. What was your response to that?
11 A. I told him I'm not allowed to do that, that McKinsey does
12 not permit consulting work on the side.
13 Q. And what did he say to that?
14 A. He said if you can get someone else to accept it as
15 consulting work and that person is not in the U.S., then
16 McKinsey will never get to know about it.
17 Q. And did you ultimately agree to this arrangement?
18 A. Yes, after some discussions with him.
19 Q. Let me ask you to take a look at Government Exhibit 2002.
20 As part of the arrangement that he described for you,
21 what did he say he wanted you to do with the \$500,000?
22 A. He said that I should reinvest it in Galleon Funds.
23 Q. Can you take a look at Government Exhibit 2002?
24 A. Yes.
25 Q. What is that?

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1 go back to the first page?
2 A. Actually, the next page says the date; it is October 3,
3 2002, originally.
4 Q. And, if we can then go back to the first page of the
5 e-mail, when was the e-mail attaching these documents sent?
6 A. May 16, 2003.
7 Q. And, did Mr. Rajaratnam ever respond to this e-mail?
8 A. Not to my knowledge or recollection.
9 Q. Did he ever, in this time period around 2002 or 2003 or
10 2004, engage McKinsey to provide these services?
11 A. No, sir.
12 Q. Before 2004 did you ever give Mr. Rajaratnam any
13 confidential information you learned from McKinsey clients?
14 A. No.
15 Q. And after 2004 did you do that?
16 A. Yes, sir.
17 Q. What events led up to you doing that?
18 A. In late 2003 he offered to retain me as a consultant
19 outside of McKinsey. He said he really wanted me and my ideas
20 and not McKinsey as a consulting firm. He said he had all this
21 soft dollar money with which to pay me and he put in place a
22 way to make that payment.
23 Q. Let me slow you down a second.
24 Where did this conversation first take place? What
25 happened?

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1 A. It is an e-mail from an individual called Crescent Maaz at
2 the Galleon Group, to me, with the subject October 1st
3 subscription into Galleon Captains Partners LP.
4 MR. STREETER: The government offers 2002.
5 MR. DOWD: No objection, your Honor.
6 THE COURT: Admitted.
7 (Government's Exhibit 2002 received in evidence)
8 BY MR. STREETER:
9 Q. Can you turn to the second page of that document?
10 A. Yes.
11 Q. This person, Crescent Maaz, do you see at the bottom?
12 A. Yes.
13 Q. Where does it say she worked in at Galleon Group?
14 A. In investor relations.
15 Q. Can you read the paragraph that appears right above "kind
16 regards?"
17 A. Please let me know if this will be a joint investment with
18 Malvika or in your name only so I may highlight the appropriate
19 areas of the subscription document for completion.
20 Q. What did you do after you got this document?
21 A. I told Mr. Rajaratnam I could not accept money over here.
22 I could not accept money because McKinsey doesn't allow me to
23 do consulting. And I certainly was unprepared to go along with
24 his recommendation.
25 Q. What did he say about how you could do this?

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1 A. He then suggested -- he knew I was -- I had lived in India
2 for many years with McKinsey so he said find someone in India
3 who can accept the money and who can then reinvest it in
4 Galleon.
5 Q. What did you say to that?
6 A. I said I don't think Indian regulations allow that so
7 that's not going to be possible.
8 Q. And what did he say to that?
9 A. He said then find someone somewhere else or set up an
10 offshore company. Lots of people set up offshore companies. I
11 can even tell you how to do that.
12 Q. And what did he tell you about how to do that?
13 A. Oh, he said -- I didn't pursue it. I was not particularly
14 keen on setting up an offshore company.
15 Q. So, what did you do?
16 A. I then tried to speak with friends of mine who lived in
17 Europe and I found one gentleman who agreed to sign a
18 consulting agreement with Mr. Rajaratnam for \$500,000 a year.
19 Q. And was such a consulting agreement eventually signed?
20 A. I believe so.
21 Q. And was there an entity that was designated to receive the
22 money?
23 A. Yes.
24 Q. What was the name of that entity?
25 A. Pecos Trading Company.

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1 Q. Was there an account set up to receive the money?
2 A. Yes. The money would go straight to Pecos Trading
3 Company's bank account in Switzerland.
4 Q. And, did you make those arrangements?
5 A. Mr. Rajaratnam delegated the procedural work to
6 Mr. Yogakumar Jogalligan who worked at Galleon who then
7 figured out how all of this should work out.
8 Q. With respect to the account at Pecos and the bank account
9 in Switzerland, was your name directly associated with either
10 of them?
11 A. Not at all.
12 Q. And, the part of the arrangement involving investing in
13 Galleon, what did Mr. Rajaratnam say to you about that?
14 A. He knew that I had an Indian housekeeper living with us.
15 Our son was actually quite unwell and so we were able to get a
16 visa for an Indian housekeeper who worked with us in India to
17 move with us to California. And so, he said does she have an
18 Indian passport? And I said yes. And he said, well, you can
19 just open an account in her name.
20 Q. And that account was to be opened where in her name?
21 A. At the Galleon Group. And he said that should be an
22 offshore account so that it is all kept away from McKinsey.
23 Q. And how did he know who this person was? How did he know
24 of this person?
25 A. Had he come to our house, he had met her. He had been in

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1 California that summer as well. He had come to our house a few
2 times when he would visit on his business.
3 Q. And what did you do in response to that?
4 A. I agreed.
5 Q. Would you take a look at Government Exhibit 2105 and tell
6 us, generally, what that is?
7 A. It is a subscription agreement for non-U.S. investors in
8 Galleon Buccaneer's Offshore Limited.
9 Q. And is this a document that you filled out?
10 A. Yes, sir.
11 MR. STREETER: The government offers 2105.
12 MR. DOWD: No objection, your Honor.
13 THE COURT: Admitted.
14 (Government's Exhibit 2105 received in evidence)
15 BY MR. STREETER:
16 Q. Ms. Pilcer, can you blow up the portion of the document
17 that has tax -- thank you.
18 In the middle there is a name there; what is that
19 name?
20 A. Manju Das.
21 Q. And who is that?
22 A. That was our housekeeper who had worked with us for 10
23 years.
24 Q. And at the top it says Galleon Buccaneer's Offshore
25 Limited. What is that?

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1 A. I presume -- it was one of his offshore funds. I wasn't
2 quite sure what it did.
3 Q. And the dollar amount that you see in the amount of
4 subscription, do you see that?
5 A. Yes, sir.
6 Q. Where did that -- where did you -- how much did
7 Mr. Rajaratnam say he would pay you per year?
8 A. \$500,000.
9 Q. Did he say how that would be done?
10 A. He said it would come in increments every three months,
11 \$125,000.
12 Q. And how did -- did you put that \$250,000 there?
13 A. I did not write that.
14 Q. And can you turn to the second page of this document? Are
15 the addresses from this document redacted out?
16 A. Yes, sir.
17 Q. And it says the name of the housekeeper at the top, is that
18 correct?
19 A. That's correct.
20 Q. And then it says send copies to. Do you see that?
21 A. Yes.
22 Q. And who -- did you fill this document out?
23 A. Yes.
24 Q. Is that your handwriting on it?
25 A. Yes.

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1 Q. And who did you write in there?
2 A. I wrote Ms. Das' address in India and my address in
3 California.
4 Q. Can you turn to the sixth page of the document? What does
5 it say there about who the investor is and what their
6 occupation is?
7 A. It says Manju Das, homemaker.
8 Q. And can you turn to the seventh page of the document?
9 A. Yes.
10 Q. Ms. Pilcer, could you highlight the date in the upper
11 left-hand corner?
12 Do you see that date there?
13 A. Yes.
14 Q. Did you write that date?
15 A. Yes.
16 Q. Was that the date that you filled this out?
17 A. No.
18 Q. Why wasn't it or how did that come to pass?
19 A. Mr. Rajaratnam said that I should backdate it so that any
20 funds, if they were to come in, could be invested from October
21 1st, 2003.
22 Q. And, could you turn to the last page of the document, it is
23 the ninth page of the document. What is this page?
24 A. It is a letter dated October 1st, 2003 to the Galleon Group
25 signed by Ms. Manju Das.

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1 Q. And, was that the actual date that -- well, who prepared
2 this letter?
3 A. Mr. Rajaratnam dictated it to me.
4 Q. And who actually caused it to be typed?
5 A. I typed it.
6 Q. Can you read the -- tell me what led up to him dictating it
7 to you and how this document came to be created.
8 A. I told him that if Ms. Manju Das were to be the recipient
9 of all this money, how can I be assured that I would ever get
10 that money back? And he said, well, there is a standard
11 approach in the industry on this, it is called a nomination
12 letter, and this is how a nomination letter is written, just
13 keep it very simple, just do it and send us the copy. We will
14 just keep one copy with us.
15 Q. And was this document accurately dated or was that also --
16 A. It was backdated to October 1st. It was done a few weeks
17 later.
18 Q. Again, in order to take advantage of investing.
19 Why did it matter -- why was October 1st a significant
20 date?
21 A. Because the Galleon Funds could receive investment money
22 once every three months, not just on any day so October 1st,
23 January 1st, April 1st. And so he suggested that we try and
24 get the money in by October 1st.
25 Q. What did Mr. Rajaratnam say to you about what he wanted you

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1 to do in exchange for this money in that initial conversation?
2 A. His initial conversation was just that he sort of said
3 three things. He said, one, you work very, very hard, you
4 travel a lot, you are underpaid, people have made fortunes
5 while you were away in India and you deserve more. So, for all
6 your insights, just keep track of your knowledge in the
7 industry and share it with me and you have such good knowledge
8 that it is worth a lot of money to me. So, that was one thing
9 he told me.
10 The second thing he told me was that if I didn't get
11 money I would not remember to call him up and give him ideas.
12 And he said just keep a list of whatever ideas you hear of or
13 see and once a month, once in six weeks we can chat and you can
14 tell me what you have observed or seen. And I know you will do
15 that if you get money from me. I know you will not remember to
16 keep a list if you don't get money from me.
17 Q. Did that progress during the conversations to anything
18 else?
19 A. During the setting up of this?
20 Q. Yes.
21 A. After it was set up it changed its nature but not when we
22 first set it up.
23 Q. Understood.
24 And, did you set up these various arrangements? You
25 set up the account at Pecos and you set up the account with

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1 Ms. Das?
2 A. That's right.
3 Q. I want to ask you about McKinsey's confidentiality
4 requirements. Can you take a look at Government Exhibit 751?
5 Do you recognize that?
6 A. Yes, sir.
7 Q. What is that?
8 A. It is a code of professional responsibility from McKinsey &
9 Company.
10 Q. And can you turn to the third page of it? Is that your
11 signature at the bottom?
12 A. Yes.
13 MR. STREETER: Government offers 751.
14 MR. DOWD: No objection, your Honor.
15 THE COURT: Admitted.
16 (Government's Exhibit 751 received in evidence)
17 BY MR. STREETER:
18 Q. Can you turn to the second page of the document, please?
19 A. Yes.
20 Q. And Ms. Pilcer, could you highlight 1A at the top?
21 Would you read that, please?
22 A. Every member of the Firm has a continuing professional
23 responsibility to put the interests of the client ahead of the
24 interests of the Firm and of the individual members of the
25 Firm.

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1 Q. And can you look at, read paragraph C, just highlight that,
2 Ms. Pilcer?
3 Could you read that?
4 A. We will not make public any client names, client materials,
5 or material prepared for clients without client permission.
6 Q. And can you, Ms. Pilcer, highlight E at the bottom of the
7 page.
8 Would you read that?
9 A. No Firm member will take personal or Firm advantage of
10 inside information acquired through a professional relationship
11 with a client or provide the basis on which others might do so.
12 Q. What did you understand inside information to be?
13 A. Any information that was not widely available to the public
14 or that any individual anywhere in the world could find out
15 from public sources or through thinking about things.
16 Q. And can you turn to the third page? Ms. Pilcer, can you
17 blow up 4A? Just highlight it, please.
18 Can you read A, please?
19 A. Guarding confidences. We will vigorously protect the
20 confidentiality of all client information that has not been
21 specifically designated as non-confidential.
22 Q. And then at the bottom of the page, is that your signature
23 at the bottom?
24 A. Yes, sir.
25 (Continued on next page)

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1 Inc., the firm, I will learn or generate confidential
2 information about the firm and its clients and that the
3 unauthorized disclosure of this information can cause great
4 harm to the firm and to clients of the firm. I promise,
5 therefore, that I will never convey any of this confidential
6 information to persons outside the firm or to other employees
7 of the firm unless I have direct knowledge that they are
8 entitled to receive it and have a clear need for it."
9 Q. Did you have an understanding why it would be harmful to
10 clients of the firm to disclose confidential information?
11 A. Yes, sir.
12 Q. And what was -- what was that? What was that
13 understanding?
14 A. McKinsey's entire practice was on the foundation, built on
15 the foundation of trust. McKinsey received often very, very
16 confidential information that could -- and if it ever were to
17 give that away to someone else, it could affect the
18 competitiveness, the profitability of its clients. It could
19 destroy the trust that McKinsey had with its clients.
20 Q. How would revealing the strategic plan to clients
21 potentially damage the client?
22 A. Because if other competitors got to know the strategic
23 plan, they could outcompete sometimes the client.
24 Sometimes knowing that information could help someone
25 who is investing in the market to take advantage of that

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1 THE COURT: Mr. Streeter, perhaps this is a good time
2 to take our afternoon break.
3 MR. STREETER: Yes, your Honor.
4 (Jury excused)
5 THE COURT: All right. We'll resume at 4:00.
6 (Proceedings resumed; jury present)
7 THE COURT: Mr. Streeter.
8 MR. STREETER: Thank you, your Honor.
9 BY MR. STREETER:
10 Q. Mr. Kumar I put in front of you Government Exhibit 750.
11 Do you see that?
12 A. Yes, sir.
13 Q. What's 750?
14 A. It's the confidential information agreement that's signed
15 by all professional staff at McKinsey on the first day they
16 join McKinsey.
17 Q. Is this the one that you signed?
18 A. Yes.
19 MR. STREETER: The government offers 750.
20 MR. DOWD: No objection, your Honor.
21 THE COURT: Admitted.
22 (Government's Exhibit 750 received in evidence)
23 Q. Can you go ahead and read the first two sentences of the
24 document?
25 A. "I understand that, as a member of McKinsey & Company,

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1 information.
2 Sometimes the fact that a company, for example, plans
3 to enter new country or buy another company could get thwarted
4 by someone else trying to bid for that company.
5 So there are many ways in which something that's very
6 strategic to a client, and if others know it, can affect,
7 adversely affect the company.
8 Q. Can you turn to Government Exhibit 753.
9 What generally is this?
10 A. It is the template of a document that McKinsey gives to all
11 new clients which summarizes the professional practices of
12 McKinsey to assure the client that McKinsey will adhere to the
13 highest standards and principles of a professional services
14 firm.
15 Q. Can you read the first -- the first sentence below
16 protecting confidential information.
17 A. "Effective client service usually requires our access to
18 confidential information."
19 Q. Continue. I'm sorry.
20 A. "We recognize that you will entrust such information to us
21 with the expectation that it be handled carefully and
22 professionally."
23 Q. Can you read the first two sentences of the next paragraph.
24 A. "We will never disclose your confidential information,
25 materials that we develop from your confidential sources, or

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1 information that we believe can be significant competitive
2 advantage to anyone outside our firm without your prior consent
3 except in the unusual circumstances when we are legally
4 compelled to do so."
5 MR. STREETER: Your Honor, I neglected to offer 753.
6 I apologize, Mr. Kumar.
7 MR. DOWD: No objection.
8 THE COURT: Admitted.
9 (Government's Exhibit 753 received in evidence)
10 Q. Continue reading, if you will.
11 A. "Furthermore, we will only use such information in
12 connection with consulting services to you and only those staff
13 members with a need to know will have access to such
14 information."
15 Q. Can you read the next paragraph as well.
16 A. "Further, all McKinsey consultants are appraised of their
17 professional obligations to our clients under our code of
18 professional responsibility. Among these responsibilities is
19 the vigorous protection of confidential client information. In
20 addition, all members of McKinsey are asked to acknowledge
21 their understanding of this responsibility by signing a
22 proprietary and confidential information agreement."
23 Q. Mr. Kumar, did you violate these policies that we've just
24 gone over?
25 A. Yes, sir.

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1 Q. How did you do that?
2 A. I named my client name. I shared information about their
3 plans, their strategic plans, their potential customer
4 information that is confidential. I shared information about
5 potential mergers and acquisitions. Unfortunately, I broke
6 them in a number of ways.
7 Q. And who did you share that information with?
8 A. Only Mr. Rajaratnam.
9 Q. Was there anybody else that you shared this information
10 with?
11 A. No.
12 Q. What prompted you to share this information with
13 Mr. Rajaratnam?
14 A. Two reasons. One was he would keep pressing me for
15 information. And he had paid me and I had accepted his money.
16 Q. Let me ask you about the pressing part. Can you describe
17 what you mean by that.
18 A. He would ask me for a variety of information such as how is
19 a company's profitability, how are their revenues, how are they
20 doing in that quarter.
21 He'd ask me what their strategic plans are, if they
22 have any thoughts of buying another company.
23 He'd keep asking me that. And I -- I didn't always
24 know the answers but I felt that since I was getting the -- I
25 had accepted getting the money, that I had sort of an

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1 obligation to try and help him.
2 Q. How were those conversations different in character from
3 the ones that you had with him before you put in place this
4 arrangement whereby he'd pay you?
5 A. They were totally different. Before we talked three, maybe
6 four times a year. It would be just general industry
7 knowledge.
8 Once I had accepted the money, he -- he got quite
9 specific in his asking how a company's financial performance
10 was.
11 Q. Did he ask about specific companies?
12 A. Over time, yes. Initially primarily AMD.
13 Q. What's AMD?
14 A. AMD is a semiconductor company. They make chips that go
15 into laptops and PCs. And at the time they also made memory
16 chips.
17 They make different types of chips.
18 Q. What kinds of information did he begin asking for after he
19 started paying you?
20 A. In late 2003, early 2004 -- AMD has an arch competitor,
21 Intel. And it's always been a step behind Intel. But in that
22 one period it was actually ahead of Intel. So finally, this
23 sort of second player was doing better technologically.
24 So he'd asked me how is their product doing, who is
25 buying that product? How is their financial performance, and

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1 questions of that nature.
2 Q. Was that information that you had ever disclosed to him
3 before?
4 A. No.
5 Q. Was that information that he had asked you about before?
6 A. No.
7 Q. Was that information that you were permitted under your
8 agreement with -- under your obligations with McKinsey to
9 disclose?
10 A. Never. Not at all.
11 Q. Did you have a specific agreement with AMD to keep their
12 information confidential?
13 A. Yes, sir.
14 Q. Take a look at Government Exhibit 754. What is Government
15 Exhibit 754?
16 A. It's an agreement between McKinsey and Advanced Micro
17 Devices, which is AMD.
18 MR. STREETER: Government offers 754.
19 MR. DOWD: No objection.
20 THE COURT: Admitted.
21 (Government's Exhibit 754 received in evidence)
22 Q. Can you turn, first of all, to the last page of the
23 document.
24 A. Yes.
25 Q. Who signed the document on behalf of McKinsey?

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1 A. Myself.
2 Q. And can you read the first sentence of the survival and
3 succession part.
4 What's the date on which you signed it?
5 A. April 19, 1993.
6 Q. Can you read the survival and succession section?
7 A. "This agreement shall apply to all studies performed by
8 McKinsey for AMD regardless of the expiration of time between
9 studies and shall survive the termination of any study and any
10 final termination of the consulting relationship."
11 Q. Can you then please read -- go back to page one, Ms. Pilcer
12 if you would. Can you read the paragraph entitled
13 confidential.
14 A. "Confidentiality. McKinsey recognizes that certain
15 confidential, nonpublic, proprietary information relating to
16 AMD will be furnished to McKinsey in connection with the
17 consulting relationship. Such information is hereinafter
18 referred to as confidential information. McKinsey agrees that
19 it will not disclose any confidential information to any person
20 who is not a director, officer, or employee of McKinsey or
21 counsel to McKinsey without the consent of AMD and will not use
22 such information for any purpose other than the provision of
23 consulting services in connection with the consulting
24 relationship."
25 Q. Let me ask you to stop right there.

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1 Did you violate this particular agreement?
2 A. Yes, sir.
3 Q. During the years 2004 and 2005, how much money did you
4 receive in the manner we discussed initially from
5 Mr. Rajaratnam?
6 A. I believe about 1.1, 1.2 million dollars.
7 Q. How was that paid as a general matter?
8 A. It was paid by sending an invoice from Pecos Trading to the
9 soft dollar company, I believe Instinet, or to Galleon, who
10 would then arrange for Instinet to pay it.
11 Q. And what's Instinet?
12 A. My understanding is that Instinet is an independent company
13 that actually administers the soft dollar payments for many
14 different hedge funds or other financial institutions.
15 Q. And I want to show you Government Exhibit 2119. What's
16 2119?
17 A. It seems to be a report from Instinet Corporation -- an
18 Instinet Corporation report dated January 20, 2004.
19 Q. Does it relate to payments to Pecos Trading?
20 A. On subsequent pages, yes.
21 MR. STREETER: Government offers 2119.
22 MR. DOWD: No objection, your Honor.
23 THE COURT: Admitted.
24 (Government's Exhibit 2119 received in evidence)
25 Q. Looking at the first page, can you look at the fourth line

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1 down. What does it say?
2 A. Instinet Corporation.
3 Q. Then where it says for business day, what does it say
4 there?
5 A. January 16, 2004.
6 Q. Can you turn to the third page. What's the dollar amount
7 indicated?
8 A. In the first line it says \$125,000.
9 Q. How did Galleon pay you this money? How was it divided up?
10 A. It was sent once every few months.
11 Is that the question?
12 Q. Yes. Yes.
13 And what does it say in the year, in the YR reference
14 line?
15 A. Soft dollars.
16 Q. And then can you read the line where it says DESCR after
17 that, can you read what it says.
18 A. Description, soft dollars to Pecos Trading Corporation in
19 Geneva.
20 Q. And below that, does it indicate what country Geneva is in?
21 A. Yes. Switzerland.
22 Q. And were you aware at the time of the exact timing of these
23 payments?
24 A. Not at all.
25 Q. Were you generally aware that the payments were being made?

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1 A. With a bit of a lag, yes. A few months later.
2 Q. And what was being done with the money after it was paid to
3 this account in Switzerland?
4 A. It was sent directly into the Manju Das account that had
5 been set up on Mr. Rajaratnam's recommendation.
6 Q. Take a look at Government Exhibit 2104. What's 2104?
7 A. It's an e-mail from Sally Zugmeyer at the Galleon Group
8 dated Friday, March 5, 2004. Subject is Bank of Bermuda. And
9 it says Buccaneer Offshore historical --
10 Q. Let me stop you right there. Does this relate to the
11 investment that was made at Galleon?
12 A. Yes, sir.
13 MR. STREETER: Government offers 2104.
14 MR. DOWD: No objection.
15 THE COURT: Admitted.
16 (Government's Exhibit 2104 received in evidence)
17 Q. Can you read the body of the e-mail.
18 A. "Please fax the hot issue certificate to Bank of Bermuda
19 and courier the original as well. I have attached the
20 historical performance and latest performance letter for
21 Galleon including the fund that Manju Das is invested in,
22 Galleon Buccaneer's Offshore Fund, Limited.
23 Q. Just above what you read, who is it written to?
24 A. Hello Anil.
25 Q. And the e-mail is to whom?

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1 A. To me.
2 Q. And attached to this, what generally is attached to this?
3 A. It seems to be general performance results of several of
4 the Galleon funds. Many of them. And then the last page is a
5 detailed one for just Galleon Buccaneer's Offshore, just their
6 overall fund returns.
7 Q. Do you know why the Bank of Bermuda was being used?
8 A. I have no idea.
9 Q. Are you the one that set up to use the Bank of Bermuda?
10 A. No. Not at all. This was an instruction from Galleon to
11 send some information to this -- I presume it's a lady, Jacqui
12 Chadwick, at the Bank of Bermuda. I had no knowledge of who
13 she -- what this was. Who she was.
14 Q. After this arrangement was in place, could you describe the
15 conversations that began to happen with Mr. Rajaratnam.
16 A. After this arrangement was in place, Mr. Rajaratnam was --
17 asked me quite a few questions about AMD. He asked me how
18 their financial results were, their quarterly performance
19 results, their earnings and their profits.
20 Q. Let me stop you right there.
21 A. Yes.
22 Q. Publicly traded companies, how do they report their
23 financial results to the public?
24 A. Once every three months, the publicly traded company,
25 typically the CEO of the company or the chief financial

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1 officer, has sort of a public announcement to all the investors
2 and community and says this is how our company has done in
3 terms of sales, profits, costs, for the last three months. And
4 this is what we expect the future to look like.
5 Q. And what kinds of questions did Mr. Rajaratnam begin asking
6 you about AMD after the payment arrangement was in place?
7 A. He asked for information on the revenues, on the sales, on
8 the profits. And he was always particularly interested in what
9 the company was going to say about the future.
10 Q. In terms of what the company was going to say about the
11 future, what do companies do in terms of describing for the
12 public their expectations about the future?
13 A. It's a term called guidance. And the company typically
14 says this is how we want to let you know our guidance for the
15 future.
16 It's a very difficult thing for anyone to find out
17 because I think they decide that maybe very late before they go
18 and tell the world.
19 But, Mr. Rajaratnam told me that that is a very
20 important piece of fact that he would like me to be able to get
21 that information to -- for him as often as possible.
22 Q. During the period from 2004 to 2009, did you -- did you
23 sometimes provide him with information about company -- about
24 AMD's financial performance?
25 A. Partially, yes.

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1 Q. Can you describe what kinds of questions he would ask you
2 and the circumstances under which you would be able to find
3 that?
4 A. I was privileged in that I would go to, as AMD was my
5 client, I would go to many of their senior management meetings
6 with their top ten executives. And on occasion they would,
7 during these meetings, talk about, well, you know we're doing
8 quite well this last month, we got good orders, or this
9 business is really hurting us, or our key competitor, Intel, is
10 really fighting us and hurting our profits and this quarter
11 will look bad.
12 I would not hear it all the time. I would, in a
13 sense, almost overhear it. And I know at least on a couple of
14 occasions I let Mr. Rajaratnam know that, given how persistent
15 he was in wanting to know that information.
16 Q. Do you remember specific quarters when you provided this
17 information about AMD?
18 A. No.
19 Q. Was that information that you were permitted under your
20 confidentiality policies at McKinsey to provide to people
21 outside the firm?
22 A. Not at all. I violated the policy.
23 Q. And why did you do that?
24 A. Mr. Rajaratnam asked -- kept asking me for that information
25 and I had felt that I owed him something, given how much money

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1 he was paying me.
2 Q. And let me turn back to early 2004. When did the
3 arrangement get put in place, the payment arrangement?
4 A. In late 2003.
5 Q. And around that time what kind of work were you doing for
6 AMD?
7 A. I was -- AMD had a very, very good product called the
8 Opteron. It's a chip name. And we were trying to use the
9 advantage that they had this good product to get them to
10 sell -- get more sales with their main customers. There are
11 only a few chip customers.
12 They are the ones who make PCs and laptops. It was
13 IBM, Sun, Dell, Hewlett-Packard. And so the work I was doing
14 was of a highly confidential nature. It had a code name called
15 maid M-A-I-D. It was the senior-most people at AMD to try and
16 penetrate these companies as their accounts.
17 Q. Why did it have a code name?
18 A. Because it was so confidential.
19 Q. Why was it confidential?
20 A. Because if Intel, their competitor, got to know about it,
21 they would retaliate and prevent AMD making inroads into these
22 companies. And if other people got to know about it, they
23 might speculate on AMD's performance, financial performance.
24 Q. And what specific companies were you working with AMD to
25 try to sell this new product to?

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1 disclosure of information about a company common in corporate
2 America?
3 A. Yes, sir. I know of no client that I served without that.
4 Q. Do you know why companies have these confidentiality
5 policies?
6 A. So that their employees -- or oftentimes if they were broad
7 they would include employees and contractors and consultants --
8 would not divulge confidential information to anyone outside of
9 either the company or who needed to know, so that the company's
10 top secrets would not be found out by their competitors and
11 others in the industry.
12 Q. You also testified about how prior to 2004 you would have
13 discussions with Mr. Rajaratnam about industry trends.
14 After 2004 when he started paying you, did you also
15 continue to have those discussions?
16 A. Yes, sir.
17 Q. An how did those discussions happen?
18 A. They would be sort of intertwined with the conversations
19 about the confidential information. So, we'd talk on the
20 phone, I mentioned, I think, that we talk every four or six
21 weeks. I'd sort of share with him some big picture ideas that
22 I was noticing about how the software industry was evolving, or
23 some technology elements. And then he'd sort of come back and
24 ask me a specific question about either revenues or numbers or
25 transactions. So, that's -- they would be all intertwined in

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1 the conversations.
2 Q. So that the confidential information you weren't allowed to
3 disclose would be mixed in with industry trends you were
4 allowed to disclose?
5 A. That's right, sir.
6 Q. Did you occasionally send him articles about industry
7 trends also?
8 A. Yes, sir. I would e-mail those to him. They would be from
9 the public, sort of, press.
10 Q. And you continued to do that after 2004 in addition to
11 providing the confidential information?
12 A. Yes, sir.
13 Q. I want to address the payments that you were receiving.
14 Last week you testified about one of those payments in January
15 of 2004. After that, did you continue or did payments continue
16 to be made to the Pecos account in Switzerland and then sent
17 back and be invested in the name of Manju Das from Galleon?
18 A. Yes, sir.
19 Q. Over what period of time did those payments happen?
20 A. In '04 and '05 although the last payment for the last nine
21 months of '05 was paid actually in early '06.
22 Q. Can you take a look at Government Exhibit 2121 in front of
23 you.
24 A. Yes, sir.
25 Q. What's that?

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1 A. It's a report dated March 15, 2004 from Instinet
2 Corporation for business dated March 12, 2004.
3 MR. STREETER: Government offers 2121.
4 MR. DOWD: No objection.
5 THE COURT: Admitted.
6 (Government's Exhibit 2121 received in evidence)
7 MR. STREETER: Ms. Pilcer, can you highlight the "for
8 business" date portion.
9 Q. That's what you're referring to about the date?
10 A. Yes, sir.
11 Q. Can you turn to the third page.
12 A. Yes, sir.
13 MR. STREETER: And can you highlight the amount at the
14 top.
15 Q. What does it say the amount is?
16 A. \$125,000.
17 Q. And under -- Can you highlight, Ms. Pilcer, the line DESCR.
18 What does that say there, Mr. Kumar?
19 A. It says soft for the benefit of Pecos Trading Corporation
20 Geneva.
21 Q. And in the line below it says in parentheses?
22 A. Switzerland.
23 Q. And "soft," do you see that?
24 A. Yes, sir.
25 Q. You mentioned last week soft dollars. Can you explain to

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1 the jury what you understood those to be.
2 A. It's a little complicated.
3 Large hedge funds and companies that do a lot of
4 trading -- and these are companies that trade tens of
5 thousands, maybe even a million shares or trades everyday. So
6 they do a lot of trading. And they do it through brokerage
7 houses. They aren't typically large brokerage houses
8 themselves.
9 When they do a trade with a brokerage house, they have
10 to pay the brokerage house a commission. It's when they do
11 such large volumes of trade, the commission is only cents on a
12 trade.
13 The broker in charge, in turn, tells their customer,
14 who is the hedge fund, that we will give you some money back
15 from this commission from which you can do some market
16 research; that based on the fact that you're doing so much
17 business with us, we'll give you some of the commission back,
18 based on which you can hire outsiders to do market research and
19 so on.
20 Mr. Rajaratnam told me in 2002 that that amount of
21 soft commission money back to Galleon was a hundred million
22 dollars a year. I don't know how much it was in subsequent
23 years.
24 But that's the notion of soft dollars. The brokerage
25 houses to the big customers who do a lot of business give them

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1 back some of that commission, with which they are meant to be
2 doing market research.
3 Q. And with respect to these payments, did you know the exact
4 timing of the payments?
5 A. No, sir.
6 Q. Why not? Why is it that you didn't?
7 A. I guess Mr. Yoga Kumar dealt directly with Pecos and the
8 invoices probably went straight to Mr. Yoga Kumar.
9 Q. And what was your understanding of where the money would go
10 after it went to Pecos?
11 A. That it would go back into the Manju Das account in
12 Galleon.
13 Q. Take a look at Government Exhibits 2124 and 2125.
14 A. Yes, sir.
15 Q. Are these similar Instinet records for June 29, 2004 and
16 October 7, 2004?
17 A. Yes, sir.
18 Q. By the way, when was the first time that you saw these
19 records?
20 A. In the last month or so.
21 Q. In preparation for your testimony?
22 A. Yes. It was provided to me by the government.
23 Q. You had not seen these contemporaneous at the time of the
24 events?
25 A. No, sir.

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1 MR. STREETER: Government Exhibit 2124 and 2125, we
2 offer those.
3 MR. DOWD: No objection, your Honor.
4 THE COURT: Admitted.
5 (Government's Exhibits 2124 and 2125 received in
6 evidence)
7 MR. STREETER: Ms. Pilcer if you could, first of all,
8 highlight the date on 2124, "for business day."
9 Q. Mr. Kumar could you read that line?
10 A. For business day June 29, 2004.
11 MR. STREETER: And Ms. Pilcer if you could turn to the
12 fourth page of the document. Highlight the top.
13 Q. Mr. Kumar can you tell us the dollar amount, and who it was
14 paid to and where.
15 A. Yes, sir. The dollar amount is \$125,000. It says soft
16 dollars paid to benefit of Pecos Trading Corporation in
17 Switzerland. And there's an account number.
18 MR. STREETER: Ms. Pilcer could you pull up 2125.
19 Highlight the date at the top, the business day.
20 Q. Mr. Kumar what's the business day for this one?
21 A. October 7, 2004.
22 MR. STREETER: And Ms. Pilcer could you turn to the
23 second page.
24 Q. Similar payment of \$125,000 to Pecos?
25 A. Yes, sir.

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1 Q. Now, you mentioned during your testimony a consulting
2 agreement. Can you explain what Mr. Rajaratnam asked you to
3 set up with respect to a consulting agreement?
4 A. Yes. Right at the -- at the outset Mr. Rajaratnam said
5 that he would be making these payments from the soft dollar --
6 in fact, he explained to me a little bit how soft dollar works
7 which I just explained. And he said but in order to do that,
8 since it's for market research, I need both a consulting
9 agreement for market research and then an invoice on the basis
10 of which to make the payments because Instinet is, which I
11 think was his soft dollar -- a company that administered the
12 soft dollars, needed that consulting agreement and invoices.
13 Q. Could you take a look at Government Exhibit 764. What's
14 this?
15 A. It's a letter on the Galleon Group letterhead to Pecos
16 Trading Company. And it's the consulting agreement.
17 MR. STREETER: Government offers 764.
18 MR. DOWD: No objection, your Honor.
19 THE COURT: Admitted.
20 (Government's Exhibit 764 received in evidence)
21 MR. STREETER: Ms. Pilcer, if you could highlight down
22 through number four.
23 Not highlight but blow up.
24 Q. Could you read the date and the address and then if you can
25 read starting with, "This will confirm the terms."

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1 A. October 1, 2004. Pecos Trading Company. Geneva,
2 Switzerland.
3 "This will confirm the terms on which you, the
4 consultant, have agreed to provide consulting services for use
5 by the Galleon Group, the user, as follows:
6 "Consulting services. This letter will confirm our
7 agreement that you will provide Galleon Management with
8 consulting services in the technology sector outside the United
9 States. It is our understanding that you will use your best
10 efforts in communicating this information to the Galleon Group
11 in a timely fashion by phone, fax, and/or written materials."
12 Q. Let me stop you right there.
13 As far as you know, did Pecos provide any consulting
14 services to Galleon?
15 A. They did not, sir.
16 Q. Okay. Can you read number two.
17 A. "Terms. The consultant will work closely with the user's
18 team to identify and monitor investment trading opportunities
19 within the technology fund. The consultant will monitor key
20 technologies, product, market, and economic trends in the above
21 industry."
22 Q. Can you continue.
23 A. "Compensation. As compensation for the above-mentioned
24 consulting services, consultant shall be paid a quarterly fee
25 of \$125,000 in arrears. Your compensation will be paid in full

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1	and you are responsible for taxes."		1	Q. What did Mr. Rajaratnam say to you in response to that?	
2	Q. And then could you read the term?		2	A. He said that's excellent. You should be able to find out	
3	A. "Term. This agreement shall be deemed to have been		3	some more useful information that we can discuss and you can	
4	effective as of first October, 2004. Either party, without		4	share with me.	
5	advance notice, can initiate termination of this agreement with		5	Q. During the course of these meetings, what, if anything,	
6	immediate effect."		6	would ever come about AMD's financial performance?	
7	Q. Do you know -- when did your arrangement begin with		7	A. These meetings were not really financial performance	
8	Mr. Rajaratnam?		8	meetings, Mr. Streeter. They had a separate committee called	
9	A. In early '04. Late '03, early '04.		9	the operating committee that discussed the sales and	
10	Q. Do you know why this document wasn't dated until October 1,		10	financials. And I wasn't on that. So these meetings were	
11	2004?		11	really about the bigger picture moves of AMD.	
12	A. No, sir. I saw this for the first time, as well, in the		12	However, because any time you put half a dozen senior	
13	last month.		13	people in a room together, sometimes they talk about how is the	
14	Q. So you weren't aware of this document at the time of the		14	company doing, the last month, have we got any good new orders,	
15	events in question?		15	how are things going along.	
16	A. No. I know he'd asked for an agreement. I was under the		16	So from time to time I would overhear, in a sense,	
17	impression that that agreement had been written earlier in the		17	just broader pictures of how the company was doing in the near	
18	year. And maybe there was another agreement earlier in the		18	term. But the primary focus would be longer term moves.	
19	year. I just -- I have no idea. It's not -- you know, this is		19	Q. And what did Mr. Rajaratnam ask you about those near term	
20	all I have seen.		20	financial performance issues?	
21	MR. STREETER: Can you turn to the second page,		21	A. He would say that whatever you can pick up on these --	
22	Ms. Pilcer.		22	whenever you go to these meetings, if you pick up anything	
23	Can you blow up the signature, please.		23	about the -- he was always interested, seemed to be	
24	Q. Who signed on behalf of Galleon?		24	interested -- he asked me more about financial performance than	
25	A. Mr. Raj Rajaratnam, managing general partner.		25	he did about the big picture strategy. I realize that that's	
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1	Q. Let me ask you some questions about AMD. With respect to		1	what he had a greater interest in. I was, meanwhile, more	
2	AMD, what types of meetings did you attend at AMD during the		2	interested in the longer-term, big-picture strategy.	
3	time from 2003 to 2009?		3	And we'd talk a little bit about both.	
4	A. I was in a very unusual and privileged position to be		4	Q. Did you tell him about big picture strategy?	
5	invited by the CEO of AMD, Dr. Hector Ruiz, to attend his		5	A. Yes, sir.	
6	strategic counsel meetings. That was a group of the		6	Q. Talked about the HP issues last week?	
7	senior-most executives in the company that would look at the		7	A. Yes, sir.	
8	strategic issues associated with the company. And they would		8	Q. Was that among them?	
9	meet every four or six weeks in some part of the world. At		9	A. Yes, sir.	
10	times it would be overseas and I'd have to go and join those		10	Q. And you mentioned the, sort of the spinning out of AMD's	
11	meetings. That was mostly for the period from '03 to about		11	memory business?	
12	'07.		12	A. Yes, sir.	
13	Q. Was there generally anybody else outside of company		13	Q. You discussed that with Mr. Rajaratnam as well?	
14	executives other than yourself that would attend the meeting?		14	A. Yes. That was another big-picture strategy.	
15	A. No, sir. I was the only non-AMD senior executive at that		15	Q. And what was the name of the company that came out of	
16	meeting.		16	spinning out the memory business?	
17	Q. What, if anything --		17	A. It was called Spansion S-P-A-N-S-I-O-N.	
18	A. At those meetings.		18	Q. Did Spansion also become a client of yours after it became	
19	Q. What, if anything, did you tell Mr. Rajaratnam about your		19	an independent company?	
20	attendance at these meetings?		20	A. Yes, sir.	
21	A. I told him that it was, I was quite proud of that fact that		21	Q. Did you eventually provide Mr. Rajaratnam with confidential	
22	I was invited to these. And I told him that I am being treated		22	information about that entity as well?	
23	like a confidant and -- and by the CEO as part of his		23	A. Yes, sir.	
24	senior-most four, five, six people, and thinking through how		24	Q. Now in the period of 2005 and 2006, who was AMD's primary	
25	AMD is going to win in the marketplace.		25	competitor?	

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1 A. Intel Corporation.
2 Q. And during that time period what, if anything, did
3 Mr. Rajaratnam tell you about Intel Corporation?
4 A. On two occasions he FedExed to me a pack of slides, around
5 50 pages thick, about Intel's confidential, detailed product
6 plans for the next many, many years. There were -- the two
7 occasions were about six or twelve months apart.
8 And he did not tell me before the fact that it was
9 coming. He FedExed it, then called me and said: Did you get
10 it, I thought this would be helpful to you; because I know
11 you're doing work at AMD, I thought it would be useful to you
12 in your work.
13 Q. What did you do with those materials when you got them?
14 A. I was terrified of having such documents in my office.
15 They were completely -- every -- my office was an open-door
16 office. McKinsey colleagues walked in and out. It was clearly
17 inappropriate. Everyone knew I was the main partner for AMD at
18 McKinsey. To see an Intel confidential document was not
19 appropriate at all. So I asked my assistant to shred it.
20 Q. Did Mr. Rajaratnam tell you anything about where he had
21 gotten these documents?
22 A. No, sir.
23 Q. In 2005 did the payments continue?
24 A. Yes, sir.
25 Q. And during early 2005 you were providing him with

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1 information about the Spansion spinoff; is that correct?
2 A. That's correct.
3 Q. And we'll get to late 2005 in a minute. But I'm going to
4 ask you to take a look at Government Exhibits 2122, 2123, and
5 2120.
6 Just look at 2122 and 2123 first. What are those?
7 A. Similar reports to the ones we've just seen for Instinet
8 Corporation dated April 13, 2005 and June 8, 2005.
9 MR. STREETER: Government offers 2122 and 2123.
10 MR. DOWD: No objection.
11 THE COURT: Admitted.
12 (Government's Exhibits 2122 and 2123 received in
13 evidence)
14 Q. And do these contain similar payments?
15 A. Yes, sir.
16 Q. To Pecos?
17 A. Yes, sir.
18 Q. And you mentioned before -- you mentioned invoices that
19 Mr. Rajaratnam had said he would need. Did you ever see those
20 invoices at the time?
21 A. Not to my recollection. No, sir.
22 Q. Would you take a look at Government Exhibit 766. What's
23 that?
24 A. This is invoice from Pecos Trading dated October 29, 2005
25 for the attention of Victoria Wagenbach at the Instinet

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1 Corporation. And it says consulting fees for the second
2 quarter of 2005.
3 MR. STREETER: Let me stop you right there if I could.
4 Government offers 766.
5 MR. DOWD: No objection.
6 THE COURT: Admitted.
7 (Government's Exhibit 766 received in evidence)
8 MR. STREETER: Ms. Pilcer could you blow up the top
9 half of the document first.
10 Could you highlight the title at the top.
11 Q. Mr. Kumar, you were reading from a section, I believe a
12 consulting service -- consulting fee for research.
13 MR. STREETER: Could you highlight the text at the
14 bottom of the document, Ms. Pilcer.
15 Q. You mentioned Victoria Wagenbach. Who was that?
16 A. It was a person -- at the very outset, in late 2003
17 Mr. Rajaratnam had asked that I coordinate or work with
18 Mr. Yoga Kumar who was one of the members of Galleon who I
19 understood to be the person who managed the soft dollar
20 accounting and payments. And he said that Victoria Wagenbach
21 was his contact at the Instinet Corporation who sort of I
22 thought was like a service manager or an accounting manager
23 from Instinet for Galleon Group.
24 Q. Can you read the highlighted portion at the bottom.
25 A. "Consulting fee for research and consulting services in the

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1 business, in the financial sector, outside the U.S.A. for the
2 second quarter 2005. U.S. dollars 125,000 only. Total U.S.
3 dollars 125,000."
4 MR. STREETER: Ms. Pilcer, can you bring up the bottom
5 half of the document.
6 Q. Do you see a signature on there that you recognize?
7 A. Yes, sir.
8 Q. Whose signature do you see?
9 A. Mr. Rajaratnam.
10 Q. Can you turn to 767.
11 A. Yes, sir.
12 Q. Is this a similar invoice?
13 A. Yes, sir.
14 MR. STREETER: Government offers 767.
15 MR. DOWD: No objection.
16 THE COURT: Admitted.
17 (Government's Exhibit 767 received in evidence)
18 Q. For what quarter is this?
19 A. This one says -- it's dated November, 2005 for the third
20 quarter of 2005 which would end in September 2005.
21 Q. Do you see a signature at the bottom of that --
22 A. Yes, sir.
23 Q. -- that you recognize? Who's that?
24 A. Mr. Rajaratnam.
25 MR. STREETER: Ms. Pilcer, could you highlight the

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1 signature on the right-hand side.
2 Q. Is that the signature that you're referring to?
3 A. Yes, sir.
4 Q. And did you ever see these invoices during the time in
5 question?
6 A. No, sir.
7 Q. Did you have a general awareness that the money was
8 flowing?
9 A. Yes, sir. Because the statements would go to India. So on
10 occasion when I'd be in India for Manju Das, I would see that
11 there was money kind of accumulating in her account.
12 Q. When you say the statements would go India without
13 identifying a person by name or address, where generically
14 would the statements go?
15 A. In New Delhi India.
16 MR. STREETER: Government Exhibit 2120.
17 Q. Do you recognize that document?
18 A. Yes, sir.
19 Q. What's that?
20 A. It's -- seems to be a report created by JPMorgan for
21 business date January 31, 2006.
22 Q. Does this relate to more payments from Galleon to Pecos?
23 A. Yes, sir. For the last -- for the last nine months of
24 2005, from April to December of 2005 the payment was made in
25 January of 2006.

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1 MR. STREETER: Government offers 2120.
2 MR. DOWD: No objection.
3 THE COURT: Admitted.
4 (Government's Exhibit 2120 received in evidence)
5 MR. STREETER: Ms. Pilcer could you highlight the
6 business date on the right-hand side.
7 Q. What does that say?
8 A. January 31, 2006.
9 Q. Can you turn to the fourth page of the document.
10 A. Yes.
11 MR. STREETER: Ms. Pilcer, can you highlight from "375
12 chips debit down to remark -- remark section." Blow that up.
13 That's fine.
14 Q. What does this indicate was paid?
15 A. \$375,000 chips debit paid to account party UEB Switzerland.
16 Remark for FFC: Pecos Trading company. From Galleon Group.
17 For April to December 2005.
18 Q. What was going on at this time that all this was paid at
19 once? What was happening between you and Mr. Rajaratnam?
20 A. Mr. Rajaratnam was telling me that my advice to him was not
21 as valuable, that I was not able to get him these detailed
22 quarterly financial results that he wanted from either AMD or
23 my other clients. And he wanted to move to an arrangement
24 whereby he monitored the benefit of what I told him.
25 He said I want to be able to -- you tell me X, I'll

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1 buy some shares. I'll see how much money I make, and then I'll
2 share with you the profits.
3 And I said no, that's not acceptable. I don't want to
4 do that.
5 Q. Why didn't you want to do that?
6 A. For two reasons. I know it sounds a little odd but I was a
7 consultant at heart and I thought a consulting-like arrangement
8 was more appropriate. And somehow just seeing the fact that
9 shares are being bought and so on just felt like an even bigger
10 crime to me.
11 Q. Let me stop you right there. Did you understand during
12 2004 and 2005 Mr. Rajaratnam was buying shares based on your
13 information?
14 A. Yes, sir. He told me that.
15 Q. But so what was it about this particular arrangement that
16 made you feel even more uncomfortable?
17 A. I felt that how is he going to share with me -- how is he
18 going to let me know that he's bought the shares. I mean
19 there'd have to be some form of paperwork. He'd have to e-mail
20 it or mail me some document. I would not know -- I didn't
21 speak to him like a trader does everyday. I was speaking to
22 him every four or six weeks. So how would I know when he
23 bought any stock. For what price he bought the stock. How
24 much money he would make on it. And how would he let me know
25 that.

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1 The whole thing felt a little too prone to both
2 exposure. And emotionally for me, it just felt like it stabbed
3 me in the face even worse; that he was doing whatever he was
4 doing with it.
5 Somehow in just giving him the inputs, I sort of felt
6 a little sheltered from knowing actually what he was doing with
7 the information.
8 Q. Did you have an understanding what he was doing with the
9 information generally?
10 A. He told me he was buying it. But I just -- you know, it
11 just -- I didn't want to know what he was buying, how much he
12 was buying, etc.
13 Q. And did you ultimately settle on a different arrangement at
14 some point during these conversations?
15 A. Yes. So he didn't pay me for those three months in that
16 period and then -- because he was trying these new
17 arrangements. He said, you know, Anil, I've been receiving
18 some invoices but I'm not really paying it. Why don't we move
19 to this form of I'll just keep track of what the value you're
20 providing.
21 I said I just won't do that, Mr. Rajaratnam.
22 And then finally in January '06 he said okay I'll
23 settle all the amounts -- he didn't tell me the exact date.
24 But this discussion was going on through late '05, early '06.
25 I did know that finally towards earlier '06 he was

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<p>1 going to make the payment because it had to then get reinvested 2 back in Galleon. So I had to let Pecos know that you're going 3 to get some money and now please put that back in Galleon. 4 Because Pecos had meanwhile not received money for a while. 5 And then for 2006 I said, Mr. Rajaratnam, I would 6 prefer it that we have a different type of arrangement then. 7 (Continued on next page) 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>	<p>1 graphics chip company. 2 Q. And who were the candidates for that? 3 A. There were two leading companies and it was an industry 4 that had really pretty much only two companies, one was called 5 NVIDIA and the other was called ATI. 6 Q. Can you take a look at Government Exhibit 803? What is 7 Government Exhibit 803? 8 A. It is an email from a former colleague, Paul Roche, at 9 McKinsey to myself and some other McKinsey colleagues dated 10 September 9, 2005. And it says document for Bharath. 11 Q. And what, generally, does this document relate to? 12 A. It is a -- Bharath was the head of strategy at AMD and it 13 is a document that lays out possible merger or acquisition with 14 one of those graphic chips companies. 15 MR. STREETER: Government offers 803. 16 MR. DOWD: No objection. 17 THE COURT: Admitted. 18 (Government's Exhibit 803 received in evidence) 19 BY MR. STREETER: 20 Q. When is this dated? 21 A. September 9, 2005. 22 Q. Can you turn to the second page? 23 A. Yes, sir. 24 Q. What does it say there? 25 A. Making M & A successful implications for GoBig.</p>
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<p>1 BY MR. STREETER: 2 Q. And what type of arrangement did you settle on with him for 3 2006? 4 A. In 2006 I let him know that I would prefer it that at the 5 end of the year he decided how much -- what my nature of 6 interaction with him was and on that I basis he could decide 7 what to -- whether there was any value and what to pay me but 8 that it would be just left to him to his judgment. I did that 9 because that was actually quite common standard practice in the 10 way McKinsey worked with clients; they would just say, you 11 know, you decide at the end of the year sometimes, or at the 12 end of a project. 13 Q. What did you begin working on for AMD? What strategic 14 issue did you begin working on for AMD at the end of 2005? 15 A. In September 2005 the next big strategic move for AMD was 16 to find a way to partner with another kind of chip company that 17 specializes in what is known as graphics chips. 18 AMD made sort of the brains or one part of the brain 19 of a computer which is the computational chip, the -- almost 20 the computer chip which does the analytics but there is another 21 piece of a computer that does all the graphics. It is almost 22 like your left brain and right brain, one part of your brain 23 does the sort of the processing and the other does the more, 24 you know, and the two have to work together. So, for AMD it 25 was in its best interest to kind of couple or partner with a</p>	<p>1 Q. What is the date? 2 A. September 2005. 3 Q. What does M & A refer to? 4 A. Merger and acquisition. 5 Q. What is an acquisition? 6 A. An acquisition is when one company buys another company so 7 the owners of the shareholders of the second company sell to 8 the first company their ownership. 9 Q. And what did GoBig refer to? 10 A. GoBig was the code name used at AMD for potentially doing a 11 merger or an acquisition of NVIDIA or ATI. 12 Q. Can you turn to Government Exhibit 805? 13 A. Yes, sir. 14 Q. What is 805? 15 A. It is an e-mail from Peg O'Malley at AMD dated September 16 28, 2005, to me, copied to my assistant and a couple of AMD 17 people, with the subject Confidential Project. 18 Q. And, does this relate to the potential merger or 19 acquisition of one of these graphics companies? 20 A. Yes, sir. 21 MR. STREETER: Government offers 805. 22 MR. DOWD: No objection, your Honor. 23 THE COURT: Admitted. 24 (Government's Exhibit 805 received in evidence) 25 BY MR. STREETER:</p>

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1 Q. Ms. Pilcer, can you blow up the portion right below the
2 middle of the page, Attached Please Find?
3 Mr. Kumar, can you read the first sentence there?
4 A. Attached please find a nondisclosure agreement in
5 connection with project supernova that requires your signature.
6 Q. What is a nondisclosure agreement?
7 A. A nondisclosure agreement is one -- it is a form of a
8 confidentiality agreement which means that you cannot disclose
9 what you learn from a meeting or a project or an event to
10 anyone else.
11 Q. Why would there be a nondisclosure agreement if you already
12 got in place a general agreement with AMD not to disclose their
13 confidential information?
14 A. Sometimes you work on projects that are so confidential
15 that they are sort of super confidential and they require an
16 additional form of nondisclosure that people understand that
17 this is even a higher level of confidentiality.
18 Q. And it mentioned Project Supernova. What is that?
19 A. That was the original code name for what ultimately was
20 called GoBig. At the time they were -- it was unclear which
21 code name they'd use and they happened to have two at the very
22 beginning of this thinking.
23 Q. Supernova and GoBig both refer to the same strategic
24 initiative?
25 A. That's correct.

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1 Q. Can you turn to page 2? Who signed this?
2 A. I have.
3 Q. And what date?
4 A. October 4, 2005.
5 Q. Can you read the first few sentences of the document?
6 A. Project Supernova Confidentiality Notice. You have been
7 selected by AMD senior management to participate in a project
8 code named "Project Supernova." Project Supernova is a highly
9 sensitive and confidential project. Any breach of a duty of
10 confidentiality with regard to project Supernova or information
11 related thereto could jeopardize the project, negatively impact
12 the future business opportunities for AMD, and cause AMD
13 irreparable harm.
14 Q. Continue to read, please.
15 A. Accordingly, you agree to maintain all information related
16 to Project Supernova in the strictest confidence and disclose
17 it only in furtherance of the project and only to other
18 individuals who have executed a copy of this document or have
19 been expressly approved for disclosure by Hector Ruiz, Tom
20 McCoy or Bharath Rangarajan.
21 Q. Now, you mentioned to us who Mr. Ruiz was and Bharath --
22 sorry can you pronounce his last name?
23 A. Rangarajan.
24 Q. Who was Tom McCoy?
25 A. Tom McCoy was, among other things, head of legal counsel at

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1 AMD.
2 Q. Now, after you learned that AMD was considering such a move
3 what, if any conversations about that, did you have with
4 Mr. Rajaratnam?
5 A. Oh, I shared with him this idea that a -- the second
6 processor company which was AMD after Intel, if it actually
7 merged with a graphics company that could be a big winning
8 strategy, and I told him that I was quite excited about it and
9 I told him that there is a possibility that AMD would actually
10 merge with NVIDIA which was the larger and in some ways the
11 better performing of the two graphics companies.
12 Q. And, did you tell him about the possibility of merger with
13 ATI?
14 A. I told him that AMD would look at both, that I thought that
15 the better answer would be if AMD could merge with NVIDIA
16 because they were co-located in the same geography, but if
17 NVIDIA isn't possible because NVIDIA was actually quite
18 expensive and may not have been possible for AMD to do
19 something with, that ATI, which is a smaller company, would
20 then be the second option and it would be the one or the other.
21 Q. Turning to Government Exhibit 846, can you tell us what
22 that is?
23 A. It is an e-mail from a former colleague, Paul Roche, to
24 Bharath Rangarajan at AMD copied a couple of McKinsey people,
25 dated December 13th, 2005, saying Moving Forward with GoBig.

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1 Q. And are you copied on it?
2 A. Yes, sir.
3 MR. STREETER: Government offers 846.
4 MR. DOWD: No objection.
5 THE COURT: Admitted.
6 (Government's Exhibit 846 received in evidence)
7 BY MR. STREETER:
8 Q. Ms. Pilcer, can you blow up the top through the paragraph
9 that begins Phase I?
10 When did you say the date was on this?
11 A. December 13th, 2005.
12 Q. And the subject, could you highlight that, Ms. Pilcer? And
13 then can you blow up the paragraph that says Phase I?
14 Can you read that aloud?
15 A. Yes, sir. Phase I: Deal preparation and negotiation
16 support. We agreed the team would initially focus on synergy
17 estimation and model development as well as on developing the
18 story and robust rationale for why Los Angeles and San Antonio
19 would make a good fit in the form of a pitch for San Antonio.
20 Q. Let me stop you right there. Los Angeles and San Antonio,
21 what were those and what do they stand for?
22 A. They were even more code names because of the
23 confidentiality of all of this. Los Angeles was the code name
24 for AMD, my client, and San Antonio was the code name for ATI.
25 Q. So, at this point now, December 13th, 2005, what had

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1 happened in terms of the focus between NVIDIA and ATI as to the
2 potential candidates? What had happened in the intervening
3 several months?
4 A. It had become clear to AMD management that NVIDIA was not
5 going to be a viable option for them and so they were now
6 focusing all their attention on trying to get ATI as the
7 possible merger/acquisition joint venture partner.
8 Q. And what is it that this Phase I deal preparation and
9 negotiation support, what service was McKinsey proposing to
10 provide to AMD on that?
11 A. McKinsey was proposing to help AMD make a sort of financial
12 and a business case for why this would make a lot of sense with
13 which to go and sort of approach ATI and say, look, we've done
14 some work here, we've given a lot of thought to it. If you and
15 we join forces and get together we will be a much stronger
16 company and we will be able to compete better.
17 So, it was just trying to put together all the reasons
18 for it.
19 Q. Is that what is meant by pitch for San Antonio?
20 A. Yes, sir.
21 Q. And did you in fact work on that?
22 A. Yes, sir.
23 Q. And Ms. Pilcer, can you go to the bottom of the page and
24 highlight just the last paragraph that says Phase II?
25 Can you just read the first line, it says Phase II,

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1 Post-merger Integration. What does that refer to?
2 A. It refers to the work that is done after two companies
3 combine forces there is a lot of work that needs to be done
4 post the merger and that's normally called post-merger
5 integration. You have to decide will you keep the same name,
6 do you have two names, where do you put all of your staff. How
7 do you just join the two companies together.
8 Q. And, did McKinsey work on that as well?
9 A. The request from AMD right from the outset was that when
10 this happens we will want a lot of help from McKinsey to make
11 the combined company work smoothly and efficiently and without
12 dropping the ball.
13 Q. Can you turn to Government Exhibit 809 and tell us what
14 that is?
15 A. It is an e-mail from the -- my former colleague Paul Roche
16 to myself and another partner at McKinsey dated December 20th,
17 2005, saying subject is Bharath and ATI.
18 MR. STREETER: Government offers 809.
19 MR. DOWD: No objection.
20 THE COURT: Admitted.
21 (Government's Exhibit 809 received in evidence)
22 BY MR. STREETER:
23 Q. Ms. Pilcer, can you blow up the first third of the document
24 and can you highlight the first paragraph in the box?
25 Mr. Kumar, can you read that?

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1 A. Their meeting with San Antonio went well. Have agreed on a
2 timeline, mid to late January for proposal, end of January to
3 early February for terms, announced deal by end of calendar Q1.
4 Q. First of all, their meeting with San Antonio, San Antonio
5 is ATI?
6 A. That's correct.
7 Q. And who is the "their"?
8 A. AMD executives.
9 Q. What is happening now in late December 2005?
10 A. AMD has opened a dialogue and discussion with ATI.
11 Q. So, they've actually reached out to the potential
12 acquisition target and begun to talk to them?
13 A. Probably the first or second of such conversations.
14 Q. And this time table for a proposal in January, deal
15 announced by the end of calendar Q1, did anything like that end
16 up happening in terms of that calendar?
17 A. No, sir. I have found that in these matters management
18 tends to be much more optimistic about how quickly these
19 complicated deals happen and, typically, they take a lot
20 longer.
21 Q. And what, at this time, around this time, the end of 2005,
22 what if anything did you tell Mr. Rajaratnam about the progress
23 of things?
24 A. Well, I told him that ATI/NVIDIA was no longer in
25 consideration and that there was some early discussions with

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1 ATI, and I also told him that it would make a lot of sense,
2 strategic sense for AMD to have a graphics half of the company
3 in terms of its competitive position.
4 Q. Did you ever have any conversations with Mr. Rajaratnam
5 about the confidentiality of the deal?
6 A. Yes, sir.
7 Q. What did you say to him?
8 A. I told him that this was red hot and that it just should
9 not be discussed by -- to anyone. I wasn't sure how
10 Mr. Rajaratnam internally treated or whatever, so I was worried
11 about how is he going to -- who is he going to tell, how is a
12 trade going to happen, on what basis is he going to go tell
13 somebody that go buy ATI because it was just such an unusual
14 event.
15 No one expected something like this to happen so
16 how -- you know, it would seem anyone, if you are going to go
17 trade on it would sort of say, well, why are you going to do
18 that? That seems very odd.
19 Q. Why were you worried about Mr. Rajaratnam telling anybody
20 else about his conversations with you?
21 A. Because I did not want to be exposed as a person sharing
22 with him confidential information.
23 Q. So, what did you tell him he needed to do in terms of this
24 information?
25 A. I said please do keep this to yourself, don't let others

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1 know. And he assured me, he said absolutely. No one is going
2 to know about this.
3 Q. Over the course of -- was the deal ultimately announced?
4 A. Yes, sir.
5 Q. When was that?
6 A. In July, I believe 24th, of this year.
7 Q. Of 2006?
8 A. Of 2006.
9 Q. And over the course of your conversation -- your
10 conversations with him about the general idea started when?
11 A. In September of 2005.
12 Q. And from then until July -- in July 2006 do you have an
13 estimate how many times you discussed this confidential issue
14 with him?
15 A. At the same frequency of about once a month, so.
16 Q. You discussed the information about once a month?
17 A. Yes. And the fact that it was -- I was under the
18 impression that Mr. Rajaratnam -- I didn't fully understand his
19 business. I thought he would buy a bunch of shares and keep
20 them for a year and the company would do well and he would make
21 money. So I just said, you know, this is highly confidential
22 but it is going on track.
23 So, in that period I would, when I talked to him once
24 a month or so I would just say it is progressing, it is
25 progressing. Sometimes I would say there is a delay but not to

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1 worry, it is going ahead. That kind of thing.
2 Q. Can you turn to Government Exhibit 815? What is 815?
3 A. It is a series of e-mails starting from one to me called
4 GoBig update, and then finally at the very top it is from
5 Mr. Paul Roche, my former colleague at McKinsey to myself and
6 some other McKinsey colleagues called GoBig update.
7 Q. What is the date?
8 A. February 6, 2006.
9 MR. STREETER: Government offers 815.
10 MR. DOWD: No objection.
11 THE COURT: Admitted.
12 (Government's Exhibit 815 received in evidence)
13 BY MR. STREETER:
14 Q. Ms. Pilcer, can you just highlight the date first? And
15 then can you go to the bottom of the document and blow up the
16 portion that begins with Anil?
17 This is a portion of an e-mail addressed to you?
18 A. Yes, sir.
19 Q. Can you go ahead and begin reading the e-mail? And I will
20 stop you as I have questions.
21 A. Sure.
22 Anil. We spoke with Bharath today about today's
23 meeting -- this is on February 6, 2005.
24 Q. Bharath is the head of strategy at AMD?
25 A. That's correct; and next steps, here are quick take aways.

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1 Henri, Bharath, Dirk today met with and SA CEO and heads of
2 sales, business development and PC businesses. Hector met with
3 the CEO after the meeting.
4 Q. Let me stop you right there. SA is?
5 A. San Antonio for ATI.
6 Q. And so, what is happening here?
7 A. The senior executives at AMD, Henri, Bharath and Dirk and
8 Hector was the CEO, so at least four of them had had a meeting
9 with other senior executives at ATI.
10 Q. And can you continue reading?
11 A. Overall feedback was positive. The meeting was productive
12 and Bharath used and appreciated our materials.
13 Q. And then can you read down to the part that says SA CEO?
14 A. Yes, sir.
15 SA CEO feels that he could get to a deal by end of
16 March.
17 Q. Let me stop you right there. Who was the CEO of ATI?
18 A. Mr. Dave Otten.
19 Q. And what is this reporting about what he is saying?
20 A. He feels that in February that it could progress as to
21 actually happening by end of March.
22 Q. Then what does it say, the next sentence?
23 A. This was reported by Hector but he wasn't sure exactly what
24 the CEO said.
25 Q. And when you learned things like this did you periodically

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1 update Mr. Rajaratnam?
2 A. Yes, sir.
3 Q. What kinds of -- what level of information would you give
4 him?
5 A. I would basically tell him that the ATI looks like it is
6 going to be the candidate, they're going to -- it will be very
7 exciting when they manage, it is going to shake up the
8 industry, it is going to come as a complete shock to the
9 industry. It is clearly not anticipated or known so, you know,
10 treat this with -- you know, with the strictest of the
11 confidence, I guess.
12 Q. Can you turn to Government Exhibit 817? What is this?
13 A. It is another e-mail from my former colleague, Paul Roche,
14 to myself and some other McKinsey colleagues dated February
15 21st, 2006, and the subject is call with Bharath.
16 MR. STREETER: Government offers 817.
17 MR. DOWD: No objection.
18 THE COURT: Admitted.
19 (Government's Exhibit 817 received in evidence)
20 BY MR. STREETER:
21 Q. I haven't asked you this. What role did Paul Roche have in
22 this?
23 A. He was my -- a senior partner at McKinsey and my colleague
24 serving AMD. He and I sort of did a tag team on it.
25 Q. Ms. Pilcer, can you highlight the second and third bullet

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1 points inside the box?
2 Can you read those?
3 A. Yes.
4 Dave is at the 50 percent level. Sees the culture fit
5 the strategic rationale and even how the deal could at least
6 theoretically propel or help growth. He said at the end of the
7 meeting that he was leaning positively in the direction of the
8 deal.
9 Q. Who is Dave?
10 A. Dave is Dave Otten, the CEO of ATI.
11 Q. So, this is the CEO of the company that your client wants
12 to buy?
13 A. Correct, sir.
14 Q. And Ms. Pilcer, can you highlight the bullet that says Dave
15 was adamant?
16 Can you read that?
17 A. Dave was adamant that he will not give a go, no go, for
18 full diligence until after March 31st, preferably first week or
19 so in April. No one is sure of the reasons but they suspect it
20 is either delay until after the earnings or they have another
21 deal they are looking at on their own, etc. The timing is too
22 long to be just decision making.
23 Q. What did this tell you about the timing of any transaction
24 if it were to happen?
25 A. It told me that he was going to wait until after -- the

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1 thinking at the time I know because within the team you discuss
2 that he was going to wait for the end of his first quarter to
3 show better results so that he could negotiate harder to get a
4 better price and that therefore nothing is going to happen for
5 another couple of months.
6 Q. So, that would push it out at least until after March 31st?
7 A. That's correct.
8 Q. Now, as a general matter in your conversations with
9 Mr. Rajaratnam at this time what, if anything, did you share
10 with him about what you were learning about the timing of the
11 deal?
12 A. I would let him know the rough parameters of the timing.
13 The exact timing was not fully known so, you know, with sort of
14 some degree of uncertainty the rough idea when it might happen
15 is what I would share.
16 Q. Government Exhibit 822, can you tell us what that is?
17 A. It is another e-mail from Mr. Paul Roche to another
18 McKinsey partner Brad Johnson, copying me, dated April 10,
19 2006, saying quick chat with Bharath, deal update, next steps
20 on PMI.
21 MR. STREETER: Government offers 822.
22 MR. DOWD: No objection.
23 THE COURT: Admitted.
24 (Government's Exhibit 822 received in evidence)
25 BY MR. STREETER:

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1 Q. Ms. Pilcer, can you blow up the middle paragraph in the
2 box?
3 Mr. Kumar, can you read the first sentence?
4 A. The quick update is that San Antonio seems definitely
5 interested and it appears now -- appears to now be a matter of
6 price.
7 Q. And then can you read the last sentence of that paragraph?
8 A. The good news is that it is pretty clear that they think
9 this is the right thing to do. The bad news is that it is
10 delayed yet again.
11 Q. Do you remember exactly when you spoke to Mr. Rajaratnam
12 during these time periods?
13 A. Not exactly, sir. I knew I was talking to him roughly
14 every month but no specific date. They may be in my phone
15 records but I don't know.
16 Q. And what was your practice -- with respect to when you
17 speak to him, what was your practice with respect to them?
18 A. I would just -- I would tell him, for example, I do recall
19 when that -- I had heard about the 50 percent because for me
20 that was a big deal, it was moving from, you know, just
21 chatting to ATI to, look, there is a 50 percent certainty. So,
22 that recollection I do have that I said, look, it is 50 percent
23 likely. I didn't know what that quite would mean for him about
24 what he did but that's what I shared with him.
25 Q. And during this time period, from September '05 through the

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1 end of July '07, did you also see him in person on occasion?
2 A. Yes, sir.
3 Q. And when you saw him in person on occasion would you also,
4 on occasion, tell him information?
5 A. Yes, sir. Pretty -- he was very interested in this because
6 of the highly unusual counterintuitive nature of something like
7 this. It was just totally unanticipated that something like
8 this would happen in the industry.
9 Q. What did he say to you about that?
10 A. He said it is astonishing that AMD would do something like
11 this, that they should be buying NVIDIA, that's a stronger
12 company. Are you absolutely sure it is ATI? And I said come
13 on, Mr. Rajaratnam, I'm in the inner circle over here, I know
14 everything about this company and they're very, very keen to do
15 ATI. I told him the reasons why, it was a less expensive
16 company to buy therefore, you know, easier for AMD to absorb,
17 and there was some other sort of political reasons within
18 management why they wanted to do it.
19 Q. Turning to Government Exhibit 826, can you tell us what
20 that is?
21 A. It is another e-mail from Paul Roche to Brad Johnson, copy
22 me, dated May 4th, 2006, saying pages for Bob.
23 Q. Who is Bob?
24 A. Bob is Bob Rivet, the chief financial officer of AMD who
25 would be the guy deciding how this whole thing is going to

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1 happen from a financial standpoint.
2 MR. STREETER: Government offers 826.
3 MR. DOWD: No objection.
4 THE COURT: Admitted.
5 (Government's Exhibit 826 received in evidence)
6 BY MR. STREETER:
7 Q. What are the attached pages?
8 A. There are two pages on how to theoretically think through
9 how much money to offer ATI to buy them.
10 Q. Can you turn to the second of those pages? And,
11 Ms. Pilcer, I will ask you to blow up sort of the top half of
12 it.
13 Can you start reading from the top there?
14 A. Sorry. Is that the second of the --
15 Q. It is actually the third page of the document, the second
16 of the attached pages. I apologize.
17 A. Is that the one, Mr. Streeter?
18 Q. Yes. Thank you. Can you go ahead and start reading there?
19 A. Thoughts on our initial offer and financial pricing.
20 Although San Antonio currently trades at \$16 to \$17 a
21 share, has not traded above \$21 in the last five years and
22 analyst estimates average \$21, our understanding is that San
23 Antonio management expects a significant premium because they
24 believe the company is significantly undervalued.
25 Q. Can you stop right there? When one publicly traded company

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1 is buying another one, how does the acquisition work? How does
2 the pricing work, etc.?
3 A. So, if a company wants to buy a second company, let's call
4 the second company company B, and B's share price is trading at
5 \$100 or \$100-whatever, usually the initial -- what they have to
6 do is pay more than \$100 to buy them because just paying \$100
7 normally anyone would say that's what the market is trading at
8 in my company shares so you've got to pay a premium. The
9 general premium tends to be 20 to 30 percent over that hundred
10 so you would have to pay \$120 or \$130. Sometimes companies can
11 pay 50 percent more but the premium is how much more you have
12 to pay over the prevailing stock price in order to let -- to
13 get the board of directors and the shareholders of company B to
14 agree to sell.
15 Q. And so, looking at this document, that first bullet point
16 you just read, can you kind of interpret that for us, what is
17 going on there?
18 A. Yes.
19 It basically is a comment that ATI's stock price was
20 sort of \$16 to \$17, or say \$16 and a half, and for five years
21 it has never gone above \$21 and yet the thinking is that San
22 Antonio -- ATI's management expects a significant premium above
23 that because they think the company is undervalued and that in
24 the future they do lots of good things that may increase the
25 value of the company.

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1 Q. And the premium reference there is that difference between
2 where it is trading and what you are going to have to pay to
3 buy it?
4 A. Yes, sir. So, whatever is above, say, \$16 and a half, if
5 it is \$20 or \$21, that difference would be the premium.
6 Q. Ms. Pilcer, can you highlight the bullet point that says
7 having not done work on synergy all the way down? Thank you.
8 Can you go ahead and read that?
9 A. Yes, sir.
10 Having not done work on the synergy value of the deal
11 but recognizing the strategic importance of San Antonio, an
12 initial offer of about \$20 could make sense as, (1) this is in
13 line with what AMD executives involved with the deal feel their
14 board will need as a minimum to move forward -- sorry, the
15 board -- the board will need as a minimum to move forward; (2)
16 this represents a 20 percent premium in line with the low end
17 of one day premiums for comparable not withstanding the caveat
18 about San Antonio's belief that they're undervalued.
19 Q. And, as a general matter in your updates to Mr. Rajaratnam
20 what, if anything, did you tell him about the pricing and what
21 was happening in that regard?
22 A. I clearly remember telling him about the fact that AMD is
23 going to pay over \$20 because Mr. Rajaratnam just said this is
24 completely ridiculous, it makes no sense whatsoever. I can't
25 believe that AMD is going to do it. Are you absolutely sure?

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1 I said yes. He said, wow, this is very useful.
2 Q. And, as a general matter, when a company is trading at \$16
3 or \$17 and another company announces to the public that they're
4 going to buy at \$20, what happens to the price of the stock
5 when that announcement comes out?
6 A. That's a very critical time. As soon as there is an
7 announcement that someone else is going to buy a company at,
8 say, \$20 -- actually a number of different things can happen.
9 One, if it is only one company that might be buying the other
10 one, then the price will typically go to \$19 and a half and \$19
11 and three quarters and why it doesn't go to \$20 is because
12 there is still a small chance in all the regulatory approvals
13 the deal may not happen, they still need legal approvals.
14 Q. If there are three or four companies trying to bid on a
15 company?
16 A. Sometimes a stock price actually goes above \$20 because
17 they think there is going to be a big dog fight for the company
18 and everyone will bid up.
19 It is a bit like selling a house if you have 10
20 bidders rather than one when you are selling it.
21 Q. When the deal is announced is the deal done?
22 A. No, it isn't done, sir.
23 Q. What kinds of things have to happen before the deal is
24 actually finalized?
25 A. They need -- the most important thing is that the board of

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1 directors is authorized by the shareholders to represent them
2 for the company. So, a board can make a decision to announce a
3 deal but they need -- after that they have to actually go to
4 the entire shareholders and get them all to vote as to whether
5 they accept the deal at this, whatever the price.
6 Q. And you mentioned, regulatory approvals to those have to
7 happen as well after the announcement?
8 A. Yes, sir, because you don't want to create a situation of
9 monopoly. There are many sort of regulatory sort of checks and
10 balances on acquisitions.
11 Q. In terms of making money on a deal, how do you make money
12 as a trader on a deal if you know about it before it is
13 announced?
14 A. You buy before as much as you possibly can, I guess -- of
15 the shares.
16 Q. When did you buy?
17 A. If you are fairly sure that it is going to happen, the
18 earlier you buy it the better because there is uncertainty
19 typically as to how -- if somehow word leaks out, then the
20 price starts creeping upward and then you have to buy it at a
21 higher price. So, you try and sort of buy it whenever you feel
22 confident.
23 Q. Buy low and sell high, basically?
24 A. That's right, sir.
25 Q. And you mentioned leaks often cause a price to go up. Can

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1 you elaborate on that a little bit?
2 A. Yes, sir.
3 There is well known theoretical research that the
4 financial community knows that in most mergers -- in a large
5 portion of mergers and acquisitions, I don't know if it is 20
6 or 30 percent up to a month before an announcement the price
7 starts trickling up which suggests that somehow the market is
8 getting know about it. Who knows from where the leaks happen.
9 So, smart traders, if they know that something is going to
10 happen on an acquisition, try and buy as hard as far ahead
11 before that trickle up in price and leak.
12 Is that the question you were asking?
13 Q. Yes. Thank you, Mr. Kumar.
14 Government Exhibit 828, can you take a look at that?
15 What is that?
16 A. It is an e-mail from Paul Roche to myself and Brad Johnson
17 on May 17th, 2006 saying: GoBig update.
18 MR. STREETER: Government offers 828.
19 MR. DOWD: No objection.
20 THE COURT: Admitted.
21 (Government's Exhibit 828 received in evidence)
22 BY MR. STREETER:
23 Q. Can you read the first -- read the first bullet point?
24 A. ATI board had told them \$22 as initial target. They came,
25 verbally offered \$21.50 last Friday but higher than Bob had

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1 said they would.
2 Q. And then can you read the bullet point beginning
3 "Interestingly"? And the one after that as well beginning ATI
4 sent?
5 A. Okay.
6 Interestingly, turns out the board was initially
7 negative on the deal except Young.
8 Q. Which board is that?
9 A. ATI's board, and Young was one of the board members there,
10 Bob Young.
11 Q. All right. Continue.
12 A. At the recent meeting all the executives voted in favor,
13 which really surprised Bharath.
14 Q. All the executives of what?
15 A. Of ATI.
16 Q. Okay.
17 A. The board has come around to seeing it as a strategic --
18 Q. And it trails off.
19 A. Yeah, sort of ends.
20 Q. And which board is that --
21 A. Sorry, it says to seeing it as strategic. Yes.
22 Q. And that board referred to there is which board?
23 A. ATI's.
24 Q. And then can you read the next bullet point?
25 A. ATI sent them a set of terms, fairly aggressively slanted

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1 towards themselves, as you would suppose, but nothing too
2 egregious. They did say that they will only do a deal at 25.
3 Bharath thinks 24 is a likely compromise with 23 possible but
4 very hard. Supposedly AMD's board has approved all of these
5 levels. Bob appears to have been much more bearish with us
6 than in actual negotiations.
7 Q. When you say supposedly AMD board has approved all of these
8 levels, what did that refer to?
9 A. It means that usually management in a company can't just go
10 and start chatting to another company and saying I'm going to
11 go buy you. They need their board to give them approval as to
12 even start the discussion and also, as it gets hotter and
13 hotter to have a range, a guideline of how much they can pay
14 for the other company.
15 So, this means that AMD's board had given sanction to
16 AMD's management, Mr. Hector Ruiz and others, that, look, when
17 you are in the heat of the moment and negotiating you can go
18 all the way up to \$24, \$23. In that range.
19 Q. Before we go on and explain more of that, can you describe
20 what a board is and what management is and what the distinction
21 is between those two things?
22 A. Yes, sir.
23 A board is an independent group of individuals who
24 represent the shareholders of a company to ensure that the
25 company is being managed with appropriate financial

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1 organizational -- all the rights principles of management and
 2 also that they represent the best interest of the shareholders
 3 so that the management doesn't go and buy five private planes
 4 and not let -- and not let the shareholders make money.
 5 Q. And what is management?
 6 A. Management is typically the senior -- well, usually when
 7 people use the word management they mean the top four or five
 8 or 10 or 15 executives in a company.
 9 Q. The CEO?
 10 A. The CEO, the chief financial officer, the head of sales and
 11 marketing; in technology the head of R&D and technology.
 12 Individuals like that.
 13 Q. So, what did the fact that AMD's board had approved a price
 14 above what ATI was asking suggest to you about the likelihood
 15 that the deal was ultimately going to happen?
 16 A. By this time in May, sir, I knew it was going to happen
 17 because, A, I was working totally with the AMD management and I
 18 knew they were very, very eager to buy it. It is sort of when
 19 you go in to by a car and you are trying to negotiate how to
 20 buy the car and you know that you are willing to pay \$11,000
 21 and the salesman is sort of negotiating 10, you still try and
 22 say, no, I will pay 9.8 or something but you know you are going
 23 to buy it because in your head you know you are willing to pay
 24 11. So, it is the same sort of analogy here. AMD's board had
 25 agreed to it, AMD management was very keen to do it, and at

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1 to how much they can pay from the board. And I actually told
 2 him that it is going to be at least 20 bucks. I didn't know
 3 the exact amount but having seen what was going on I knew there
 4 would be a premium and it would be at least \$3 or \$4.
 5 Q. Could you turn to Government Exhibit 829? What is 829?
 6 A. It is an e-mail again from Paul Roche to myself dated May
 7 31st, 2006 saying: AMD in the rumor mill.
 8 MR. STREETER: Government offers 829.
 9 MR. DOWD: No objection.
 10 THE COURT: Admitted.
 11 (Government's Exhibit 829 received in evidence)
 12 BY MR. STREETER:
 13 Q. Ms. Pilcer, can you blow up the top portion?
 14 It says AMD in the rumor mill. Do you see that?
 15 A. Yes, sir.
 16 Q. And then can you go a little bit down and read the portion
 17 of the next e-mail that says: Subject: AMD in the rumor mill.
 18 Can you read the content of that? It says rumors are on the
 19 street.
 20 Ms. Pilcer, can you highlight the very bottom?
 21 A. It is an e-mail to Paul Roche from one of the younger
 22 associates at McKinsey who were working on this project,
 23 Mr. Michael Chui, and he sent sends it to Paul Roche and Brad
 24 Johnson and he says rumors are on the street.
 25 Q. What is the date of this e-mail?

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1 this point it was just trying to get the best deal possible for
 2 AMD. And Bob, as the chief financial officer, was the one who
 3 was being the hard-nosed guy trying to sort of get the best
 4 deal.
 5 Q. At this point there was still some chance that the deal
 6 would no go through, correct?
 7 A. There always is some chance and, frankly, after an
 8 announcement there are ways in which it may not go through,
 9 shareholders may not approve, the regulators may not approve.
 10 Q. And there might be someone within the company that at the
 11 last minute says, no, we are not going to do this?
 12 A. Always.
 13 Q. Now, in this particular instance the deal did go through?
 14 A. Yes, sir.
 15 Q. What did you communicate to Mr. Rajaratnam about your
 16 perspective on whether you thought the deal would happen around
 17 this time?
 18 A. I told him that, you know, despite --
 19 MR. DOWD: Excuse me, your Honor. Can we have a time?
 20 MR. STREETER: In the sort of May time frame.
 21 MR. DOWD: Thank you, your Honor.
 22 THE COURT: Proceed.
 23 A. In May 2006 I told Mr. Rajaratnam that AMD's management is
 24 very keen to do this deal, it is now just a question of
 25 negotiation but, frankly, they have quite a lot of latitude as

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1 A. May 31, 2006 at 10:00 in the morning.
 2 Q. Can you go down to the bottom, Ms. Pilcer, and blow up the
 3 portion that begins with subject CMD mergermarket.com? Not all
 4 the way at bottom but above the part that says "this message."
 5 Can you go ahead and read that section, Mr. Kumar?
 6 A. Yes, sir.
 7 Subject CMD: Mergermarket.com-multiple intelligence
 8 alert. Main headlines computer: Semiconductors. ATI
 9 technologies could be acquired by Advanced Micro
 10 Devices-analyst report. Headline: -- it repeats the same
 11 thing. Main body: ATI technologies, the listed Canadian
 12 graphics chip maker, could be acquired by Advanced Micro
 13 Devices, according to an analyst report. Recent checks in the
 14 PC market suggest that the listed California-based Advanced
 15 Micro Devices could be readying a bid for ATI, the research
 16 report issued by RBC Capital Markets stated. ATI has a market
 17 capitalization of U.S. dollars 3.9 billion.
 18 Q. Let me ask you, do you know what -- it says the research
 19 report issued by RBC Capital Markets. Do you see that?
 20 A. Yes, sir.
 21 Q. Do you know what RBC Capital Markets is?
 22 A. I believe -- I'm not a hundred percent sure -- that could
 23 be Royal Bank Of Canada and Capital Markets would be the group
 24 that does equity research and then writes reports.
 25 Q. This is saying that someone from RBC issued a report

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1 "Hector has been talking as part of regular biz with
2 analysts."
3 Do you see that?
4 A. Yes, sir.
5 Q. Do executives within companies sometimes talk to analysts
6 about publicly available information?
7 A. Publicly available a lot. They just give them reassurance
8 that everything is going fine.
9 Q. And do you see "As part of regular biz." Do you see that?
10 A. Yes, sir.
11 Q. That's a reference to sort of ordinary conversations with
12 analysts?
13 A. Yes, sir. Because this is on July 12. So it's right after
14 the end of a quarter.
15 Q. Yes.
16 A. And it's very common that the CEO or senior executives just
17 actually from California they come to New York and meet with
18 analysts and so on in the first two, three weeks, right after a
19 quarter.
20 Q. And then it says "There are whispers on the street."
21 Is that a reference to the rumors that are out there
22 on the street?
23 A. It seems to be that, sir, yes.
24 Q. Can you turn to Government Exhibit 801. What's that?
25 A. It's a press release from AMD dated July 24, 2006.

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1 MR. STREETER: Government offers 801.
2 MR. DOWD: No objection.
3 THE COURT: Admitted.
4 (Government's Exhibit 801 received in evidence)
5 Q. What's it say -- is this the press release announcing the
6 deal?
7 A. Yes, sir.
8 Q. And what's the title?
9 A. AMD and ATI to create processing powerhouse.
10 Q. And what's the date?
11 A. July 24, 2006.
12 Q. Can you read the first two sentences of the press release.
13 A. "AMD and ATI today plan -- announced plans to join forces
14 in a transaction valued at approximately \$5.4 billion. The
15 combination will create a processing powerhouse by bringing
16 AMD's technology leadership in microprocessors, together with
17 ATI's strengths in graphics, chipsets and consumer
18 electronics."
19 MR. STREETER: Then Ms. Pilcer if you could go down to
20 the paragraph that begins with "under the terms."
21 Q. Can you read the last sentence of that paragraph,
22 Mr. Kumar?
23 A. Yes. "Based upon the closing price of AMD common stock on
24 July 21, 2006 of \$18.26 a share, the consideration for each
25 outstanding share of ATI common stock would be \$20.47,

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1 comprised of \$16.40 of cash and 0.2229 shares of AMD common
2 stock."
3 Q. What was the overall price that AMD was going to pay per
4 share of stock?
5 A. With a combination of doing a little bit of sharing of AMD
6 shares and giving cash, the total would have been \$20.47.
7 MR. STREETER: Ms. Pilcer could you put up Government
8 Exhibit 110 which is in evidence.
9 Q. What's this, Mr. Kumar?
10 A. It's a graph of ATYT which was the ticker symbol for ATI
11 and it goes from March of 2006 to August 4 of 2006.
12 Q. And when you say the ticker symbol, what's a ticker symbol?
13 A. It means if you go to a brokerage house and you say I want
14 to buy ATI they typically say what is that? You need to give
15 us the special code by which you can buy a stock.
16 And ATI's stock code was ATYT.
17 Q. And then right next to that at the top it says acquired by
18 AMD U.S. on 10-25, 2006.
19 Is that the date when the deal actually closed, when
20 all the approvals were done as opposed to when it was
21 announced?
22 A. Yes, sir. That's the sort of three-month gap between
23 July 24, 2006 of announcement and probably by which time the
24 shareholders and the regulators gave their approval.
25 MR. STREETER: And Ms. Pilcer if you could highlight

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1 the graph from July 14 to the end of the month.
2 Q. The announcement was on July 24, correct?
3 A. Yes, sir.
4 Q. And what happened to the price of the stock when the
5 announcement was made?
6 A. It went up from roughly \$16 to just a little shy of \$20.
7 Q. And shortly after this was announced, did you have a
8 conversation with Mr. Rajaratnam?
9 A. Yes, sir.
10 Q. What happened?
11 A. He called me at home and he said: I just wanted to thank
12 you. That was fantastic. We are all cheering you right now.
13 Which made me quite nervous. I was wondering if there was a
14 lot of champagne flowing in his office cheering me that I
15 didn't -- I didn't want people to know that. And then he said
16 something like you're a star or you're a hero.
17 Q. And in December of 2006 did you have any communication with
18 Mr. Rajaratnam about payment for that year?
19 A. He called me after Thanksgiving in 2006. It was
20 unanticipated. He just called and said, you know, I've had a
21 fabulous year. I've given huge bonuses to all my people. I
22 think he gave some examples. I can't remember who was getting
23 how much and so on. And he said I want to give you a million
24 dollars this year.
25 I almost fell off my chair. I had no idea that's what

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1 he was going to do. I had no idea how much money he had made
2 in ATI apart from the fact that he sounded extremely happy.
3 And he then just said tell me where to send it.
4 Q. Did you have a discussion about what to do with the money?
5 A. Yes, sir.
6 Q. What was the initial idea that was discussed between you
7 about how to pay?
8 A. He said you know that account that I had recommended that
9 you open at Galleon in the name of your housekeeper, I've
10 forgotten her name. What is it? Just tell me. And I'll make
11 sure that the money goes into that account.
12 Q. And what did you say in response to that?
13 A. I said should I give it to you right now?
14 He said no. Just e-mail it to me.
15 Q. Can you take a look at Government Exhibit 761.
16 What's that?
17 A. It's an e-mail from me to Mr. Raj Rajaratnam on
18 December 13, 2006 and the subject is Manju Das.
19 MR. STREETER: Government offers 761.
20 THE COURT: Admitted.
21 (Government's Exhibit 761 received in evidence)
22 Q. Is there any content to the e-mail at all?
23 A. No, sir. Because he just asked me to send him her name.
24 MR. STREETER: Can you go ahead and blow up the top,
25 Ms. Pilcer.

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1 Q. And when is it dated and what did you write?
2 A. Wednesday December 13, 2006.
3 And the subject just says Manju Das. And it's to
4 Mr. Rajaratnam.
5 Q. Since the last series of payments that we talked about, the
6 end of 2006 had you been paid anything by him?
7 A. No, sir.
8 Q. Did the payment ultimately end up going into the Manju Das
9 account?
10 A. No, sir.
11 Q. What happened in that regard?
12 A. He had also at the same time been telling me that at some
13 point he wanted me to move the Manju Das account from just an
14 individual to some kind of a company or somewhere else.
15 I didn't want for more monies to go into the Manju Das
16 account because then I'd have a bigger problem about figuring
17 out what to do with it.
18 And he also said I now no longer -- for this purpose,
19 I don't need a consulting agreement. You just tell me where to
20 send it and I can send it.
21 So I suggested he send it to my own bank account,
22 which is what he did.
23 Q. When you say your own bank account, did you suggest he send
24 it to a U.S. bank account?
25 A. No, sir. I was always worried about money coming to a U.S.

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1 bank account from the McKinsey standpoint. So I had a bank
2 account in India since I grew up there and I just asked him to
3 send it to the Indian account, Indian bank account.
4 Q. Can you take a look at Government Exhibit 772. What's
5 that?
6 A. It's a fax from Galleon Management LP to someone called
7 Priscilla from George Lau dated January 19, 2007.
8 MR. STREETER: Government offers 772.
9 MR. DOWD: No objection.
10 THE COURT: Admitted.
11 (Government's Exhibit 772 received in evidence)
12 MR. STREETER: Actually can you back up a second
13 Ms. Pilcer.
14 Q. First of all, at the top what does it say in the upper
15 right-hand corner.
16 A. Galleon Management, L.P.
17 Q. And on the left, what's that?
18 A. The address, 590 Madison Avenue, 34th floor, New York,
19 New York.
20 Q. What is that the address of?
21 A. The Galleon Group at the time.
22 Q. Were there occasions when you actually went to the Galleon
23 offices?
24 A. Yes, sir.
25 MR. STREETER: And then if we could blow up the --

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1 show the document again and blow up the middle part.
2 Q. When is it dated?
3 A. January 19, 2007.
4 Q. And what does it say in the body?
5 A. "Please transfer one million out of Galleon Management LP
6 account number something to the following bank, HSBC, New York.
7 And then for further transfer to HSBC India, the account name
8 being Kumar. If you have any questions, do not hesitate to
9 call me at a number.
10 Sincerely, Mr. Raj Rajaratnam and George -- I presume
11 that's Mr. George Lau.
12 Q. Was the money, in fact, transferred?
13 A. Yes, sir.
14 Q. Did you receive it in your account in India?
15 A. Yes, sir. On the same date.
16 Q. Now, you mentioned that Mr. Rajaratnam had said to you that
17 something about moving the money out of the name of Manju Das?
18 A. Yes, sir.
19 Q. Can you elaborate on that conversation a bit and tell us
20 when roughly it was happening.
21 A. Around 2006 he began a discussion with me saying you need
22 to move it out of the Manju Das account into some other
23 financial entity or other offshore situation. He said the SEC
24 now is scrutinizing these things a lot more. But he didn't
25 sort of give me a sense of urgency. He just said you should

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1 Q. And a six percent ownership interest, right?
2 A. Yes, sir.
3 Q. And some share of the profits, right?
4 A. Yes, sir.
5 Q. Let's just review page -- on page 8, line 9.
6 Mr. Gupta says "Add value and, leave it to, you know,
7 I, I look at how hard he was fighting."
8 And the "he" is you, right?
9 A. Yes, sir.
10 Q. "For this two percent and NSR equity. I mean it was just
11 kind of, you know."
12 And Mr. Rajaratnam says: "You know without, without a
13 leg to stand on, I mean, you know."
14 Is that right?
15 A. Yes, sir.
16 Q. And then further down the page, line 29 -- 27.
17 Mr. Gupta says: "And, you know, six percent equity, I
18 mean."
19 And Mr. Rajaratnam says: "Right. And I don't know
20 um, you know, I can argue I did more for NSR than he did. I,
21 he."
22 "Absolutely right," Mr. Gupta says.
23 Mr. Rajaratnam says: "He, he, he coordinated, he
24 coordinated those telephone meetings, right."
25 And Mr. Gupta says: "Yeah, yeah, absolutely right."

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1 Mr. Rajaratnam says: "And that's about it, right?"
2 Is that what it says there?
3 A. That's correct, sir.
4 Q. And then he says, Mr. Gupta says: "Yeah, yeah."
5 Mr. Rajaratnam says: "I put in 50 million bucks,
6 whatever."
7 Mr. Gupta says: "Yeah, yeah."
8 Mr. Rajaratnam says: "I went on the trips."
9 Do you see that?
10 A. Yes, sir.
11 Q. Did you go on the trips?
12 A. No, sir.
13 Q. Did you -- other than what you've described during your
14 testimony so far, did you do any other work for NSR?
15 A. No, sir. Apart from these couple of younger consultants
16 who were trying to join them, and I sort of helped them a
17 little bit with their thinking, a total of a couple of days at
18 most in 2007.
19 Q. And Mr. Rajaratnam is saying here that you didn't have a
20 leg to stand on to get the deal that you had if you signed up,
21 right?
22 A. Yes, sir.
23 Q. Can you think of any reason why he would have paid you a
24 million dollars to do something he said you didn't have a leg
25 to stand on, even the prospective arrangement you had?

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1 A. I can't imagine why, sir. It's completely perplexing to
2 me.
3 Q. What do you think he paid you the million dollars for?
4 A. Because I told him about ATI that year and perhaps as he
5 kept asking me questions I tried to be helpful.
6 Q. Do you recall Mr. Dowd asking you some questions about
7 eBay?
8 A. Yes, sir.
9 MR. STREETER: Could you pull up Government Exhibit
10 860, Ms. Pilcer.
11 Q. Is this the e-mail by which you learned from someone inside
12 eBay that the layoffs were, in fact, happening?
13 A. That's right, sir. On October 2, evening, New York time,
14 I -- yes, sir.
15 Q. And it says spoke to Jack today.
16 Do you see that?
17 A. Yes, sir.
18 Q. Who is Jack?
19 A. Jack is a client of -- at eBay, an executive at eBay.
20 Q. Did you know him personally?
21 A. Yes, sir.
22 Q. How is that?
23 A. Because he used to work at McKinsey as well and then joined
24 eBay a few years ago.
25 Q. And then can you read down to paragraph three, can you read

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1 that, that sentence?
2 A. "On cost, Monday there will be a RIF announced for all of
3 eBay. Confidential."
4 Q. And is "confidential" in all caps?
5 A. Yes, sir.
6 Q. With three exclamation points?
7 A. Yes, sir.
8 Q. Did you consider this to be confidential information that
9 you learned from a client?
10 A. Yes, sir.
11 Q. And Mr. Dowd showed you an article in which there was some
12 speculation about this, Defense Exhibit 2677.
13 MR. STREETER: Can you blow up the top three
14 paragraphs.
15 Q. He read you a portion of this but he didn't -- he didn't
16 read you the portion about what the eBay spokesperson said, did
17 he?
18 A. No, sir.
19 Q. Can you go ahead and read the sentence that begins, "An
20 official eBay."
21 A. "An official eBay spokesman told me today we don't comment
22 on rumors."
23 Q. Is that your experience with corporate America when there
24 are rumors like these?
25 A. Yes, sir. There are always rumors and they don't comment.

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1 revenue or gross margin or what detail but we -- you know, he
2 wanted to know about earnings in general. I don't remember the
3 exact details.
4 Q. Do you recall generally what Mr. Goel asked about the
5 second time you spoke to him, to the best of your recollection,
6 in April of 2007?
7 A. It was a similar discussion, general things about, you
8 know, how the earnings went for the quarter. I don't remember
9 four years later the exact specifics.
10 MR. BRODSKY: Your Honor, may I approach?
11 Q. Mr. Lenke, I'm showing you what is a calendar between 2005
12 to 2009.
13 MR. BRODSKY: Your Honor, we offer Government Exhibit
14 10 for identification.
15 MR. LYNAM: No objection.
16 THE COURT: Received.
17 (Government's Exhibit 10 received in evidence)
18 BY MR. BRODSKY:
19 Q. If we can turn, Ms. Kuntz, to the month of April 2007 and
20 blow that up?
21 Directing your attention to the month of April 2007,
22 the calendar that's up on the screen, generally, do you recall
23 when Intel released its earnings to the public in April of
24 2007?
25 A. We released it on the 17th.

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1 Q. And are you a recipient of this e-mail?
2 A. Yes.
3 Q. Generally, what does it contain?
4 A. It has the revenue information for the last -- the prior
5 quarter of Q1 of 2007. It has the revenue, it has other detail
6 about divisional sales, things like that, but it is all
7 revenue.
8 MR. BRODSKY: Your Honor, we offer 1070.
9 MR. LYNAM: No objection.
10 THE COURT: Admitted.
11 (Government's Exhibit 1070 received in evidence)
12 BY MR. BRODSKY:
13 Q. Mr. Lenke, you're in the "to" column, the second person?
14 A. Yes.
15 Q. Who is Mr. Michael Sullivan?
16 A. Michael, he worked in the investor relations department
17 with me.
18 Q. And Mr. Low and Mr. Sepe?
19 A. Those were finance people.
20 Q. The attachment in this document is labeled: Information
21 file (one stop shop). What does that mean?
22 A. So, it was trying to be a one-page document to get all the
23 revenue numbers for the company.
24 Q. And this was the Monday eight days before earnings were
25 released by Intel, correct?

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1 Q. Can we highlight the 17th?
2 Generally, a matter of practice when you worked at
3 Intel in the investor relations department, approximately what
4 date did you learn about Intel's revenue?
5 A. On the 9th.
6 Q. And, generally, according to practice when you were at
7 Intel during April of 2007, when did you learn about the
8 outlook or guidance about the future of Intel's earnings?
9 A. It would be typically on Thursday the 12th.
10 MR. BRODSKY: May I approach, your Honor?
11 Q. Mr. Lenke, I'm showing you Government Exhibit 1070 for
12 identification. Please take a moment to review that. Do you
13 recognize it?
14 A. Yes.
15 Q. What is the date of it?
16 A. It is the 9th at 9:07 a.m.
17 Q. April 9th, 2007?
18 A. Yes.
19 Q. And who is it from?
20 A. It is from Carolyn Bowe.
21 Q. Where did Ms. Bowe work at the department?
22 A. She is in the external reporting department at finance.
23 Q. What do you mean by external reporting at finance?
24 A. External reporting was the one we got all the information
25 to for like earnings or external reporting outside the company.

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1 A. Correct.
2 Q. If we turn to the first page of the attachment or the
3 second page of the document and blow up the first few columns?
4 Let me direct your attention, Mr. Lenke, to column number five
5 where it says Intel revenue. Can you highlight that? And let
6 me direct your attention to column C, D and E. Can you
7 describe for the jury what columns C, D and E are and what they
8 say with respect to Intel revenue?
9 A. So, the first column, C, which was the Q1 '07 revenue
10 \$8,852,000,000, sequential change would be from the prior
11 quarter, the fourth quarter of 2006 which says it's down 8.69
12 percent, and year over year would be versus Q1 '06, it was down
13 about 1 percent or .98 percent.
14 Q. So, the sequential change here down approximately 9 percent
15 did you say?
16 A. Yes.
17 Q. That is comparing which quarter with which quarter?
18 A. So that's versus -- that is Q1 '07 versus Q4 '06.
19 Q. When you say Q1 you mean first quarter?
20 A. First quarter versus fourth quarter '06.
21 Q. Now, in the past, prior to April of 2007, how much did
22 Intel's quarterly revenue drop from the fourth quarter to the
23 first quarter, in general?
24 A. My memory was typically it would drop 1 or 2 percent. Low
25 single percent.

<p>13g5raj6 Lenke - direct Page 937</p> <p>1 Q. How did the projected drop here of 8.69 percent or 2 approximately 9 percent in the first quarter of 2007 compare 3 with the prior years? 4 A. It was significantly worse. 5 Q. Now, at this time on this day, Monday April 9th, 2007, did 6 you receive information about Intel's outlook for the future? 7 A. No. 8 Q. Did you receive information about Intel's gross margins? 9 A. No. 10 Q. Mr. Lenke, I'm showing you what is marked Government 11 Exhibit 1072 for identification. Do you recognize that? 12 A. Yes. 13 Q. And what is 1072 for identification? 14 A. This is a draft of the earnings release, it's called news 15 release but it's really -- we call it earnings release -- a 16 draft that was sent around to a bunch of management within the 17 company. 18 Q. Are you on this e-mail? 19 A. I will look. I must be, yes. 20 Q. Let me direct your attention to the last name in the to 21 column. 22 A. Yes, I'm on here. 23 Q. And who is it from? 24 A. It is from Mike Sullivan from our group of people in 25 investor relations.</p>	<p>13g5raj6 Lenke - direct Page 939</p> <p>1 Q. The date on the attachment is April 17th, 2007; why is 2 that? If we can highlight that? We have highlighted it in the 3 box. 4 A. Oh, because that's the date that the earnings would come 5 out so this is before the earnings came out. 6 Q. Let me direct your attention to the box at the bottom. 7 What does it say Intel's revenue is going to be disclosed to 8 the public for the first quarter of 2007? 9 A. It says \$8.9 billion. 10 Q. And at this time was this confidential or was this public 11 information? 12 A. This was confidential. 13 Q. And the comparison with the first quarter of 2006, what 14 does it say? 15 A. It says down 1 percent. 16 Q. And was that public information or was that confidential at 17 the time? 18 A. Confidential. 19 Q. And the next column, what does it say? 20 A. It says this is versus Q4, 2006, down 9 percent. 21 Q. And was that public information or confidential at the 22 time? 23 A. Confidential. 24 Q. Let me ask you to turn to the third page of the document 25 and if we can blow up where it says Q2 2007 outlook through the</p>
<p>13g5raj6 Lenke - direct Page 938</p> <p>1 MR. BRODSKY: We offer 1072. 2 MR. LYNAM: No objection. 3 THE COURT: Admitted. 4 (Government's Exhibit 1072 received in evidence) 5 BY MR. BRODSKY: 6 Q. Mr. Lenke, the subject here says Intel draft earnings 7 release, Rev. 1. What does that mean? 8 A. Rev 1. That's the first version of it. 9 Q. And the earnings release is attached? 10 A. Yes. 11 Q. Now, in general, would you describe the people who are in 12 the "to" column here? 13 A. The people who are on here are -- there is a few people, 14 Tom Beermann is a press person so press people, a few -- very 15 limited number of them, Jeff Bodner, finance people, the CFO, 16 high level people, some other executives, a few people in our 17 legal department and investor relations people. 18 Q. And all people who work for Intel? 19 A. Yes. 20 Q. And if we turn to the first page let's blow up from where 21 it says, Intel First Quarter Revenue, down through the box at 22 the bottom of the page. Thank you. 23 The date on this, the date on the e-mail, Mr. Lenke, 24 is April 12, 2007. Is that right? 25 A. Yes.</p>	<p>13g5raj6 Lenke - direct Page 940</p> <p>1 first or second bullet. 2 Thank you Ms. Kuntz, you are reading my mind. 3 Mr. Lenke, let me direct your attention on Q2 2007 4 outlook to the second bullet point if we can highlight where it 5 says gross margin. Can you read that? 6 A. Yes. Gross margin: 48 percent plus or minus a couple of 7 points. 8 Q. What, if anything -- what is the significance of gross 9 margin? 10 A. The gross margin in the past and probably continues to be a 11 very important driver of Intel's stock price. 12 Q. Why do you say that? 13 A. Because some of the analysts have done analysis to say, you 14 know, they'd overlay the gross margin in what our stock did and 15 they would often go together. So, a better gross margin could 16 drive a better stock price. 17 Q. So higher -- better gross margin outlook, higher stock 18 price? 19 A. Correct. 20 Q. And what if there was a lower gross margin outlook? 21 A. Then it could have a negative effect on the stock. 22 Q. And by negative effect you mean the stock price would go 23 down? 24 A. Yes. 25 Q. Let me direct your attention to the first bullet point</p>

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1 under 2007 outlook. Can you read that and explain it?
2 A. Sure.
3 Gross margin: 51 percent plus or minus a few points,
4 higher than the previous expectation of 50 percent plus or
5 minus a few points.
6 Q. What does it mean when it says higher than the previous
7 expectation of 50 percent?
8 A. That means as the year proceeded we would see the gross
9 margin go up and generally this is a positive.
10 Q. So, is this good news or bad news?
11 A. This is good news.
12 Q. And, at the time that you received this e-mail on April 12,
13 2007, was it public or nonpublic?
14 A. This was nonpublic.
15 Q. Do you recall speaking with Mr. Goel the next day after --
16 if we can continue to put up 1072, the next day after receiving
17 this e-mail on April 12th, 2007?
18 A. I recall speaking to him Thursday, Friday, late in the
19 week. I don't know if it was right after this e-mail or not.
20 Q. And, do you recall speaking with Mr. Goel on Saturday,
21 April 14th, 2007?
22 A. I don't specifically recall speaking to him on Saturday.
23 It wouldn't be a normal thing for me to talk to him on a
24 weekend.
25 Q. Why do you say it wouldn't be a normal thing for you to

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1 talk to Mr. Goel on the weekend?
2 A. I mean I didn't have a lot of interaction with him outside
3 of work, so.
4 (Continued on next page)
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1 Q. Do you recall speaking with Mr. Goel on Monday, April 16,
2 2007?
3 A. Yes. We had a brief discussion in a conference room in our
4 corporate office building.
5 MR. BRODSKY: Can we just put up the calendar,
6 Government Exhibit 10. And highlight Monday, April 16. I
7 think.
8 Q. So you're talking about Monday.
9 MR. BRODSKY: If we highlight Monday, April 16.
10 Q. You recall speaking to Mr. Goel that day?
11 A. Yes, sir.
12 Q. Where did you say this conversation took place?
13 A. It was in a conference room -- he worked on the 6th
14 floor. I worked on the 5th floor. It was on one of those
15 floors. I don't remember which floor.
16 Q. In general which part of the country were you in?
17 A. Well, in California, at our corporate office.
18 Q. Were these the corporate headquarters of Intel Corporation?
19 A. Yes, sir.
20 Q. And why did you speak to Mr. Goel in a conference room as
21 opposed to your office or Mr. Goel's office?
22 A. We all, in Silicon Valley, have cubicles. And people would
23 hear you speaking.
24 Q. What, if anything, did Mr. Goel ask you in the conference
25 room on April 16, 2007 and what, if anything, did you say in

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1 response?
2 A. Well, again, we talked about earnings. And I don't
3 remember the exact specifics. But he asked about earnings and
4 how the quarter was. And we talked about that.
5 Q. How long in general do you think the conversation was, to
6 the best of your recollection?
7 A. I think it was maybe a five-minute discussion.
8 Q. And what, if anything, did you say to Mr. Goel after --
9 withdrawn.
10 What, if anything, did Mr. Goel say in response to you
11 talking about earnings with him?
12 A. What did he say -- I don't remember him saying a lot. Like
13 he said -- he asked a couple questions. Maybe I don't
14 understand the question.
15 Q. What, if anything, did you say in response after you talked
16 to him about the earnings for the quarter that will be publicly
17 disclosed on April 17, the next day?
18 A. I told him this made him an insider.
19 Q. Why you did you tell him that this made him an insider?
20 A. It was sort of giving him a warning that he shouldn't talk
21 to anyone else about it.
22 Q. Why were you giving him a warning?
23 A. Because it's nonpublic information and we don't talk to
24 people outside the company about nonpublic information.
25 MR. BRODSKY: May I approach, your Honor?

<p>13g9raj7 Lenke - direct Page 945</p> <p>1 Q. I'm showing you, Mr. Goel, two documents -- Mr. Lenke, I'm 2 sorry. Two documents, Government Exhibits 1076 for 3 identification and 1068 for identification. 4 Would you take a moment to review those. 5 And after you've reviewed them, let me know. 6 A. Okay. 7 Q. Looking at 1076 for identification, do you recognize it? 8 A. Yes, I do. 9 Q. How do you recognize it? 10 A. It was the final earnings release for the quarter. 11 Q. Are you on this e-mail? 12 A. Yes. I'm number two on the to list. 13 Q. Was this e-mail sent to you prior to disclosure to the 14 public about the earnings? 15 A. Yes. It was before the -- it was at 10:58. And we would 16 publish at 1:15, roughly. 17 Q. When you say you would publish at roughly 1:15 18 approximately, do you mean Pacific Time? 19 A. Pacific Time, yes. 20 Q. So in New York it would be -- 21 A. 4:15. 22 Q. 4:15 or thereafter? 23 A. Right. That's when it would hit the wire. 24 MR. BRODSKY: We offer 1076, your Honor. 25 MR. LYNAM: No objection.</p>	<p>13g9raj7 Lenke - direct Page 947</p> <p>1 Q. What is NASDAQ in general? 2 A. Well, it's a stock exchange and it's versus the New York, 3 it's the other one that has a lot more technology companies on 4 it. 5 Q. Can anybody in the public buy or sell shares of companies, 6 public companies on the NASDAQ? 7 A. Yes. 8 Q. And does this final release -- if we blow up the final, the 9 bottom column on the release -- contain the same information 10 about revenue that we looked at in the prior exhibit, 11 Government Exhibit 1072? 12 A. Yes. There is no change. 13 Q. And if we turn to the second page, is the outlook now moved 14 up to the second page instead of in the last document it was on 15 the third page? 16 A. Yes. It moved forward. 17 MR. BRODSKY: And if we highlight 2 2007 through the 18 bottom. 19 Q. Does this contain the same good information, good news 20 about gross margin? 21 A. Yes. 22 Q. Mr. Lenke, I'm showing you 1077 for identification. Is 23 that the final press release that Intel issued on April 17, 24 2007? 25 A. Yes.</p>
<p>13g9raj7 Lenke - direct Page 946</p> <p>1 THE COURT: Admitted. 2 (Government's Exhibit 1076 received in evidence) 3 Q. So Mr. Lenke this e-mail was from John Patun? 4 A. Yes. 5 Q. Who was that? 6 A. He worked in the investor relations group with me. 7 Q. Is everybody on the to column an Intel employee? 8 A. Yes. 9 Q. The subject says final release and tables. What does that 10 mean? 11 A. Well we had a prior version of the draft of the earnings 12 release. We had financial tables which had the income 13 statement and the balance sheet and other documents that are in 14 there. And that's what would get published on the web as well 15 as go out over the business wire. 16 Q. If we turn to the first page, this is the final draft of 17 the press release before it's released to the public? 18 A. Yes. 19 Q. Now, Intel Corporation -- forgive me for not asking this 20 before, Mr. Lenke, but it was a public company at the time and 21 still is today? 22 A. Yes. 23 Q. Did it -- on what exchange or national securities exchange 24 did its shares trade? 25 A. NASDAQ.</p>	<p>13g9raj7 Lenke - direct Page 948</p> <p>1 MR. BRODSKY: Your Honor, we offer 1077. 2 MR. LYNAM: No objection. 3 THE COURT: Admitted. 4 (Government's Exhibit 1077 received in evidence) 5 Q. Does this contain the same information that we just looked 6 at in 1076 in final draft? 7 A. I'm going to doublecheck. 8 It appears to be the same information. 9 Q. And the revenue on the first page is still not good news? 10 A. The revenue is still a very significant drop. 11 Q. And then on the second page of the final news release it 12 contains the same positive news about the gross margin? 13 A. Yes. 14 Q. Let me ask you to turn to 1068 for identification. What is 15 that document? 16 A. This is a document from the external reporting, the finance 17 group. And it's saying that they published the earnings 18 release with the SEC. 19 MR. BRODSKY: Your Honor, we offer 1068. 20 MR. LYNAM: No objection. 21 THE COURT: Admitted. 22 (Government's Exhibit 1068 received in evidence) 23 Q. Can you read the first paragraph. 24 A. "The above-mentioned document was filed with the United 25 States Securities and Exchange Commission at 1:23 p.m. Pacific</p>

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1 MR. LYNAM: Let's take a look at Defense Exhibit 974
2 which is the transcript of the conference call.
3 Q. Mr. Brodsky asked you a couple questions about this. But
4 this relates -- this actually transcribes what was discussed
5 when Intel announced its earnings that day, correct?
6 A. Yes.
7 Q. And we see the bottom half of that discussion. We see the
8 CEO of Intel, Mr. Otellini, actually kicks off the call, after
9 he's introduced, and he starts talking about the important
10 developments that Intel has made and is making, correct?
11 A. Yes.
12 Q. And at the top of the next page, one of the very first
13 things he mentions is the Centrino upgrade in the very first
14 paragraph.
15 MR. LYNAM: Highlight that, please.
16 Q. Isn't that right, Mr. Lenke?
17 A. Yes.
18 Q. And he indicates that it's now going to be launched in the
19 next month, right? In other words, May?
20 A. Next month, yes. That would be May.
21 Q. So the report of Investor's Business Daily about the launch
22 in May actually turned out to be accurate, right?
23 A. It did turn out to be accurate, yes.
24 Q. And then two paragraphs down the CEO of Intel -- can we
25 highlight that paragraph beginning "today's product

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1 leadership" -- he said that "Today's product leadership is
2 built around our 65-nanometer technologies and we are well
3 along the path to introduce products based on 45-nanometer
4 technology later this year. To that end, we have announced the
5 use of breakthrough materials in our 45 nanometer process that
6 will allow us to introduce faster and a more power-efficient
7 microprocessors that pack more functions into smaller die."
8 Do you see that?
9 A. Yes, sir.
10 Q. And that was something that the market was anticipating
11 even before that call, right, because the market -- analysts
12 that follow Intel follow those details very carefully; isn't
13 that right?
14 A. Yes. We would have talked about it before.
15 Q. And that was exciting news that Intel was now going to this
16 new 45-nanometer technology, correct?
17 A. Yes.
18 MR. LYNAM: No further questions, your Honor.
19 THE COURT: You may step down, Mr. Lenke.
20 (Witness excused)
21 Would the government please call its next witness.
22 MR. BRODSKY: Yes, your Honor. The government calls
23 Lance Rosenzweig.
24 (Continued on next page)
25

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1 LANCE ROSENZWEIG,
2 called as a witness by the Government,
3 having been duly sworn, testified as follows:
4 DIRECT EXAMINATION
5 BY MR. BRODSKY:
6 Q. Mr. Rosenzweig, good morning to you.
7 A. Good morning.
8 Q. Would you briefly describe your education.
9 A. I have an undergraduate degree in industrial engineering
10 from Northwestern University and an MBA from Northwestern as
11 well.
12 Q. What year did you graduate with an MBA from Northwestern?
13 A. 1985.
14 Q. Let me direct your attention to 1999 -- 1998. What was
15 your job that year?
16 A. 1998 I was chairman and chief executive officer of
17 PeopleSupport.
18 Q. In general, what was PeopleSupport?
19 A. PeopleSupport in 1998 was a startup company that I founded
20 with a partner to do outsourcing for other businesses.
21 Q. What do you mean by outsourcing?
22 A. We handled their call center work. So if a customer were
23 to call customer service for a company, we would answer that
24 call and help that customer.
25 Q. Where do you work today?

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1 A. I have started a new company recently. I left
2 PeopleSupport about -- last year.
3 Q. In 1998 when you founded PeopleSupport, was it a public or
4 a private company?
5 A. A private company.
6 Q. When, if at all, did it become a public company?
7 A. It became public -- I believe it was in 2004.
8 Q. Describe, in general, the difference between being a
9 private company and a public company.
10 A. Private company is owned by a smaller number of investors.
11 And a public company, the stock trades on a stock market and is
12 held by a large number of investors.
13 Q. After PeopleSupport became a public company, where did its
14 stock or shares trade?
15 A. It traded on NASDAQ.
16 Q. Describe generally what your responsibilities were at
17 PeopleSupport after PeopleSupport became a public company.
18 A. As chief executive officer, I had general responsibility
19 for the management of the business. And ranging from the sales
20 and the operations and finance, etc.
21 Q. And you also mentioned that you were on the board of
22 directors?
23 A. That's correct.
24 Q. What was your position on the board of directors at
25 PeopleSupport?

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1 A. I was chairman of the board of directors.
2 Q. Describe in general the responsibilities of members of the
3 board of directors.
4 A. The members of the board of directors were setting the
5 overall strategy and guidelines for the company. They were
6 also ensuring compliance with the appropriate regulations.
7 Q. Are you familiar with Galleon Group?
8 A. Yes, I am.
9 Q. How are you familiar with Galleon Group?
10 A. Galleon Group was at one stage our largest public investor.
11 Q. Did there come a time when Galleon Group reached an
12 understanding or agreement with PeopleSupport?
13 A. Yes, there was.
14 Q. In general, what was that understanding or agreement?
15 A. The understanding was that PeopleSupport would enable
16 Galleon to suggest a member of our board of directors whom we
17 would appoint to the board. And Galleon would agree in
18 elections to the board to support the PeopleSupport nominees to
19 the board.
20 Q. What led PeopleSupport to enter into that agreement with
21 Galleon?
22 A. Galleon had been a large investor in the company and was
23 interested in having a role on the board. And was -- and
24 PeopleSupport agreed to offer that in exchange for Galleon's
25 support.

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1 Q. Are you familiar with the term poison pill?
2 A. Yes, I am.
3 Q. In general what's a poison pill?
4 A. A poison pill is a measure that many companies put into
5 place to prevent or to make hostile takeovers more difficult.
6 Q. At some point did PeopleSupport adopt the poison pill?
7 A. Yes, it did.
8 Q. In response to what, if anything?
9 A. It was principally in response to a very large position
10 which Galleon had built in the company.
11 Q. Approximately when did the Galleon Group get a seat on
12 PeopleSupport's board?
13 A. I believe it was early 2008.
14 Q. And who was the Galleon Group's designee or PeopleSupport
15 board member?
16 A. His name was Krish Panu.
17 Q. I'm showing you what's marked as Government Exhibit 1100
18 for identification. Take a moment to look at that, please.
19 Do you recognize it?
20 A. Yes, I do.
21 Q. In general, what is it?
22 A. It's the agreement between Galleon and PeopleSupport
23 nominating Krish Panu to be the Galleon designee on our board.
24 Q. What was date of the document?
25 A. February 29, 2008.

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1 MR. BRODSKY: Your Honor we offer 1100.
2 MR. LYNAM: No objection. Admitted.
3 (Government's Exhibit 1100 received in evidence)
4 Q. Mr. Rosenzweig, at the top who is the document addressed
5 to?
6 A. It's addressed to the Galleon Special Opportunities Master
7 Fund, SPCLTD - Galleon Crossover Segregated Portfolio Company.
8 Galleon Technology Offshore, LTD. All care of the Galleon
9 Group.
10 Q. What's the title of the document in the re: column?
11 A. The title is Agreement to Place Nominee on PSPT Board.
12 MR. BRODSKY: Let's blow up the first paragraph of the
13 document.
14 Can we highlight where it begins, "PSPT shall as
15 promptly as practicable," and go down through where it says
16 "shareholders."
17 Q. Would you read the highlighted paragraph, Mr. Rosenzweig.
18 A. "PSPT shall as promptly as practical practicable, and in
19 any event no later than March 5, 2008, take all action
20 necessary to: One, increase number of directors constituting
21 its board of directors, the board, from seven to eight; and
22 two, elect Mr. Krish Panu (the Galleon designee) to fill the
23 vacancy created by such increase, which seat shall be in the
24 class of directors that will stand for election at PSPT's 2009
25 annual meeting of shareholders."

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1 Q. Basically what does that mean?
2 A. It means that PeopleSupport will elect Mr. Panu to our
3 board and create the seat to enable us to do that.
4 MR. BRODSKY: Let's highlight where it says, two
5 sentences later, "Should Mr. Panu," through the second to last
6 sentence in that paragraph.
7 Q. Would you read that portion of the paragraph,
8 Mr. Rosenzweig.
9 A. "Should Mr. Panu or any successor thereof resign from the
10 board or decide not to seek appointment or election to the
11 board, Galleon shall be entitled to designate a replacement for
12 Mr. Panu or such successor as a member of the board, which
13 replacement shall be reasonably acceptable to PSPT's nominating
14 and corporate governance committee. And PSPT shall take all
15 necessary action to implement the foregoing as promptly as
16 practicable. Any such designated replacement who becomes a
17 board member as a successor of Mr. Panu under the terms of this
18 paragraph shall be deemed to be a Galleon designee for all
19 purposes under this agreement."
20 Q. So, if Mr. Panu decided to leave, for whatever reason, the
21 PeopleSupport board, what, under this agreement, would happen
22 to that seat?
23 A. Galleon would designate another person to replace Mr. Panu.
24 MR. BRODSKY: And if we go to the second page of the
25 document. And blow up the first paragraph. Highlight from,

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1 "In addition we have agreed that," the last sentence, I
2 believe, long sentence of that paragraph.
3 Q. Would you read that, Mr. Rosenzweig.
4 A. "In addition, we have agreed that at all times until the
5 latest of: One, such time as a Galleon designee ceases to
6 occupy a seat on the board; and two, December 31, 2008, Galleon
7 and its affiliates will refrain from initiating or
8 participating in any proxy contest or supporting any
9 shareholder proposal at any annual or special meeting; and two,
10 we will each refrain from making disparaging remarks publicly
11 or in public filings about the other parties hereto or their
12 management."
13 Q. So in exchange for getting a board seat on the
14 PeopleSupport's board, for Galleon, what, if anything, did
15 PeopleSupport get in return?
16 A. Galleon's agreement not to participate in a proxy contest
17 or supporting a shareholder proposal.
18 MR. BRODSKY: And if we turn to the last page of the
19 agreement.
20 Q. The PeopleSupport portion, this document is not signed; is
21 that right?
22 A. That's right.
23 Q. But the acknowledged and agreed upon at the bottom is
24 signed?
25 A. Yes. That's correct.

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1 Q. And what's the name underneath the signature?
2 A. Raj Rajaratnam.
3 Q. And would you read his titles.
4 A. Director, Galleon Special Opportunities Master Fund, SPCLTD
5 - Galleon Crossover Segregated Portfolio Company. Director
6 Galleon Technology Offshore, LTD.
7 Q. Mr. Rosenzweig, I'm going to show you three documents, 1101
8 for identification, 1126 for identification, and 1102 for
9 identification. Take a moment to look at all three, if you
10 wouldn't mind.
11 (Pause)
12 Let me ask you to look at 1101 for identification.
13 Do you recognize that?
14 A. Yes, I do.
15 Q. What is that?
16 A. It's a letter from Krish Panu to the board of directors
17 accepting a seat on the board of directors.
18 Q. What's the date of the document?
19 A. February 29, 2008.
20 MR. BRODSKY: Your Honor, we offer 1101.
21 MR. LYNAM: No objection.
22 THE COURT: Admitted.
23 (Government's Exhibit 1101 received in evidence)
24 MR. BRODSKY: One moment, your Honor.
25 (Pause)

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1 Q. Would you read the first paragraph of that document.
2 A. "I, Krish Panu, will accept a seat on the board of
3 directors, the board, of PeopleSupport, Inc., the company,
4 effective as of March 5, 2008."
5 Q. And Mr. Panu, was he on the board of PeopleSupport as
6 Galleon Group's designee through 2008, for most of 2008?
7 A. Yes, he was.
8 Q. Let me ask you to turn to 1126 for identification.
9 Is this a schedule 13D filing in connection with
10 PeopleSupport by Galleon?
11 A. Yes, it is.
12 Q. And does -- what's the date on it, on the first page?
13 A. February 29, 2008.
14 MR. BRODSKY: Your Honor, we offer 1126.
15 MR. LYNAM: No objection.
16 THE COURT: Admitted.
17 (Government's Exhibit 1126 received in evidence)
18 Q. Let me direct your attention to a few pages,
19 Mr. Rosenzweig. If you go to the second page.
20 Does it say at the top the reporting person is Galleon
21 Management LP?
22 A. Yes, it does.
23 Q. Does it list at the bottom under eight and under eleven the
24 number of shares in the amount of 3,468,162?
25 A. Yes, that's correct.

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1 Q. And on the next page what percentage of that stock does it
2 represent of the company?
3 A. 15.29 percent.
4 Q. If you go to the very next page, page four of 17, what's
5 the entity that contains shares of Galleon?
6 A. Galleon Technology Offshore, LTD.
7 Q. If you turn to the next page, does it list the percentage
8 of stock that Galleon Offshore Technology has in PeopleSupport?
9 A. 6.9 percent.
10 Q. And then the next page, does that relate to Galleon
11 International Management?
12 A. Yes, sir.
13 Q. And then the following page, lists the .66 percent?
14 A. Yes.
15 Q. Of PeopleSupport stock?
16 A. Yes. That's correct.
17 Q. Then the next page talks about Galleon Special
18 Opportunities Management.
19 A. Yes.
20 Q. And it has a percentage. What's the percentage on the next
21 page?
22 A. 9.53 percent.
23 Q. Let me ask you to skip to page twelve of 17.
24 Does it have the name of the reporting person there?
25 A. Yes, it does.

<p>13H9RAJ2 Rosenzweig - direct Page 1038</p> <p>1 Q. What's the name? 2 A. Raj Rajaratnam. 3 Q. What's the number of shares listed? 4 A. 5,780,548. 5 Q. And if you turn to the next page, what's the percentage 6 listed? 7 A. 25.48 percent. 8 Q. Now, in February of 2008, approximately how much -- what 9 percentage of PeopleSupport stock was owned by Galleon and its 10 various entities? 11 A. 25 percent. 12 Q. And if I can ask you to turn to page 16 of 17. If we can 13 blow up the right-hand -- okay. That's fine. Great. 14 What is the name of the person associated with the 15 managing member of general partner Galleon Management and the 16 managing member of all of these other Galleon entities? 17 A. Raj Rajaratnam. 18 Q. LET me ask you now to turn to 1102 for identification. Do 19 you recognize 1102? 20 A. Yes, I do. 21 Q. And in general what is 1102 for identification? 22 A. It is a nondisclosure agreement. 23 Q. Who is it between? 24 A. Between PeopleSupport and Krish Panu. 25 Q. What's the date of it?</p>	<p>13H9RAJ2 Rosenzweig - direct Page 1040</p> <p>1 permitted disclosures. 2 A. "Recipient may disclose company's confidential information 3 to recipient's responsible representatives with a bona fide 4 need to know such confidential information, but only to the 5 extent necessary to evaluate or carry out the proposed 6 transaction with company and only if such employees are advised 7 of the confidential nature of such confidential information and 8 the terms of this agreement and are bound by a written 9 agreement or by a legally enforceable code of professional 10 responsibility to protect the confidentiality of such 11 confidential information." 12 Q. And in plain words what does this provision mean? 13 A. That means that if the recipient, which is Mr. Panu, 14 discloses any confidential information, he may do so to his 15 representatives who need to know such information to evaluate 16 the proposed transaction provided that those other people are 17 also bound by the confidentiality restrictions of the 18 agreement. 19 Q. And on the first page, if we turn back to the first page 20 and it's the third full paragraph at the bottom where it says 21 for purposes of this agreement, does it define representative? 22 A. "The term recipient shall include recipient and all 23 affiliates, subsidiaries, and related companies of recipient. 24 For purposes of this agreement, the term representative shall 25 include recipient's directors, officers, employees, agents and</p>
<p>13H9RAJ2 Rosenzweig - direct Page 1039</p> <p>1 A. The date is March 4, 2008. 2 MR. BRODSKY: Your Honor we offer 1102. 3 MR. LYNAM: No objection. 4 THE COURT: Admitted. 5 (Government's Exhibit 1102 received in evidence) 6 Q. So this is a four-page document, correct, Mr. Rosenzweig? 7 A. Correct. 8 Q. And on the first page, can I ask you to -- can we blow up 9 the bottom of the page, confidentiality. 10 Can I ask you to read that please? 11 A. "Recipient and its representatives shall not disclose any 12 of the confidential information in any manner whatsoever, 13 except as provided in paragraphs 4 and 5 of this agreement, and 14 shall hold and maintain the confidential information in 15 strictest confidence for a period of five years from the date 16 of disclosure. Recipient hereby agrees to indemnify company 17 against any and all losses, damages, claims, expenses, and 18 attorneys' fees incurred or suffered by company as a result of 19 a breach of this agreement by recipient or its 20 representatives." 21 Q. In plain words, what does that generally mean? 22 A. That generally means that the person who signs the 23 agreement needs to keep company confidential information 24 confidential. 25 Q. And then paragraph four, would you read where it says</p>	<p>13H9RAJ2 Rosenzweig - direct Page 1041</p> <p>1 financial, legal, and other advisors." 2 Q. And on the last page -- 3 MR. BRODSKY: Can we blow that up. 4 Q. That's the signature of Mr. Panu? 5 A. Yes, it is. 6 Q. I'm showing you what's 3614 in evidence. Do you recognize 7 that? 8 A. Yes, I do. 9 Q. And who is that? 10 A. That Mr. Krish Panu. 11 Q. After Mr. Panu joined PeopleSupport's board, what 12 information, if any, did Mr. Panu have access to as a member of 13 the board of directors of PeopleSupport? 14 A. Mr. Panu had access to all information that was shared with 15 the board of directors. 16 Q. Was any of that information in 2008 confidential? 17 A. Yes, it was. 18 Q. What are some examples of the confidential information 19 Mr. Panu received as a board member in 2008? 20 A. Examples would include financial information about the 21 company before such information was disclosed to the public, 22 information on pending merger and acquisition transactions, 23 strategic plans, and company plans and strategies. 24 Q. Were there restrictions on Mr. Panu and others at Galleon 25 in terms of whether they could trade based on the information</p>

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1 Mr. Panu learned on the PeopleSupport board?
2 A. There were restrictions on trading per the company's
3 insider trading policy.
4 Q. I'm showing you, Mr. Rosenzweig, 1128 for identification.
5 Take a moment to look at that multi-page document.
6 (Pause)
7 MR. BRODSKY: Your Honor, before I get into this
8 document, this might be a good time for a break.
9 THE COURT: All right. We'll take our morning break
10 now, ladies and gentlemen.
11 (Jury excused)
12 THE COURT: You can step down now.
13 (Witness excused)
14 THE COURT: Fifteen minutes.
15 (Recess)
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1 Q. In the first paragraph after "Hi Krish" he states: We
2 provide reminder announcements when the trading window will be
3 opened (after earnings have been released) and/or closed (15
4 days prior to quarter end).
5 What is your understanding that that meant?
6 A. That meant that a trading window is a window where it is
7 acceptable to trade after the information has already been
8 relayed to the public.
9 Q. If you would turn to the next page in the document in the
10 first paragraph, does it describe the purposes of the insider
11 trading policy at PeopleSupport?
12 A. Yes, it does.
13 Q. Would you read the last two lines?
14 A. If companies like ours do not take active steps to adopt
15 preventive policies and procedures covering securities trades
16 by company personnel, the consequences could be severe.
17 Q. And, does it list below the consequences of insider trading
18 violations?
19 A. Yes, it does.
20 Q. And, if you turn to the next page under our policy, if you
21 can blow that up from our policy through the bottom of the
22 page? Would you read: If any employee?
23 A. If any employee has material non-public information often
24 referred to as insider information relating to our company, it
25 is our policy that neither that person nor any related person

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1 THE COURT: Mr. Brodsky?
2 MR. BRODSKY: Thank you, your Honor.
3 BY MR. BRODSKY:
4 Q. Mr. Rosenzweig, when we left off we were looking at 1128
5 for identification. What is the date of this document?
6 A. May 5, 2008.
7 Q. And are you on it?
8 A. Yes, I am.
9 Q. What does it relate to?
10 A. Insider trading policy.
11 Q. At PeopleSupport?
12 A. Yes.
13 MR. BRODSKY: Your Honor, we offer it.
14 MR. LYNAM: No objection.
15 THE COURT: Admitted.
16 (Government's Exhibit 1128 received in evidence)
17 Q. So this is an e-mail, Mr. Rosenzweig, from Peter Phan. Who
18 is Peter Phan?
19 A. Peter Phan was the PeopleSupport in-house attorney.
20 Q. And he is sending it to Krish Panu?
21 A. Yes. That's correct.
22 Q. And copying you?
23 A. Correct.
24 Q. What is he attaching?
25 A. He is attaching the insider trading policy.

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1 may buy or sell securities of the company, or engage in any
2 other action to take advantage of or pass on to others that
3 information. This policy also applies to information related
4 to any other company including our customers, partners or
5 suppliers obtained in the course of employment.
6 Q. And down below where it defines material information, does
7 it say it is any information that a reasonable investor would
8 consider important in deciding whether to buy, hold or sell
9 securities of the company?
10 A. Yes, it does.
11 Q. And below where it lists examples, is one of the examples
12 news of a possible merger, acquisition or tender offer?
13 Can you highlight that?
14 A. Yes, it is.
15 Q. Now, on the next page would you read where it says do not
16 pass information to others?
17 A. Whether the information is proprietary information about
18 our company or information that could have an impact on our
19 stock price, employees must not pass the information on to
20 others. It is illegal to advise others to trade on the basis
21 of undisclosed material information. Liability in these cases
22 can extend to both the tippee -- the person to whom the insider
23 disclosed inside information -- and you, as the tipper, and
24 will apply whether or not you derive any benefit from another's
25 actions.

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1 Q. And down below where it describes when information is
2 public under PeopleSupport's policy, what does it say?
3 A. Generally information becomes public when it has been
4 widely disseminated to the public through SEC filings or
5 national news services or financial news services. Information
6 provided through a quarterly or special conference call or
7 webcast that is made available to the general public is also
8 public information, so long as the conference call or webcast
9 is promoted to the general public through an SEC filing or
10 press release using a national wire service.
11 Q. Let me stop you right there.
12 In 2008, were there discussions at the board level of
13 PeopleSupport regarding potentially selling the company to
14 another?
15 A. Yes, there were.
16 Q. And prior to -- did that eventually get publicly announced
17 by PeopleSupport?
18 A. Yes, it did.
19 Q. Approximately when? Do you remember the month?
20 A. I believe it was August.
21 Q. Of 2008?
22 A. Of 2008.
23 Q. Prior to the public announcement by PeopleSupport, if there
24 were news articles containing rumors about a potential
25 acquisition under PeopleSupport's policy, would that be

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1 considered public information?
2 A. Not if it was not widely disseminated to the public through
3 SEC filings or national news services.
4 Q. And that would have to be done by PeopleSupport?
5 A. By PeopleSupport, yes.
6 Q. Do you recall after Mr. Phan joined the board having any
7 conversations -- I'm sorry, Mr. Panu joined the board having
8 conversations with Mr. Panu about the insider trading policy?
9 A. I do not.
10 Q. Did you ever meet Mr. Rajaratnam?
11 A. Yes, I did.
12 Q. Did you know Rajiv Goel?
13 A. I did not.
14 MR. BRODSKY: Your Honor, at this time we would like
15 to play a portion of 524 in evidence with the transcript of
16 524-TR, and I believe, your Honor, there are certain portions
17 of where we are going to play that we would ask your Honor for
18 that instruction. I can identify those portions now or after
19 the -- or after we play those portions.
20 THE COURT: 524?
21 MR. BRODSKY: 524-TR.
22 THE COURT: And what portions are subject to the
23 instruction?
24 MR. BRODSKY: The portion on page 4, lines 28 through
25 35; page 5, lines 10 through 12; page 8 at the bottom, line 40

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1 to the end of that page, and then at the top of the following
2 page through line 4.
3 THE COURT: Mr. Lynam, do you agree with those
4 designations?
5 MR. LYNAM: Your Honor, may I confer with Mr. Brodsky
6 for just a moment?
7 (Counsel conferring)
8 MR. LYNAM: Your Honor, may I have a moment to find my
9 copy of the markups on that?
10 THE COURT: Yes.
11 MR. BRODSKY: I'm handing a copy of the transcript to
12 Mr. Rosenzweig.
13 MR. LYNAM: Your Honor, I understand what portions are
14 going to be played and I think there would be some sections
15 where the limiting instruction, I think we can go over that
16 after it is played.
17 THE COURT: All right. Why don't you play it and I
18 will provide instruction.
19 MR. LYNAM: Thank you.
20 BY MR. BRODSKY:
21 Q. If I could ask the jury and your Honor to turn to page 3,
22 Mr. Rosenzweig, at line 16 where it says 3 minutes and 54
23 seconds, and then Ms. Pilcer, if you would play it? I might
24 stop you at certain points.
25 MR. LYNAM: Your Honor? Your Honor, excuse me. Could

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1 we raise one thing at the bench, please?
2 THE COURT: Yes.
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