

Transcript of ShawCor's 2007 Annual Meeting of Shareholders

EVENT: SHAWCOR LTD.
ANNUAL GENERAL MEETING
TIME: 16H30 ET
LENGTH: APPROXIMATELY 45 MINUTES
DATE: MAY 8, 2007

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

VIRGINIA SHAW (Chairperson, ShawCor Limited): Good afternoon and welcome to the 38th Annual Meeting of shareholders of ShawCor Limited. My name is Virginia Shaw and it is my privilege to be the Chair of ShawCor Limited. I would like to welcome all shareholders and guests that are present here with us today at The Royal York, and those guests that are joining us via the world web cast. I would also like to extend a special welcome to all of our employees; I think there was a busload that came down from Rexdale today, and customers, and suppliers. You are critical to our success and we do appreciate your support.

Finally, I would like to welcome and introduce my participants joining me at the head table. To my right, Bill Buckley, President and CEO of ShawCor Limited; Gary Love, Vice President of Finance, CFO of ShawCor Limited; Bill Sheridan, Director and Corporate Secretary; to my left John Tikkanen, President Bredero Shaw; Ron Dunn, Vice President and GM, Canusa-CPS; Les Hutchison, Vice President and GM, Shaw Pipeline Services, and Senior Vice President, Bredero Shaw; Ernie Reynolds, Vice President and GM, DSG-Canusa and ShawFlex; and Ken Wilson, Vice President, GM, Guardian. Thank you for joining me.

With your approval I shall ask Bill Sheridan, Secretary of the Corporation to act as Secretary of the meeting, and the representatives of CIBC Mellon Trust Company to act as scrutineers.

A notice of meeting together with a form of Proxy, the management proxy, and the 2006 Annual Report has been made available to all shareholders. We have additional 2006 Annual Reports available. If anybody would like to have a copy of those please raise your hand.

With your approval we will dispense with the reading of the notice of the meeting. Proof of the mailing of the notice calling the meeting has been duly filed and I would ask the Secretary to keep a copy of the notice and the proof of the mailing with the records of the meeting, thank you. I understand there is a quorum present.

The scrutineer's report is now ready. I will ask the Secretary of the Corporation, Bill Sheridan, to read the scrutineer's report.

WILLIAM SHERIDAN (Director and Corporate Secretary, ShawCor Ltd.):
The scrutineers report indicates that there are 120 shareholders holding 43,149,844 Class A subordinate voting shares represented in person or by proxy, and there are 31 shareholders representing 12,392,735 Class B multiple voting shares represented in person or by proxy, at the meeting.

VIRGINIA SHAW: Thank you Bill. I now declare that the meeting, is regularly called and properly constituted for the transaction of business. Would the Secretary please table the minutes of the last shareholders' meeting held on May 9th, 2006. Thank you. The minutes are available for review by any shareholder.

The next item of business is the presentation of the Annual Report of the Directors, the financial statements, and the auditors report. With your approval we shall dispense with the reading of the auditor's report, which is available to all shareholders in 2006 Annual Report.

We will now proceed with the election of Directors. I declare the meeting open for the nominations. Mr. J. R. Shaw will now present the nominations.

J.R. SHAW: Madame Chair, I nominate William Buckley, Geoffrey Hyland, Murray Mullen, John Petch, Robert Richie, Paul Robinson, Virginia Shaw, William Sheridan, Zoltan Simo, Charlene Valiquette, and Donald Vaughn, as Directors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are elected or appointed subject to the provisions of the Corporation's bylaws.

VIRGINIA SHAW: Thank you. Are there any further nominations? I now declare the nominations closed and ask Mr. Conroy to propose a motion in this regard.

MR. CONROY: I move that the persons nominated as Directors be elected as Directors of the Corporation to hold office until the next Annual Meeting of Shareholders or until their successors are elected or appointed subject to the provisions of the Corporation's bylaws.

VIRGINIA SHAW: Thank you. Miss Taylor will second the motion.

MISS TAYLOR: I second the motion.

VIRGINIA SHAW: All in favour of the election of those nominated please signify by the raising of your right hand; contrary, if any. I declare the motion carried.

I shall ask that the elected Directors stand to be recognised by our shareholders here today as I call their names and remain standing as a board. I declare that William Buckley, Geoffrey Hyland, Murray Mullen, Jack Petch, Robert Richie, Paul Robinson, Virginia Shaw, William Sheridan, Zoltan Simo, Charlene Valiquette, and Donald Vaughn have been duly elected as Directors of the Corporation, thank you.

The next item of business is the appointment of the auditor for the Corporation, and I believe Mrs. Brown has a motion in this regard.

MRS. BROWN: I move that Ernst and Young LLP be appointed auditor of the Corporation until the next Annual Meeting and that the Board of Directors be authorised to fix the remuneration of the auditor.

VIRGINIA SHAW: Mrs. Santone will second the motion.

MRS. FANTONE: I second the motion.

VIRGINIA SHAW: Thank you. You have heard the motion. All in favour please signify by the raising of your right hand; contrary, if any; motion carried.

At this point I would like to proceed to the items of special business described in the notice calling the meeting, and I will ask Mr. Sheridan to describe this matter.

WILLIAM SHERIDAN: Thank you. The items of special business are the approval of an amendment to the employee stock option plan and an amendment to the Directors' stock option plan. The meeting has been asked to approve the special resolution set forth in schedules A and B to the management proxy circular which accompanied the notice of this meeting. The resolution set out in schedule A authorizes an amendment to the employee stock option plan which arose from recent changes to the policies of the Toronto Stock Exchange for stock options that expire during voluntary restricted trading periods. This amendment will permit options granted under the employee plan to remain exercisable for up to five business days following termination of a voluntary trading blackout period. The resolution will also give the board the ability to make subsequent amendments to the employee plan except for six specific amendments which would require shareholder approval.

The resolution set out in schedule B authorizes an amendment to the Directors' stock option plan to permit options granted under that plan to remain exercisable for up to five business days following termination of a voluntary trading blackout period.

To be effective, each resolution requires the approval of the company's shareholders. The preliminary results indicate that there is an overwhelming proxy vote in favour of both of these, but there is more than 5 percent voted against; however in view of the overwhelming majority I propose to proceed

without a formal ballot. Accordingly, I understand that Mr. McTurnan has a motion to approve the special resolutions.

MR. MCTURNAN: I move that the special resolution in the form set out in schedule A to the management proxy circular which accompanied the notice of this meeting to amend the employee stock option plan to be approved.

WILLIAM SHERIDAN: Thank you. Is there a seconder for the motion?

MALE SPEAKER: I second the motion.

WILLIAM SHERIDAN: Thank you. You have heard the motion, all in favour please signify by raising your right hand; contrary, if any. I declare motion carried.

For the special resolution set out in schedule B I believe that Mr. Rasmussen has a motion.

MR. RASMUSSEN: I move that the special resolution in the form set out in schedule B to the management proxy circular which accompanied the notice of this meeting to amend the Directors' stock option plan be approved.

WILLIAM SHERIDAN: Thank you. May I have a seconder for the motion?

UNIDENTIFIED SPEAKER: I second the motion.

WILLIAM SHERIDAN: Thank you. You have heard the motion, all in favour please signify by raising your right hand; contrary, if any. I declare the motion carried. And that is the end of the special business.

VIRGINIA SHAW: Thank you Bill. This concludes the formal business of the meeting; however I would like to take a few moments to comment on the recent events.

ShawCor is a company that has grown with me, from my earliest memory the daily progress and fortunes of our company have been central to our family's discussions. It is obviously with mixed emotions I am here with you today as Chair of the company. While I am very proud to have the opportunity to succeed my father, his sudden passing came as a shock to all of us, we will continue to strive to maintain his enthusiasm and his energy which produced this very successful company.

At this time I would like to introduce my mother, Lois Shaw, would you please stand. I am sure everyone here today and those listening appreciate the tremendous support and selfless dedication of Lois Shaw in supporting my father as well as the rest of the family and ShawCor. I would also like to take this wonderful opportunity to introduce my father's brother and sister who are here today, my Uncle J. R., who came all the way from Calgary, the Executive Chair of Shaw Communications and the former Chair of Shaw Industries, now ShawCor. And my Aunt Dolly; I think she came all the way from the Grand Bahamas, a younger sister. I'm also pleased to have my sister Diane Shaw, my daughter Tanya, and niece Dawn, I've got lots of family here today so I'm well supported, and I thank you and family and friends. You've got to back up; you went too far, dear.

At this time we would like to share a short film which pays tribute to Leslie Earl Shaw.

I would now like to call on Mr. Rob Ritchie to say a few words on behalf of the Directors. Rob?

ROBERT RITCHIE: Thank you Madame Chairman, and ladies and gentlemen, and fellow shareholders. Virginia has asked me to say a few words on behalf of the Directors because in January of this year we were all saddened by death of our leader, our colleague, and our friend, Les Shaw. Les was the keeper of the vision behind ShawCor, he was the soul, he was the passion, and he was, in the case of many entrepreneurial companies, it was very, very difficult for some of us to foresee a time when Les was not at the head. But not Les, he didn't see it that way, he knew that all of our time on earth is limited so he was very wisely working on the transition and succession plan and the results of that you've seen today with the very capable leadership of Virginia taking over as Chairman, and Bill Buckley continuing as a superb CEO. However, having a good, professional succession plan is one thing, being prepared for the emotional cost of death of your Chairman is quite another, and particularly after having spent so many times with him, good times with him in the past and making plans for the future. So collectively, as a Board, we wanted to do something, in some small human way that would recognise Les' contributions, not only to the company, but to our society.

Over the years, as you saw in the film, ShawCor has evolved from its early contracting days to become a petrochemical and industrial company and the world's biggest, but most importantly, the best pipe coating enterprise. And the office building on Bethridge Road has had to transform itself as well from a modest factory-office complex as it's evolved into a modern and sophisticated and a very effective headquarters for a growing multinational Corporation. Les and his family took the lead role in designing that building, its functionality, and its marvelous décor. So what we Directors would like to do is to dedicate the building to our friend, to our leader, and name it the Leslie E. Shaw Building so that every day future generations of employees that pass through the doors will be reminded of his vision, his energy, his honesty, his integrity, and his enduring loyalty to his family, to his friend, to his colleagues, and to his customers. Thank you very much.

VIRGINIA SHAW: Thank you very much, Rob, for those very kind comments, and I know it's shared among the Board and everyday we'll look at that building going in, won't we Bill, and we'll remember that his spirit lives on, and certainly his energy.

We have, for those present, we have prepared tribute copies of ShawCor Lines. It's a magazine ShawCor produces on monthly e-shaw, and we have some copies for you here today, and we also have copies of the DVD if any of you would care to have one. They will be available at the back of the room for you to take after the meeting.

Now I will carry on with my remarks. Our company has just completed its second consecutive year of revenue over \$1 billion. 2006 also produced record profits and record cash flows from our operations. In our core business as the world's largest pipe coater we continue to explore market opportunities through leading developments and technology, together with superior operational execution allowing us to maintain our competitive position.

The world-wide demand for energy shows little sign of abating with exploration moving further away from energy markets, hence the need for more pipelines to bring oil and gas to the end users. Some of this work takes place in conditions that would have been impossible only several years ago. With our role requiring us to provide evermore technically challenging coating, rigorous inspection techniques, and excellent field joint products always, our petrochemical and industrial companies all continue to make good progress in the utility, automotive, and commercial markets. ShawCor is a global company operating over 60 locations around the world. As you all know the energy services and pipe coating business require considerable capital, a reputation for excellence, and a proven record of performance in the field. We recognised many years ago we had to be prepared to support our major customers anywhere they would they would operate in the world, ShawCor continues with that commitment today. We also recognise that while our roots are, and will remain, in Canada, the challenges we face in other countries, political, social, regulatory and executive, require us to make stronger commitments to

developing our international resources. I am personally committed to this focus, and excited by the prospects.

On the subject of ownership, if I may make a personal observation, much has been said, and continues to be written about the multiple voting shares, and their role in perpetuating family control over Canadian businesses. The research is in and results are clear. There is less so-called agency risk in owning shares in family controlled public companies in Canada. This is hardly surprising given the stake the family has in the business and long-term view brought to bear. Nobody worries more on your behalf than we do. I understand the winning combination of our shareholders is to increase shareholder value, the continuing commitment of the family, combined with top-notch corporate governance. I'm committed to maintain these fundamentals.

I now would like to take the opportunity on behalf of all the shareholders here today and those listening on the web to thank Bill Buckley, Gary Love, ShawCor Management, and employees for their excellent performance in 2006.

I will now pass the podium over to Bill Buckley, President and CEO of ShawCor to address the shareholders, after which there will be an opportunity to ask questions. Thank you.

WILLIAM BUCKLEY: Thank you Virginia and good afternoon ladies and gentlemen. As some of my comments will include forward-looking statements I'd like to point out that the risks and uncertainties inherent in our industry may cause actual results to vary from those projected.

Now having said that 2006 marked another record year for ShawCor and it was a year of building value for our shareholders, our customers, our employees and our other stakeholders.

Revenue in 2006 exceeded \$1 billion and was up 5 percent over 2005. This was stronger than anticipated as in 2006 we had to replace the revenue from the Langed project, the largest project in ShawCor's history which had provided \$200 million of revenue in 2005 and which we successfully completed early in 2006.

More significant gains were made in our income and margin numbers in 2006 as you can see. EBITDA was up 31 percent in the year, reaching \$184 million. EBITDA margin was 17.3 percent, up from 13.8 percent in 2005 and near our historic peak established in 1998 of 17.9 percent. The improved margin is a result of our strengthened organisation, improved business processes and programmes and improved price cost management and we expect continued gains in the future from these initiatives.

Net income from continuing operations was up 44 percent to \$93 million excluding the tax recovery related to the OMSCO sale in 2005. Return on equity reached 16 percent in 2006. Free cash-flow reached \$125 million, up 198 percent after capital expenditures net of disposals of \$59 million. All of this built value for our shareholders in 2006.

Our share price was up 61 percent in the year as earnings per share reached \$1.25, up 47 percent over the prior year on a continuing operations basis and excluding the tax recovery.

In 2006 we returned \$9.8 million in cash to shareholders through dividends. On May 9th, 2006 we announced that we were doubling our dividend and changing to quarterly distributions and we announced a further 28 percent increase in our dividend on February 28th of this year. We also returned cash to our shareholders through our share buyback programme. In 2006 we bought back 432,900 shares, at an average price of \$18.01 under our normal course issuer bid.

Underpinning these numbers were several important initiatives and milestones achieved by our employees over the last year. At Bredero Shaw we were successful in replacing the revenue from the Langeled and Balgzand to Bacton projects with new large diameter projects in North America, the Middle East and the Far East, along with higher volumes of small diameter coating activity in Western Canada.

Key pipeline projects that were secured in the year include the Rockies Express, the Southern Access corridor, TMX and Waupisoo in North America, the Tyrihans project in the North Sea and the KOC and Khurais projects in the Middle East. The KOC project was completed in the year and is particularly noteworthy as it involved the anti-corrosion and concrete weight coating a very large 56 inch diameter pipe. This required re-designing and upgrading our Ras

al Khaimah equipment and our team at this facility completed the project with excellent safety, operations execution and financial results.

During the year Bredero Shaw initiated and/or completed several major capital projects. These included commissioning a new FBE anti-corrosion and internal lining facility in Portland Oregon. This plant is coating the large diameter pipe being produced by the new Oregon Steel pipe mill. In Camrose, Alberta we opened a new double joining and storage facility for our clients on 135 acres of land adjacent to our existing Camrose coating plant. We have announced and begun construction of a new second Camrose coating plant on this site to meet the strong demand in Western Canada. We completed and opened a new world class coating facility in Kabil, Indonesia on a deep water port. We made additional investments at our coating facility in Kuantan, Malaysia and this is the world's largest integrated coating facility.

We are making a major investment with our joint venture partners in Jubail, Saudi Arabia to construct two new internal lining facilities to coat large 60 inch diameter pipe for the Khurais project. We are increasing our focus on the Middle East and established it as a separate region in 2006 under a new Vice President and General Manager Ed Boufarah.

Latin America is also a focus market for Bredero Shaw where in 2006 we formed a joint venture with a local partner to provide anti-corrosion and thermal type deep water insulation coating at the V&M Pipe Mill in Belo Horizonte, Brazil. As part of this transaction we acquired Eupec's coating interests in Brazil.

At Canusa-CPS we expanded capacity with the commissioning of a new extrusion line, successfully introduced new polypropylene sleeve products and achieved record revenue and operating income in the year.

At Shaw Pipeline Services we successfully qualified real time radiography technology to inspect clad pipe and also began the introduction of their new hybrid-phased array girth weld inspection system. SPS also achieved record performance in the year.

Guardian opened its new integrated facility in Nisku, Alberta which brings together state-of-the-art inspection, premium threading and repair services in one location. And ShawFlex expanded their armouring and cabling capacity and achieved record revenue and operating in the year.

And at DSG-Canusa we introduced several new products including the quick wrap which addresses safety issues in North Americas ageing electrical utility infrastructure and a new kit product for transmitting broadband signals over power lines.

And we're particularly pleased to report continued improvement in our HSE performance as recordable incidents per million person hours worked dropped 19 percent to 9.1 in 2006. The company recently produced two new safety training videos and these will be on display after the meeting at the back of the room. George Brandon, ShawCor's HSE Manager, will be available to answer your questions about these videos.

At ShawCor the record results achieved over the past year are due to the commitment and resourcefulness of our now 5,300 employees located in over 60 plants and offices around the world. In addition to the members of the ShawCor management team with us at the head table we also have several other managers attending the meeting today and as is our tradition I'd like to introduce them to you and I'd ask each to stand or remain standing as I announce their names.

First, Dr. Steve Edmondson, Vice President Research and Development; Steve has taken over from Dr. Bob Steele who retired at the end of April after a career with ShawCor that spanned 32 years and I'd like to take this opportunity to ask Bob to stand to thank him for his many significant contributions to the company. Thanks Bob.

Fred Gallina, Vice President of Operations for ShawCor; Gary Graham, Vice President Corporate Development; Nick Gritis, Senior Vice President Shaw Pipe Protection; Sean Haberer, Vice President Global Marketing, Bredero Shaw; Peter Langdon, Vice President Human Resources; Jim McTurnan, Vice President Legal; Yves Paletta , Senior Vice President Bredero Shaw Americas; thank you gentlemen.

Now earlier today we released our first quarter results and as expected revenue at \$221 million was 16 percent below the first quarter of last year and 20 percent below the fourth quarter of 2006. Net income totaled \$23 million or \$0.31 per share in the first quarter compared to \$0.33 per share in the first quarter of

2006 and \$0.36 per share in the fourth quarter of 2006. Our backlog grew \$35 million in the quarter to reach \$403 million.

Other highlights during the first quarter included the following. The repurchase under our normal course issuer bid of 385,000 Class A shares at an average price of \$27.66 per share and since the programme began two years ago we have re-purchased a total of 1,950,000 Class A shares at an average price of \$17.49; the announcement that we'll add an FBE coating line to the new facility currently under construction in Camrose Alberta. This second phase of the Camrose expansion is on schedule for completion in the third quarter of this year; the election by the Board of Directors of Virginia Shaw who had been Vice Chair of ShawCor since 2000 to succeed her father, the late Leslie E. Shaw, as chair of the company; the announcement of a 28 percent increase in the dividend rate at the end of February which follows the doubling of the dividend rate in May of last year.

As we look to the future we continue to see opportunities to leverage our technology through early involvement with our clients on their projects and programmes. New energy finds are increasingly further afield or off-shore or in deep water or require extraction from non-conventional sources. These are all presenting new challenges and opportunities for our businesses.

The improved performance of the company reflects the programmes begun a few years ago to improve execution and financial returns through an

emphasis on people and competency, effective business processes and a focus on the right metrics.

More recently this includes the implementation of the ShawCor manufacturing system or SMS, which draws upon the best and most appropriate modern operations improvement programmes. This, combined with our global procurement initiative has at its goal the achievement of lowest cost producer status.

Looking forward we expect 2007 to be a transition year with revenue at or near the 2006 level. We are currently working to secure major upcoming projects in the North Sea and Baltic regions. These projects, combined with increasing large diameter activity in the Americas and continued strong global activity, could provide significant growth to our revenue in 2008 and beyond.

In general the fundamentals for each of ShawCor's business units are very positive. We are well positioned with our strong balance sheet to respond to the growing market opportunities that are presenting themselves. These will require new mobilizations, plant expansions and upgrades. In addition we will continue to evaluate and select opportunities to expand our business through new product introductions, geographic expansion, share gain, acquisition and joint ventures.

In closing I would like to thank our employees for the record year that they have achieved for ShawCor in 2006. I'm confident that with the continuing support of our chair, our directors, our customers, our suppliers and our partners that we will continue to achieve great things for many years to come. Thank you.

Now I would be pleased to answer any questions at this time. As this meeting is being broadcast over the internet would you please use one of the microphones in the centre isle to ask your question and please begin by stating your name and whether you are a shareholder or a proxy holder. Yes sir.

JEFF TESSIER: My name is Jeff Tessier. I was wondering if you could provide a description of Bredero Shaw's new technologies and how they're used, their market leading products.

BILL BUCKLEY: Sure as I was mentioning the new finds for oil and gas these days are generally off-shore deep water in remote locations and those are causing us to have to develop a number of new coating technologies and we have John Tikkanen here who is the President of Bredero Shaw so we could perhaps have John give us some specifics of the programmes underway in his department.

JOHN TIKKANEN (President, Bredero Shaw): Sure love to. We have large number of new product development projects underway. The big ones are focusing on our Arctic pipelines requiring strain based designs and that requires special solutions for pipe coatings. We're working on those and have a variety of projects that we are using in that application.

In the expanding deep water market our clients are needing solutions for deeper environments and requiring more efficient solutions and we have a suite of products that we're using to supply that marketplace and we're also working in the concrete market, the offshore large diameter concrete market to improve the

density of coatings to make them more efficient. So we have, you know, pretty exciting suite of products ahead of us. We have over 40 technologies we're working on at the moment.

BILL BUCKLEY: Thank you John; any other questions?

JOE MANARSKY (PHON): Yes good afternoon my name is Joe Mordarski and I'm a shareholder of ShawCor. This question is directed at the Canusa-CPS group and I'd like to know what new product developments and initiatives you're working on this year?

BILL BUCKLEY: Ron?

RON DUNN (Vice President & General Manager, Canusa-CPS): Well the Canusa-CPS division is currently supplying our products into over 60 countries around the world and that puts us involved in many demanding pipeline situations. We have, over the last number of years we've had to develop a lot of unique products to service these markets. In the last couple of years we've developed a polypropylene heat shrink sleeve and in the last year we were very successful in supplying this type of product on a couple of projects, one for BP in North Africa and one for Dolphin Energy in the Middle East. So we see new product developments as being very important for our markets and we can, we will continue to develop new products to service these very remote pipelines and very demanding conditions in the future.

BILL BUCKLEY: Yes ma'am.

CHRIS GIRDULUS (PHON): My name is Chris Girdulus and I'm a non-registered shareholder. I just had two points. One is your income was down in the first quarter compared to last year, did I hear right? Could you comment on that?

BILL BUCKLEY: Yes in, our business tends to be somewhat lumpy based on projects and if you compare our business in the first quarter this year to the first quarter last year, last year we were finishing two very, very large projects, the Langeled project and the Balgzand to Bacton project, and they provided to us \$200 million of revenue in the year alone, so on a quarter-to-quarter basis we're down. We were also affected by the drop in small diameter activity in Western Canada due to the drop in drilling.

I did say that 2007 is a transition year for us. We're working on two very large projects in the North Sea and the Baltic Sea. Combined the revenue value of these projects could be in excess of \$0.5 billion in over two years and we would expect those to start some time in 2008. So 2007 we expect revenues to be somewhat in line with 2006 by the time we get to the end to the year and then an up-tick coming in 2008. And that reflects a little bit the lumpiness in our business.

CHRIS GIRDULUS: Okay well when you say lumpiness, do you mean site cyclical or cyclical something else?

BILL BUCKLEY: Well certainly we see cyclical in our small diameter business in Western Canada. It tends to follow drilling activity but we also see

project activity that will impact our, one of our plants where we would have work for a period of say two years and then that plant will be down, will be shuttered and could be shuttered for a period of nine months or a year before it operates again and that's what I mean by lumpy.

CHRIS GIRDULUS: Okay but the company is also in a cyclical business.

BILL BUCKLEY: Yes.

CHRIS GIRDULUS: So what, why is that, like...

BILL BUCKLEY: Well that tends to relate to the supply/demand balances that you have in the energy industry and it tends to ebb and flow. Also we tend to be a late cycle player. The pipelines tend to get built after the drilling cycle and then once the pipeline capacity is in place generally there's a period of softness before it starts again. The good news is we operate in many different geographies around the world that are all on different cycles so hopefully we can continue to see growth in our business over the long term.

CHRIS GIRDULUS: Okay thank you.

BILL BUCKLEY: Any other questions?

BOB DRENNAN: My name is Bob Drennan and I'm a shareholder. My question addresses capital expenditures. What is the expected or estimated capital expenditure for the corporation for 2007?

BILL BUCKLEY: In 2007 we'll spend \$30 million on maintenance CAPEX and our total CAPEX number will be about four times that number; any other

questions? Well thank you very much for your questions and with that I'll turn the meeting back to our Chair, Virginia Shaw.

VIRGINIA SHAW: Thank you Bill. Is there any further business or questions or comments to bring before the meeting at this time by any other shareholder, by any shareholder? Okay well in conclusion I'd like to thank you very much for your attendance today here at the Royal York and on the web and since there are no further matters, questions or comments to be brought before this meeting I declare that this annual and special meeting of ShawCor Limited is now terminated.

Now I'd like to invite each and every one of you to join the ShawCor board and the ShawCor management team here today. We have some hor's d'ouvres at the back and we'd be very happy to have you ask some further questions and just visit and catch up. They will be at the back of the room for your pleasure. Thank you very much.
