THIS IS EXHIBIT "15" REFERRED TO IN THE AFFIDAVIT OF STANLEY H. MEADOWS, SWORN BEFORE ME THIS 29TH DAY OF SEPTEMBER, 2006.

Jessica M. Frederick

A NOTARY PUBLIC

"OFFICIAL SEAL"
JESSICA M. FREDERICK
Notary Public, State of Illinois
My Commission Expires Aug. 18, 2009

VICTORY VERBATIM COURT REPORTING SERVICES

LS/kc

WORKING CAPITAL PROCEEDINGS

IVACO AND HEICO

INTERVIEW OF STANLEY H. MEADOWS

AUGUST 24, 2006

This is the interview with respect to the above-noted matter, taken at the law offices of CASSELS BROCK & BLACKWELL, Suite 2100, 40 King Street West, Scotia Plaza, Toronto, Ontario, taken on the 24th day of August, 2006.

A P P E A R A N C E S:

JOHN W. BUSCHHAUSEN }
JOHN ROCKX) -- KPMG

E. BRUCE LEONARD -- Cassels Brock & Blackwell

ROBERT B. MARTIN -- PricewaterhouseCoopers

BRIAN M. DENEGA -- Ernst & Young

JEFFREY D. KERBEL -- Bennett Jones

PETER F.C. HOWARD -- Stikeman Elliott

VICTORY VERBATIM COURT REPORTING SERVICES

Interview of S.H. Meadows - 2

INDEX OF PROCEEDINGS

MR. BUSCHHAUSEN: Just in the interest of time so we can cut to the chase, can I just confirm whether you were able to touch base with Helen Friedli and Bruce, and are they brought up to speed on the proceedings?

MR. MEADOWS: I talked to Helen on the phone this morning and I have been with Bruce and Bob this morning.

MR. BUSCHHAUSEN: So you have been brought up to speed on the status of the proceedings and, in particular, I guess, the interview yesterday with Helen?

MR. MEADOWS: M'hmm.

MR. BUSCHHAUSEN: So we won't go over old ground in that regard. Just with respect, then, to the acquisition of the Ivaco entities by Heico, I think it was described with you as lead negotiator; is that correct?

MR. MEADOWS: Everybody can claim a role as they perceive themselves. I play a role for Heico of both negotiating or thinking about issues and deals.

During the course of this, most of the discussions were between the people doing the legal

work, which was a team in my office, which I don't include myself necessarily.

Helen Friedli, Brooks Gruemmer, I can't remember if it was Tim Elou or somebody else, an associate.

And Gillian Stacey on the other side and she had a couple of people. And there were also negotiations with other people on environmental issues and pension issues, other lawyers on both sides.

MR. BUSCHHAUSEN: Negotiating positions would go through you, would they not?

MR. MEADOWS: They would come through me.

MR. BUSCHHAUSEN: What is the difference between go through you and come through you?

MR. MEADOWS: Just semantics. Somebody would raise the issue, if it was raised with Helen, she would come see me and say, "What do we do?"

MR. BUSCHHAUSEN: It sounds like you are the lead negotiator. Somebody has to call...

MR. MEADOWS: Yes. It was just unusual in the sense that along the way, Gillian had told me she didn't want me dealing with the principals, which were Randy Benson and Andy Kramer.

So as I normally would in a deal for Heico, deal with people acting as the principal. This became more lawyers than normal.

MR. BUSCHHAUSEN: Is there a story behind why you were asked not to deal with those two individuals?

MR. MEADOWS: She sent me an e-mail and said she didn't want me talking to her clients because I am a lawyer. I said okay, it is not the end of the world. It is inconvenient, but not the end of the world.

MR. BUSCHHAUSEN: Would it be fair to state that you, in fact, were then leading the negotiation, due diligence or transaction team, if I can call it that, on behalf of Heico for the Ivaco deal?

MR. MEADOWS: Leading?

MR. BUSCHHAUSEN: You had one person who would lead the deal, right?

MR. MEADOWS: The deal would funnel through me. But people would do due diligence under different sections. Whether I paid attention to that or not depended on the interest I had or the level it reached.

And negotiations, a lot of things are

discussed as language. And thus, wouldn't come to me, because people would be satisfied with it.

But any issues would come through me. I was looked on by my client, Heico, as the person leading.

MR. BUSCHHAUSEN: Your client, would you be looking at Michael Heisley as being that individual?

MR. MEADOWS: That is right.

MR. BUSCHHAUSEN: And you would have a team of individuals that would work with you, Jon Hicks and you mentioned Brooks Gruemmer?

MR. MEADOWS: Yes.

MR. BUSCHHAUSEN: So there was a legal team and there was...

MR. MEADOWS: A due diligence team, an analysis team. I don't know if we ever gave them different uniforms.

MR. BUSCHHAUSEN: But in the end, when it came to negotiation or positions on points, they would come to you?

MR. MEADOWS: They would come through me.

MR. BUSCHHAUSEN: So you would have to be aware throughout the process as to what is being

done by whom, to make sure that your client's interests were being appropriately covered off with respect to this transaction?

MR. MEADOWS: Yes.

MR. BUSCHHAUSEN: And I guess if you needed clearance, you went to Michael Heisley; is that right?

MR. MEADOWS: I would go to Mike, I would tell him where we are. Now, that didn't mean that he didn't have direct input, because Randy Benson and Andy Kramer would call him directly when they didn't like my answer.

MR. BUSCHHAUSEN: He is the client, after all, right?

MR. MEADOWS: He likes not to be called, but of course, that is a traditional technique.

MR. BUSCHHAUSEN: Is that generally or just with respect to Michael Heisley?

MR. MEADOWS: With Mike Heisley. He does not like to be called. But he knows these people and he, personality-wise, cannot resist taking a call. There are other people just like that.

MR. BUSCHHAUSEN: Jon Hicks, he would have reported to you, I guess, then, if you were

leading the Heico team?

MR. MEADOWS: He had a number of people he would report to. He would report to me; he would report to El Roskovensky, who is COO of Heico; he would report to Larry Wolski, who is the CFO of Heico; he would report to Helen.

But basically, they all would report back to me. But he reported directly to me or through somebody. It would come up to me.

MR. BUSCHHAUSEN: You would want to know what he was doing, right?

MR. MEADOWS: Yes.

MR. BUSCHHAUSEN: The financial information, I think, would become his area of responsibility that he would be reviewing?

MR. MEADOWS: Right, but I wouldn't review all his details. True.

MR. BUSCHHAUSEN: But you would want to know that he is at least looking at it?

MR. MEADOWS: Right.

MR. BUSCHHAUSEN: When the negotiations started to shift, if I can call it that, with respect to the working capital discussions, at a point in time, and I believe it was, let's say early July, just based on information that others have

told us, to the use of September 30th as the benchmark for a working capital adjustment or versus, I guess, an historical benchmark, like March 31st, 2004, which was being bandied about at a point in time, would you also have expected that Jon Hicks and his role would shift his investigative gears, so so speak, and start to conduct investigation of September 30th, 2004 estimates?

MR. MEADOWS: Well, that was a controversial issue.

MR. BUSCHHAUSEN: The shift was?

MR. MEADOWS: There was a lot of discussion on working capital. First, dates of measurement. But that was not as controversial as ...we were not allowed to diligence, to do a review of the estimate at the 9/30.

Some agreement that we were going to limit our diligence basically came out of calls that Randy had with Mike. We had done all our diligence, you know, you are not allowed in; we would ask for information, you are not allowed to have it.

The mechanism that came up, because we couldn't do diligence on that number, is we set a standard. We set a standard of how it is to be measured. And this is the 2.11 provision in the

VICTORY VERBATIM COURT REPORTING SERVICES

agreement.

We anticipated, and this was hotly negotiated, you can see in the drafts how it changed throughout.

MR. BUSCHHAUSEN: I saw one draft back then.

MR. MEADOWS: There were a lot of drafts. The final agreement, 2.11, which I did review this morning...I carried it around for days and got to review it this morning, I apologize.

MR. BUSCHHAUSEN: Thank you.

MR. MEADOWS: And 2.11 said:

"...The basis for the calculation and preparation of Exhibit C is to be GAAP..."

GAAP is to be the objective measuring standard. Exhibit C is a measurement of the closing date working capital, after the closing.

So the objective standard is to be GAAP and if the standards and the method of calculation differs from Exhibit B, which was, in our view, to be a good faith estimate of working capital at 9/30, if that is different, then Exhibit B is to be adjusted.

This is to be a traditional working capital adjustment, working capital at a date, measured on

one basis. And as it differs from working capital at a different date, measured on the same basis. Apples to apples, always apples to apples. GAAP is to make it apples to apples. If the method of calculation of C is different than B, then B is to be adjusted.

That was hotly negotiated. In fact, during July, and you asked were people consulting me...they were running in and out. This was an issue. People were saying, "Hey, the draft has got this problem". Brooks Gruemmer wrote a memo on it, E&Y.

I asked Bruce to make copies of the documents I reviewed, so if you want them...but I want to refer to some of these, if I could.

MR. BUSCHHAUSEN: Sure. We are going to get a copy of the ones you are referring to.

MR. MEADOWS: I think you made a lot of copies...I may refer to some but not all.

MR. BUSCHHAUSEN: To the extent we don't have them all.

MR. MEADOWS: Right. And I assume you made them for these gentlemen, as well. It was always anticipated to be a real working capital adjustment. When I mean "real working capital", apples to apples.

MR. BUSCHHAUSEN: Or actual to actual?

MR. MEADOWS: Actual to actual, I am not sure what you mean by that.

MR. BUSCHHAUSEN: Well, historical to...

MR. MEADOWS: Well, there was some decision to make it a forecast, which is not unusual. They decided to do an estimate. An estimate, a projection, whatever you want to call it, at 9/30.

They made it before 9/30. So when you say "actual to actual", you are doing it from...that is not how this deal came down. It was estimate to actual.

MR. BUSCHHAUSEN: When you say "they", though, who is "they"?

MR. MEADOWS: The negotiating team, the people who agreed. The parties to the agreement.

MR. BUSCHHAUSEN: On both sides, the ones that we just talked about?

MR. MEADOWS: That is how we came down to it and that is what was the final agreement, that is 2.11. It was contemplated always to be a working capital adjustment, apples to apples.

It couldn't have been...when you said actual to actual, I just want to make sure you

understand, 9/30, Exhibit B is not an actual, it is an estimate.

MR. BUSCHHAUSEN: Yes, it is.

MR. MEADOWS: It is an estimate. It wasn't about historical date, it was the date to be. We thought it was to be a good faith estimate, but our safeguard was that Exhibit C was to be on GAAP, and if it was a different method, then you go back.

We were very limited in what diligence we can do. It was a hot issue. In fact, there were a lot of nasty words about it. We asked for things, we wouldn't get them, you are not allowed to have them.

Okay, we did a deal on that basis. The way we do that deal is the safeguard that we have a mechanism to get it, actual to actual. Whether we did diligence or allowed diligence or not on the estimate for 9/30, Exhibit B, that will be adjusted when we get to do our work on Exhibit C. Exhibit C, GAAP to GAAP, GAAP to GAAP.

MR. BUSCHHAUSEN: Is there anywhere, though, in the agreement, when you look at it, 2.10 talks about Exhibit C...talks about the preparation of Exhibit B. And that does use the words:

"...Prepared in accordance with GAAP,

VICTORY VERBATIM COURT REPORTING SERVICES

consistent with the company's past
practice, except where otherwise modified
by the agreement..."
Is that normal?
MR. MEADOWS: Yes, that is kind of normal. But there was a ranking here, because we had a contention of ranking. I didn't read the agreement to check that out, but my recollection, GAAP was to control even over historical practice.
So if historical practice was not GAAP, it was to be GAAP. Now, frankly, I haven't read this...
MR. BUSCHHAUSEN: Yes, that is in 2.10.
MR. MEADOWS: I am sorry, I didn't review that one. But that was a hot issue.
MR. BUSCHHAUSEN: To the extent, consistent with Canadian GAAP, I think was how you made sure that even past practice had to be GAAP.
MR. MEADOWS: Right. In July, the other side. When I say "Ivaco", I should say "old Ivaco", not us, the other side, the sellers.
The sellers wanted Exhibit B to govern. And you can see in some e-mails, they wanted Exhibit B to govern. We said no, of course not. We need a mechanism to check this out. We need a mechanism

that C governs, we need a mechanism that GAAP governs, not historical practice. Because we haven't been allowed to diligence this to know.
Unusual that you are not allowed to diligence, not the end of the world, it has been done before in a lot of agreements. But normally you would be allowed to diligence, we weren't allowed. So we came up with this mechanism.
It was viewed to be a working capital adjustment. I looked through my files, and I apologize to Bob and Bruce, I apologize to you, I had files I have not looked at.
But one of the things we have in my files is the report...and this was attached to an e-mail that was on the Ivaco system when we took over. There is a report written by Davies Ward Phillips & Vineberg to the board of directors of Ivaco Inc., the sellers, the old board.
MR. HOWARD: Before you reference that, I do want to comment, because that is something you should have under Ontario law, not read, delivered up to Ivaco.
We are forced to move to get it. If it is a privileged document, under Ontario law, what you should have done is actually deliver it up, not read

it, deliver it up to the other side.
MR. MEADOWS: Peter, I would disagree with you because I had it researched, but that is all right, we can argue that.
MR. HOWARD: I am sorry, you have had it researched...
MR. MEADOWS: Myself, by a U.S. lawyer, not a Canadian lawyer. You may be right on the Canadian law. My reading of a U.S. lawyer of Canadian privilege, this was left on our system, this was left as a document and it was not marked as a privileged document.
MR. HOWARD: Well, it is obviously a privileged document because you just described it. And if this interview is going to go down this road, then there are going to be consequences, in the sense of we are going to have to go to court.
So let's address it on that basis, we object very strongly. Because the Supreme Court of Canada has certainly dealt with this.
MR. MEADOWS: Let me comment on that, Peter. If we have to go to court, and I don't mean to get...I don't want to be contentious here, but going through these documents, I am going to refer to a number of things that I feel have, on

reflection...and I apologize because I just got to read these. They have been in my possession. I am not going to say I haven't had them, but I just read them, like a lot of things I have.
Absolutely demonstrate, in my mind, not only lack of good faith, but possibly even worse, in the preparation of Exhibit B. And that is why I dug these out of my file.
MR. HOWARD: If this is going there, then I want the document before the Court and have it determined, because this is entirely improper.
MR. BUSCHHAUSEN: Well, Peter, can we just stay away from those documents for now, if they haven't been previously shared with everybody? Because everything has been shared.
MR. HOWARD: Well, they certainly haven't been previously shared with us, so I don't know what he is talking about.
MR. MEADOWS: Do you have a copy?
MR. LEONARD: I have a copy.
MR. MEADOWS: Give him a copy of the Davies. Because, I will tell you, this does get me to the point of, yes, maybe we should go to court. Maybe we should go to court. You guys are doing a great job, I am sure. In these documents...

VICTORY VERBATIM COURT REPORTING SERVICES

MR. HOWARD: I don't want you to describe what is in the documents...

MR. MEADOWS: I can describe what are in the documents.

MR. HOWARD: No, you cannot to these gentlemen. If we are taking this objection and if you are going to continue...

MR. MEADOWS: Where is that Rule, Peter? Where is that Rule?

MR. HOWARD: Where is what Rule?

MR. MEADOWS: That I can't describe it. I have read it.

MR. HOWARD: You have given us a little bit of notice of your intention to do this and we have now been months getting here.

And if you would give us some notice of your intention to refer to documents you shouldn't have, we could have had this dealt with.

Now, if you are asking me to describe to you Ontario law, as I sit here, I can tell you, I know that if there is a privileged document that comes into the hands of someone to whom it was not intended, they have an obligation to not read it and to provide it to the other side.

MR. MEADOWS: Well, first of all, of

course, it has to be identified as privileged. We can go through the legal niceties.

MR. HOWARD: If you say that you had that issue researched by someone else, you have been thinking about this for a while, and that makes this even more...

MR. MEADOWS: Fine.

MR. HOWARD: It makes it even more contentious.

MR. MEADOWS: The board of directors of old Ivaco, the sellers, the bankers, who were the creditors of old Ivaco, were presented with documents saying that there was to be a working capital adjustment.

MR. HOWARD: You cannot...if you are going to now describe what is in those documents that we say you shouldn't have and we are going to seek determination that you shouldn't have them, then we should stop this interview. Because that is not appropriate. You may, if you ultimately prevail, you can certainly describe them, but I don't think you will.

MR. BUSCHHAUSEN: Why don't we just go off the record right now.

--- DISCUSSION OFF THE RECORD

MR. BUSCHHAUSEN: Just getting back to Jon Hicks and what he was doing. Do you know whether he was familiar with Canadian GAAP? Do you know if anyone on your team was familiar with Canadian GAAP?

MR. MEADOWS: I think we consulted with our auditors, including their Canadian affiliates. I would not have necessarily focused on it. But would I be confident in Jon's knowledge of Canadian GAAP? No.

MR. BUSCHHAUSEN: But you had access to a resource that was, you believed, to be competent in Canadian GAAP?

MR. MEADOWS: Right. I don't think I would trust Jon on U.S. GAAP. He is not an accountant. Nor would I trust myself on it.

MR. BUSCHHAUSEN: But you have done other deals in Canada?

MR. MEADOWS: We have.

MR. BUSCHHAUSEN: And presumably, those deals could have involved working capital adjustments or other references to Canadian GAAP?

MR. MEADOWS: Yes, right. But we would

always generally go to our auditors who have affiliates in Canada.

Now, to embellish on that just a little, whether we knew GAAP or not, we have always, and maybe naively, view GAAP as an objective standard.

Whether we say U.S. GAAP, UK GAAP, Canadian GAAP, my understanding, and I think Jon Hicks would say it is the same understanding, we view that as some objective standard.

There is a set of rules somewhere...we don't know the rules...but we believe there is a set of rules and there is a set of experts who interpret the rules and that is an objective standard.

MR. BUSCHHAUSEN: Just looking at 2.10, then, which is where the reference to Canadian GAAP comes up, as it relates to the exhibits, we talked about earlier the general wording around Canadian GAAP, consistent with past practice, and so on.

But that section 2.10 goes on to clarify one aspect of valuation of measurement that will impact the preparation of Exhibit C with respect to retirement benefits.

And it goes on to actually reference a CICA handbook section, which I would take it that was just for greater certainty, was it not?

VICTORY VERBATIM COURT REPORTING SERVICES

Interview of S.H. Meadows - 22

MR. MEADOWS: I suspect, not only for greater certainty, but I suspect this was dropped in by the people we were calling about the benefit calculations.

Whether in Canada, the U.S. or anywhere else, generally we go to somebody who talks to us about it and then we say, "Write it up for us".

MR. BUSCHHAUSEN: Because it is complicated.

MR. MEADOWS: It is complicated. And it really goes to a subset of expertise. And I assume you do the same in your accounting firms. You have somebody who understands this.

I couldn't tell you, reading this, what it means. I can tell you that we probably went to ...and I can't remember his name, we were calling somebody who was very good at this...and we got language. And he would review the agreements, okay, here.

MR. BUSCHHAUSEN: Would these be pension consultants or would they be...

MR. MEADOWS: Yes, pension consultants.

MR. BUSCHHAUSEN: Would this be something you bounced off of your Canadian GAAP resource to say, "Is this the right reference?", for example?

Interview of S.H. Meadows - 23

MR. MEADOWS: It could have been. I wouldn't have done that.

MR. BUSCHHAUSEN: But clearly it is a very specific reference to Canadian GAAP?

MR. MEADOWS: Right.

MR. BUSCHHAUSEN: Which would suggest that Canadian GAAP doesn't necessarily guide you exactly the way you want it to go, so you have to be specific about a particular GAAP section.

MR. MEADOWS: Right.

MR. BUSCHHAUSEN: Now, I don't believe that when you then go on to 2.11 in your asset purchase agreement and once again, it talks about Exhibit C, does it not? And it uses very similar language in terms of Canadian GAAP in that paragraph.

MR. MEADOWS: M'hmm.

MR. BUSCHHAUSEN: And I have highlighted the parts that I believe that you struggled with in the negotiating process. Not you, personally, Stan, but the negotiating teams. And that was the final wording that came out of it.

MR. MEADOWS: Now, I had focused on a different sentence, which you have focused on as well.

Interview of S.H. Meadows - 24

MR. BUSCHHAUSEN: Yes, that was a sentence that was discussed or was raised, I think, in draft 10 by Brooks Gruemmer in his e-mail of August the 3rd that he sent to Gillian Stacey with the draft.

MR. MEADOWS: It was causing concern for us.

MR. BUSCHHAUSEN: But that wording never ended up changing. So presumably the parties were, in the end, satisfied that that last paragraph of that section was suitable.

MR. MEADOWS: I think it was changed.

MR. BUSCHHAUSEN: I would just refer you to the e-mail and the draft that was sent to Gillian Stacey.

MR. MEADOWS: Which draft are we talking about?

MR. BUSCHHAUSEN: Draft 10.

MR. MEADOWS: Draft number 10 to 11?

MR. BUSCHHAUSEN: This is draft number 10, and there is an e-mail that references that as being draft number 10. The August 3rd e-mail from Brooks to Gillian Stacey. And it was part of some of the initial documents that were submitted by...

Interview of S.H. Meadows - 25

MR. LEONARD: There are 14 drafts we have managed to accumulate them all, if they would be of interest. But there would be four drafts after that one that Stan is looking at.

MR. MEADOWS: Yes, there were changes throughout in drafts. Now, whether we have the right drafts in between which drafts, is an issue.

MR. BUSCHHAUSEN: That is the reference to this one which Brooks refers to as draft number 10, he acknowledges in his e-mail that it is draft number 11 circulating.

But his notes were on number 10. He speaks to and suggests some wording in that last paragraph in that section, which didn't get implemented, you know, if you look at the suggested changes in the final draft.

The final draft is unchanged from...the final, executed August 6th document is the same wording as it was originally proposed in draft 10.

MR. MEADOWS: Yes, there is added language underneath, but in respect of...yes, there were changes in drafts. Whether we supplied all the drafts and looked at them, and I am not sure what 10 was.

But it is that sense that we looked to, in

VICTORY VERBATIM COURT REPORTING SERVICES

our view, you prepare Exhibit C post-closing, as of the closing date. You do it in accordance with GAAP and then you look at that compared to B. And B was prepared on a different basis, different rules, then you adjust B.

Now, your real question then is, first, is Exhibit C right. We have an Exhibit C, they have an Exhibit C, I don't know if you have gotten to that issue, you know, are the items in Exhibit C correct.

But once you get Exhibit C correct, then you adjust your Exhibit B...

MR. BUSCHHAUSEN: And the rules are spelled out for C in great detail in 2.10.

MR. MEADOWS: Right. And then you get B in the same rules. And theoretically, you should have a subtraction. But, of course, there are many items within.

MR. BUSCHHAUSEN: Now, there isn't a section, per se, that was drafted, that dealt specifically with Exhibit B on a stand-alone basis, using the same terminology that is used in 2.10, in terms of how Exhibit B was to be prepared?

MR. MEADOWS: No, I don't think so. I think we feel B is to be a good faith estimate as of a date in the future from when it was prepared.

So it was prepared in early August, August 6th, I think, of a 9/30 number. And that was to be working capital, good faith estimate, within the APA, what we were talking about working capital because there are also some APA adjustments...asset purchase agreement adjustments.

The examples, there are two items, big items, the QIT inventory, they had bought inventory, they had it, they didn't include it in the Exhibit B estimate, but it is in the Exhibit C.

They had something which we have been calling topside adjustments. Internally they rolled up the number, somewhere around 330, which had been adjusted with these topside adjustments.

But then we get a number of 292. They gave it to us, we didn't have the opportunity to diligence. I think it is 292. Is it 293 or 292?

MR. ROCKX: 293, almost.

MR. MEADOWS: I am embarrassed to tell you. I knew it very well at '04. So, internally, they have a number that is 330 and then they produce in Exhibit B at 292, 293.

Working capital was to be within a standard concept. Exhibit C was to be under GAAP. Our objective standards were GAAP, that is how we

protected ourselves, because we weren't allowed to diligence B. GAAP to GAAP.

MR. BUSCHHAUSEN: Maybe you can clarify what discussion might have been going on on your side around Exhibit B, because I think you indicated that you weren't allowed to get behind the numbers on Exhibit B, or you were told you could not.

But with respect to the basis on which Exhibit B was being prepared and coming together, in our interviews, it is pretty clear from people that we are talking to that were involved on both sides, that the use of the words "forecast", "estimate", "projection", was all being used interchangeably.

I think in the interview yesterday with Helen, she said that they all meant the same thing to her. We will check it when we get the transcript.

MR. MEADOWS: I would have used the word "estimate", because I am not sure what...there are always rules on what is an estimate, what is a forecast, what is a projection.

In our vernacular, in my understanding, you were to estimate what it would be at 9/30 under some calculation rules.

MR. BUSCHHAUSEN: Yes, and there are

calculation rules under Canadian GAAP, section CICA 4250, which you may have heard bandied about.

MR. MEADOWS: You just lost me, but I know there is Canadian GAAP.

MR. BUSCHHAUSEN: You know there is a specific reference?

MR. MEADOWS: I don't know the sections.

MR. BUSCHHAUSEN: I think you know that now or Heico knows that now, it is part of their submission, I believe.

MR. MEADOWS: Okay.

MR. BUSCHHAUSEN: But nowhere in the document is there any seeking out of clarity with respect to Exhibit B being prepared in accordance with CICA 4250, for greater certainty, once again, similar to what was done with respect to retirement benefits in 2.10.

MR. MEADOWS: I don't think there is.

MR. BUSCHHAUSEN: Yes, I know there is not.

MR. MEADOWS: I don't think there is. I think the concept was Exhibit B was to be trued up, if you will, to the principles used on Exhibit C, which was GAAP.

MR. BUSCHHAUSEN: That is what you

wanted?

MR. MEADOWS: That is right, and that is what I believe it says and that is what I believe we understood was the agreement.

And I think, as presented, Ivaco presented to their creditors and their board, that it was to be a working capital true-up.

MR. HOWARD: Here we go again. I thought we were going to refrain from that.

MR. BUSCHHAUSEN: We will carry on, Peter?

MR. HOWARD: Carry on, but attempt to refrain from...

MR. BUSCHHAUSEN: I am just going to move on to a slightly different topic and it is with reference to the minimal working capital condition that made its way into section 7.1 of the asset purchase agreement.

I asked Helen yesterday where did that number come from. I just wanted to understand it, where in the process did it come up. I presume, Stan, that this wasn't a number that was pulled out of the air?

MR. MEADOWS: The minimum working capital, which I have not reviewed, so this is

recollection, and I don't remember the section you meant, but without reading it, we had an issue over minimum.

And it is an issue...we had no financing contingency in the deal. One of the reasons I guess we were an attractive bidder, is we accepted a number of risks. One was financing, that we could finance it, which is probably a major risk.

And this was a dynamic business. We had an environment in '04, which you probably remember, rapidly changing metal markets and unusual economics going on. The Canadian dollar, U.S. dollar, all to your benefit.

We were worried that if the working capital fell too far, we would have more of a financing burden than we were able to meet. Why did we take it without a contingency, because we knew we had so much financing in place, anyway. But if we needed more than what we had in place, we would have a risk. That was a priority issue, so we needed a minimum working capital.

Indeed, they originally projected that there would be a minimum quite higher, and you may find in the correspondence, if it was given to you ...I did not look for that correspondence, but there

is, that there was a projection somewhere, quite a bit higher than 278, and then they backed off that projection.

And we came down to a number that we said we could live with. I think when we proposed a minimum working capital, they viewed that as a back door way of getting the financing contingency in.

And, honestly, it had something to do with our financing. We said, "Hey, no financing contingency, but you got to have this", well, is that a financing contingency?

So we did agree that there had to be a minimum working capital there. That had a toleration for us, because that meant, okay, we weren't in trouble, we can do this by lines we already had.

MR. BUSCHHAUSEN: Was there any concerning about a maximal...was there any discussion about a maximum working capital?

MR. MEADOWS: I don't think so.

MR. BUSCHHAUSEN: Because that, presumably, one way or the other, is going to impact financing. It never came up?

MR. MEADOWS: I don't think that came up. It was more of a minimum, because if they

didn't have the working capital there, how are we going to finance ourselves in the first three or four months, we would need more money.

The maximum would not have been the... remember, this business was priced. Our acquisition price is on an income stream, not on an asset basis, it is on an income stream.

As you know, we all do this very imprecise valuation which, it blows my mind that we do it, but we all rely on it. Multiples of EBITDA. Nobody looks at the balance sheet.

But then we say, "Oh, how are we going to finance the business, where is the cash in the business, where are the receivables and inventory".

Therefore, we needed a minimum working capital.

MR. BUSCHHAUSEN: The bankers then have to look at the other way of...the way you look at the business, right? They are going to look at security.

MR. MEADOWS: They are going to look at security and can you pay your bills as they come due. You basically...you know, deal doers always ignore this concept that bankers are very smart to say, "Hey, can they pay their bills when they come in? Will they have cash?"

VICTORY VERBATIM COURT REPORTING SERVICES

So you need the minimum working capital. You know that better than the business people, because you are there looking at the numbers.

MR. BUSCHHAUSEN: I don't know, I showed this to Helen, and you may have discussed this this morning with Bruce, but on July the 23rd, 2004, Hugh sent Jon...he likely sent Jon Hicks, a reconciliation of projected working capital for September 30th, 2004, reconciling it to an earlier target forecast.

It became the APA target forecast numbers at September 30th. And I don't know if Bruce showed you that, but that is the one that we were referencing...

MR. MEADOWS: If he did, I don't remember, so let me take a look at it. This was to Jon Hicks from you?

MR. BUSCHHAUSEN: Hugh Blakely sent that to Jon Hicks.

MR. MEADOWS: When did he do that?

MR. BUSCHHAUSEN: On July the 23rd. And it was a reconciliation showing how the number moved from 278 million, which that number first surfaced in some exhibits from UBS on July the 7th.

MR. MEADOWS: Yes, we originally put in

a number UBS had given us, which I believe is the 292 number. We said that should be the minimum.

MR. BUSCHHAUSEN: The 292, I think, came together after July the 7th?

MR. MEADOWS: No, I think we originally got the...I can't say this is the same number. But it was about 292, if I remember, 290-something.

MR. BUSCHHAUSEN: That you asked for...

MR. MEADOWS: The minimum. And they said no. And we got that off of a UBS run, is my recollection. I didn't look at this UBS run, it could be wrong, but that is what we got.

And then that became, like, every contract, a negotiation and a debate on that issue. So we moved the threshold down to, if it was 278, to 278.

MR. BUSCHHAUSEN: It is an even 278 million in the agreement.

MR. MEADOWS: And we moved the threshold down and they said, "Why that threshold should be lower". Now, they want the threshold as low as possible, because they don't want us walking away. Otherwise, they would have essentially gave us an option. And we want the threshold, frankly, as high as possible.

But we understand what it is. We came to

an agreement based on our ability to tolerate a number. We wanted the 292, we had been using...I shouldn't look at this number, because I don't know if that is the same number, but something in the 290s, we had been using in our projections, because that is what UBS said would be the minimum number that we would be able to finance.

I bet you can find it if you have Hicks' various iterations of numbers and there were lots of iterations.

MR. BUSCHHAUSEN: I was looking back at our interview notes with Jonathan Hicks and he was asked if he had any additional information that he had retained and he said he would look, and we have not received anything additional from him.

MR. MEADOWS: In the end, the decision on 278 or whatever number went in the agreement, was the decision I made with Mike Heisley, based on... because I remember the phone call.

We went back to say, hey, we got the available money. Jon and other people were always worried that we would never have available money, because they feel it is hell to pay if we don't. And for Mike's role to say, "I will take the risk".

We came to 278, looking at our numbers.

And they proposed it and we said, "Okay, we will live with it". If this is that reconciliation, fine. I don't know what this is, I don't think I have seen this.

MR. BUSCHHAUSEN: Well, basically, this is reconciling to a number of 292 million here, that the 292 million ended up being the summation of the three Exhibit Bs and the three APAs.

MR. MEADOWS: Could be. Well, if that is true, then I will tell you that, not to get Peter too excited and off his BlackBerry, I believe they had a target in their mind and that is how they got there. Now, we will go to court and look at documents.

MR. BUSCHHAUSEN: Well, this 278 here, was presented by UBS on July the 7th. If you want, I can show you the e-mail that Helen, amongst others, received. But we went through that with Helen yesterday and I think she has already acknowledged that.

So this reconciliation really demonstrates to Jon from Hugh what the items were that caused the exhibits to go from 278 to 292. And if you look at those items, they appear to be, and I know that Helen had recalled that a couple of those were

VICTORY VERBATIM COURT REPORTING SERVICES

things that the negotiators had asked to be excluded from working capital because there were, as you say, a lot of discussions around the components of working capital.

So the changes from July 7th to July 23rd are apparently on account of excluded items, not because the forecast changed.

MR. MEADOWS: Could be.

MR. BUSCHHAUSEN: Is that your recollection when you look at those notes?

MR. MEADOWS: No, I don't have a recollection of that. My recollection of this number, maybe that is because I wasn't focused on detail enough.

Our issue was financing, totally. And I remember making the decision, we will live with 278. It was presented, we can live with it. We can live with it because we had the available financing. That didn't change.

MR. BUSCHHAUSEN: Was it presented by the sellers, then?

MR. MEADOWS: Pardon me?

MR. BUSCHHAUSEN: The 278, was that presented by the sellers?

MR. MEADOWS: I think it was, I am not

sure. I think it was and I said, "Okay, we can live with it". That doesn't change anything about how we calculate working capital in my mind. In my mind, you still go to 2.11.

MR. BUSCHHAUSEN: Yes, this is just trying to figure out how that got into 7.1.

MR. MEADOWS: Well, maybe I am picking on the wrong issue, because I remember those things I focus on. My focus at that time and my focus with Mike was what happens if we are short on working capital.

If the working capital ends up as 200, we could have had a financing problem. We probably wouldn't have, because Heico has substantial capacity itself, and in the end we used Heico's capacity instead of a separate financing for good tax reasons. But that was the focus.

MR. BUSCHHAUSEN: I am just going to refer you to, once again, Brooks' notes, Helen identified this as Brooks' penmanship here.

MR. MEADOWS: I believe it is.

MR. BUSCHHAUSEN: And he, in draft 10, was apparently suggesting to perhaps add some wording in about the minimum working capital and he has capitalized that, because it ends up being a

conditio, right, or term, I believe.

MR. MEADOWS: M'hmm.

MR. BUSCHHAUSEN: Which when I read it, would suggest that he had some understanding of a basis on which the minimum working capital was calculated.

MR. MEADOWS: I doubt that he did. I think he probably just got it.

MR. BUSCHHAUSEN: But that whole section is about the basis on which these things are being prepared, these numbers are being calculated and estimated?

MR. MEADOWS: Yes, I can't speak to it. I know how I focus on minimum working capital.

MR. BUSCHHAUSEN: It just sounded to me like it was the same 278 million that I just showed you, it came from a process and a calculation, it wasn't a number that was pulled out of the air.

MR. MEADOWS: Can I look at something else here? I don't know, I can't focus on that. I did not focus on it, so I don't know what he was doing there.

MR. BUSCHHAUSEN: Do you want to see that e-mail?

MR. MEADOWS: It doesn't matter. I just

wanted to see if there was a definition. There isn't.

MR. BUSCHHAUSEN: This was the scan that was submitted to us by your legal counsel, by Cassels Brock, which I would take it that this is a complete copy of the scan that was attached to the e-mail. It was provided by Ivaco.

MR. LEONARD: I am not sure that I am the originator of that document. I just don't have a recollection.

MR. BUSCHHAUSEN: I am sorry, Bruce, I was pointing the finger in the wrong direction.

MR. LEONARD: No, we would have that draft in our records somewhere, if there is any issue about that.

MR. MEADOWS: Well, what e-mail is it attached to?

MR. BUSCHHAUSEN: It is one of those drafting e-mails.

MR. MEADOWS: It went to Stacey.

MR. BUSCHHAUSEN: It attaches a scan.

MR. MEADOWS: With a copy to me. I don't doubt it. I mean, somebody would have to check who produced this to you. It looks like it was produced by whoever received it. It is an Ivaco

VICTORY VERBATIM COURT REPORTING SERVICES

document.

MR. BUSCHHAUSEN: It is an Ivaco document.

MR. MEADOWS: Yes.

MR. BUSCHHAUSEN: By the way, if you want to look at the definition, I think you have got the agreement there.

MR. MEADOWS: My recollection of the minimum working capital is strictly on the financing issue. And I remember when we even came up with the concept, because we had a meeting in Chicago, what happens if the minimum drops below a certain number, what is going to happen to our financing.

So I think I said, "Okay, we are going to put in a new concept", and everybody always says, "Oh, you are re-training", they all say that.

Well, it may be defined in the body of the agreement, it is not defined in the definitional section. I don't know where it would be. What is the section with minimum working capital, do you remember?

MR. BUSCHHAUSEN: 7.1, the paragraphs in that section.

MR. MEADOWS: "...Estimated Amounts: The aggregate amount of working capital

estimated on a basis consistent with the preparation of B of all entities that are vendors under this agreement, or vendors if shall be estimated to be the amount not less than 278..."

Well, that is...

MR. BUSCHHAUSEN: I guess it came through that same process.

MR. MEADOWS: It is a concept that we had to fit in a minimum number. We had a financial issue.

MR. BUSCHHAUSEN: That is why, when I looked at Hugh's reconciliation of July the 3rd, 2004, it looks like the 278, which came from an earlier process of estimating working capital for Exhibit B purposes, ended up being the same 278 that was reconciled to the 292 that ended up in Exhibit B and all from the same process.

MR. MEADOWS: My recollection is they threw out a number and we said...and in the end I said I can live with it. I doubt if I said it to them, I said it to somebody on our side, who then communicated...because we were having this circuitous communication route.

MR. BUSCHHAUSEN: John, did you have any

specific questions?

MR. ROCKX: Yes, just a few here. Were there any discussions, in your recollection, on normalized working capital for the Ivaco group of companies?

Was there some due diligence, looking, you know, number of months back, in terms of a certain level of working capital that was required to run the business by your due diligence team, for example?

MR. MEADOWS: I am not sure I understand the question. We look forward to projections of what our working capital requirements would be.

And we had projections of those, as business level would change. We had projections on whether we would get our vendors to give us terms.

We had projections on how we would use U.S. dollars versus Canadian dollars, we had projections on how we would...all effective working capital. The dollar to dollar was a major issue.

MR. BUSCHHAUSEN: And this would be something Jon Hicks would be good at, right?

MR. MEADOWS: Jon Hicks, to some extent. Chris Campbell, another guy who works at Heico, worries about a lot of that stuff, Larry Wolski.

I know you talked to Jon. Jon is an analyst, he is an MBA and he does...but there are other people who worry about the financial stuff. He is a terrific guy, puts together projections, but he gathers information from other people. He wouldn't be able to tell you what we should reasonably anticipate in trade terms. I hope he doesn't, at least I hope he asks somebody in the business.

MR. BUSCHHAUSEN: One of the questions that we did ask him, and just listening to you, it kind of brought that back to me, was was he developing a model. And I don't think that we got an answer to that. Because I think we would be interested in, you know, obviously looking at his model.

MR. MEADOWS: That was a contentious issue on our side, whether there was really a model to do the deal. This deal was done on a visceral basis, how is that. There are scientific bases for doing diligence on a visceral basis.

Yes, we had some models. We showed the bank some models. Whether he did them or Wolski did them or Campbell did them, that is a model which is a projection going forward.

VICTORY VERBATIM COURT REPORTING SERVICES

MR. BUSCHHAUSEN: You wanted some comfort about what the future working capital was going to be?

MR. MEADOWS: Right, that was more the focus. But if he did that, I would hope that he looked at historic. I can't tell you he did.

MR. BUSCHHAUSEN: I can tell you that he was all over the data room looking at financial information, just based on the record...

MR. MEADOWS: That is his job.

MR. BUSCHHAUSEN: ...that is indicated.

MR. MEADOWS: His job is to look at it, print it up, and give it to other people to look at. I bet you see only him in the data room, basically, or somebody at Heico. Our habit is that we print it up...

MR. BUSCHHAUSEN: Who was the other individual you mentioned? Because I know there were others that were in the data room that were looking at financial information, but he would have been...

MR. MEADOWS: Well, Chris Campbell, I doubt if he ever accessed the data room, I don't think he knows how to access the data room.

But we are very old school. We print and we read. So all the modern techniques don't get to

us yet.

But Chris Campbell would have worried about the banking. He worries about putting the financing in place, that is his job. He is an experienced guy, Larry Wolski. Did you talk to Larry Wolski?

MR. BUSCHHAUSEN: No. I believe his name is on the view list.

MR. MEADOWS: He is the CFO of Heico; Dan Yadron, I can't tell you the title, I think he is head of internal audit, but he is really the second CFO.

They worry about the numbers as we put them together. So a lot of people are reading the numbers and commenting on the numbers, including me.

And Jon was probably the focal point of... he is very good on computers, so he accesses the data room, prints it up, gets the model put together, may agree, may not agree.

Somebody is supposed to have said to the operators, "What kind of trade terms can you get?" Are reasonable to project when you have got 60 days, 45 days. And that is how the model comes together.

MR. BUSCHHAUSEN: In the end, depending on...and you were challenged, I would think, as a team...

MR. MEADOWS: Always.

MR. BUSCHHAUSEN: Because in the end, that is presumably going to tell you whether or not, you know, you are comfortable enough to proceed.

MR. MEADOWS: Right. Is it a good deal, is it a bad deal, what do we present to our banks? Hopefully we present to our banks what we present to ourselves.

But when I said it was a visceral deal no matter what, within large parameters...not no matter what...within large parameters we are going to do the deal, because we thought we can change the business.

You didn't have to just take historic and say that is what will be repeated in the future. When I say "visceral", we saw a lot of changes we were going to hope to make.

MR. BUSCHHAUSEN: Well, the estimates that the Ivaco folks were preparing, was that put up against your own projections, to say, you know, do these make sense?

MR. MEADOWS: Yes.

MR. BUSCHHAUSEN: That is kind of a due diligence thing you could expect. You do it your way and look at their way and...

MR. MEADOWS: We would always do that. I shouldn't have said "visceral", that indicates my feeling of lack of security or certainty in this deal.

We had very little access that we would hope to get in most deals, to review management's projections and numbers and talk to management.

In most deals we would have much more conversation with management which...Heico buys a lot of companies. We generally keep management. We did in Ivaco.

And we would want to test their views of what they are going to do with the business, how they are going to manage it. We aren't putting in new management. We had very little access here. This was a...

MR. BUSCHHAUSEN: So when you say "visceral", you were taking best available information that you got through the due diligence process?

MR. MEADOWS: I am saying it seems reasonable, without the normal testing.

MR. BUSCHHAUSEN: But you would combine that with your own experience and knowledge of the industry?

VICTORY VERBATIM COURT REPORTING SERVICES

MR. MEADOWS: Right.
MR. BUSCHHAUSEN: And experts that came into your team. There were consultants and there were other operators within your own businesses that understood?
MR. MEADOWS: Yes, I don't think we called outside consultants on this.
MR. BUSCHHAUSEN: I think there may have been a couple of specialists in there. Do you recall, Bruce?
MR. LEONARD: Not specifically, no.
MR. MEADOWS: Well, I am not saying there weren't, but I don't remember, except environmental, and we had a metals purchasing guy and we talked to somebody about currency shifts. If those are what you mean.
MR. BUSCHHAUSEN: Yes, those would be experts that would have a view that you could put up against, you know, your model and say, "Is this"...
MR. MEADOWS: Is this reasonable? Right. We also had to contend with the bank's experts, because the bank would review it.
MR. ROCKX: 2004, as you said earlier, was an interesting year for the steel industry with, I guess, rising prices primarily and strong margins,

at least in the North American worldwide sectors.
Can you comment at all in terms of when you thought pricing peaked in terms of the steel industry? Prices were rising, I think, gradually over 2004. But is there any sort of...you know, from the various Heico steel businesses.
MR. MEADOWS: Well, I should be able to know the date, but I think it was somewhere at the end of '04. When you say "peak"...
MR. ROCKX: Steel pricing.
MR. MEADOWS: Yes, and when you say "steel pricing", where and what product. We had an inversion, if you will, between U.S. and Canada for a while. I don't know if you focused on that.
MR. BUSCHHAUSEN: We can refer to our metals markets reports. I think there was a big spike that occurred, was there not, in 2004?
MR. MEADOWS: Yes.
MR. BUSCHHAUSEN: And I believe, and this is from the people within Ivaco that we spoke with, you know, like, Gord...you know, it dropped just about as precipitously as it rose; is that your recollection?
MR. MEADOWS: Well, no, it didn't drop as precipitously. I think, actually, it...

MR. BUSCHHAUSEN: I didn't go all the way flat.
MR. MEADOWS: ...flattened out. It got very stable and very good. It was very good in '05. If you always want to measure somebody against the peak, you are going to always go broke. It was good.
MR. BUSCHHAUSEN: You don't do deals on the basis of a peak.
MR. MEADOWS: No, we didn't use peak.. The joke is, and this is really just an aside, I always say this, "Poor Paul Vanier". If he could have hung in there for six more weeks, he would own the business today. That is the nature of that business. But nobody should buy for peak numbers. We surely didn't.
We have our metals guys in this deal. We have metals in our businesses, whose only job is to estimate and purchase metals. And they gave us their estimates. Now, if that is a consultant, he is an employee.
MR. BUSCHHAUSEN: How far did they typically look out with some clarity?
MR. MEADOWS: Clarity is a good phrase. With clarity there is three months. They look out,

same with clarity, a year.
You don't look much past that, because your macro effects are so major now, they give us charts, really an aside, they give us charts on what it was in the eighties and nineties. These guys have charts that go all the way back...so what? Where was China?
There is clarity for a year, let's say that. Because you can lock in prices for a year if you choose to.
MR. BUSCHHAUSEN: Then you are speculating?
MR. MEADOWS: You are speculating.
MR. ROCKX: Heico has done a lot of transactions, as you have indicated. How would you rate this transaction, vis-a-vis some of the other ones that you have done? Was it overly complicated or more litigious, or just another deal?
MR. MEADOWS: No, it is not another deal. In structure, there were unique issues for us, which aren't germane here, double-dip financing and all the buzz words, you know.
Interesting from a transaction...Mike Heisley doesn't even want to hear about it, he doesn't care.

MR. BUSCHHAUSEN: It sounds like you can go to jail for double-dip financings.

MR. MEADOWS: We used to do triple dips technically.

MR. BUSCHHAUSEN: Do you want that off the record?

MR. MEADOWS: No. You deduct in two countries, you know. You guys do that, you are skilled at that more than we are. So it is interesting there.

We have done a lot of purchases out of bankruptcy. The Heico company has been built by companies out of some type of trouble. I met Bruce out of another deal of some type of trouble. Am I right, Bruce?

MR. LEONARD: That is right.

MR. MEADOWS: A CCAA. In most of those deals, they are wonderful to do, much better than a normal acquisition, in my view, because you have great access and information. Great access to management, great access to information.

The trouble is out, greater certainty. You don't have to depend so much on your own...this was so different. We were so limited in access. This was so different than our other experiences in

Chapter 11s.

Pettibone, Davis Wire, Ancra. I could name quite a few that we have done. This was so different, it was hard to get used to this.

MR. BUSCHHAUSEN: Had you done a Canadian CCAA acquisition?

MR. MEADOWS: No, we tried to do a couple. We didn't get there, the price was...we got outbid. Also, CCAA is a more difficult process in the sense of timing and who can bid, in my view.

MR. ROCKX: You are comparing to Chapter 11?

MR. MEADOWS: Yes, not as precise. The rules aren't as easy to handle. The judge has a lot of ways to hit you in the head.

MR. BUSCHHAUSEN: You indicated that you had experience, though, with the working capital adjustment of a similar nature to what was done for the Ivaco transactions?

MR. MEADOWS: We have done it similarly where we have done a projected, based on rules and then trued it up. We have done that.

MR. BUSCHHAUSEN: In the U.S. or Canada?

MR. MEADOWS: I know we have done it in the U.S., I can name a couple of deals. I think we

did it when we bought the Grizzlies.

MR. BUSCHHAUSEN: The Vancouver Grizzlies?

MR. MEADOWS: We bought the Vancouver Grizzlies, we own 70 percent of them, they are now in Memphis, yes.

MR. BUSCHHAUSEN: The U.S. GAAP applies now.

MR. MEADOWS: Believe it or not, we still are suffering with Canadian GAAP on a couple issues.

So it is not unusual. Is it a preferred way? It is all right. There is greater certainty when you can do diligence in historical date. You know that from your...I can send in our auditors and they help us out. When you get to this estimate, what are you saying.

You are trying to make that adjustment as small as possible. So a lot of people like to pick that estimated date, a future date, because you say, hey, the closing is going to be right near there and I am in a business that has some swings. So I want that number to be pretty small.

Remember, I priced the deal based on an income stream, but I am financing it, and as you

astutely recognized, the bankers just don't say income stream, they say where are the assets.

So you want that to be very small. So you estimate it to a date that you think is near the closing.

Indeed, if we had closed as we said and we measured it as we said, the estimate would be very small. In fact, the number, if you take C, as we see C, and you take B as we adjust it as we think it should be, it is not that large.

You try to make that as small as possible. So in a business that has fluctuations, and that is what I think the sports team was, because we had a lot of issues on whether seasons tickets were sold, when the money came in.

You try to make that...you will use an estimate. But you try to get apples to apples all the time. What is the basis of doing an adjustment? It has got to be apples to apples. It is what is changed. If you don't do apples to apples, you are just saying, "I am paying you more money". That is not what was the agreement.

Yes, I have done it. I can't recall all the deals. I think Davis Wire definitely was that way.

VICTORY VERBATIM COURT REPORTING SERVICES

MR. BUSCHHAUSEN: When you are using a projected and then you get into the drafting of the agreements and you have got this projected, do you apply a GAAP test to the measurement when you use the projected?

MR. MEADOWS: You almost always apply a GAAP test. It is the easy reference. It is a set of rules.

MR. BUSCHHAUSEN: Is that what you did in your other deals, in your experience...

MR. MEADOWS: Yes, I think so. I didn't check them. If you want, I can check them. But we try to find a set of rules that you feel are objective.

So when a lawyer...I know, I used to do these agreements all the time. We put in GAAP and do lawyers know what GAAP is? Not a bit. Do accountants know what it is perfectly? Absolutely not, and you know that.

When the GAAP question comes up, you look and you will find out, but you put in something that is an objective set of rules. We believe GAAP is. We believe GAAP is an objective set of rules.

Now, of course, there is subjectivity in GAAP. GAAP also says we can do it one way or

another. So sometimes we have to say GAAP, making these choices. First in, first out, inventory valuation method. There are a number of methods that are acceptable, right?

MR. BUSCHHAUSEN: So if there is some discomfort around a particular application of GAAP, you will put a definition in or amend the agreement to override GAAP, right?

MR. MEADOWS: Right. But GAAP is viewed as an objective set of standards to get things, if you will, using the euphemism apples to apples. Because that is what you are trying to do, get apples to apples and say what...and now I can understand the difference.

So we do that all the time. And even when you don't use a projected number, you say, I am going to calculate my working capital, was calculated March 31, let's say for a July signing, and you say, well, that was calculated pursuant to GAAP and the closing date will be calculated pursuant to GAAP.

You always try to use an objective standard so they are calculated the same way. That is the genesis of 2.11, if you will, the sense we were talking about. Adjust B to the rules used on C.

Okay, I am sorry, I took a long time with that answer. You don't need to know my historic deals.

MR. BUSCHHAUSEN: I didn't want to unwind you there. You were going at a good clip. Do you have any more questions, John?

MR. ROCKX: That is it.

MR. LEONARD: Before we conclude, what we were trying to produce to assist were a number of documents. We only got into a state of excitement about one, but there are some others and I guess I should ask Peter whether he has a view on whether we can offer to assist you in your work, particular types of documents.

MR. HOWARD: You should send them to us and then we will get back to you.

MR. LEONARD: Well, then, we haven't really crystallized what we are thinking about here. Let's do this by way of an example...

MR. HOWARD: No, let's not do this by way of example.

MR. LEONARD: I am going to give you a sender and a recipient and you tell me if there is a principle...

MR. HOWARD: No, Bruce.

MR. LEONARD: Yes?

MR. HOWARD: When I feel, rightly or wrongly, that I have been bushwhacked, the last thing I get into is a debate without having a step back.

Now, I don't mean to insult anybody by saying we have been bushwhacked, but that is what we feel like today. So if you send me those documents, we will get them to...

MR. LEONARD: Well, I wasn't sure what your intention was in going to court and if we are going to go to court on a fuzzy issue that doesn't have any definition or structure, we are not solving anything.

MR. HOWARD: I am not going to debate that here with you today. You send me the documents and we will crystallize the issues.

MR. LEONARD: I would like to produce internal E&Y correspondence.

MR. HOWARD: Bruce, I am not getting into this debate with you.

MR. LEONARD: Is that a problem? No?

MR. MEADOWS: Bruce, why don't we just produce it? Let's just produce it. If we are going to tee it up in court, tee it up in court.

VICTORY VERBATIM COURT REPORTING SERVICES

MR. LEONARD: I think if you are going to object to something, the judge has to know what you are objecting to.
MR. HOWARD: By definition, if you send it to us we will crystallize it for the discussion that we are going to have. Send it to us. Don't try and infect these people today.
MR. LEONARD: There may be other stuff. We have just come across some of this stuff yesterday. There may be other stuff.
So if you are suggesting that as we get documents that we feel KPMG would be benefitted by, we should send them to you and you would tell us whether you see any objection to...
MR. HOWARD: Whether we assert a claim privilege over them, yes.
MR. LEONARD: Okay, some of this stuff doesn't involve lawyers. You are not going to claim privilege for that?
MR. HOWARD: Bruce...
MR. BUSCHHAUSEN: Since we are on the record, we have requested in other interviews, information that people say they might have. Maybe we could just agree that you will provide that information to Peter and that subsequently will be

shared with us, unless there is an objection between the two of you, because I think that is just consistent with how everything has been done to this point.
MR. MEADOWS: Is there any document we had been requested to provide that we haven't provided, under a restriction of privilege or otherwise?
MR. LEONARD: I don't think so.
MR. MEADOWS: Do we have a list of what has been requested?
MR. ROCKX: There are the models that you were talking about this morning.
MR. BUSCHHAUSEN: Jon Hicks' models.
MR. LEONARD: I don't think Jon identified models that he was working on, he said he had some projections for financing. I don't think there is a Jon Hicks model.
MR. BUSCHHAUSEN: I would have to go back and look at my notes.
MR. MEADOWS: Why don't you identify what it is. And what should be produced, we will produce.
MR. LEONARD: We are obviously going to produce more than some people want us to produce.

MR. MEADOWS: Bruce, I would like you to look through the files I have not yet reviewed, that are in my possession, and if there are the subject of this issue, then we should also produce those and let Peter make his objections and go to court. We will get it all. And I think KPMG should have the benefit of all that.
It is my fault, guys. I have been sitting on a lot of documents. I apologize.
MR. LEONARD: We will resume this, once Peter and I have had an opportunity to resolve something or have it settled. Is that how we are leaving this?
MR. BUSCHHAUSEN: Yes.
MR. LEONARD: Peter, is that okay?
MR. HOWARD: I assume that is what we reserved, yes. If Mr. Meadows feels that he has more to say, if those documents are tabled to be addressed, he should have the chance to say it.
MR. LEONARD: There you go. Good. Thank you.
MR. BUSCHHAUSEN: Thank you. We have completed our interview and we are off the record now.

I hereby certify the foregoing to be a true and accurate above noted proceedings held before me on the 24TH DAY OF AL 2006 and taken to the best of my skill, ability and understa

Certified Correct:

Lindsey Shaw
Verbatim Reporter

ProDEX Transcript Indexing by ETS Inc.