TAB B

This is Exhibit "B"
referred to in the Affidavit of
Brian M. Denega
sworn before me this 13th
day of October, 2006

A Commissioner for Taking Affidavits

WORKING CAPITAL PROCEEDINGS

IVACO AND HEICO

--- This is the Interview of RANDY BENSON, conducted at the offices of Stikeman Elliott, Suite 5300, Commerce Court West, Toronto, Ontario, M5L 1B9, on Friday, the 28th day of April, 2006.

APPEARANCES:

John W. Buschhausen	KPMG
John Rockx	KPMG
E. Bruce Leonard	Cassels Brock & Blackwell
Robert B. Martin	PricewaterhouseCoopers
Brian M. Denega	Ernst & Young
Peter F.C. Howard	Stikeman Elliott

working, or balance sheet information which is where the working capital information is derived; is that correct?

A. Oh, absolutely. I mean, there's no question that as we got into negotiating the sale of the company, that you're going to have to, we were going to have to address working capital, including working capital adjustment. That's just normal.

22. Q. Yes.

A. But I think the question was back in March and in the documents that were prepared and sent out and presented then, and in the UBS model at that point, had we spent a lot of time on the balance sheet, and at that point in time, the answer was no.

23. Q. Right.

A. But in the time frame you're now dealing with, which is May, after May, really June and July, it then became more important as we were trying to get the deal finalized.

24. Q. Those information requirements surfaced --

A. Absolutely.

25. Q. -- in that point.

A. Yeah. Now, I would add to that internally, we began managing the components of working capital more and more and more as we went down the path because, as I said, they're cash and that's very important in restructuring.

So if I could take you back, when I joined the situation, the assessment was no financial systems, a very decentralized company, no common approach to things, dictated from the top office as to what the number was going to be, no process of regular review, challenging management, making them accountable, none of that kind of discipline was in place.

So what we did and what I instituted after I got there was, 'Let's start to go down a path of regular meetings, holding people accountable, setting some objectives,' pulling out of them -- they had all the knowledge of the business, so pulling out of them what some of the business choices were going to be, what some of the options were going to be.

I explained to them that this was a process of managing change, effectively, that the status quo was not an option and that our job was to try and flush out what some of the choices are, make the best bets and make some change, so that's what it was about.

It started very much as just trying to identify from an operating standpoint what some of the choices were, but as we started to get some traction, you know, we turned up I guess the microscope a little further and then you start to look at other components. Working capital was one of them. 'How are you guys managing your A/R? What's your inventory turns?' First responses are, 'We don't even have the data.' 'Go get the data.' Let's take a look at it. What's the history? Pulling it apart. Which customers are -- you know, why is it 70 days? Well, you've got a customer there who's 180 days. Why? 'Well, we've known him forever.' 'Too bad. Change it.'

26. Q. Too bad is not good enough.

A. Right. So as the months progress, you know, I'd say we got better and better in trying to identify where there were areas where you could make changes, so internally and from a management standpoint, working capital became more a part of the discussions that we would have on a regular basis, but that was very separate and distinct from what was required in the sales process until later.

27. Q. Right. So, initially, the focus on working capital was part of the normal process at that stage of managing working capital to maximize the cash.

A. Cash.

28. Q. On the one hand would be king, presumably, right?

A. Absolutely.

29. Q. And then it's just good management to,

you know, manage those resources of the organization, so it was being done for all of those reasons separate from what might evolve in the asset purchase agreements?

A. Absolutely.

30. Q. Is that correct?

A. Absolutely. We had a dip. Remember, when we first started this, we had a dip line put in place, and we were very concerned that we were going to blow through the dip. In fact, we did. We had to go back for more dip February or March I think when we first started to feel the bulge of working capital coming because prices started going up, but at that point, you're worried about it. You don't believe that it's because the cycle's changing. You just believe the business is consuming more cash. So we were very focused. I was very focused on trying to get management focused on cash, something they hadn't been used to managing.

31. Q. Right. There was a stage when, you could see this in the restructuring committee minutes, when two bidders came to the surface as being the bids of strongest interest. I presume one was Heico and one was another party?

A. Yes.

32. Q. And the timing of that was sometime in June, was it?

controllers weren't aware of what was in or out under the asset purchase agreement?

A. That is correct.

108. Q. Right.

A. Yeah. And remember, there's no standard chart of accounts and things here, so you might have something in here and something in there and you had to go through it and identify what should be and shouldn't be in.

109. Q. Right. So a lot of source information coming from divisional controllers using the process that they'd been using previously.

A. Right.

110. Q. And a lot of iteration or dialogue back and forth between the financial group in Montreal and the divisional controllers to sort between what was to be included and what was to be excluded in terms of the preparation of Exhibit "B"; is that correct?

A. That's correct.

111. Q. Okay, and Hugh Blakely would have been involved in that process?

A. Absolutely. He was front and center.

112. Q. Right. You mentioned Jim Wilson, and you would have been involved in that process as well?

A. I would have been? I was less involved in conforming it to the APA. What -- the way I tried to manage the division of responsibility was, look, I don't want the operating guys worried about what the asset purchase agreement looks like. I want them to operate the business every day and I want them to deliver the numbers that we agreed were to deliver. 'So let's all get that part of it settled down, and then Hugh, your team, you have knowledge of the APA. You have to work with those guys to extract out what you need to conform to the definition of the APA.'

So at that point, the controller and Hugh and his team would be connecting on it, absolutely, but we had to get the numbers sort of settled down first, just as we did on normal monthly discussions. You can't take a moving target and then try and conform it to the APA. You're going to get all kinds of errors.

113. Q. Did part of the normal process, go back before Exhibit "B", involve looking at the projections that were coming out of the UBS model? Every month there was a projection for income statements, and presumably, behind it, even though it wasn't in the data room, the May reforecast would have had things like balance sheets. Some were buried in the model because it appears to exist within the model. Would there be a process of -- a part of that process when information came up from the

operations, the divisions, and to head office of challenging and understanding those numbers in terms of some of those ideas and strategies that you were talking about earlier to manage inventories? For example, at Infasco?

A. Absolutely. That was the process.

114. Q. Was that a process -- was that part of the process prior to the preparation of Exhibit "B"?

A. Oh, absolutely. That was part of the process from the day I arrived.

115. Q. So if somebody was to look at the documentation around the formulation of the May reforecast, you might see adjustments being made at the head office, if I can call it that, to reflect what head office understood to be the things that needed to be done in order to achieve certain working capital objectives, for example.

A. I would say what we agreed needed to be done.

116. Q. Right.

A. Because again, they were their operating numbers that they had to live to, so that was absolutely part of the process. We did it in person. The operating units would bring in to that meeting handouts, so it was outside the UBS system and it was whatever spreadsheets they had. Used to drive me nuts because they were all in different formats.

We gradually tried to get them whittled down to the same kind of format, but they would bring in their backup information that would have some historical information on it, it would have some future estimated information on it, and we'd start to talk about what was in there, and we talked about what are the key assumptions. What are you assuming for your cost of this? What are you assuming for your price? What's happening on the customer front? What's happening on the competitive front? We'd just go through a regular dialogue, you know. Why is your cash flow this? Why are your numbers moving up that way? That was absolutely part of the process and there'd be lots of debate on that.

I mean, my job was to challenge them and not accept the status quo. So you can imagine there was lots of debate on that stuff, and for every unit, it was different. As I said, the smaller units like Sivaco Ontario, or even Quebec, where are the leverage points? The leverage points there were more around things like receivables and working capital. For Ifastgroupe, it was inventory. 'When are you implementing Capgemini?' For IRM, it was billets and scrap and all those things. It was very different, but that was absolutely the process.

The only difference I think as we moved into late July and August is that we were moving so fast, I don't recall we had the time to kind of bring everybody in as much, so we had a few of these sessions that were more on the phone. Hugh and I would get in the office, we'd get the controller and the other guy on the conference call, and say, 'Okay. What have you got? Why is this number this number? And how come it's changing? No, no, no. We agreed you were going to target reducing days inventory, days receivable.' So it just became a little bit more on the fly because we were so busy trying to get everything done.

117. Q. Right. In that challenging process, in some cases were you seeing numbers that didn't make sense and that's why you've challenged --

A. Sure.

118. Q. -- projected numbers?

A. Yeah.

119. Q. That was part of the job?

A. It's part of the job.

120. Q. Yeah.

A. Status quo for a company in insolvency means it ain't going to make it out, so --

121. Q. Unless you're sitting on it.

A. Right. So part of the job is, as I

said to you, I explained to them right up front, this is all about managing change. 'If you think this thing is going to get through this by being the same as it's been in the past, you're wrong, so we've got to figure out how to change this thing.

122. Q. There seems to be some common themes in your comments around some of the ideas to reduce inventories by better managing turnover, better managing inventory levels.

A. Mm-hmm.

123. Q. By understanding what inventory you're, I guess, making money on, and also I think you mentioned a theme around reducing receivables.

A. Yeah.

124. Q. Speeding up collection, and there -- those themes seem to start. It sounds like an evolutionary process, this change process that you were talking about, but seems to have started in the first half, if I can be very broad, of 2004.

A. Yes.

125. Q. Okay.

A. Concept's dead. The results were not necessarily immediate, but --

126. Q. But they get traction at a point?

A. But my approach, if you will, of

highlighting those things and asking those questions and trying to get the information and challenging them, definitely started.

127. Q. Common --

A. The first part of '04.

128. Q. Yeah, they happened repetitively.

A. Yes. Yes.

129. Q. What about one of the other themes that or one of the other things that I see in that process of looking into the future was around the area of accounts payable and terms.

A. Yes.

130. Q. And extending terms. Was that a theme that arose at a particular point in time?

A. Yes. It did not come up early because there's no way you're going to get terms out of suppliers early into a CCAA.

131. Q. Right.

A. They're all -- the fight is to keep them supplying, right? So you're trying to avoid c.o.d.

132. Q. Right.

A. But that came up with success. You remember the monitor was reporting biweekly on what was happening with the company. Believe me, the suppliers were reading it. So as the company started -- let me be more specific. As IRM and Ifastgroupe in particular started to become more solvent, as it became apparent that there was cash being generated and it was starting to stick to the ribs, we started to push on the payables side saying, 'Hey, you should be able now to try and get off c.o.d. with some of these suppliers and you should be able to get back some terms.' Lots of pushback on it, right? I said, 'Well, look, it may not be 60 days, but, you know, maybe it's 10 days to start, maybe it's 20 days, whatever, but you guys should be out there trying to manage that piece as well.' Absolutely.

133. Q. When did that start to happen?

A. Well, I think -- as I said, we went and asked for additional dip. I think it was February or so. I think we actually paid down all of that dip and had some remaining by May, and I think we ended up starting to push that in maybe June. It wasn't ever going to be the biggest thing on our list, but it was opportunistic, and the one I remember and I was reminded when I saw this list was the scrap dealers.

The suppliers, the scrap dealers were someone that the company was constantly in contact with, and the -- there were really two people that I recall that were the main contact points. One was -- I think his name was Bill Mott, purchasing guy at IRM. The second was

Bruce thanked me, but --

MR. BUSCHHAUSEN: But you notice I did bring him back.

MR. HOWARD: Yes. He can address each of the seven if you want.

BY MR. BUSCHHAUSEN:

170. Q. Why don't we get maybe a little more specific on Ifastgroupe, top level adjustments, 8 million kind of broken down between --

A. Can I just take a bathroom break?

171. Q. Do you want a break?

A. A lot going in. Something's got to go out.

--- Recess at 11:23 a.m.

--- Upon resuming at 11:29 a.m.

BY MR. BUSCHHAUSEN:

172. Q. Carry on and get down to some specifics then and I think we were talking about Ifast, the one group of top level adjustments, $8 million, 3 million was the reduction of inventory in the preparation of Exhibit "B" and 5 million was an increase in accounts payable.

A. Okay.

173. Q. Are you familiar with that?

A. I'm familiar with that. I mean, I won't pretend that I remember every single item.

174. Q. Okay.

A. But I can give you some context on them. I do remember some. So I had made some notes here last night. Let me just look.

So my recollection on Ifast was, you know, again in the context of still trying to push these guys to manage their numbers and their working capital for the commitments.

What I recall at Ifast is that we had a new controller in by this stage, new in the sense I think he'd been in for maybe four months. I think he came in in the late spring, and I recall in reviewing their numbers that, you know, on the payables side, I think his numbers seemed out of whack with anything we had seen before from them historically. I think I remember him -- I think this was the item where he was doing some different approach to estimating what these should be on a go-forward basis which didn't make sense to me in the context.

So I recall that, again, Hugh, it was Hugh and I that were on the phone with him and I recall that we, you know, made an adjustment to that estimate that was more in line with what we saw as the historical pattern than what he was predicting.

175. Q. This is with respect to the payables.

A. Yeah.

176. Q. I think the payables balance was something just shy of 4 million as originally estimated, or 5 million I should say, so it was about 100 percent increase in the payables.

MR. HOWARD: 3.47?

MR. BENSON: What we have here is 3.4. 3.4. Like we had the -- what you received is what we created at the time. So this was a summary that was done at corporate office by I guess Hugh and his team, and this was to just keep track. There was no hiding this. I mean, this was just what was there, right?

We were trying to make sure we understood the numbers we received and make sure we understood the bridge to the purchase agreement, and I was anticipating spending much more time out of Montreal after that and in Toronto on the deal, so I wanted to make sure that Hugh in particular understood what the expectations were, that he had to get these guys to deliver, because this pattern of monthly meetings that we had been in I could see really wasn't going to happen for the next while, so it was important that we all have clarity on what the operations were expected to deliver. So this was one of the pages that we created to do that.

BY MR. ROCKX:

177. Q. Can you explain the columns? Just take

us through the Ifastgroupe one, for example, explain the four columns?

A. The actual on this one? Okay. So the first column is -- was what they would have sent to us for the discussion purposes. The second column would have been any adjustments that we made.

Now, by this time, we had had -- it was a build-up, so we'd had a few discussions. Again, we were kind of replacing that meeting that we normally had together with a back-and-forth process because we didn't have time to get together.

So we were down to final discussions on what the estimate was going to look like.

178. Q. That's column 2?

A. That's column 1.

179. Q. Okay.

A. Column 2 then was the result on what we agreed to finalize on.

180. Q. This is a discussion based on a conference call with the --

A. Yeah.

181. Q. -- respective controllers?

A. Yes. Column 3 is now -- column 3 and 4 reflect the asset purchase agreement definitions because the definition of working capital is different than what the company was using. So column 3 reflects column 1 on an asset purchase agreement definition. Column 4 reflects column 2 on an asset purchase agreement definition.

182. Q. Okay.

MR. HOWARD: If we finish the loop using this one on 11A.

MR. BENSON: That's the actual one? Yeah. So if you look at again the item you're referring to, the payables item, the "8" on the far right is the forecast, Schedule "B" APA, 8471, which is the same as you see on the final page here.

MR. HOWARD: The fourth page in on the other document?

MR. BENSON: Yeah.

BY MR. BUSCHHAUSEN:

183. Q. We're looking at Ifastgroupe.

A. Yeah.

184. Q. Actual working capital, September 30th, '04, right?

A. Correct.

MR. HOWARD: Yes.

MR. BENSON: Just responding to your first question.

BY MR. BUSCHHAUSEN:

185. Q. Right.

A. So the far right is the target, if you will, that we had per the APA definition. The middle column is the actual at September 30, per the APA definition.

So in this particular case, you know, we, being Hugh and I, adjusted the number and I always said to Hugh, 'Are you okay with that? Do you agree with that?' He said, 'Yeah.' So we adjusted that number, and you can see that the actual, while different than the number, is not materially different than the number. That's not always the case, but in this one, it is the case.

186. Q. Okay. And on Ifastgroupe, the $3 million adjustment that was made to the estimated inventory is about 2 and a half percent I guess of the "pre", of the original inventory balance, so we just kind of go back to that.

MR. HOWARD: Understood.

BY MR. BUSCHHAUSEN:

187. Q. Yeah. Just look at that one line, I guess. I can see the 3 million right there, so it's --

A. Yeah.

188. Q. Yeah, it's about 6 percent I guess, right?

A. Yeah.

189. Q. And was that 3 million the targeted

reduction in inventory that had been common as part of the previous discussions on the projections that were being done?

A. I don't know if that's the exact number. I mean, what you'll see is these are rounded numbers, okay?

190. Q. Right.

A. If we were trying to hide it, we would have gone to $3,231,497. We weren't.

191. Q. Then I'd want to see your Excel spreadsheet, right?

A. Right, right. It wasn't -- I won't kid you. It wasn't that kind of a process and Ivaco wasn't that precisely forecasted. So I believe that probably ties to me pushing them to continue to stay on the Capgemini-recommended process of reducing inventories, consolidating inventories, et cetera.

192. Q. Why don't we move to the --

MR. HOWARD: Are you on lock down, locked on the last number, too?

MR. BENSON: Sorry, on the actuals?

MR. HOWARD: Yes. From 51, divisional, 48.

MR. BENSON: To 48, and we ended up at 40 -- we actually ended up well under it. We ended up at 42. 41,892 instead of 48. So the number we got Hugh and I