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February 26, 2003 Global Syndicated Finance  
Commitment Committee Meeting  
Concerning Proposed Loan to  
Source Medical Solutions, Inc.

1 bonds that mature before a revolver. Are  
2 you sure?

3 DAVID BAWDEN: I'm -- yeah, I'm -- I'm  
4 sure. What I'm looking at here is, I'm  
5 concerned about dealing with these  
6 entities, I don't think we've got full  
7 transparency on the -- on Source Medical.  
8 I don't like the fact that we've got  
9 management who have been owning shares and  
10 this, and now donating them to charities,  
11 and so forth. I wouldn't trust Scrushy,  
12 Rod, further than we can throw him. I  
13 don't think this company management has  
14 been that transparent with us the past.

15 CHRIS RYAN: But that's true with both  
16 entities.

17 DAVID BAWDEN: Yeah.

18 CHRIS RYAN: Right. So what -- I  
19 mean, I'm just -- why would you rather in  
20 '07 four years, than a '03 one year?

21 DAVID BAWDEN: (Inaudible) I'd rather  
22 (inaudible) be in '03 --

23 CHRIS RYAN: '04, one year, I guess.

24 DAVID BAWDEN: -- for one year at  
25 HealthSouth, than an '07 at HealthSouth --

1 I do not want to be lending to Source  
2 Medical Solution.

3 SPEAKER: So, you know --

4 SPEAKER: Please -- please, explain.  
5 I am confused. I don't understand -- you  
6 doubt the validity of the guaranty, is  
7 there a problem with it?

8 DAVID BAWDEN: I'm not doubting the  
9 validity of the guaranty, I'm -- what I  
10 don't like is the reputation at issues  
11 that (inaudible) we're running with this  
12 -- with this entity. And I don't like the  
13 fact that we keep getting asked to deal  
14 with these partially owned companies, and  
15 a lot of it revolves around the -- just  
16 the noise that's going on with this  
17 company. I mean, you know, the fact is  
18 there's a SEC investigation, the FBI is in  
19 there. It just smells bad and --

20 CHRIS RYAN: Okay. The -- the -- I  
21 think the firm -- well, we ought to check  
22 if the firm wants to have a relationship  
23 with the company, but -- and -- and that's  
24 that then. I think that's a fundamental  
25 issue. But if the firm -- let's just say

1 -- we've got a -- a manner of resolving  
2 that, which is not -- not me or this  
3 committee. And I think it can -- I agree  
4 with you, we should vet this before we  
5 lend anywhere money in, and -- and that  
6 this transaction, make sure that this is a  
7 client that we want to continue to -- to  
8 promote within the firm.

9 But if the firm decides to -- whoever  
10 that -- I'm not sure who that body is, but  
11 we'll collect it, you know, it's probably  
12 -- maybe it's management committee, let's  
13 say at Warburg. Let's say they decided  
14 they want to push on with HealthSouth, and  
15 therefore they want to try to accommodate  
16 the client where -- where we can, like we  
17 do our other clients.

18 DAVID BAWDEN: Chris, we're being  
19 asked to accommodate of client in a  
20 fashion that we typically do not, have not  
21 -- we do not get asked to accommodate  
22 other clients.

23 CHRIS RYAN: I disagree with that,  
24 David.

25 DAVID BAWDEN: Asked to provide

1 clients we -- we view as -- as key clients  
2 of the firm. And I'm --

3 DAVID BAWDEN: But (inaudible) we  
4 should only be doing it for companies with  
5 decent reputations, and this company's  
6 tarnished its reputation in just about  
7 every which way over the last year.

8 CHRIS RYAN: That's -- that's a fair --  
9 well, I think that's a fair comment, at  
10 least as near -- as near as I can tell.  
11 But I don't think it's -- certainly, it's  
12 not my call to --

13 DAVID BAWDEN: (Inaudible) but clearly  
14 the way.

15 CHRIS RYAN: -- turn this down on that  
16 basis.

17 DAVID BAWDEN: Yeah. Shares are  
18 traded the way market perceives this  
19 company. There's a negative sentiment  
20 toward it, and I don't think -- the market  
21 per se has particularly a -- a kind view  
22 of the company or the management.

23 CHRIS RYAN: Right. I mean that's --  
24 (Talking simultaneously.)

25 DAVID BAWDEN: The point -- the point

1 a straight comparison here, given the  
2 borrower and the circumstances.

3 CHRIS RYAN: Okay. Well, let -- let  
4 -- here's what I think we need to do to  
5 move -- move forward, guys, and I  
6 apologize for not directing it this way  
7 earlier, but I didn't -- I didn't really  
8 know -- know -- I didn't focus, I guess is  
9 the right way to put it.

10 I think we need to -- to -- to  
11 organize a BRG as soon as possible. I  
12 think, David, you ought to be there,  
13 clearly Annette needs to be there, as well  
14 as folks from the -- from the Healthcare  
15 group, you know, Rod and Mike, at least,  
16 and maybe Bill should be there.

17 Let's vet this with BRG, and then I  
18 think this thing goes to, you know, some  
19 subset of the management committee.  
20 Actually, I think we have a reputation  
21 risk subgroup that includes Kenny, Hutch,  
22 and Ian, and Bob Dinerstein, and let's  
23 take -- you know, the issues to them and  
24 -- and figure out what we -- what we --  
25 what we should be doing as UBS Warburg.