

265Va304

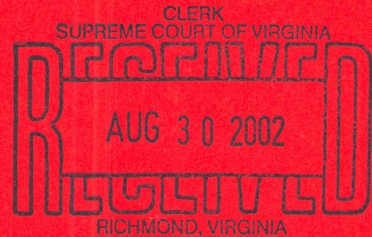
---

IN THE

**SUPREME COURT OF VIRGINIA**

**AT RICHMOND**

\_\_\_\_\_  
RECORD No. 021107  
\_\_\_\_\_



**THE DAILY PRESS, INC.,**

*Appellant,*

**v.**

**CITY OF NEWPORT NEWS,**

*Appellee.*

\_\_\_\_\_  
**JOINT APPENDIX**  
\_\_\_\_\_

William L. S. Rowe (VSB No. 13728)  
Michael R. Shebelskie (VSB No. 27459)  
Kathleen McCormick (VSB No. 36140)  
HUNTON & WILLIAMS  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, Virginia 23219  
Telephone: (804) 788-8200  
Facsimile: (804) 788-8218

Counsel for The Daily Press, Inc.

Allen L. Jackson (VSB No. 17122)  
Chief Deputy City Attorney  
Office of the City Attorney  
City of Newport News  
2400 Washington Avenue  
Ninth Floor  
Newport News, Virginia 23607  
Telephone: (757) 926-8416  
Facsimile: (757) 926-8549

Counsel for The City of Newport News

---



## TABLE OF CONTENTS

Second Amended Application for Correction of Erroneous Assessments of Property Taxes, filed November 14, 2001 .....	1
Transcript of Trial before The Honorable H. Vincent Conway, Jr., held November 30, 2001 .....	6
Testimony of Brenda Head:	
Direct Examination by Ms. McCormick .....	43, 67
Voir Dire by Mr. Jackson .....	56
Cross-Examination by Mr. Jackson .....	70
Testimony of Michael Sacks:	
Direct Examination by Ms. McCormick .....	87
Cross-Examination by Mr. Jackson .....	147
Testimony of Edward Kidd:	
Direct Examination by Ms. McCormick .....	170
Cross-Examination by Mr. Jackson .....	176
Testimony of Charles Crowson, Jr.:	
Direct Examination by Mr. Jackson .....	189
Cross Examination by Ms. McCormick .....	194
Testimony of Priscilla Galloway:	
Direct Examination by Mr. Jackson .....	195
Cross-Examination by Ms. McCormick .....	213
Redirect Examination by Mr. Jackson .....	218
Plaintiff's Exhibits:	
1. Letter dated August 19, 1997 from Charles D. Crowson, Jr. to William L. S. Rowe .....	277
2. Schedule A (assets agreed to be machinery & tools), 1991 Schedule only .....	280



4.	Schedule C (assets that are subject of dispute as to classification), 1991 Schedule only.....	285
6.	Summary charts of assessments (as made, and as The Daily Press contends are correct).....	314
7.	Photograph of paste-up board, negative and plate.....	316
8.	Photograph of plate exposure unit.....	317
9.	Photograph of plate processor.....	318
10.	Photograph of optical plate bender.....	319
11.	Photograph of clamp truck.....	320
12.	Photograph of reel (with rolls of paper).....	321
13.	Photograph of printing unit.....	322
14.	Photograph of Baldwin tanks.....	323
15.	Photograph of ink tank.....	324
16.	Photograph of folder console.....	325
17.	Photograph of folder.....	326
18.	Photograph of newspaper conveyor.....	327
19.	Photograph of inserter.....	328
20.	Photograph of stacker.....	329
21.	Photograph of ICOR scale.....	330
22.	Photograph of strapper and bottom wrapper.....	331
23.	Photograph of bundle conveyor.....	332
24.	Photograph of forklift.....	333
25.	Photograph of pallet jack.....	334
26.	Flowchart depicting The Daily Press' operations.....	335



27.	Photograph of SCS Layout 8000 ad layout system, Ctext Advision classified system, and servers.....	336
-----	---	-----

Defendant's Exhibits:

1.	Summary of departments included in process from tax year 1991 audit and related documents.....	337
2.	4/20/92 summary adjustments from tax year 1991 audit.....	342

Final Order of Judge H. Vincent Conway, Jr., dated February 8, 2002.....	344
---	-----

Assignments of Error.....	351
---------------------------	-----



The Daily Press' Second Amended  
Application for Correction  
November 14, 2001

VIRGINIA

IN THE CIRCUIT COURT OF THE CITY OF NEWPORT NEWS

THE DAILY PRESS, INC. )

Applicant )

v. )

CITY OF NEWPORT NEWS, )

Defendant, )

Law No. 23903-RF

FILED  
01 NOV 14 AM 10:18  
CLERK  
CITY OF NEWPORT NEWS, VA  
JAMES A. DAVIS

**SECOND AMENDED APPLICATION FOR CORRECTION  
OF ERRONEOUS ASSESSMENTS OF PROPERTY TAXES**

The Daily Press, Inc. ("The Daily Press"), by counsel, states the following in support of its Second Amended Application for Correction of Erroneous Assessments of Property Taxes:

**Nature of the Case**

1. This is an Application to correct assessments of property taxes made by the City of Newport News for the years 1991, 1993, 1994, 1995, and 1996. By this Application, The Daily Press seeks (i) correction of the City of Newport News' erroneous assessments for 1991, 1993, 1994, 1995, and 1996 and (ii) a refund of the erroneously assessed property taxes paid to the City of Newport News.

**Jurisdiction**

2. This Court has jurisdiction over this case pursuant to §§ 58.1-3984 and 58.1-3987 of the Code of Virginia (1950), as amended (the "Virginia Code"). With respect to the 1991 refund claim, Virginia Code § 58.1-3984, as was in effect on January 1, 1991, allowed five years from the last day of the tax year in which the taxpayer was assessed to bring a claim for relief in the Circuit Court.



**The Daily Press' Second Amended  
Application for Correction  
November 14, 2001**

**Venue**

3. Venue is proper in this Court under Virginia Code § 58.1-3984 because the assessments complained of were made by and in the City of Newport News.

**Parties**

4. The Daily Press is a Delaware corporation authorized to do business in Virginia and has its headquarters in the City of Newport News, Virginia.

5. The Daily Press has been assessed with certain property taxes by the City of Newport News. Those taxes are the subject of this Application.

6. Defendant is the City of Newport News which, through its Office of the Commissioner of the Revenue, assessed the taxes contested by this Application.

**General Allegations**

7. The Daily Press is primarily a newspaper publishing company that employs an average of 575 employees to transform approximately 40 metric tons of raw paper, negatives, aluminum printing plates, and ink into 118,000 readable, saleable newspaper products daily.

8. The Daily Press is a manufacturer engaged in a manufacturing business within the meaning of Virginia Code §§ 58.1-1101 and -3507.

9. As a manufacturer, The Daily Press' assets include both machinery and tools used directly in the manufacturing process and capital that is related to, but not used directly in, the manufacturing process.

10. Virginia Code § 58.1-1101(A)(2) and (C) prohibit any locality, including the City of Newport News, from imposing a property tax on "[c]apital which is personal property, tangible in fact, used in manufacturing . . . businesses [except m]achinery and tools, motor vehicles and delivery equipment."



**The Daily Press' Second Amended  
Application for Correction  
November 14, 2001**

11. As originally assessed, all tangible personal property of The Daily Press was classified as either business tangible personal property or machinery and tools. None of the Daily Press' property was treated by the City of Newport News as capital of a manufacturer.

12. In response to The Daily Press' administrative appeal, the Commissioner of the Revenue acknowledged that The Daily Press is a manufacturer. The Commissioner of the Revenue corrected, in part, the previously-made assessments for years 1991, 1993, 1994, 1995, and 1996, and made a partial refund of taxes paid for those years to The Daily Press.

13. Notwithstanding this correction, certain property of The Daily Press that is non-taxable capital has been incorrectly classified by the Commissioner of the Revenue as taxable machinery and tools.

14. The misclassified assets of The Daily Press include those that are used in advertising, marketing, editorial, photo, graphic arts, computer support, and library functions. These are used in support of The Daily Press' manufacturing business generally, but not in the actual manufacturing process. They should be classified as capital pursuant to Virginia Code §§ 58.1-1100 and -1101, and, thus, are not subject to taxation by the City of Newport News.

15. As a result of the misclassification of its property, The Daily Press has overpaid its property taxes to the City of Newport News as follows:

<b>YEAR</b>	<u>1991</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<b>AMOUNT</b>	38,676	51,855	56,693	60,210	66,494
<b><u>TOTAL</u></b>	<b>\$273,928</b>				

16. The City of Newport News' erroneous, illegal, and invalid assessments were not due to any wilful failure or refusal by The Daily Press to provide necessary information as required by law.

The Daily Press' Second Amended  
Application for Correction  
November 14, 2001

WHEREFORE, The Daily Press prays for the following relief:

- (a) An Order declaring that the City of Newport News' property tax assessments for the 1991, 1993, 1994, 1995, and 1996 tax years with respect to The Daily Press' machinery and tools, as outlined herein, are erroneous;
- (b) An Order pursuant to Virginia Code § 58.1-3987 directing the appropriate City of Newport News official to refund to The Daily Press \$273,928.00 in taxes erroneously paid by The Daily Press with respect to its capital, which was misclassified as machinery and tools, plus interest on that amount as allowed by law; and
- (c) An Order granting The Daily Press such further relief as may seem just and proper.

THE DAILY PRESS, INC.

  
\_\_\_\_\_  
By Counsel

William L. S. Rowe (VSB No. 13728)  
Michael R. Shebelskie (VSB No. 27459)  
Kathleen McCormick (VSB No. 36140)  
HUNTON & WILLIAMS  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, VA 23219-4074  
(804) 788-8200

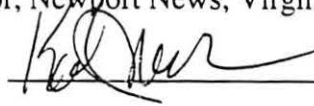
Counsel for Applicant The Daily Press, Inc.



**The Daily Press' Second Amended  
Application for Correction  
November 14, 2001**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Second Amended Application for Correction of Erroneous Assessment of Property Taxes was sent by Federal Express this \_\_\_\_ day of November, 2001, to Allen L. Jackson, Esquire, Office of the Newport News City Attorney, 2400 Washington Avenue, Ninth Floor, Newport News, Virginia, 23607.

A handwritten signature in black ink, appearing to be "K. L. Jackson", is written over a horizontal line.

Trial Transcripts  
(Non-Testimony)

1 VIRGINIA:

2 IN THE CIRCUIT COURT OF THE CITY OF NEWPORT NEWS

3  
4 - - - - - :  
5 THE DAILY PRESS, INC. :

6 vs. :

7 CITY OF NEWPORT NEWS :  
8 - - - - - :

ORIGINAL

At Law No.  
23903-RF

9  
10  
11 TRANSCRIPT OF PROCEEDINGS

12  
13 DATE : November 30, 2001

14 BEFORE : The Honorable H. Vincent Conway, Jr.  
15  
16  
17  
18  
19  
20  
21

22 REPORTERS.COM  
23 125 St. Paul's Boulevard, Suite 210  
24 Norfolk, Virginia 23510  
(757) 625-6695

25 REPORTED BY: DEBRA-LYNN BAKER, RPR, CSR



Trial Transcripts  
(Non-Testimony)

1 APPEARANCES:

2  
3 Kathleen McCormick, Esq.  
4 William L.S. Rowe, Esq.  
5 Michael R. Shebelskie, Esq.  
6 Hunton & Williams  
7 Riverfront Plaza, East Tower  
8 951 East Byrd Street  
9 Richmond, Virginia 23219  
10 (804) 788-8200  
11 Counsel for the Plaintiff

12  
13 Allen L. Jackson, Esq.  
14 Deputy City Attorney  
15 City of Newport News  
16 2400 Washington Avenue  
17 Newport News, Virginia 23607  
18 (757) 926-8416  
19 Counsel for the Defendant  
20  
21  
22  
23  
24  
25

Trial Transcripts  
(Non-Testimony)

INDEX

WITNESS	EXAMINATION
CALLED BY PLAINTIFF:	
BRENDA HEAD	
DIRECT (By Ms. McCormick)	38, 62
VOIR DIRE (By Mr. Jackson)	51
CROSS (By Mr. Jackson)	65
MICHAEL H. SACKS	
DIRECT (By Ms. McCormick)	82
CROSS (By Mr. Jackson)	142
EDWARD STANLEY KIDD	
DIRECT (By Ms. McCormick)	165
CROSS (By Mr. Jackson)	173
CALLED BY DEFENDANT:	
CHARLES D. CROWSON, JR.	
DIRECT (By Mr. Jackson)	184
PRISCILLA GALLOWAY	
DIRECT (By Mr. Jackson)	190
CROSS (By Ms. McCormick)	208
REDIRECT (By Mr. Jackson)	213



Trial Transcripts  
(Non-Testimony)

	EXHIBITS		
	PLAINTIFF'S	MARKED	REC'D
1			
2			
3	1	40	40
4	2	62	62
5	3	62	62
6	4	62	62
7	5	63	63
8	6	64	64
9	7	103	103
10	8	103	103
11	9	103	103
12	10	103	103
13	11	103	103
14	12	103	103
15	13	103	103
16	14	103	103
17	15	103	103
18	16	103	103
19	17	103	103
20	18	103	103
21	19	103	103
22	20	103	103
23	21	103	103
24	22	103	103
25	23	103	103

Trial Transcripts  
(Non-Testimony)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

EXHIBITS (Continued)

PLAINTIFF'S

MARKED

REC'D

24	103	103
25	103	103
26	106	106
27	117	117
28	180	180
29	180	180
30	180	180

DEFENDANT'S

MARKED

REC'D

1	68	196
2	200	



Trial Transcripts  
(Non-Testimony)

1 Newport News, Virginia, Friday, November 30, 2001

2 10:00 a.m. - 4:55 p.m.

3  
4 THE COURT: Good morning, Counsel.  
5 Welcome. Counsel for the plaintiff, Ms. McCormick, are  
6 you ready to proceed?

7 MS. McCORMICK: I am.

8 THE COURT: Mr. Jackson, are you ready to  
9 proceed?

10 MR. JACKSON: I am.

11 THE COURT: Would you introduce the people  
12 at your table for me.

13 MS. McCORMICK: Yes, sir. This is Mike  
14 Shebelskie of my firm. He is trying the case with me  
15 this morning.

16 Next to him is Michael Sacks, who is vice  
17 president and director of operations of The Daily  
18 Press.

19 THE COURT: Nice to have you here.

20 MS. McCORMICK: Sandy Rowe is also going  
21 to be trying the case. He is a little late, because he  
22 had a speaking engagement this morning at the  
23 William & Mary tax conference, and the conflict arose  
24 when the City asked if we would agree to a continuance.  
25 Sandy was already on the schedule to speak at

Trial Transcripts  
(Non-Testimony)

1 William & Mary, but his engagement has always been on  
2 Thursday night and, for whatever reason, today they  
3 scheduled it for Friday morning, so he should be here.

4 THE COURT: Why do you need two other  
5 attorneys to assist you?

6 MS. McCORMICK: Sandy is the partner in  
7 charge of the case.

8 THE COURT: Oh, I understand, then. All  
9 right. Thank you, ma'am.

10 MR. JACKSON: Your Honor, may I introduce  
11 Priscilla Galloway. She is the chief commissioner of  
12 the revenue. And Mr. Crowson, seated behind me, will be  
13 our only other witness in the case. He is the  
14 commissioner of the revenue. His illness, from which he  
15 has, fortunately and thankfully, fully recovered, was  
16 the reason we had to continue the case the last time.

17 THE COURT: First of all, I'd like to  
18 thank both counsel for the excellent briefs submitted.  
19 I know I am reading an excellent brief when I get  
20 through with your brief and I am convinced you are  
21 correct only until I read the other side's brief.

22 I have read both of your trial  
23 memorandums, I have read all the cases you have cited in  
24 your memorandums, plus I have reviewed the opinions of  
25 the attorney general and the Law Review article attached

Trial Transcripts  
(Non-Testimony)

1 by Ms. McCormick. And it is said that the quality of  
2 any decision depends, in part, on the quality of the  
3 question, and let me make sure that I understand the  
4 question that we are talking about, and I want counsel  
5 to correct me.

6 It is agreed, as I read your briefs, that  
7 The Daily Press has been designated as a manufacturing  
8 business. It is also agreed, for the most part, I  
9 believe, that the equipment in the pressroom is subject  
10 to taxation by the local authority as machinery and  
11 tools.

12 It is also agreed that we have a number of  
13 items of property that are not in the pressroom, that  
14 are in the pre-press area or further removed, which The  
15 Daily Press contends should be viewed as capital, either  
16 intangible or tangible property, in fact, not subject to  
17 taxation by the local authority but reserved to the  
18 state. And they say that primarily, as I understand  
19 your brief, because, number one, the contention that it  
20 is not directly used in manufacturing nor is it  
21 necessary to the business or used in connection with  
22 machinery or tools which, in fact, are used in  
23 conjunction with the manufacturing process of the  
24 manufacturing business.

25 And as I understand your brief, everything



Trial Transcripts  
(Non-Testimony)

1 prior to the delivery of the aluminum plate to the  
2 pressroom you would consider to be not involved in the  
3 manufacturing process.

4 MS. McCORMICK: That's right, sir. We  
5 consider all that to be capital.

6 THE COURT: And so the information  
7 gathered or the information received, in whatever  
8 format, whether by uploading or by mail or by pasting  
9 and photographing, and the creation of the negative  
10 thereafter and then the creation of the aluminum plate,  
11 the etchings, all of that, you would contend, is not  
12 directly part of the manufacturing process but is in  
13 preparation therefor.

14 MS. McCORMICK: Yes, sir.

15 THE COURT: And the city's position is  
16 that this bright line that you are asking the court to  
17 draw just outside of the pressroom door should be moved  
18 back quite a bit, somewhat viewing it as an entire  
19 integrated process, that the manufacturing begins not  
20 only in the pre-pressroom but in actually the gathering  
21 of the news and the words and the creation of the  
22 stories.

23 And part of their argument is that The  
24 Daily Press has probably modernized over the years, and  
25 they operate off a LAN system in which much of the

Trial Transcripts  
(Non-Testimony)

1 information is on the computer. It is then accessible  
2 by editors and others.

3 And as I understand your brief -- and  
4 correct me on this, because I was a little confused --  
5 the computer not only can print out paper, which can be  
6 photographed and copied and used in making the plate,  
7 but some computers, at least, can also print out a  
8 negative.

9 MS. McCORMICK: That's right, sir.  
10 Actually, it's an image setter, but it prints out the  
11 content that you pull up on the screen. It prints it  
12 out on a negative rather than on paper.

13 THE COURT: Which, in a way, does away  
14 with the photocopying process or the pasting?

15 MS. McCORMICK: It does away with the  
16 necessity to paste up a board with the newspaper page  
17 and then to photograph it to get the negative, because  
18 you get the negative directly out of the image setter,  
19 so it cuts that step out.

20 THE COURT: Now, are we in agreement --  
21 and Mr. Jackson says we are in his brief, that this  
22 equipment that we are talking about, we agree that it  
23 should be defined, for our purposes, as machinery and  
24 tools. Now, you would say it's not used in the  
25 manufacturing process or business, and therefore it is

Trial Transcripts  
(Non-Testimony)

1       exempt and should be considered as capital.

2                   MS. McCORMICK: I think our position is  
3       that it is capital, that machinery and tools is actually  
4       a tax-specific designation, and so we would say it's  
5       capital and not machinery and tools.

6                   THE COURT: Okay. Let me ask you this.  
7       There is a statement by Mr. Jackson, on page 4, at the  
8       top, "In this case, the parties do not disagree that the  
9       assets in dispute constitute machines or tools.  
10      Furthermore, the parties do not disagree that The Daily  
11      Press is a manufacturing business subject to the  
12      machinery and tools tax."

13                   MS. McCORMICK: There is no dispute that  
14      we are subject to the machinery and tools tax on the  
15      portion of our assets that should be classified as  
16      machinery and tools.

17                   To the extent that the statement in  
18      Mr. Jackson's brief would be read to say that we agree  
19      that the computers and the other equipment that is in  
20      dispute are machinery and tools within the tax use of  
21      that term, that's not correct. I think what Mr. Jackson  
22      is getting at, and I hope he will correct me if I am  
23      wrong, is a lot of people look at computers and call  
24      them machines. Or some of the equipment that is used in  
25      putting the strips of paper onto the board you might



Trial Transcripts  
(Non-Testimony)

1 call a tool, so in that sense they are machines and  
2 tools, but they are not machinery and tools for the  
3 purposes of tax classification.

4 THE COURT: But should the court -- for  
5 purposes of understanding, should the court determine  
6 that manufacturing begins the moment the assimilation or  
7 collection or gathering of news or words begins, then we  
8 are not really here to decide which of these should be  
9 viewed as machinery and tools. If the court should  
10 decide that, then there is no argument that on this list  
11 of 70 or so items that one of those items,  
12 notwithstanding what the court finds, really shouldn't  
13 be listed anyway, or do you still want to reserve  
14 that?

15 For instance, should the court find that  
16 everything is manufacturing that The Daily Press does,  
17 then do you have an article -- do you have any argument  
18 that the plant truck should still not be viewed as a  
19 machinery or tool?

20 MS. McCORMICK: No, sir. I think if the  
21 Court draws the line at the outside end --

22 THE COURT: At the beginning.

23 MS. McCORMICK: At the beginning, yes.  
24 And may I just clarify something?

25 THE COURT: You may.

Trial Transcripts  
(Non-Testimony)

1 MS. McCORMICK: I think I may have  
2 misunderstood your question. The film image setter that  
3 I was talking about is something that, when you look at  
4 it, you might say it looks like computer equipment, but  
5 that is different than the desktop computers we are  
6 seeing in the advertising department, and our witness  
7 will explain that.

8 THE COURT: Will explain how the negative  
9 is created by some process through the LAN without --

10 MS. McCORMICK: Yes.

11 THE COURT: -- actual printout of paper  
12 and photographing?

13 MS. McCORMICK: Correct. I just didn't  
14 want to leave the impression that any desktop printer  
15 that you might have at home or in your office is capable  
16 of printing out one of these negatives, because it's  
17 not.

18 THE COURT: The number of cases that I  
19 have read that you have cited and others have had courts  
20 going through a list of equipment and saying the court  
21 thinks item A is this, B -- we are not doing that.

22 We have agreed we are talking about a  
23 manufacturer, and we have agreed that we are talking  
24 about items which should be on one side of this bright  
25 line that Ms. McCormick asks the court to draw -- and

Trial Transcripts  
(Non-Testimony)

1 lines are not often that bright, from this view.

2 And so the issue -- the question, in my  
3 mind, and correct me, is really where and when does the  
4 manufacturing process begin --

5 MS. McCORMICK: Yes, sir.

6 THE COURT: -- under the definitions that  
7 we all know.

8 And I am also aware that the capital, both  
9 the intangible property capital and the other capital  
10 used in the manufacturing business, has been reserved to  
11 the state for taxation. What we are talking about is  
12 the exception allowing machinery and tools to be taxed  
13 by a locality.

14 In reading all of the cases, I think one  
15 has to be very careful, as I have read the cases,  
16 because I do not think this issue has been precisely  
17 addressed, in this state, certainly. We are dealing  
18 somewhat with a construct. And by that, I mean the tax  
19 laws.

20 For instance, when I read New Hampshire  
21 cases, that general assembly has exempted everything.  
22 And do you know what the newspaper argues? All of its  
23 property is involved in manufacturing, because that's  
24 the exemption. And so if you just cite that case and  
25 say, "I know the answer," you don't until you look at



Trial Transcripts  
(Non-Testimony)

1 the statute, look at the policies.

2 At the same time, if you read the sales  
3 tax decisions, as Mr. Jackson warned me, which requires  
4 that the property be used directly in manufacturing, you  
5 will pick up some decisions that say no, this is not  
6 really part of the manufacturing process, but if you go  
7 further you will find out that they are saying that  
8 because it is not directly involved.

9 So you have to be very careful, unlike an  
10 analysis of what a crime may be. You can pick up a  
11 California case and say, "It says this." You really  
12 don't have to study too hard once you get the elements.

13 In this matter, every time I thought  
14 something was giving me a bright answer, when I have  
15 looked at it more closely, it, one, had -- it was not  
16 related to the Virginia statute; number two, there were  
17 other policy considerations. And although there are  
18 certain things about the Virginia tax laws that I have  
19 learned in this case that almost seem to me to be  
20 counterintuitive, every time I think I understand if the  
21 policy is to promote manufacturing then we do it, and  
22 then we put machinery and tools, and now we are talking  
23 about but if they are used in manufacturing they are  
24 taxable, so it's -- I have found an old skill that was  
25 still used when I was in school, that of diagramming, to

Trial Transcripts  
(Non-Testimony)

1 be very helpful to understand what some of these  
2 decisions have been saying.

3 Do you still anticipate that we will  
4 conclude the evidence and be available for a view at or  
5 about 3:00, assuming I stop talking?

6 MS. McCORMICK: It is my hope that we will  
7 conclude the evidence. And we are ready to go with a  
8 view at 3:00.

9 THE COURT: Anything of a preliminary  
10 matter? Would both counsel like witnesses sworn, and do  
11 you intend to make an opening statement, and are you  
12 going to move for separation?

13 MS. McCORMICK: I have a very short  
14 opening statement. We can go ahead and swear the  
15 witnesses in whatever manner is easiest for you all.

16 THE COURT: Is there any reason you would  
17 like the witnesses separated while you make your opening  
18 statement?

19 MS. McCORMICK: No, sir.

20 MR. JACKSON: I would, yes, your Honor.

21 THE COURT: You would. All right.

22 Would all the witnesses, including any  
23 representatives for the parties, who intend to testify,  
24 would you please stand. Would you raise your right  
25 hands, and listen to the clerk, please.

Trial Transcripts  
(Non-Testimony)

1 (The witnesses were sworn.)

2

3 THE COURT: I'd like all the witnesses  
4 other than the party representatives to go with the  
5 bailiff, please.

6 MR. JACKSON: If your Honor please,  
7 Mr. Crowson is on my witness list only. Might he be  
8 allowed to return to his office on call for, say, ten  
9 minutes?

10 THE COURT: Ms. McCormick?

11 MS. MCCORMICK: That's fine.

12 THE COURT: Do you have any surprises for  
13 Mr. Crowson?

14 MS. MCCORMICK: No, sir, nothing that I  
15 anticipate will be a surprise.

16 THE COURT: I have no problem with that,  
17 as long as he is going to be on call and he can be here  
18 within -- what? 15, 20 minutes or so, once we call  
19 you.

20 THE WITNESS: Maximum.

21 THE COURT: Just make sure, if you will,  
22 that Ms. Northway (phonetic) knows exactly how to get in  
23 touch with you.

24 MR. JACKSON: Thank you, your Honor.

25 THE COURT: All right. Ms. McCormick, the



Trial Transcripts  
(Non-Testimony)

1 court will be happy to hear from you.

2 MS. McCORMICK: May I use the easel?

3 THE COURT: You may.

4 MS. McCORMICK: We filed a trial  
5 memorandum, which you have seen, that sets forth our  
6 position and our view that it is the American Woodmark  
7 decision that governs this case.

8 This is a case concerning the City of  
9 Newport News property tax as it applies to a  
10 manufacturer, and that is The Daily Press.

11 The parties in this case agree that The  
12 Daily Press is a manufacturer, so the issue in this case  
13 is the classification of disputed property. That  
14 property is listed on Schedule C of an exhibit notebook  
15 that I will hand up to your Honor at the end of our  
16 closing statement.

17 THE COURT: Is this the same property that  
18 you attached as an exhibit list?

19 MS. McCORMICK: No, sir. This is  
20 actually the schedule, and it's just --

21 THE COURT: I like my four pages a lot  
22 better than that book, but I will be happy to see it.

23 MS. McCORMICK: And we will put one for  
24 the witness to use as well, hopefully, to keep papers  
25 from being all over the courtroom.



Trial Transcripts  
(Non-Testimony)

1 Behind Tab 3, there is a document,  
2 Schedule C, which lists a multitude of property, and  
3 that's what's in dispute. The question is, is this  
4 property on Schedule C, is it manufacturer's capital or  
5 is it machinery and tools. Daily Press's position, as  
6 you are aware, is that it's manufacturer's capital, and  
7 the City's position is that it's machinery and tools.  
8 And that's important, because if it's machinery and  
9 tools the city can tax it; if it's manufacturer's  
10 capital the city cannot.

11 Now, fortunately, the Virginia Supreme  
12 Court has given us a good definition of what is and what  
13 is not machinery and tools, and it comes from the  
14 American Woodmark case. It's the quote that your Honor  
15 read at the beginning of your statements this morning.

16 And it's the machinery -- the machinery  
17 and tools used in a particular manufacturing business.  
18 Those are the machinery and tools that are, one,  
19 necessary to the particular manufacturing business and,  
20 two, which are used in connection with the operation of  
21 machinery which is actually and directly used in the  
22 manufacturing process.

23 So the question really becomes what is the  
24 manufacturing process, because it is the manufacturing  
25 process, where that begins, that is the dividing line

Trial Transcripts  
(Non-Testimony)

1       between what is manufacturer's capital and what is  
2       machinery and tools.

3               Our evidence will describe the business  
4       and the operations of The Daily Press. This is just a  
5       schematic diagram that Mr. Sacks will use as he walks  
6       through the business and the operations, and this, of  
7       course, will be supplemented by the tour of the facility  
8       this afternoon.

9               There is no dispute at all that what is  
10       going on in the pressroom is manufacturing and that what  
11       is in there is, for the most part, as you noted,  
12       machinery and tools.

13              Our evidence is going to show that the  
14       manufacturing process starts and ends in the pressroom  
15       and that right here, the line between the plate-making  
16       process and the pressroom, that's the line between  
17       manufacturer's capital, which is all the assets used in  
18       these functions up here, and machinery and tools, which  
19       is what's used in the pressroom.

20              This, in here, is the pre-press function,  
21       which is where The Daily Press obtains the negative and  
22       makes the plate, the plate ultimately being put on the  
23       press to make the newspaper.

24              Up here is the editorial function where  
25       you've got reporters who write stories, photographers

Trial Transcripts  
(Non-Testimony)

1 who take pictures, editors who take things off wire  
2 services from syndicators and decide what's going to be  
3 the news content for the paper.

4 We have the advertising department over  
5 here, which is responsible for selling advertising. In  
6 some cases, they create the advertising that goes in the  
7 newspaper.

8 It's really all of this area that is in  
9 dispute. The bulk of the assets are up at the top, in  
10 the news content and the advertising content portions of  
11 the chart here.

12 THE COURT: Let me ask counsel for the  
13 city a question here a moment. Are we in agreement that  
14 an item of property, tangible personal property, used,  
15 number one, solely to assist in either the  
16 administration or personnel matters of The Daily Press  
17 would be exempted?

18 MR. JACKSON: With emphasis on the word  
19 "solely," yes, your Honor, we are in agreement on that.

20 THE COURT: What about a computer -- and  
21 this may not exist, in fact. If a computer is only used  
22 to store information concerning possible advertisers to  
23 contact them, phone numbers, an information database, do  
24 you consider that exempt, or would you somehow connect  
25 just the storage of that information as part of the



Trial Transcripts  
(Non-Testimony)

1 manufacturing process?

2 MR. JACKSON: I would say two things,  
3 your Honor. First of all, I do not believe that we will  
4 find such a critter at The Daily Press. And the second  
5 thing I would say is that -- and this is the reason I  
6 emphasized your Honor's use of the word "solely." The  
7 applicable test is predominant use, so --

8 THE COURT: So you are not asking that  
9 anything predominantly used for administration or  
10 personnel matters be considered for machinery and tools  
11 tax?

12 MR. JACKSON: No, your Honor, we are not.

13 THE COURT: I'm sorry.

14 MS. McCORMICK: That's all right.

15 So we think the manufacturing process  
16 begins and ends right here in the pressroom. None of  
17 the assets that are used in these functions, in the  
18 pre-press function, in the editorial function, in the  
19 advertising function, are used in connection with the  
20 operation of machinery which is actually and directly  
21 used in the manufacturing process.

22 The Daily Press has already paid all of  
23 the tax that the city has assessed for the years in  
24 issue, 1991 and 1993 through 1996. That amounts to  
25 about \$1.1 million. If the court were to rule in our



Trial Transcripts  
(Non-Testimony)

1 favor, the City would be entitled to retain \$862,717 of  
2 that 1.1 million that's been paid, and the refund that  
3 would be due The Daily Press would be \$273,928 plus any  
4 interest that might be allowed by law.

5 We anticipate that we will present at  
6 least three live witnesses. The first will be Brenda  
7 Head from The Daily Press.

8 THE COURT: Three live witnesses? That's  
9 good. Let's try to limit witnesses to live people  
10 today. That's fine.

11 MS. McCORMICK: The first will be Brenda  
12 Head, who is from The Daily Press's finance department.  
13 She will testify about the schedules that are behind  
14 Tabs 1, 2, and 3 of the exhibit notebook.

15 Our second witness will be Mike Sacks,  
16 sitting over here. He, as I mentioned, is the vice  
17 president and director of the operations for The Daily  
18 Press, and he will testify about the operations and the  
19 business and also about the disputed property listed on  
20 Schedule C.

21 Our last witness -- excuse me. Mr. Sacks  
22 will also lead the tour of the facility this afternoon.

23 Our last witness will be Stan Kidd. He is  
24 not an employee of The Daily Press. He is a network  
25 engineer, and he will explain the function of a LAN. We

Trial Transcripts  
(Non-Testimony)

1 expect to have him qualified as an expert witness.

2 I think we will also have a short bit of  
3 testimony from Priscilla Galloway's deposition.

4 THE COURT: Now, that chart, for a moment,  
5 that you held up, is there a way that you can show me on  
6 that diagram the extent of your LAN network?

7 MS. McCORMICK: Yes. Mr. Sacks will  
8 testify that the last item that is connected to the LAN  
9 is right here. It's the box labeled "Image Setter  
10 Control PC and Monitor." And there is actually a copy  
11 of this behind Tab 4 of your notebook.

12 THE COURT: You said the LAN ends at the  
13 image setter?

14 MS. McCORMICK: Yes, sir.

15 THE COURT: The news content, advertising,  
16 storage would be connected to the LAN?

17 MS. McCORMICK: And the image setter is  
18 also connected to the LAN.

19 THE COURT: But it ends right there?

20 MS. McCORMICK: It ends there. So the  
21 paper image setter and the film image setter, the  
22 plate-making equipment, the camera, if you have to  
23 physically take a picture to get the negative, and the  
24 items that are in the pressroom, none of that is  
25 connected to the LAN.

Trial Transcripts  
(Non-Testimony)

1 THE COURT: Thank you.

2 MS. McCORMICK: And just as a final  
3 housekeeping matter, as you can see, looking at  
4 Schedule C, there are literally thousands of entries on  
5 that schedule. These are the items that we are asking  
6 you to classify as capital, asking you to decide how  
7 they should be classified, as capital or as machinery  
8 and tools.

9 If the Court agrees with us and draws the  
10 line between capital and machinery and tools down here,  
11 between the plate-making function and the pressroom,  
12 then everything on Schedule C would be classified as  
13 capital.

14 THE COURT: Which is the 273,928?

15 MS. McCORMICK: Yes, sir.

16 If you should decide to draw the line  
17 someplace else, for instance, where the LAN ends, maybe  
18 if you draw the line up here, between the image control,  
19 PC monitor, and the film image setter and the paper  
20 image setter, and decide that everything below that on  
21 the chart is properly classified as machinery and tools  
22 but everything above that is not, if you look at  
23 Schedule C, we have broken the assets out and sorted  
24 them by the department that they are used in. The  
25 reason we did that is because the department, for the



Trial Transcripts  
(Non-Testimony)

1 most part, dictates the function of the asset, and it is  
2 the function that determines the classification,  
3 machinery and tools or manufacturer's capital.

4 The news content is the editorial  
5 department, and Mr. Sacks will explain all that. So if  
6 you look through the chart and you happen to decide that  
7 this pre-press operation here is machinery and tools,  
8 you will be able to determine the amount of the refund  
9 that we would be entitled to, because you can subtract  
10 out the advertising, the editorial, and there are some  
11 other support functions listed there that Mr. Sacks will  
12 testify about.

13 THE COURT: When you say "advertising  
14 content" -- and I know your witness will talk about  
15 that -- I think I understand news content. The  
16 advertising content, are we talking about items that you  
17 received to be placed in the paper as well as original  
18 design work done by the paper? When you are talking  
19 about content, are you talking about something that is  
20 going into the newspaper that is prepared or received  
21 from an outside source by this advertising content  
22 division, for my purposes?

23 MS. McCORMICK: Yes. The advertising  
24 department, they solicit ads. Some advertisers with the  
25 display ads, you know, the ones that are in boxes or



Trial Transcripts  
(Non-Testimony)

1 perhaps a full-page ad, some of those will send the ad  
2 fully done over to The Daily Press and The Daily Press  
3 will incorporate it into the paper.

4 THE COURT: Is there any demarcation  
5 between those who solicit ads and those who actually sit  
6 down and design and create and put together what goes in  
7 the paper?

8 MS. McCORMICK: Only the artists will  
9 design and create the display ads. And you can tell  
10 which equipment on the schedule -- Mr. Sacks will  
11 testify probably a little more clearly about this. For  
12 the most part, it's the Macintosh equipment, because the  
13 other computer equipment that's listed on there did not  
14 have the capability for doing the types of graphic  
15 designs that you would need for a display ad.

16 There is another type of advertisement in  
17 the paper. Those are the classified ads, which I am  
18 sure your Honor is familiar with. It's just text. And  
19 those were also created in the advertising department.

20 THE COURT: Like the Parade supplement and  
21 things like that, does The Daily Press receive those  
22 from an outside source to insert?

23 MS. McCORMICK: Many of the insert ads  
24 they do receive from an outside source. Parade,  
25 specifically, I cannot recall if that comes from an

Trial Transcripts  
(Non-Testimony)

1 outside source or not. I am told it does.

2 But, for instance, the glossy Target  
3 inserts that you might see in the paper are printed  
4 outside and sent in to The Daily Press.

5 THE COURT: And all of the reporters and  
6 the editors, they would be under the news content  
7 area?

8 MS. McCORMICK: Yes, sir.

9 So, in closing, we would ask the Court to  
10 grant the relief we have requested in our second amended  
11 application for correction -- that is, to find that the  
12 assessments are erroneous to the extent they are based  
13 on property that shouldn't be classified as  
14 manufacturer's capital and order the city to refund  
15 these erroneously assessed taxes together with interest.

16 THE COURT: Thank you, ma'am.

17 Mr. Jackson.

18 MR. JACKSON: Thank you, your Honor. I  
19 get to introduce Mr. Rowe, who flew in, just as I  
20 expected he would.

21 THE COURT: Good morning.

22 MR. JACKSON: Your Honor, like most cases,  
23 you have to make sure you are focused on the right  
24 issue. In tax cases, that is particularly true. You  
25 have to make sure you are asking the right question, and

Trial Transcripts  
(Non-Testimony)

1 you have to persistently ask the right question.

2 When you are talking about machinery and  
3 tools taxes, the very first question -- the very first  
4 right question that you have to ask is what is the  
5 product.

6 In the case of The Daily Press, the  
7 evidence is going -- show that the product is a  
8 newspaper, that The Daily Press is a manufacturer, and  
9 that what they manufacture is newspapers.

10 The Daily Press talks about the things  
11 they print for other people, but the evidence is going  
12 to show that's a very small percentage of their  
13 business. In fact, they concede that the primary  
14 product that they print -- that is, that they  
15 manufacture -- is a newspaper.

16 The evidence is going to show that the  
17 process for manufacturing newspapers begins with the  
18 manipulation of the content of that newspaper using  
19 computers, whether it's news content or advertising  
20 content, and that the process ends when the newspapers  
21 roll off the press and are then combined with preprinted  
22 material through an inserting process. That's the  
23 beginning and that's the end of the process of  
24 manufacturing newspapers.

25 We are not, as your Honor asked, talking

Trial Transcripts  
(Non-Testimony)

1     about administration, we are not talking about human  
2     resources, we are not talking about finance. We are  
3     not, at the other end of the process, talking about  
4     circulation. All we are talking about is the  
5     manufacturing process.

6             Candidly, your Honor, this case very  
7     nearly is one of those cases that, if the rules of court  
8     were a little more liberal, we could have done it by  
9     summary judgment, because The Daily Press doesn't  
10    question that they are a manufacturing business, and  
11    they do not question that what they manufacture is  
12    newspapers. They do not question -- as your Honor asked  
13    Ms. McCormick earlier, they do not question that the  
14    assets that they have listed on what they contend is  
15    capital are actually machines and tools.

16            They do not even question, as I understand  
17    it, that the assets that the city has taxed are properly  
18    machinery and tools if the court agrees that the city  
19    has defined the process properly.

20            In other words, if The Daily Press were to  
21    accept the city's definition of what is the process,  
22    they would not contend that there are items on their  
23    schedules that ought not to be taxed as machinery and  
24    tools. All they contend is that the process is far,  
25    far, far narrower than what the city has defined it to



Trial Transcripts  
(Non-Testimony)

1 be.

2 One of the things that this quotation  
3 from -- if I may, your Honor --

4 THE COURT: You may.

5 MR. JACKSON: One of the things that this  
6 quotation from American Woodmark omits is the sentence  
7 that comes right up here in the text of the case that  
8 says don't forget, those things which are actually used  
9 in the manufacturing business also are machinery and  
10 tools. It is not merely this two-part test that you are  
11 concerned with. Once you define the process, then those  
12 items which are actually and directly used in that  
13 process are machinery and tools.

14 The city's position, quite simply, is we  
15 don't get to this in this case. This part of the  
16 definition we don't get to. The reason we don't get to  
17 it is because all of the things that are in both of  
18 their schedules, those things that they concede to be  
19 machinery and tools and those things that they dispute,  
20 are used in the process as it is defined by the city.  
21 They are directly used.

22 THE COURT: Directly used, according to  
23 you.

24 MR. JACKSON: Yes, your Honor.

25 Now, in trying to define what they contend

Trial Transcripts  
(Non-Testimony)

1 is the process, The Daily Press makes what I call the  
2 Kinko's contention and the law firm contention. Now, at  
3 both Kinko's and at law firms, someone will take blank  
4 paper, and they will take ink in the form of toner, and  
5 they will combine it to make something that's different  
6 from what was there before.

7 And to the extent that all Kinko's does  
8 for you is duplicate, using blank paper and ink, to the  
9 extent that a law firm takes blank paper and a brief,  
10 the words in a brief, and combines those into something  
11 different than what was there before, The Daily Press  
12 contends that's all they do. They contend that that is  
13 manufacturing. That's the position that they have  
14 taken.

15 And the evidence that you will hear is ask  
16 the right question. The right question is what is the  
17 product. The product is not simply combining words and  
18 paper, ink and blank paper, into something different.  
19 The product is a newspaper. When you see that the  
20 product is a newspaper, you see that drawing the line  
21 down here at the door of the pressroom is the wrong  
22 place to draw the line.

23 Essentially, The Daily Press is asking you  
24 to accept -- I hesitate to call this a syllogism,  
25 because it's not a true syllogism, but it's the only

Trial Transcripts  
(Non-Testimony)

1 word that came to mind. The syllogism that they ask you  
2 to accept is that The Daily Press prints stuff, that  
3 printing is manufacturing, and that therefore only those  
4 machines and tools that are used to print constitute a  
5 part of the process that they are involved in. That's a  
6 false syllogism, because it fails to ask the right  
7 question. The right question is what is the product.

8           The evidence is going to show that The  
9 Daily Press is, far more than this fictional Kinko's  
10 might be, a manufacturer. They are not. They do far  
11 more than just duplicate something. They take an  
12 electronic or digital original, whether it's words or a  
13 photograph. They may take an image on a piece of paper  
14 that they receive from some third party, an advertiser.  
15 And while we are talking about the words that are put  
16 into a computer, let us not forget that among the  
17 advertising that is contained in the product, which is  
18 the newspaper, it's classified advertising, which is  
19 nothing but words, which doesn't need an Apple computer.  
20 It's done on just your plain old PC.

21           Those things are manipulated, once they  
22 are in the computer or once an image is received,  
23 sometimes through a scanning process, through an editing  
24 process, and all are transformed into pages that are  
25 going to be printed as a part of the newspaper.



Trial Transcripts  
(Non-Testimony)

1                   From the computer, you get images, whether  
2                   it's an image of an advertisement, an image of a page of  
3                   a newspaper containing print, or an image of a page of a  
4                   newspaper that contains both. They take the negative,  
5                   they produce a plate, they put the plate on the press,  
6                   and they produce a product. The product is newspapers.

7                   When you ask the right question and answer  
8                   it, as they concede you should answer it, the product is  
9                   a newspaper. It is far beyond just combining ink and  
10                  blank paper. Because without the content, you don't  
11                  have a newspaper. The city recognizes that, the  
12                  commissioner of the revenue recognizes that, and we are  
13                  asking that the court recognize that.

14                  THE COURT: Thank you, Mr. Jackson.

15                  Are there any machinery and tools which  
16                  you concede are, in fact, capital?

17                  MR. JACKSON: We get into that label  
18                  issue, your Honor. If it's machinery and tools, those  
19                  are terms of art, and that's the same problem, I think,  
20                  Ms. McCormick had. Are there machines and tools that  
21                  are owned by The Daily Press that we contend are  
22                  capital, certainly. There are computers that are used  
23                  by human resources. They are machines. They are owned  
24                  by The Daily Press. They are owned by a manufacturing  
25                  business, but they are not used in the process, and so



Trial Transcripts  
(Non-Testimony)

1     they are not classified and taxed as machinery and  
2     tools.

3                     There are lots of other things. At the  
4     pretrial, I gave the example of two identical hammers,  
5     one that's physically used to make the product, the  
6     other that's used for custodial duties. The first is  
7     taxable, the second is not.

8                     THE COURT: Let me ask you something, and  
9     also Ms. McCormick too. I can't find it right now. I  
10    thought there was a statement made by Ms. McCormick in  
11    her brief detailing some of the back and forth between  
12    the city and the newspaper concerning whether they  
13    should be taxed as a manufacturer. And I thought there  
14    was a statement made that it was finally agreed that we  
15    would be taxed as a manufacturer because of our printing  
16    functions or printing activities. And there was a  
17    reference made, I believe, to a letter from  
18    Mr. Crowson.

19                    Now, not that it's controlling on the  
20    court, I'm not particularly interested in why you  
21    decided that the newspaper was a manufacturer and  
22    whether it was limited. Even if you did limit it in  
23    your explanation of your decision, that doesn't  
24    necessarily limit the court. Did Mr. Crowson articulate  
25    that one of the reasons or support for his opinion was

Trial Transcripts  
(Non-Testimony)

1 that they were engaged in printing, this  
2 transformational process, from the raw material through  
3 the presses to the salable product?

4 MR. JACKSON: I do not recall if he  
5 articulated the reasoning.

6 THE COURT: All right.

7 MR. JACKSON: What happened is that -- and  
8 the Court will hear about this in the city's evidence.

9 There was an audit that was done in 1992  
10 of The Daily Press property tax returns at the request  
11 of The Daily Press. And in 1992, with respect to 1991  
12 and earlier tax years that are not in issue here, The  
13 Daily Press was deemed to be a processor. A processor  
14 is subject both to machinery and tools tax and to  
15 business personal property tax.

16 When the lawsuit was filed and the issue  
17 was further considered, Mr. Crowson issued his letter  
18 that said you are a manufacturing business. And as a  
19 consequence of that decision, that decision to  
20 reclassify, the business personal property taxes were  
21 refunded. The process, though, is the same. That is,  
22 the process if they were a processor, the process if  
23 they were a manufacturer, didn't change. All that  
24 changed was the label that was put on it.

25 THE COURT: Thank you, sir.

Trial Transcripts  
(Non-Testimony)

1 MS. McCORMICK: I think the statement  
2 that your Honor is referring to is on page 2 in the  
3 first paragraph of the facts section of my brief. There  
4 is also a copy of the letter to which you are referring  
5 behind Tab 66 of our notebook.

6 And in the first paragraph of that letter,  
7 Commissioner Crowson does state that the paper should  
8 properly be classified as a manufacturer instead of a  
9 processor, and it's dated August 19th of 1997.

10 THE COURT: I thank both of you for your  
11 opening statements.

12 Counsel, if you'd like to come up here at  
13 the table, we can use this chair over here.

14 MR. ROWE: Your Honor, I am fine, if I can  
15 just sit --

16 THE COURT: Are you close enough?

17 MR. ROWE: I'm close enough so I can  
18 whisper if I need to.

19 THE COURT: It's obvious to me, after  
20 hearing your opening statements, we will probably not  
21 settle this, so, if you will, call your first witness.

22 MS. McCORMICK: Yes, sir. My first  
23 witness is Brenda Head.

24 (Discussion off the record.)  
25



Brenda Head  
Direct Examination

1                   THE COURT: Good morning, ma'am. Have a  
2 seat up here. Be careful stepping up.

3  
4                   BRENDA HEAD, called by the plaintiff, previously  
5 being duly sworn, testified as follows:

6  
7                   THE COURT: Answer Ms. McCormick, please.

8  
9                   DIRECT EXAMINATION

10                  BY MS. MCCORMICK:

11                  Q           Good morning. Would you please state your  
12 name for the record.

13                  A           Brenda Head.

14                  Q           Ms. Head, are you currently employed?

15                  A           Yes. I am employed by The Daily Press.

16                  Q           What is your position?

17                  A           I am the financial planning and tax  
18 coordinator, and I work in the finance department.

19                  Q           How long have you held this position?

20                  A           Since December of '88. Before that, I was  
21 a general ledger supervisor from about 1972 to 1988.

22                  Q           Do you know whether The Daily Press pays  
23 property tax to the City of Newport News?

24                  A           Yes, it does.

25                  Q           What do they pay?

Brenda Head  
Direct Examination

1           A       They pay machinery and tool tax, they pay  
2       real property tax, and vehicle personal property tax.

3           Q       Does The Daily Press report these taxes  
4       itself?

5           A       I file returns for the machinery and tools  
6       tax, and then we are billed by the city for the real  
7       estate and vehicle personal property taxes.

8           Q       For the years 1991, 1993, 1994, 1995, and  
9       1996, did The Daily Press pay machinery and tools tax?

10          A       Yes, they did. Initially, we paid  
11       machinery and tools tax and what was referred to as  
12       business equipment tax. And then, in 1992, we were  
13       audited by the city, and that's where we were classified  
14       as processors, and they came and reclassified assets as  
15       to whether they were machinery and tools or business  
16       equipment.

17                   Then, in 1997, we were reclassified again  
18       as a manufacturer, and that's where the dispute comes  
19       in, because I am still filing the same returns as when  
20       the city had said that we were processors in 1992. The  
21       question is where the capital property ends and the  
22       manufacturing begins, is what's in dispute.

23          Q       You made reference to a 1997  
24       reclassification as a manufacturer, is that correct?

25          A       Yes.

Brenda Head  
Direct Examination

1           Q       Would you take a look at the document  
2       behind Tab 66 and let me know if you can identify that.  
3       Tab 66 of the black notebook that's sitting up on the  
4       witness stand.

5           A       Yes. This is a letter we received from  
6       the commissioner of the revenue stating that we were a  
7       manufacturer.

8           MS. McCORMICK: Your Honor, I'd like to  
9       move into evidence the document behind Tab 66.

10          THE COURT: Mr. Jackson?

11          MR. JACKSON: No objection, your Honor.

12          THE COURT: All right. Admitted.

13          Let me ask you this. Do you have  
14       objections to other exhibits in this book?

15          MR. JACKSON: I may, your Honor, yes. It  
16       will depend on for what purpose they are introduced and  
17       a number of different things, but I cannot simply -- if  
18       what you are asking is can we just have them all  
19       admitted at one time, no, your Honor. I'm sorry.

20          THE COURT: Plaintiff's 1.

21               (Plaintiff's Exhibit 1 - marked for  
22       identification and received in evidence.)

23

24       BY MS. McCORMICK:

25           Q       Ms. Head, will you take a look at the



Brenda Head  
Direct Examination

1 documents behind Tabs 1, 2, and 3 in front of the  
2 notebook. And take a look at those, and I will ask you  
3 to let me know if you can identify those documents.

4 A Yes.

5 Q Okay. What are they?

6 A These are the listing of the assets that  
7 we filed with the city and paid tax on for machinery and  
8 tools for the years '91, '93, '94, '95, and '96.

9 Q Behind Tab 1, the first page of that  
10 document says "Schedule A." Do you see that?

11 A Uh-huh.

12 Q Would you describe for us what Schedule A  
13 is?

14 A Schedule A is a listing of the property  
15 classified as machinery and tools that the Daily Press  
16 agrees with the city should be classified as machinery  
17 and tools.

18 Q The next, Tab 2, the first page of that  
19 document is Schedule B. Would you tell us what  
20 Schedule B is, please.

21 A Schedule B is a listing of the assets that  
22 the city has classified as machinery and tools that we  
23 pay tax on but we disagree with the classification, that  
24 we believe it should be capital property.

25 Q And is that for all of the years that you

Brenda Head  
Direct Examination

1 mentioned?

2 A Yes. For '91, '3, '4, '5, and '6.

3 Q And the last tab that I'd ask you to look  
4 at is Tab 3, and the first page of that is Schedule C.  
5 Would you describe what Schedule C is, please.

6 A Schedule C is a listing -- is the same  
7 listing as Schedule B, it's just sorted by department  
8 instead of by year like Schedule B is sorted.

9 Q Does Schedule C cover the five years you  
10 mentioned earlier?

11 A Yes, it does. '91, '3, '4, '5, and '6.

12 Q And are all the assets that are on  
13 Schedule B also on Schedule C?

14 A Yes.

15 Q Is there anything else on Schedule C  
16 that's not on Schedule B?

17 A No.

18 Q Where did these three schedules, A, B, and  
19 C, come from?

20 A They came from a financial system that we  
21 have, that is interfaced with our general ledger system.

22 Q Okay. And who is responsible for -- let  
23 me back up a second.

24 What is physically on these schedules?

25 A I'm sorry, I misunderstood what you're

Brenda Head  
Direct Examination

1       saying here.

2               Q       Could you turn to Tab 2, Schedule B, and  
3       the first page behind the yellow sheet that says  
4       "1991." If we could, I'd just like to take, as an  
5       example, the first entry on that page and walk through  
6       the column so you can explain to the court what each  
7       designation on that page is.

8                       Let's start with the first column on the  
9       left, and it says "150."

10              A       That's our corporate account -- corporate  
11       number. We are owned by Tribune, and each of their  
12       companies are identified by a separate number, and ours  
13       is 150.

14              Q       The next column says "MACH." What's  
15       that?

16              A       When I enter the asset, I put the  
17       classification of machinery and tools to let me know if  
18       this asset needs to be taxed or not. If it's business  
19       or autos or a lease or whatever the tax category is,  
20       that's where it's entered.

21              Q       Is this designation all through these  
22       charts? Is this MACH designation on A, B, and C?

23              A       Yes, it is.

24              Q       And how did you determine that you needed  
25       to designate these assets MACH?



Brenda Head  
Direct Examination

1           A           Following the city's guidelines of what  
2           should be machinery and tools and what should be  
3           capital.

4           Q           When was that issued?

5           A           In 1992, the audit.

6           Q           The third column has a number in it that  
7           has either four or five digits. Could you tell us what  
8           that is?

9           A           Yes. That's the asset number that I  
10          assign each asset to the system. This is also a tag  
11          number where we tag equipment, and that would identify  
12          the actual equipment to the listing in the asset  
13          register.

14          Q           The next column on the example we are  
15          using says "ADV," "ADM." Could you explain what that  
16          is?

17          A           This is letting me know, or anyone  
18          looking at the report, that ADV means the asset was  
19          placed in the advertising department. CIR would be  
20          circulation, EDT would be editorial.

21          Q           You are still on page 1, is that correct?

22          A           Right. They are all there. All the way  
23          through, it distinguishes what department the asset is  
24          located in.

25          Q           You mentioned ADV for advertising and CIR

Brenda Head  
Direct Examination

1       for circulation and EDT for editorial. Are there other  
2       designations?

3               A       Yes. OPR is operations, and I think MKTG  
4       was marketing. HR is human resources, FIN is finance.  
5       I think that's all the departments we have.

6               Q       Would you take a look at page 9 of your  
7       schedule, also, of the 1991 sheet behind -- still  
8       Schedule B, just page 9. There is a designation on the  
9       very first line of that that says MKT for the first two  
10      letters in that fourth column. What would that be?

11              A       That's marketing.

12              Q       Let's go back to page 1 of that same 1991  
13      Schedule B. It looks like there is a fifth column of  
14      text in the first line. It says "COMPT." Could you  
15      explain what that column is for?

16              A       That stands for computer. I try to give  
17      it some identification as to what type of equipment it  
18      is, whether it's furniture, computer, plant equipment,  
19      or office. This also helps me determine the life that I  
20      should put on the asset.

21              Q       Then the sixth column has some text in it  
22      on the first line of the first page of the 1991 sheet,  
23      Schedule B. It says "Compaq 386S monitor."

24              A       That's the asset description of the actual  
25      asset.

Brenda Head  
Direct Examination

1           Q           The next column that has writing in it is  
2 a series of what appear to be numbers.

3           A           That's the cost of the asset, and that's  
4 as of the date it was acquired.

5                   THE COURT: Before we leave this page,  
6 just for my interest, would you drop down six or seven  
7 lines. This portable microwave and refrigerator, I take  
8 it that's in the circulation, administration area.  
9 Correct?

10                   THE WITNESS: Yes.

11                   THE COURT: Do you know of your own  
12 knowledge what that's used for? Is the refrigerator  
13 used for what I think it's used for?

14                   THE WITNESS: It should be a  
15 refrigerator.

16                   THE COURT: And this portable microwave,  
17 is that just a portable microwave?

18                   THE WITNESS: Yes, it is.

19                   THE COURT: All right. And you list it as  
20 a machine?

21                   THE WITNESS: That was how it was  
22 classified back in '92, and it's just remained that  
23 way.

24 BY MS. McCORMICK:

25           Q           When you say "classified back in '92,"



Brenda Head  
Direct Examination

1       what is that classification based on?

2               A       When the city auditors said what was  
3       classified as machinery or capital.

4               Q       Machinery or capital?

5               A       Or personal property.

6               Q       I think you testified before we walked  
7       through the schedule that the schedules came out of a  
8       computer system that is maintained by The Daily Press in  
9       the finance department.

10              A       Yes, it is.

11              Q       Okay. Who is responsible for maintaining  
12       this listing?

13              A       I am.

14              Q       How is it maintained?

15              A       I enter the assets as they are put into  
16       service or are bought, and it's used to help determine  
17       the tax schedules, the depreciation expense for the  
18       month, and the write-offs of assets.

19              Q       Did you authorize the entries that are  
20       reflected on the documents at Tabs 1, 2, and 3?

21              A       Yes.

22              Q       Did you make any of those entries  
23       yourself?

24              A       Yes.

25              Q       During 1991 through 1996, was The Daily

Brenda Head  
Direct Examination

1 Press audited by a public accounting firm?

2 A Yes, it was.

3 Q By whom?

4 A Pricewaterhouse.

5 Q In the course of those audits, did  
6 Pricewaterhouse review the method that you described for  
7 keeping the asset listing that you described?

8 A Yes.

9 Q Did they approve of it?

10 A Yes.

11 MR. JACKSON: Objection. Your Honor,  
12 that's hearsay.

13 THE COURT: You may want to rephrase,  
14 Ms. McCormick.

15 MR. JACKSON: I might add, your Honor, it  
16 may also not be relevant, since we don't know what they  
17 might have been reviewing for. Were they reviewing for  
18 local taxes or were they reviewing for federal income  
19 tax purposes, which are two totally different things.  
20 My primary is hearsay.

21 BY MS. MCCORMICK:

22 Q Did The Daily Press rely on what  
23 Pricewaterhouse concluded in their audit?

24 A Yes.

25 Q What did they conclude?

Brenda Head  
Direct Examination

1 MR. JACKSON: Objection. Same problem.  
2 It's both hearsay and not shown to be relevant.

3 MS. McCORMICK: This is not being offered  
4 for the truth of what Pricewaterhouse said. It's being  
5 offered just in line with the fact that The Daily Press  
6 relied on what Pricewaterhouse told them after the  
7 audit.

8 MR. JACKSON: If your Honor please, if  
9 it's not being offered for the truth, then it has no  
10 relevance in the case.

11 THE COURT: I will overrule your  
12 objection, Counsel, and allow it in. I don't think it's  
13 being offered for the truth. I think it's being offered  
14 to show what they said. Whether or not it's true or not  
15 is of little import to the court, except for the fact  
16 that I think it can plain however they viewed things  
17 or categorized this I am going to go ahead and allow  
18 the question.

19 BY MS. McCORMICK:

20 Q As a general matter, does The Daily Press  
21 rely -- sorry.

22 What did Pricewaterhouse say in the  
23 audit?

24 MR. JACKSON: Your Honor, may I have a  
25 continuing objection to --



Brenda Head  
Direct Examination

1 THE COURT: You may.

2 MR. JACKSON: -- what Pricewaterhouse  
3 said, reported, and so on?

4 THE COURT: That's fine.

5 MR. JACKSON: Thank you.

6 BY MS. McCORMICK:

7 Q Generally, what were the results of the  
8 audit that Pricewaterhouse did?

9 A That we were following the guidelines that  
10 were set forth by the Tribune Corporation, the financial  
11 systems and -- I mean, I can't testify word for word  
12 what was said.

13 Q As a general matter, does The Daily Press  
14 rely on these asset listings that you have described in  
15 preparing its property tax returns, its federal tax  
16 returns, its financial reports?

17 A Yes, it does.

18 Q To the best of your knowledge, are the  
19 documents behind Tabs 1, 2, and 3 that you have been  
20 talking about, are they correct and accurate?

21 A Yes.

22 MS. McCORMICK: Your Honor, we'd move the  
23 admission into evidence of the documents behind Tabs 1,  
24 2, and 3 of our exhibit notebook.

25 MR. JACKSON: Your Honor, I have no

Brenda Head  
Voir Dire

1 objection to the introduction of these items, with the  
2 exception of the labels that are given to what the  
3 assets are and with the further exception of the labels  
4 as to which departments use them and how they are used.

5 THE COURT: And your basis is?

6 MR. JACKSON: My basis, your Honor, is --  
7 perhaps I can show the Court through voir dire, prior to  
8 admission of the document, the nature of the objection.

9 THE COURT: All right. I will allow  
10 that. I will allow him to ask solely, now, if he will  
11 limit his questions to her knowledge of these documents  
12 and whether or not she's got specific knowledge when X  
13 machinery is located in a certain department whether or  
14 not she can testify to that as strongly as she can to  
15 the financial computations and things like that.

16 MR. JACKSON: Thank you, your Honor.

17 THE COURT: You may.

18  
19 VOIR DIRE EXAMINATION

20 BY MR. JACKSON:

21 Q Ms. Head --

22 A Yes.

23 Q -- you made reference to following the  
24 city's guidelines in putting these lists together. May  
25 I ask you, first, whether the system that you presently

Brenda Head  
Voir Dire

1 have is the same as the system that you had in 1992 when  
2 the audit was performed?

3 A The equipment has changed due to upgrades  
4 and re- -- getting new equipment, but the whole process  
5 of printing the paper has remained the same.

6 Q I understand that. But did you use  
7 different software and different labels in 1992, when  
8 the audit was performed, than the labels that are used  
9 here?

10 A If it was software, it was labeled  
11 software, no matter what kind of software. Is that  
12 what --

13 Q No. Bad question. I'm sorry.

14 My question is: Is the software that you  
15 used to record assets in 1992 the same software that was  
16 used to produce these documents?

17 A Yes. This was just converted to an Excel  
18 file to be able to print it out.

19 Q Is it your testimony, then, that the  
20 identification of department and equipment type is the  
21 same on these exhibits as it was when the audit was  
22 performed in 1992?

23 A They should -- they should be, because  
24 this is how it was set up. If anything was added, I  
25 used that same logic that came out of the '92 audit to

Brenda Head  
Voir Dire

1 add to the new asset. If it was in the department  
2 operations, then I still put it in operations. There's  
3 no change in that.

4 Q Now we are talking about 1991, now, just  
5 1991. That was the year that was audited, right, one of  
6 the years that was audited?

7 A Yes.

8 Q If I may ask you to look at Exhibit 1, the  
9 1991 grouping, page 2, about halfway down, is it your  
10 contention that the city told you to include autos?

11 A In that classification, forklifts were  
12 classified as autos only to keep them separate in our  
13 general ledger to print out so we'd know how many  
14 forklifts in our vehicles. It was just a classification  
15 that I used to keep it straight.

16 Q Is it your testimony that the city told  
17 you to include furniture, which is the next line, as  
18 machinery and tools, and which you now concede to be  
19 machinery and tools, by the way?

20 A Yes. This type of furniture was any table  
21 that was used in production, in the operating, in the  
22 pressroom, so it was classified as machinery and tools.

23 Q And this being on Exhibit 1, The Daily  
24 Press concedes this should be taxed as machinery and  
25 tools, correct?



Brenda Head  
Voir Dire

1           A       Correct.

2           Q       So it's fair to say that the label  
3 furniture and auto does not tell you how something is  
4 used, it merely tells you how you have labeled it for  
5 purposes of your own internal accounting system, is that  
6 correct?

7           A       That's true.

8           Q       Now, if I could ask you to flip over to  
9 Exhibit 2, the 1991 schedule -- excuse me. I'm sorry.  
10 Exhibit 3, the 1991 schedule. It's easier to find in  
11 here. This is the -- the 1991 list in Exhibit C is the  
12 same as the 1991 list in Exhibit B, except you have  
13 sorted it by this fourth column that begins here, ADV.

14          A       Right.

15          Q       Let me ask you to flip to page 3. Is it  
16 your contention the city told you in 1992 with respect  
17 to this 1991 tax year to include items in the  
18 circulation department as machinery and tools?

19          A       Since these were bought in '90, then this  
20 is what was put in -- classified in the audit, because I  
21 don't go back and change anything. This is carried  
22 through from continuing years, so --

23          Q       Let me try to break this down a little  
24 bit. Exhibit 3, the 1991, was something that was a part  
25 of the 1992 audit, correct?

1           A       Yes.

2           Q       So the items that are on here, as I  
3 understood your earlier testimony, are items that the  
4 city told you should be taxed as machinery and tools, is  
5 that right?

6           A       Right.

7           Q       And isn't it also true the city told you  
8 that certain departments could be considered part of the  
9 process but that certain departments would not be  
10 considered part of the process?

11          A       Yes.

12          Q       And isn't it true that one of the  
13 departments that the city told you was not considered  
14 part of the process was circulation?

15          A       Yes.

16          Q       And yet this list seems to indicate that  
17 assets in the circulation department are included as  
18 machinery and tools on your tax returns. Now, that  
19 can't be, can it?

20          A       All I know is that I go by what was set up  
21 from the '92 audit, and this is the way it was filed.

22          Q       Let me make sure that we understand,  
23 then. When it says "circulation" on here, the city  
24 didn't tell you to include anything in the circulation  
25 department as machinery and tools, did it?

Brenda Head  
Voir Dire

1           A       Some things, it did. The conveyors and  
2 things that were used -- if you look down a little bit  
3 lower, that were classified as plant equipment items,  
4 they were classified -- told to be classified as  
5 machinery.

6           Q       Let me ask you to look at pages 20 and  
7 21. Is it your testimony that the city told you to  
8 include items from the finance department and the human  
9 resources department as machinery and tools?

10          A       They were probably transferred from  
11 another department and put into the finance department  
12 and the tax code was never changed.

13          Q       You said they were transferred from  
14 another department?

15          A       Like this piece of equipment used to be in  
16 operations where it was taxed, and then it was  
17 transferred to the finance department.

18          Q       This is 1991.

19          A       The years don't change. I mean --

20          Q       But the designation and the department can  
21 change?

22          A       If you move a piece of equipment, if it  
23 was used for production then and now it's just used as a  
24 typewriter in your finance department, then it's -- it  
25 no longer should be taxable as machinery and tools.



1           Q       So is it fair to say, then, that the  
2 department listing that you have listed on Exhibits 1,  
3 2, and 3, at least with respect to 1991, depending on  
4 the individual asset, may or may not be the department  
5 to which they were assigned in 1991?

6           A       They should be what was assigned in 1991,  
7 because I don't go -- we don't have that many  
8 transfers. I don't go back and change assets once they  
9 are set up.

10          Q       Well, you apparently did transfer human  
11 resources and finance things. Can you go through this  
12 list and tell me which ones you transferred and which  
13 ones you didn't?

14          A       I would have to check my records. I  
15 mean --

16          Q       But you can't testify about that today?

17          A       No.

18               MR. JACKSON: That's the basis for our  
19 objection, your Honor. Clearly, from the testimony,  
20 some of the labels that are used for the individual  
21 pieces of equipment have been changed. They are not the  
22 same labels as were used in 1991. The evidentiary value  
23 of these documents is showing which department uses or,  
24 should I say, used these assets in 1991, and apparently  
25 also in later years, is not the same as what The Daily



Brenda Head  
Voir Dire

1 Press was told to do in 1992, nor is it the same as it  
2 actually was in 1991 and 1992.

3 THE COURT: Let me ask you this, ma'am.  
4 The labeling of the departments in which this equipment  
5 is found, how current is that? Is that very current, or  
6 does this all go back to '91?

7 THE WITNESS: If these assets were bought  
8 back in these years, I'm sure some of these assets have  
9 been moved, but they haven't been changed. They are  
10 still current, because anything I have added I have used  
11 the same guideline, whether it should be machinery or it  
12 should be capital.

13 THE COURT: So if an asset was bought in  
14 December of '88 and it was in the administration office,  
15 you listed that on your audit -- during the audit, '91,  
16 '92. And even if it was moved today to some other area,  
17 you would not go back and change the actual location  
18 department of each of these items, would you?

19 THE WITNESS: I could.

20 THE COURT: Well, do you?

21 THE WITNESS: I have probably only done it  
22 a couple times, because I cannot keep up with everything  
23 that's transferred through the company.

24 THE COURT: So when you tell me something  
25 today is in, say, circulation or administration, the

1 price may be correct, when you purchased the asset may  
2 be correct, but if I were to go to the administration  
3 office today that piece of equipment may not be there,  
4 it may be somewhere else?

5 THE WITNESS: True. It could have been  
6 moved.

7 THE COURT: It could have been moved. All  
8 right.

9 THE WITNESS: But the total tax that we  
10 pay is still the same total for everything.

11 MR. JACKSON: Your Honor, let me make my  
12 objection clear. I do not object to the introduction of  
13 this document to show totals of dollars and cents. My  
14 objection goes to the introduction of these documents,  
15 1, 2, and 3, and all of their subparts, as evidence for  
16 the proposition of where -- which department used these  
17 assets in the relevant tax years and what type of  
18 equipment they are. For example, auto versus computer  
19 versus furniture and so on. That is my objection.

20 THE COURT: All right. Ms. McCormick, it  
21 seems to me it should be -- if she prepared it and she  
22 knows about it, it should come in as evidence, subject  
23 to weight, and she's said that she -- although it may  
24 have initially been input into these departments, she  
25 can't really confirm that the equipment is located in

Brenda Head  
Voir Dire

1 those departments at this time.

2 MS. McCORMICK: Yes, sir. The purpose of  
3 Ms. Head's testimony was to establish this as a business  
4 record, and her testimony also established that The  
5 Daily Press paid tax on all of these assets. I don't  
6 think Mr. Jackson is contesting that.

7 MR. JACKSON: We are not, your Honor.

8 MS. McCORMICK: I think she also  
9 explained, in response to Mr. Jackson, that any  
10 transfers she did, and in response to your Honor's  
11 questions, were minimal, at best.

12 THE COURT: All right. I think one of the  
13 concerns I have, if not the city, is if I go through  
14 here and look at some of these things which are listed  
15 as furniture, I do not think furniture is subject to a  
16 machinery and tools tax. So if I go through here and  
17 look, for instance, on page 2, number 3, I have  
18 calculators, typewriters, everything else listed as  
19 furniture. Now, that is capital property.

20 MS. McCORMICK: I agree.

21 THE COURT: But as I understand our  
22 stipulation, the parties agree that everything on  
23 Schedule 3 is in dispute in this case and depending on  
24 where the bright line is drawn it should be taxed or not  
25 taxed.



Brenda Head  
Voir Dire

1 MS. McCORMICK: Yes, sir.

2 THE COURT: That you are not trying to  
3 come in the back door a little bit and not only argue  
4 the legal issue, but you are not trying to take off the  
5 taxable items everything listed as furniture.

6 MS. McCORMICK: No, sir, that's not our  
7 intention. And Mr. Sacks actually will be the one who  
8 explains the assets and what they are used for.

9 THE COURT: Mr. Sacks is in charge of  
10 moving all these items around in various departments?

11 MS. McCORMICK: That, and many other  
12 things.

13 THE COURT: I am going to allow this to  
14 come in as Plaintiff's 2, subject to the comments being  
15 made and the weight to be given, but not as any evidence  
16 concerning the specific department or the specific use  
17 or classification of that personal property.

18 MS. McCORMICK: Your Honor --

19 MR. JACKSON: Thank you, your Honor.

20 MS. McCORMICK: -- it's actually three  
21 tabs. Could we admit it as Plaintiff's 2, 3, and 4,  
22 Tab 1 being Plaintiff's 2, and Tab 2 being  
23 Plaintiff's 3, and Tab 3 being Plaintiff's 4?

24 THE COURT: Yes, we can.

25 MS. McCORMICK: The reason I mention that



Brenda Head  
Direct Examination

1 is we probably will only be using one of them as we walk  
2 through the testimony.

3 THE COURT: 2, 3, and 4. 4 will be Tab 3.

4 MS. McCORMICK: Yes, sir.

5 (Plaintiff's Exhibits 2, 3, and 4 - marked  
6 for identification and received in  
7 evidence.)

8

9 THE COURT: All right. Proceed,

10 Ms. McCormick.

11

12 DIRECT EXAMINATION (Resumed)

13 BY MS. McCORMICK:

14 Q Ms. Head, please take a look at the  
15 documents behind Tab 5 of your notebook. And after you  
16 have had a chance to look at them, please let me know if  
17 you can identify those.

18 A Yes, these are the returns that I file and  
19 the bills from the city on those returns.

20 Q Who prepared these returns?

21 A I did.

22 Q Are they true and exact copies of the  
23 returns that were filed at the city?

24 A Yes, they are.

25 MS. McCORMICK: I'd like to move for the

Brenda Head  
Direct Examination

1 admission of the documents behind Tab 5 into evidence.

2 MR. JACKSON: No objection, your Honor.

3 THE COURT: Tab 5 will be --

4 MS. McCORMICK: Plaintiff's 5, I think.

5 THE COURT: -- Plaintiff's 5.

6 (Plaintiff's Exhibit 5 - marked for  
7 identification and received in evidence.)

8  
9 BY MS. McCORMICK:

10 Q Now I'd like you, Ms. Head, to turn to the  
11 documents behind Tab 6, if you will, and let me know  
12 whether you can identify those documents.

13 A Yes.

14 Q What are they?

15 A The first copy is the city's assessment  
16 for the tax -- the tax that we pay on machinery and  
17 tools. It's the calculation of how much we pay from the  
18 reports that are filed -- returns that are sent in for  
19 each year, '91, '3, '4, '5, and '6, and give a total of  
20 what we paid the city.

21 On page 2 is what we believe should be  
22 taxed as machinery and tools for the years '91, '3, '4,  
23 '5, and '6, for a total of 862,717. And if you take the  
24 difference, it shows that we believe the city owes us a  
25 refund of 273,928.

Brenda Head  
Direct Examination

1           Q           What I'd like to do is put enlarged copies  
2 of those up on the easel and ask you to walk the court  
3 through how the computations were done.

4           THE COURT: Is there any question of this,  
5 Mr. Jackson?

6           MR. JACKSON: No, your Honor. The  
7 arithmetic is correct. And if the Court accepts the  
8 representations of The Daily Press with respect to what  
9 should and should not be taxed --

10          THE COURT: Plus interest, if applicable?

11          MR. JACKSON: If applicable, yes, your  
12 Honor.

13          MS. MCCORMICK: No need to walk through  
14 the math, then.

15          THE COURT: Do you still want this to come  
16 in as Plaintiff's 6?

17          MS. MCCORMICK: I would like it to come in  
18 as Plaintiff's 6.

19          THE COURT: Plaintiff's 6.

20                 (Plaintiff's Exhibit 6 - marked for  
21 identification and received in evidence.)  
22

23          THE COURT: Proceed.

24          MS. MCCORMICK: And I do not have any  
25 further questions.



Brenda Head  
Cross Examination

1 THE COURT: Mr. Jackson.

2 MR. JACKSON: Thank you, your Honor.

3

4 CROSS-EXAMINATION

5 BY MR. JACKSON:

6 Q Ms. Head, we had some discussion earlier  
7 about the audit in 1991, and I'd like to ask you some  
8 questions about that audit.

9 I am correct, am I not, that that audit  
10 was requested by The Daily Press?

11 A I am really not sure.

12 Q Isn't it true that The Daily Press then  
13 contended that you ought to be a manufacturer and you  
14 had the assistance of a Ms. Martin, who engaged the city  
15 and asked them to come in and do the audit?

16 A Yes.

17 Q Isn't it also true at the conclusion of  
18 the audit The Daily Press got a refund?

19 A Yes, it did.

20 Q Now, you have indicated previously that  
21 there was some discussion with the city about  
22 departments, which ones could be considered part of the  
23 manufacturing process or, at that time, the processing  
24 process --

25 A That's right.

Brenda Head  
Cross Examination

1           Q       -- and those which were not.

2                   Do you recall that?

3           A       Right.

4           Q       I am correct, am I not, that the audit  
5 procedure involved considerable back and forth between  
6 the city and The Daily Press and with you in particular?

7           A       Yes.

8           Q       And I am correct, am I not, that one of  
9 the things that the city did, through the commissioner's  
10 office, was to obtain from you an asset listing?

11          A       Yes.

12          Q       Thank you.

13                   And one of the things that the city did,  
14 when it asked for that asset listing, was it asked you  
15 only for certain departments, is that not correct?

16          A       I believe they had access to all the  
17 departments, the whole -- the whole ledger, the whole  
18 asset listing.

19          Q       When they received that document from you,  
20 which was a listing of every asset owned by The Daily  
21 Press, then they returned it to you, did they not?

22          A       Yes.

23          Q       And when they returned it to you, it was  
24 color-coded using a highlighter and pens, correct?

25          A       Yes, it was.

Brenda Head  
Cross Examination

1           Q       One color meant machinery and tools,  
2 another color meant something else, and so on?

3           A       Right.

4           Q       Now, did the city supply you an  
5 opportunity, when they returned that document, to make  
6 adjustments?

7           A       We tried to go through each of the -- the  
8 listing that they sent back where they color-coded it.  
9 We just went through as a whole, flipping through the  
10 assets, to explain what the colors meant.

11          Q       Did you examine those when you got them  
12 back to The Daily Press?

13          A       Yes, yes.

14          Q       Did you ask the city, through the  
15 commissioner's office, to make adjustments?

16          A       Yes.

17          Q       Did they make adjustments?

18          A       Yes, they did.

19          Q       So in 1991, the assets that were listed on  
20 Exhibit 1 and Exhibit 2 -- excuse me. I've got my  
21 numbers messed up.

22                   The assets that are listed on Plaintiff's  
23 Exhibit 2 and Plaintiff's Exhibit 3, which are Tab 1 and  
24 Tab 2 in the book in front of you, that was a complete  
25 list of the items after this adjustment that were

Brenda Head  
Cross Examination

1       considered to be machinery and tools?

2               A       Yes.

3               Q       Now, did the city provide you with a  
4       document that described which departments were included  
5       in the process?

6               A       I believe they gave me a list that stated  
7       each department which was -- which was listed, whether  
8       it should be machinery or business.

9                       MR. JACKSON: Your Honor, I am going to  
10      ask that this document be marked as Defendant's  
11      Exhibit 1. I expect to inquire of this witness only  
12      about one page of that document at this time.

13                      THE COURT: Have you shown it to  
14      Ms. McCormick? Is she aware of what it is?

15                      MR. JACKSON: Yes, your Honor.

16                      May I approach, your Honor?

17                      THE COURT: You may.

18                      MR. JACKSON: And I'd ask that this  
19      document be marked as Defendant's Exhibit 1.

20                      THE COURT: All right.

21                      (Defendant's Exhibit 1 - marked for  
22      identification.)

23

24                      MR. JACKSON: Thank you, your Honor.

25               Q       Ms. Head, on the third page of this



Brenda Head  
Cross Examination

1 document, Defendant's Exhibit 1, is a summary of  
2 departments' role in the process of printing the  
3 newspaper. Have you ever seen this document before?

4 A Yes, I have.

5 Q This document was supplied to you by the  
6 commissioner's office in connection with the audit, is  
7 that correct?

8 A Yes, it was.

9 Q The departments that are listed at the top  
10 are those departments that were considered part of the  
11 process of printing the newspaper, is that correct?

12 A Yes, they are.

13 Q The circulation department is not  
14 considered one of the departments, is it?

15 A No, it's not.

16 Q The finance department is not included as  
17 one of the departments that's part of the process?

18 A No, it shouldn't be.

19 Q And the human resources department is not  
20 included as one of the departments that is a part of the  
21 process?

22 A No.

23 Q So is it your testimony, then, that when  
24 you received this asset listing back from the city that  
25 was marked up that, notwithstanding what we see on this

Brenda Head  
Cross Examination

1 page, there were documents that were considered -- that  
2 you had assigned to the circulation department, the  
3 finance department, and the human resources department  
4 and you didn't ask them to make an adjustment?

5 A It's possible they were just overlooked.  
6 I had to go into each asset and tell, that asset,  
7 whether it's machinery or business or lease or whatever  
8 the classification was, and that's over 5,000 assets. I  
9 could have missed a couple.

10 Q A couple? Ma'am, would you look at  
11 Exhibit 3. I'm sorry. I keep doing that. Plaintiff's  
12 Exhibit 4, which is Tab 3. And beginning on page 3 of  
13 the 1991 section of Plaintiff's Exhibit 4, Tab 3, we  
14 have circulation department, the next page circulation  
15 department, and a third of the next page circulation  
16 department. Did you miss all those?

17 A No. These were classified as part of the  
18 production and the circulation, so they were taxable.  
19 We went through each asset and marked each asset, and  
20 these evidently had to have been marked as machinery and  
21 tools or I would have put them in as business in the  
22 circulation department.

23 Q Even though the city had told you they  
24 didn't want anything from the circulation department?

25 A This was a guideline for me to determine

Brenda Head  
Cross Examination

1       what should have been machinery and tools and what  
2       should be business. But if you buy furniture in the  
3       advertising department, you are not going to classify  
4       that as machinery and tools. You are still going to  
5       classify it as business equipment.

6               Q       So the city didn't just take every asset  
7       that was in, for example, the editorial department and  
8       tell you it had to be classified as machinery and tools?

9               A       True. Because you had furniture and  
10      chairs in the editorial department.

11              Q       And they told you those items shouldn't be  
12      taxed as machinery and tools?

13              A       Yes. They classify them as business  
14      equipment.

15              Q       Now, let me ask you, if you can, to show  
16      me on Plaintiff's Exhibit 2, which is Tab 1, where  
17      plate-making equipment could be found. This is the  
18      document that lists those things that The Daily Press  
19      does not dispute are machinery and tools. Right?

20              A       Right.

21                      You will not find plate making in this  
22      list. This is only press and packaging equipment that  
23      we consider to be manufacturing.

24              Q       Will we find negatives on this list?

25              A       Excuse me?



Brenda Head  
Cross Examination

1           Q           Negatives. Equipment used to make the  
2 negatives that are, in turn, used to make the plates.

3           A           No, sir.

4           Q           Can you tell the court why your lawyer  
5 says that plate-making equipment is a part of the  
6 process but you don't have them included on Schedule A,  
7 Tab 1, Plaintiff's Exhibit 2?

8                   MS. McCORMICK: Objection. I think that  
9 mischaracterizes what I said. We did not take the  
10 position that plate-making equipment is taxable as  
11 machinery and tools, and that's why it's not on  
12 Schedule A.

13                   MR. JACKSON: If your Honor pleases, I am  
14 simply going by what the trial memorandum says on page  
15 11, quote, thus, nothing other than the plate-making  
16 equipment and the presses with their associated  
17 components is necessary to or part of the actual  
18 manufacturing process.

19           Q           Now, can you explain why the plate-making  
20 process is included, according to the trial memorandum?

21                   THE COURT: Just a moment here. I don't  
22 know that this witness can explain counsel's argument.  
23 I read that too, but I understand your position to be  
24 that it is not, according to you, machinery and tools  
25 used in manufacturing until the plate is delivered to



Brenda Head  
Cross Examination

1 the pressroom.

2 MS. McCORMICK: That's correct.

3 THE COURT: That the plate itself and  
4 everything in back of it, according to you, is on the  
5 other side of this bright line.

6 MS. McCORMICK: That's correct.

7 MR. JACKSON: I am sorry, your Honor.  
8 Apparently I have become confused by the language which  
9 seems to indicate otherwise in this particular section.  
10 I did understand that elsewhere they said what  
11 Ms. McCormick has been talking about here but --

12 THE COURT: But it's your position that  
13 the plate-making equipment would be machinery and tools.

14 MR. JACKSON: Absolutely, your Honor, as  
15 well as the negatives, which also are not listed as  
16 agreed items, shall we say.

17 THE WITNESS: Right.

18 BY MR. JACKSON:

19 Q And that's true even though the complaint  
20 that has been filed three times in this case says that  
21 you take ink, paper, plates, and negatives to make a  
22 newspaper, is that right?

23 MS. McCORMICK: Objection. I don't know  
24 if she knows what the complaint says.

25 THE COURT: I will sustain that.

Brenda Head  
Cross Examination

1                   MR. JACKSON: I don't have any more  
2 questions, I don't believe, your Honor.

3                   THE COURT: Let me ask you a question,  
4 Ms. Head.

5                   THE WITNESS: Yes, sir.

6                   THE COURT: These lists that you prepared  
7 you didn't prepare just for the city, did you?

8                   THE WITNESS: They are our records for me  
9 if I need to look up and be able to find an asset to  
10 retire it.

11                  THE COURT: Do you use them also for other  
12 tax purposes or a depreciation schedule, things like  
13 that?

14                  THE WITNESS: Yes, sir. This is just an  
15 Excel file that -- I just downloaded it from our  
16 software system, the GX system, and the GX system is  
17 what interfaces with the general ledger for depreciation  
18 expense.

19                  THE COURT: Am I correct, Counsel, that  
20 Tab 2 and Tab 3, first of all, are the same thing except  
21 one is listed by department?

22                  MS. McCORMICK: Yes, sir.

23                  THE COURT: Tab 2 and Tab 3 show the  
24 assets in dispute?

25                  MS. McCORMICK: Yes, sir.

Brenda Head  
Cross Examination

1                   THE COURT: And whether we say they are  
2 furniture, auto, or whatever, they are still in dispute?

3                   MS. McCORMICK: They are still in dispute,  
4 yes.

5                   THE COURT: And they are still before the  
6 court as to whether they are machinery and tools,  
7 taxable by the city, or intangible or other tangible  
8 personal property to be considered as capital and  
9 reserved to the state for taxation?

10                  MS. McCORMICK: Yes, sir. I would also  
11 note that tax has been paid, as Ms. Head testified, on  
12 all of the assets that are listed on the Schedule B  
13 behind Tab 2 and Schedule C behind Tab 3.

14                  THE COURT: All right. It would be --  
15 Mr. Jackson?

16                  MR. JACKSON: I was simply going to say,  
17 your Honor, I am not sure if Ms. McCormick implies by  
18 that that having furnished us today or in this trial the  
19 information that these items really aren't machinery and  
20 tools and really aren't used in the process, even as we  
21 define it, I'm not certain that's an appropriate subject  
22 for this litigation.

23                  As I recall, the City of Richmond v.  
24 Gordon case says if you have information you had better  
25 supply it, but don't just sue on it when you haven't



Brenda Head  
Cross Examination

1 coughed it up. Ms. Head said she was asked to review  
2 the asset listing, including the microwave and the  
3 refrigerator that your Honor pointed out on the first  
4 page, and she did not say that doesn't belong there.

5 THE COURT: Correct.

6 MR. JACKSON: Now, they can't come back  
7 now and say oops. That's according to City of Richmond  
8 against Gordon. I do not have the citation for that,  
9 but I will be glad to give it to you.

10 THE COURT: Tell me what Tab 2 and Tab 3  
11 list.

12 MS. McCORMICK: Tab 2 and Tab 3 list all  
13 of the assets that have been classified by the city  
14 pursuant to the '92 guidelines as machinery and tools.  
15 Those are the assets as to which The Daily Press paid  
16 machinery and tools tax for the years listed, and those  
17 are the assets as to which we contend should be  
18 classified as capital, not as machinery and tools, and  
19 the tax that was paid with respect to those should be  
20 refunded to us.

21 THE COURT: So if I see "refrigerator,"  
22 "portable microwave," those properties were listed by  
23 you as machinery and tools, and you have paid tax to the  
24 city on those as machinery and tools, and those would be  
25 among the items on which you are asking that the court



Brenda Head  
Cross Examination

1       have the city reimburse you?

2                   MS. McCORMICK: Yes, sir.

3                   THE COURT: But the fact that those items  
4       may be listed as located in a particular department,  
5       that is not what these exhibits are intended to show?

6                   MS. McCORMICK: Only as Mr. Sacks will  
7       describe. He's also going to talk about Tab 3, but  
8       that's not what Ms. Head is testifying about.

9                   THE COURT: Now, Mr. Jackson, is it your  
10      understanding that -- are you in agreement that 2 and 3,  
11      Tab 2 and 3, list the property which the city is now  
12      seeking to tax under the machinery and tools tax?

13                  MR. JACKSON: We concede that the numbers  
14      add up. We concede that at least with respect to 1991,  
15      and only with respect to 1991, there was an interchange  
16      between the taxpayer and the city, and that resulted  
17      in -- I hesitate to use the word "agreement," but it's  
18      the only word I can think of, that certain things were  
19      machinery and tools -- that is, items used in the  
20      process of creating the newspaper, manufacturing --  
21      excuse me, processing a newspaper at that time and now  
22      manufacturing a newspaper. That's all.

23                  We don't concede that any particular item  
24      is properly labeled, we don't concede that any  
25      particular item is, according to this document, actually

Brenda Head  
Cross Examination

1       in the department this document says it's in. In other  
2       words, it doesn't say anything about use, and that's the  
3       test.

4               THE COURT: Can we agree that you are  
5       seeking to tax the specific items listed on Tab 2 and  
6       Tab 3?

7               MR. JACKSON: Yes, your Honor, to the  
8       extent they are properly labeled. I don't know why a  
9       microwave is on here, but then I don't know how The  
10      Daily Press uses the microwave. A refrigerator I can  
11      imagine, but a microwave I cannot.

12              THE COURT: Ms. McCormick, do you have  
13      anything to add?

14              MS. McCORMICK: No, sir.

15              THE COURT: I think I know what Tab 2 and  
16      Tab 3 are meant to signify.

17              All right. Any further questions,  
18      Mr. Jackson?

19              MR. JACKSON: No, your Honor. Thank you.

20              THE COURT: Any recross, rebuttal?

21              MS. McCORMICK: No, sir. Thank you.

22              THE COURT: May this witness be excused?

23              MS. McCORMICK: Yes, please.

24              MR. JACKSON: Yes, your Honor.

25              THE COURT: Ma'am, you may step down. Be

Brenda Head  
Cross Examination

1 careful stepping down. You are free to go or have a  
2 seat in the courtroom.

3 We have been seated for an hour and 36  
4 minutes. That is not good for thinking. Let us take a  
5 ten-minute recess.

6 (Recess taken from 11:40 a.m. to  
7 11:52 a.m.)

8  
9 THE COURT: Everybody present?

10 Proceed. Call your next witness.

11 MS. McCORMICK: May I clarify one thing  
12 that I think may alleviate some of Mr. Jackson's  
13 concerns? At least I hope it will. As I mentioned in  
14 my opening statement, we have this chart, and we are  
15 asking you to draw the line between where the machinery  
16 and tools ends and where the capital picks up. And if,  
17 for instance, your Honor were to draw the line and say,  
18 "Well, I think that the advertising department is on the  
19 machinery and tools side of the line," we are not going  
20 to go through our Schedule C, is what I am looking at,  
21 and say, "Well, there is a calculator listed on here,  
22 and we don't think that's machinery and tools." And if  
23 you say advertising is on the machinery and tools side  
24 of the line, we will go ahead and treat everything  
25 that's on our schedule that Mr. Sacks -- he will explain



Brenda Head  
Cross Examination

1     what's in the advertising department and all that. So  
2     we are not looking to nickel and dime the city to death  
3     here is my point. I don't know if that addresses your  
4     concern or not.

5                 MR. JACKSON: I wasn't concerned about the  
6     nickel and diming. I was concerned about some of the  
7     rather larger assets that were involved, but I believe I  
8     understand.

9                 THE COURT: It seems to me, also, that  
10    whatever the result is -- I think Mr. Jackson is  
11    rightfully concerned when we have -- well, we will see  
12    how the evidence goes. I mean, I don't know about the  
13    portable microwave and the refrigerator. If Mr. Crowson  
14    is going to testify that, for some reason, those are  
15    deemed to be machinery and tools, fine. It could be  
16    listed as machinery and tools for a variety of reasons  
17    having nothing to do with this case.

18                But to the extent -- whatever the ruling,  
19    if the ruling is adverse to the plaintiff, it seems to  
20    me someone should review that and make sure that we are  
21    not paying taxes on items which should not be listed as  
22    machinery and tools.

23                MS. McCORMICK: Yes, sir.

24                THE COURT: And I don't know that you need  
25    a court to go through that.



Brenda Head  
Cross Examination

1 MR. JACKSON: And I agree with that as  
2 well. If somehow there truly is a finance department  
3 computer that has been reported as machinery and tools  
4 and it is, in fact, used --

5 THE COURT: -- only for that purpose.

6 MR. JACKSON: It ought not to be there.

7 THE COURT: And I assume that's the same  
8 for human resources, personnel matters, administration.

9 MR. JACKSON: Administration gets into a  
10 strange area. They have what they call an executive  
11 offices area.

12 THE COURT: Right.

13 MR. JACKSON: We will concede that, but  
14 the administration can also run into the editorial  
15 department, and that's where we do have some  
16 disagreements.

17 THE COURT: And I assume if someone has  
18 someone in the office that is doing work on a computer  
19 which reasonable people could not disagree about, that  
20 has nothing to do at all with the publication of this  
21 newspaper, that would not be taxable as machinery and  
22 tools.

23 MR. JACKSON: If it has nothing to do at  
24 all with it, yes, your Honor, I would have to agree with  
25 that. But again, we have that predominant use issue,

Michael Sacks  
Direct Examination

1       and that's the reason we have the presumption.

2                   THE COURT:   Correct.   All right.

3                   Call your next witness, please.

4                   MS. McCORMICK:   The next witness is  
5       Michael Sacks.

6                   THE COURT:   Mr. Sacks, come forward,  
7       please.   Have a seat up here.   Be careful stepping up.  
8       Answer Ms. McCormick, please.

9  
10                  MICHAEL H. SACKS, called by the plaintiff,  
11       previously being duly sworn, testified as follows:

12  
13                  DIRECT EXAMINATION

14       BY MS. McCORMICK:

15                  Q       Good morning, Mr. Sacks.

16                  A       Good morning.

17                  Q       Would you please state your name for the  
18       record.

19                  A       Michael H. Sacks.

20                  Q       By whom are you employed?

21                  A       Daily Press.

22                  Q       What is your position with The Daily  
23       Press?

24                  A       I am vice president and director of  
25       operations.

Michael Sacks  
Direct Examination

1 Q And are you an officer of the company?

2 A Yes.

3 Q What is The Daily Press line of business?

4 A We publish a daily newspaper.

5 Q Do you do anything in addition to that?

6 A We do some commercial printing as well.

7 Q Do you print your own newspaper?

8 A Yes, we do.

9 Q Can you give us a sense of what is  
10 involved in your business?

11 A Sure. There's basically four fundamental  
12 areas of the business, if I could describe them that  
13 way, the first being the printing and the production  
14 process, another one being the circulation and  
15 distribution process where we take the papers and  
16 deliver them to people's homes and to single-copy  
17 locations.

18 Another part of the business is the --  
19 what we would call the pre-press process, and the last  
20 part of the business would be the information-gathering  
21 and sales process.

22 Q Let me back up. What is a single-copy  
23 location?

24 A A single-copy location might be a Daily  
25 Press rack outside that you put 50 cents in to get a

Michael Sacks  
Direct Examination

1 newspaper or a 7-Eleven where you would buy one single  
2 copy at a time.

3 Q Other than the four functions that you  
4 described, are there any other functions that go on at  
5 The Daily Press?

6 A There's several support functions. For  
7 instance, human resources and finance, marketing,  
8 technology.

9 Q Would you describe your duties as the vice  
10 president and director of operations.

11 A I have operational duties, and I have  
12 executive duties. Under the -- as a vice president of  
13 the company, I am responsible for, along with the other  
14 vice presidents and the publisher, overall strategy for  
15 the company, budgetary decisions, investment decisions,  
16 making both operational and strategic decisions about  
17 what the company's going to do and what businesses we  
18 are going to invest in, that kind of thing.

19 My operational responsibilities, I have  
20 four primary areas that I am responsible for. That  
21 would be the production department, circulation,  
22 technology, and facilities.

23 Q I am going to ask you to walk through each  
24 of those areas of responsibility for the court. And why  
25 don't we go ahead and start with the production area.



Michael Sacks  
Direct Examination

1           A           Okay. The production area begins with  
2           the -- at the pressroom, where we have two large, what  
3           we call, double-width newspaper presses, and in the  
4           pressroom is where we print the paper.

5                       Right before the pressroom, we have a  
6           pre-press area where negatives and plates are made and  
7           then transported to the pressroom. Once you get beyond  
8           the pressroom, we have the packaging area where papers  
9           are conveyed on out to the packaging department where  
10          one of two things happen to them. Packaging is  
11          responsible for tying and bundling papers, loading them  
12          onto trucks, as well as doing all the inserting for the  
13          daily and Sunday paper. The majority of the packaging  
14          department's week is focused on processing the Sunday  
15          newspaper.

16                Q           You also talked about some circulation  
17          responsibilities.

18                A           That's correct.

19                Q           Would you describe those.

20                A           Circulation is -- involves several  
21          processes, but it begins once the -- once newspapers  
22          leave the dock at our plant on Warwick Boulevard. It  
23          involves taking papers out to several distribution  
24          centers where independent contractors, our carriers, if  
25          you will, pick up papers, deliver them to people's

Michael Sacks  
Direct Examination

1 doorsteps, deliver them to 7-Elevens where we retail the  
2 paper, single-copy locations, and the like.

3 Q How about the technology function that you  
4 mentioned?

5 A The technology is a support function that  
6 is responsible for support of the computers, the  
7 telephone systems, software applications. They will do  
8 some minor programming, help desk functions. When  
9 somebody has a question about their computer, they might  
10 go out and fix it.

11 Q And forgive me, you listed a fourth area  
12 of your responsibility, and I cannot remember what you  
13 called that.

14 A Facilities.

15 Q Would you describe that, please.

16 A Facilities are the -- all the property,  
17 the distribution centers that we have, maintaining the  
18 grounds, maintaining the facilities themselves.

19 Q You talked about an aluminum plate. I'd  
20 like you to walk, in some detail, through the process  
21 that you use, and maybe we can start with the plate.

22 A Sure. An aluminum plate is -- it's about  
23 a 1/10,000 of an inch thick piece of aluminum. It's  
24 very, very thin, a little thicker than a razor blade.  
25 Our plates are about 12 1/2 inches wide and 22 inches or

Michael Sacks  
Direct Examination

1 so deep. They are coated with a presensitized coating  
2 that we later use in the process of putting an image on  
3 that plate and developing it. Those plates fit around  
4 the press cylinder and are used for printing.

5 Q How do you go about putting the image on a  
6 plate?

7 A The image gets onto a plate through a  
8 machine called a lith exposer or an exposure unit where  
9 a plate is loaded into the machine. It's drawn into the  
10 machine by the machine itself, an apparatus on the  
11 machine. A negative is also drawn into the machine.  
12 The negative is set down on top of the plate, and an  
13 ultraviolet light comes on and exposes the image that is  
14 on the negative onto the plate.

15 Q After you have exposed the image onto the  
16 plate, then what comes next?

17 A A small conveyor takes the plate out of  
18 the exposure unit, takes it into a developing unit  
19 that's all in this one plate line, and the developing  
20 unit basically takes the nonimage area off of the  
21 plate.

22 When the plate is in the exposure unit and  
23 the ultraviolet light comes on, the light exposes this  
24 image that's on the negative onto the plate. That is --  
25 burns -- basically burns off the sensitized area of the



Michael Sacks  
Direct Examination

1 plate. So when it goes to the developer unit,  
2 everything that has not been exposed is washed away and,  
3 thus, what we are left with is an image on the plate.  
4 It's not a raised image. It's not -- you cannot feel  
5 it. It's not -- the plate is still of the same  
6 thickness at that point in time.

7 Q You mentioned the developer, and then what  
8 happens after that?

9 A After the developer, it goes into a  
10 punching and bending unit which basically punches holes  
11 in the plate and bends it so it will fit properly on the  
12 press cylinder.

13 Q What comes next?

14 A After that process, the plate is then  
15 hand-carried by a press operator or a plate room  
16 employee out to the pressroom where it is hung around  
17 the cylinder on the press.

18 Q Once you have got that on the press, what  
19 do you do next?

20 A Well, at that point in time, assuming --  
21 the press has to be made ready in order to start a press  
22 run. It involves stringing through or leading through  
23 the various news print leads or webs into the press  
24 units. It involves making sure water is turned on, ink  
25 is purged up, we have the proper plates in the proper



Michael Sacks  
Direct Examination

1 locations on the press, and then we can start the press.

2 THE COURT: Is there a plate for each page  
3 or --

4 THE WITNESS: Yes, there is. Actually,  
5 it might be easier if I can -- if I can draw it out for  
6 you, if that would be more helpful.

7 THE COURT: That's fine.

8 What size is a plate, or are they  
9 different sizes?

10 THE WITNESS: No, there's actually two  
11 different sizes of plates. They are 12 1/2 inches wide.  
12 Actually, a newspaper page is 12 1/2 inches wide by 21  
13 inches deep. The plates run a little wider than that,  
14 so no more than 13 inches wide.

15 THE COURT: Mr. Jackson, are you able to  
16 see that?

17 MR. JACKSON: Depends on where he stands  
18 when he starts drawing.

19 THE COURT: All right.

20 MR. JACKSON: From there, I can see fine.

21 THE WITNESS: What I'm going to draw here  
22 is one of the units of the press. The news print roll  
23 is loaded on the first floor of the press in what we  
24 call the reel room or the basement.

25 A news print roll -- and this will help

Michael Sacks  
Direct Examination

1 describe the process. A full roll of news print is  
2 actually four newspaper pages wide. So if you were to  
3 cut it into -- you'd have, basically, four pages on a  
4 news print roll. And that carries true as we go through  
5 this whole process and talk about how many plates are on  
6 each press or on each page.

7 I am trying to draw the roll down here in  
8 the reel room.

9 As it comes up, it comes up into the  
10 press unit on the operator level of the pressroom. In  
11 this unit, we have a series of rollers.

12 And I might add that as this web lead is  
13 coming up through this press unit, because -- assuming  
14 this is a full roll, there's four pages on this side of  
15 the paper, and there's four pages on this side of the  
16 paper. So a full roll coming up through one press unit  
17 will produce eight pages of the standard newspaper that  
18 you know.

19 THE COURT: Because a plate has etching on  
20 both sides?

21 THE WITNESS: No. There's plates loaded  
22 on this side of the web, of the press web coming  
23 through, and plates loaded on this side of the web  
24 coming through.

25 THE COURT: All right.

Michael Sacks  
Direct Examination

1 THE WITNESS: What we have here is  
2 this -- I hope I am drawing large enough for you to  
3 see.

4 This first roller here, which is -- and  
5 you will probably be able to see most of this later  
6 today on the tour -- is what we call the plate  
7 cylinder. It's commonly known as the plate cylinder.  
8 It's about the same width, maybe a little longer than a  
9 roll of news print, and it holds four plates on -- four  
10 plates lengthwise. But on a press -- on a plate  
11 cylinder, this cylinder is roughly 45 inches in  
12 circumference. So a plate -- which we have one plate  
13 that wraps around. They actually bend around the  
14 cylinder on this side and another plate that bends  
15 around the cylinder on this side.

16 Usually, in most daily newspapers, this  
17 plate is the exact, identical plate as this plate. We  
18 call that a straight press run. So with each revolution  
19 of that cylinder, we are printing two newspapers.

20 I don't think you -- unless you want me to  
21 get into the difference between a straight press run and  
22 a -- I don't know that it serves any purpose.

23 On this plate cylinder here, we apply two  
24 what I would consider raw materials, and we apply those  
25 through a series of rollers. The reason we use -- the



Michael Sacks  
Direct Examination

1 press is designed with these rollers to apply the ink  
2 and water is because if we just sprayed water on and  
3 sprayed ink onto the -- onto the plate, it wouldn't go  
4 on evenly. In order to do high-quality printing, we  
5 have to apply an even film across the plate cylinder.

6 So through these rollers we will apply,  
7 first, a fountain solution that is water-based. It's an  
8 alkaline solution that is applied to the plate cylinder  
9 and the plate. And this is all happening as the press  
10 is running. That water is adhering to the plate on the  
11 nonsensitized area of the plate.

12 Remember when we were -- I was describing  
13 how the plate is made and the negative is laid on top of  
14 the plate and the light is exposed on top of that  
15 negative, it's basically burning an image into the  
16 sensitized area on the plate. When the plate then goes  
17 to the developer, it's wiping away everything that  
18 wasn't burned on, so the water is adhering to the area  
19 where nothing was burned on.

20 The ink is applied through a series of  
21 rollers right next to the water rollers. And this ink,  
22 I might add, is a very -- it's not ink like in this  
23 marker or in an ink pen. It's a very -- almost a  
24 solid. It's a very -- has very low viscosity. It's  
25 almost a heavy -- almost a sludgy type of material. And



Michael Sacks  
Direct Examination

1 it's applied through these rollers and applied to the  
2 plate.

3 Ink and water don't mix. And the ink will  
4 adhere to the area that was -- that was burned onto the  
5 plate. The water will not let it go anywhere else, and  
6 that's how we get ink onto that plate without having any  
7 raised material on the plate or anything engraved or  
8 etched on the plate.

9 Then what happens, as all this is turning,  
10 this plate cylinder offsets the image onto this  
11 cylinder, which has a blanket on it. So the plate is  
12 never actually touching the news print web. It's  
13 touching a cylinder about the same size that has a  
14 rubberized blanket mounted around it. The blanket  
15 cylinder then offsets the image onto the news print  
16 web. That's how the term "offset printing" was coined,  
17 because of this process of offsetting the image onto a  
18 blanket which then offsets it onto the news print web,  
19 onto the web.

20 This is a very kind of simple way to  
21 describe it. There are 16 of these units in our  
22 pressroom, there are 8 units on each press.  
23 Somewhere -- we have a bunch of these units on this side  
24 of what we call a folder, and this I am going to  
25 describe as a folder. We have a series of former

Michael Sacks  
Direct Examination

1 boards, tons of rollers all over here, back here, that  
2 lead this news print web back to this folder. There's  
3 four former boards. Remember, this is eight pages --  
4 four pages wide, four pages on each side of the web.  
5 This web is then sliced by a little wheel called a  
6 splicer or a slitter. Half of the web then comes down  
7 this former, the other half of the web comes down this  
8 former board. That former is actually a V-shaped  
9 apparatus -- you will see that later today -- that  
10 actually is making the section of the newspaper.

11 So now this web coming down this former is  
12 two pages wide, front and back, and this one's two  
13 pages, wide front and back. Once it comes off of this  
14 former, it's now folded, and there's -- it's starting to  
15 look like a newspaper.

16 This is basically creating the sections of  
17 the newspaper. There's two here and two here, for a  
18 total of four sections that we are able to create.  
19 There's room or ability to bring into one folder from  
20 one press eight of these webs, because there's eight  
21 units on each press, and they are all coming together in  
22 these formers.

23 They then come around this folder, which  
24 is folding them down tightly together, cutting them, and  
25 then delivering them out on a conveyor. Once they come

Michael Sacks  
Direct Examination

1 off of this folder, we have a regular newspaper that's  
2 ready for sale.

3 THE COURT: Several years ago, I may be  
4 mistaken, '99, 2000, maybe '98, there was something in  
5 The Daily Press that starting, say, in the fall, we will  
6 have a paper that is easier to read, easier to fold, we  
7 will have better this, better this, better this, so much  
8 so I don't even remember what came before it now, but at  
9 any rate there would be better quality of pictures,  
10 things like this. Did that occur?

11 THE WITNESS: Yes.

12 THE COURT: Okay. Now --

13 THE WITNESS: I hope it occurred.

14 THE COURT: When that occurred, did that  
15 involve new technology or something on the negatives, on  
16 the plates, on your image setters, on your PCs, or is  
17 that a matter of only changing somehow the plate itself?

18 THE WITNESS: It's a combination of all  
19 those, although it didn't involve much new technology  
20 until the pressroom. What we actually did was what most  
21 newspapers today are doing, and it was called a web  
22 width reduction. This roll of news print, up until  
23 October 3rd of 2000, was 54 inches across. After  
24 October 3rd of 2000, it was 50 inches across.

25 So what we did is -- previous to this



Michael Sacks  
Direct Examination

1 time, a newspaper page was 13 inches across, thus the --  
2 so if you held a newspaper in your hand and you measured  
3 it from the fold to the edge, it would have been 13  
4 inches. It would have still been 22 1/4 inches deep,  
5 but it would have been 13 inches wide. The newspaper  
6 that you have now is 12 1/2 inches wide.

7 The primary reason that was done is this  
8 roll is about 2,000 pounds and, at the time, cost \$600,  
9 so by shaving the 4 inches off of it we saved  
10 7.4 percent in news print, which was a significant  
11 savings to the company when news print prices were going  
12 up. It was a cost-saving measure.

13 At the same time, we also added -- we  
14 bought better plates that would reproduce better. We  
15 felt that if we were -- we were at the risk of being  
16 perceived of giving the customer more -- less for --  
17 without any benefit there, so we made some initiatives  
18 to improve the quality. We installed some new equipment  
19 on the presses to regulate ink better, rather than the  
20 way it was being regulated and -- and that pretty much  
21 did it. That -- it was a process really designed to  
22 save on our news print expense.

23 The plates that we had -- that we  
24 purchased were slightly smaller after October 3rd of  
25 2000. It didn't -- it didn't involve any new equipment



Michael Sacks  
Direct Examination

1 in the plate room, it did not involve any new image  
2 setters or any new technology of any other sort.  
3 Mostly, the investment was in the pressroom. In order  
4 to make that change in the pressroom, it involved about  
5 \$700,000 worth of hard iron changes and equipment.

6 THE COURT: Ms. McCormick.

7 BY MS. McCORMICK:

8 Q If you'd take a look at the black binder  
9 that's in front of you, I'd like you to take a look at  
10 the photo behind Tab 44 and then behind 46 through 63.  
11 Just look at those and then let me know whether you can  
12 identify them.

13 A Which pages, again?

14 Q Start with 44.

15 A Okay. Page 44, there's three different  
16 things on this page. The item -- the rectangular item  
17 to the left is an unexposed plate. It's a blank plate,  
18 aluminum plate, that I described earlier.

19 The black rectangle in the middle is a  
20 negative of a -- looks like it's a classified page with  
21 a lot of liner ads on it, and the items on the right are  
22 pasteups. It's like tag board with resin-coated paper  
23 wax down on top of it.

24 Q Let's look at 46.

25 A Page 46 is the plate exposure unit that I

Michael Sacks  
Direct Examination

1 spoke about earlier.

2 Q 47?

3 A 47 is the plate processing unit or, I'm  
4 sorry, developing unit.

5 Q 48?

6 A And 48 is the plate punching and bending  
7 piece of equipment.

8 THE COURT: Would all of these now be in  
9 the pre-press area?

10 THE WITNESS: They would be in what we  
11 would call the pre-press area. The actual term for the  
12 department employees we refer to as working in plate  
13 making. The pre-press function is typically used to  
14 describe what happens directly before the pressroom.

15 BY MS. McCORMICK:

16 Q How about 49?

17 A 49 is a picture of a full news print roll  
18 and a plant truck.

19 Q 50?

20 A 50 is what I was trying to draw in the  
21 reel room. It's three news print rolls loaded up on a  
22 news print reel on the press.

23 Q 51?

24 A 51 is the operator level of the press, and  
25 we are looking at a press unit.

Michael Sacks  
Direct Examination

1 Q 52?

2 A 52 is a Baldwin water system. This is the  
3 system that contains the water and fountain solution mix  
4 that is plumbed to the press rollers.

5 Q 53?

6 A 53 is an ink canister that is hooked up to  
7 the press. Looks like it's got blue ink in it.

8 Q 54?

9 A 54 is the operator console that controls  
10 the press. It controls speed, it controls folder  
11 adjustments, it controls web tension and that kind of  
12 thing.

13 Q 55?

14 A 55 is a picture of the folder.

15 Q 56?

16 A 56 is another view of the folder and the  
17 conveyor that comes off of the folder and delivers the  
18 papers out to the packaging department.

19 Q 57?

20 A 57 is a picture of one of our two  
21 inserting machines in the packaging department.

22 Q 58?

23 A 58 is a stacker in the packaging  
24 department that is used to stack bundles of newspapers.

25 Q 59?



Michael Sacks  
Direct Examination

1           A           59 is a scale that is used on one of the  
2 conveyor lines in packaging. It's used to weigh bundles  
3 of newspapers, typically, coming off of the insert  
4 conveyor after papers have been inserted. And it's used  
5 to identify -- if there's a bundle of papers of 30  
6 papers, for instance, if two of those papers are missing  
7 TV books, the scale is sensitive enough that it will go  
8 off and a light will indicate there is a problem with  
9 that bundle.

10           Q           60?

11           A           60 is also on the bundle conveyor tie line  
12 which -- and there's two pieces of equipment there that  
13 we are looking at. One is a bottom wrap machine that  
14 places a piece of craft paper on the bottom of a bundle  
15 so that it doesn't get damaged once it's in the truck,  
16 and the orange piece of equipment is a strapper that  
17 puts a yellow plastic strap around a bundle.

18           Q           61?

19           A           61 is the -- is a bundle conveyor in the  
20 back part of packaging and the conveyors that go out to  
21 the truck loading doors.

22           Q           62?

23           A           62 is a forklift. Looks like he's picking  
24 up a couple pallets of preprinted inserts for the Sunday  
25 or Wednesday paper.

Michael Sacks  
Direct Examination

1 Q And 63?

2 A 63 is a pallet jack that's also got  
3 inserts sitting on top of it.

4 Q And you are aware we will be taking a tour  
5 of the facility this afternoon?

6 A Yes.

7 Q Will we see these items on the tour?

8 A Yes. Most of them, we should, anyway.

9 MS. McCORMICK: I'd like to move the  
10 admission of the pictures behind Tab 44 and 46 through  
11 63 that Mr. Sacks has just described.

12 THE COURT: Mr. Jackson?

13 MR. JACKSON: Your Honor, I guess my only  
14 question is whether these individual items can be tied  
15 to one schedule or the other of agreed items or disputed  
16 items.

17 THE COURT: Are these items in dispute  
18 now?

19 MS. McCORMICK: Most of them are not.  
20 It's actually not offered for that. It's just to give  
21 the court a visual representation of what you will be  
22 seeing on the tour this afternoon, and really just to  
23 facilitate the tour more than anything else.

24 THE COURT: Which items of these, right  
25 now, is there conflict over?

Michael Sacks  
Direct Examination

1 MS. McCORMICK: It would only be the  
2 items used in the plate-making function, so it would be,  
3 I believe --

4 THE COURT: I have plate processing on  
5 47.

6 MS. McCORMICK: Yes. It would be -- 46 is  
7 the plate maker, the exposier. 47 is the developer, 48  
8 is the bender, and it would be only those three items.

9 THE COURT: Those items are in dispute.  
10 All right. What's our next exhibit? 6?

11 MR. SHEBELSKIE: 7, your Honor.

12 THE COURT: 7. All right. 44 becomes  
13 Exhibit 7 for the plaintiff, and 45 will be --

14 MS. McCORMICK: We skipped 45, actually,  
15 and went to 46.

16 THE COURT: 46 will be 8, 47 will be 9, 48  
17 will be 10, 49 will be 11, 50 will be 12. 51, 13; 52,  
18 14; 53, 15; 54, 16; 55, 17; 56, 18; 57, 19; 58, 20; 59,  
19 21; 60, 22; 61, 23; 62, 24; 63, 25; 64, 26; 65 -- no, we  
20 haven't gotten there.

21 MS. McCORMICK: No, we actually did not do  
22 65.

23 THE COURT: All right. 63 and 64,  
24 though. And what about -- 64, have we done 64?

25 MS. McCORMICK: I don't think we did 64.

Michael Sacks  
Direct Examination

1                   THE COURT: We stop, then, at 63, which  
2 is Plaintiff's Exhibit 25.

3                   MS. McCORMICK: Yes, sir.

4                   THE COURT: Mr. Jackson, would you repeat  
5 that back, sir. No, that's all right. I've got it.

6                   MR. JACKSON: I could do it, but you  
7 wouldn't want to listen.

8                   THE COURT: No, I don't want to hear it.  
9 (Plaintiff's Exhibits 7 through 25 -  
10 marked for identification and received  
11 in evidence.)

12  
13                   MR. JACKSON: Your Honor, I understand  
14 these are the items in dispute, but are each of these  
15 tied to specific items that are on --

16                   THE COURT: A schedule?

17                   MR. JACKSON: A schedule. And as I  
18 understand it, the only ones that are tied to the  
19 disputed schedule are Exhibits 7, 8, 9, and 10.

20                   THE COURT: Would that be correct,  
21 Ms. McCormick?

22                   MS. McCORMICK: Yes. 46 will be tied to a  
23 schedule. It's performing the same function as one of  
24 the assets on the schedule, though. As I understand,  
25 from Mr. Sacks, they have two, and this is the one that



Michael Sacks  
Direct Examination

1 was not on the schedule. There's another one they  
2 bought after that. The exposure unit --

3 MR. JACKSON: If it's not an item that's  
4 on the schedule, it probably ought not to be in  
5 evidence.

6 MS. McCORMICK: It's the same thing. It  
7 does the same thing, performs the same function, it's  
8 just not the particular one that's sitting there. They  
9 have two, and they took a picture of the new one and not  
10 the old one.

11 THE COURT: But there is another machine  
12 there representative of this which would be on your  
13 schedule?

14 MS. McCORMICK: Yes, sir.

15 THE COURT: Which performs the same  
16 function?

17 MS. McCORMICK: Yes, sir. And the same  
18 goes for the -- for Plaintiff's 9 and 10.

19 THE COURT: "The same goes" meaning they  
20 are not on the schedule but these are representative of  
21 items that are on the schedule?

22 THE WITNESS: Your Honor, maybe if I can  
23 clarify that, some of the items on the schedule were  
24 retired or we are talking about schedules back in 1991  
25 and 1993. Some of the equipment pictured in here is

Michael Sacks  
Direct Examination

1 newer equipment, but is almost identical to the  
2 equipment that was on the schedules previously.

3 MR. JACKSON: If it's a photograph of  
4 equipment that's not in issue, I really don't think it  
5 ought to be in evidence.

6 THE COURT: I am going to allow it into  
7 evidence only as representative, and I am not going to  
8 make any decision concerning this photograph.

9 BY MS. McCORMICK:

10 Q Mr. Sacks, I'd like you to turn to Tab 4  
11 in your notebook, if you would.

12 And with the Court's permission, I am  
13 going to put a large picture of this up, if that's all  
14 right.

15 Can everybody see this?

16 THE COURT: Let me ask, before we start  
17 here, the relative sizes of these blocks, are they going  
18 to convey information?

19 MS. McCORMICK: No.

20 THE COURT: So if I were to look at this,  
21 your film image setter as it comes off your control PC,  
22 the fact that the manual page pasteup is smaller, does  
23 that have to do with any -- does that convey  
24 information?

25 MS. McCORMICK: No. This document has

Michael Sacks  
Direct Examination

1       been around for a long time, and I think it's just  
2       whatever looked good to the person who put it together.  
3       Dollarwise speaking, most -- I did not create this, but  
4       dollarwise speaking most of the money that is tied up in  
5       the assets in dispute is right up here in news content,  
6       editorial department. Some is in advertising, but  
7       that's where the bulk of the items are.

8               Q       Will you take a look at the document  
9       behind Tab 4, Mr. Sacks, and let me know if you can  
10      identify that.

11             A       Yes.

12             Q       What is it?

13             A       It's a diagram that pretty much gives an  
14      outline of our business.

15                    MS. McCORMICK: I'd like to move into  
16      evidence the document behind Tab 4 as Plaintiff's 26.

17                    THE COURT: Mr. Jackson?

18                    MR. JACKSON: No objection, your Honor.

19                    THE COURT: Plaintiff's 26.

20                    (Plaintiff's Exhibit 26 - marked for  
21      identification and received in evidence.)

22

23      BY MS. McCORMICK:

24             Q       At the bottom of the page, there are two  
25      boxes there. One is labeled "plate-making negative is

Michael Sacks  
Direct Examination

1 exposed to make plate," and the other is labeled  
2 "pressroom." Do you see those?

3 A Yes.

4 Q What do those represent?

5 A The box of the pressroom represents the  
6 pressroom itself and the two presses that I described  
7 earlier. The box that says "plate-making negative is  
8 exposed to make plate" is the process by where the  
9 plate -- the image is taken from the negative and  
10 exposed onto the plate and the plate is bent.

11 Q You had also talked about a distribution  
12 function earlier.

13 A Yes.

14 Q Is that depicted anywhere on the chart?

15 A No.

16 Q If it were on the chart, where would you  
17 put it?

18 A Actually, distribution, as well as  
19 packaging, would come after the pressroom. As the -- as  
20 the process happens, packaging comes after the  
21 pressroom, and then circulation and distribution, which  
22 is part of circulation, happens after packaging.

23 Q If you would, I'd like you to walk us  
24 through the rest of the chart. And we can go ahead and  
25 start, if it's all right with you, in the upper



Michael Sacks  
Direct Examination

1 left-hand corner with the box labeled "news content."

2 A Okay. News content refers to all of the  
3 elements, whether it be stories, photos, graphics, other  
4 types of elements, that are typically included in the  
5 day's newspapers and get to us -- get to become content  
6 from one of several sources.

7 Q Could you describe those sources?

8 A The predominant source would be wire  
9 services. For instance, the Associated Press wire, area  
10 newspapers, Tribune newspapers, AP Pictures, which is an  
11 organization that all the news -- virtually all the  
12 newspapers in the country belong to and file stories to,  
13 and it's used to -- for us to be able to pull down  
14 stories that -- usually of a national or regional or  
15 foreign nature.

16 THE COURT: Which comes to you via?

17 THE WITNESS: It comes to us via a --  
18 usually, right now, via computer, over a modem or a T1  
19 line. In some cases we take it off of the Internet  
20 using a Web browser, in some cases we take it off of a  
21 fax machine, depending on the situation. That normally  
22 applies for written content. Photos can come in that  
23 process, but it might be a little bit different for  
24 photos.

25 BY MS. McCORMICK:

Michael Sacks  
Direct Examination

1           Q           You said there were several sources.  
2           What, in addition to the wire services?

3           A           In addition to the wire services, we have  
4           our own reporters who go out and write stories. Most of  
5           them are of local nature, local high school sports,  
6           those types of things. We have people sending us  
7           information, whether it be for events coming up, various  
8           press releases, more touchy-feely-type news content.

9                       We buy syndicated columns. For instance,  
10          the comics that we purchase is a syndicated column.  
11          Some of the book reviews and things like that are  
12          syndicated columns.

13          Q           Does The Daily Press have any  
14          photographers?

15          A           Yes. We do take some of our own photos.  
16          Sure.

17          Q           Do you get anything from your readers?

18          A           The readers supply letters to the editor,  
19          some of which we print. Readers would want you to  
20          believe that we don't print enough of them, but we print  
21          letters to the editor. We also have a section called  
22          "Feedback" on page 2 of the newspaper that we allow  
23          readers to take shots at us, and we print those as well.

24          Q           The wire items and the syndicated items  
25          that you talked about and the items that come from third

Michael Sacks  
Direct Examination

1 parties, press releases, I believe you said was one  
2 example, do you have a sense of how much of the news  
3 content of the paper is attributable to those?

4 A The majority of the newspaper is -- comes  
5 from wire services or syndicated material. In fact,  
6 today's paper, for instance, there was -- looking  
7 through the paper this morning, there's a total of 48  
8 original stories in the paper, in the main section of  
9 the newspaper, referring to section A, B, C, and D, not  
10 the Lifestyle or classified section. And excluding  
11 obituaries, which come to us from funeral homes and the  
12 like, and excluding sports briefs, which can come from  
13 the wire services or from local -- some of our local  
14 reporters, there's 48 original stories, 21 of which were  
15 created by our -- had tag lines of our -- from our  
16 reporters.

17 Q These four types of news content that you  
18 described, how do you go about gathering these items?

19 A I'm sorry, could you say that again?

20 Q Sure. You described four types of news  
21 content; the wire service content, the syndicated  
22 content, the third-party content, and then the content  
23 that The Daily Press's reporters put together. How do  
24 you go about collecting these or getting them together?

25 A Usually there's at least two ways to get



Michael Sacks  
Direct Examination

1     them. The wire services, most of them are accessed via  
2     computer, either over a modem or a direct link into a  
3     wire desk. The wire services usually have a computer  
4     and translator installed at newspapers where they can  
5     access them. That's especially true for photos, for  
6     instance. They will also have a fax machine as a backup  
7     as well as a more high-resolution fax machine for  
8     black-and-white photos.

9             Content, such as syndications and things  
10    like that, are either taken off of a computer, usually  
11    E-mailed to us from the service, or faxed to us.

12            Obituaries, letters to the editor, things  
13    like that are either faxed to us or sent to us in  
14    another form or they are just E-mailed to us  
15    electronically.

16            Q       When these items come in, let's start with  
17    the items that come off the wire service, do you modify  
18    those in any way before putting them in the paper?

19            A       Sometimes, we do. It all depends.  
20    Remember, the primary job of somebody deciding which  
21    content is going in the paper is that person is making a  
22    judgment about what information that is available that  
23    day, regardless of where it's coming from, whether it's  
24    coming from our own reporters or it's coming from the AP  
25    wire or coming from our Chicago Tribune newspaper. They



Michael Sacks  
Direct Examination

1 are making a judgment as to what they believe is going  
2 to be relevant to the population of Daily Press readers  
3 and subscribers. So that person is focusing on does  
4 this story have a local impact, does it have national  
5 implications, is it news of the day, for instance, and  
6 that editor can authorize that story to go into the  
7 paper exactly as it is or he can edit words out of it in  
8 order to make it fit into the newspaper.

9 Q Is that also true, that being the editor's  
10 role that you described, for the other items that come  
11 from the other three sources, the syndicated items, the  
12 third-party items, and the items from your own reporters  
13 and photographers?

14 A Usually it would be a rare case when  
15 somebody would edit a syndicated column, because it's  
16 the intellectual property of that -- of the syndicator.  
17 But our own reporters' content typically will be  
18 edited. Obituaries and that kind of thing, that would  
19 rarely happen.

20 Q Does The Daily Press have any resources or  
21 that sort of thing that the editors and reporters use in  
22 doing the jobs that you just described?

23 A Most of them use desktop computers. At  
24 one point in time, there is a manual page pasteup  
25 process where an editor could go and cut stories out,

Michael Sacks  
Direct Examination

1 physically, on a board, in order to get a story to fit  
2 in the paper.

3 Q Let's move over to the advertising content  
4 box and, if you could, describe for us what that  
5 represents.

6 A Sure. The primary function of the  
7 advertising department is to sell ads. There's really  
8 three primary types of ads that are sold in the  
9 newspaper, the first being what we would refer to as  
10 display ads. Display ads are what the layman would  
11 probably refer to when referring to an ad. It would  
12 be -- for instance, in today's paper there are several  
13 pages in the A section of a Kmart ad, which is a  
14 full-page ad. It usually has a border on it, usually  
15 has text inside it, usually has photos inside it or  
16 items for sale. Some of them can contain coupons to cut  
17 out, that type of thing. That would describe the  
18 display advertising.

19 The second type of advertising is  
20 classified advertising or liner ads, which would be, for  
21 instance, most employment -- there's a good number of  
22 employment ads that are liner classified ads. When you  
23 would place your car for sale and you'd call up The  
24 Daily Press and advertise your car for sale, you would  
25 be placing a classified ad.

Michael Sacks  
Direct Examination

1                   And the third type of advertising content  
2                   would be preprinted inserts. We were referring earlier  
3                   today to like the Target insert that you get in your  
4                   Sunday paper. Your Kmart insert or your Home Depot  
5                   flier would be your preprinted inserts.

6                   Q           Do these advertisements that you  
7                   described, the three types, where do you get them?

8                   A           Depending on the advertiser, it comes from  
9                   different places. In the case of the last type, the  
10                  preprinted inserts usually come -- they come from the  
11                  advertiser themselves through a commercial printer,  
12                  through somebody that has printed all these things up  
13                  and palletized them and sends them to our packaging  
14                  department.

15                  The classified liner advertising can come  
16                  from several sources. One source is people calling in  
17                  to the newspaper to place those ads, and those would be  
18                  typed into a PC from what was communicated over the  
19                  phone. Some of those can also be faxed or E-mailed in  
20                  as well.

21                  And display ads can be sent -- depending  
22                  on the advertiser, again, most of the larger display  
23                  ads, the majority of those display ads are national  
24                  advertisers or larger regional advertisers which send us  
25                  negatives or they send us pasteups or they send us



Michael Sacks  
Direct Examination

1 electronic files containing the ad. Some of the display  
2 ads are also created or designed by artists that work in  
3 our advertising department.

4 Q In addition to the functions that you  
5 described, does the advertising department do anything  
6 else?

7 A The primary function of the advertising  
8 department is to sell. Most of the employees in the  
9 advertising department are out on the street visiting  
10 with clients, visiting with car dealers, visiting with  
11 the advertisers, trying to sell more ads.

12 There's a function also in the advertising  
13 department that is responsible for the geometry or the  
14 layout, as we term it, of the newspaper.

15 Q Would you describe that.

16 A Yes. Every day, actually several times a  
17 day, as the newspaper is being thought about for -- for  
18 the next day, we have to go through a process of  
19 calculating what -- how many pages the newspaper is  
20 going to be, what is available to print on a press --  
21 the press cannot print an infinitesimally large  
22 newspaper -- and where the ads are going to be placed on  
23 a page and where the news hole or nonadvertising space,  
24 as we term it, news content, would go.

25 It's a mathematical process of determining



Michael Sacks  
Direct Examination

1       how much paid space we have, how much unpaid space we  
2       have, how much available space we have, and then the  
3       folks working in that department determine the geometry  
4       of the newspaper.

5               Q       Would you take a look at the photograph  
6       behind Tab 18 and let me know if you can identify that.

7               A       It's a picture of several servers in the  
8       computer room, the top one being the layout server.

9               MS. McCORMICK: I'd like to move the  
10       admission of that into evidence, the photograph behind  
11       Tab 18.

12              THE COURT: Mr. Jackson.

13              MR. JACKSON: If this is a picture of  
14       assets that are on the schedules, I have no objection.  
15       If they are not, I have the same objection as I did  
16       before.

17       BY MS. McCORMICK:

18              Q       Is it on the schedule?

19              A       That Sun server that's on the schedule  
20       there, it's probably not that exact one on the  
21       schedule. It's one exactly like it. Most of the value  
22       that is on the schedule detailing the layout system is  
23       the software, which is the same software that would be  
24       on this system.

25              THE COURT: I will allow it as

Michael Sacks  
Direct Examination

1 representative.

2 MS. McCORMICK: Thank you.

3 THE COURT: What exhibit is this? 27.

4 (Plaintiff's Exhibit 27 - marked for  
5 identification and received in evidence.)  
6

7 BY MS. McCORMICK:

8 Q Okay. If you will flip back to Tab 4, the  
9 next box in order proceeding down the chart is the pink  
10 box that says "Storage Servers." What is that?

11 A That box is representative of the various  
12 servers that hold different elements of the paper,  
13 electronic files, photos, graphics, stories, all the  
14 elements that may or may not end up in the paper.

15 Q Does it hold anything other than this  
16 electronic data that you described?

17 A Well, on some of these servers you would  
18 have storage for clip art, you would have storage for  
19 people's individual filing systems, our E-mail system,  
20 the financial systems, all of the various systems that  
21 we employ.

22 Q After the pink box, there are four light  
23 blue boxes that are labeled image setter control PC and  
24 monitor, paper image setter, film image setter chemical  
25 processor, and manual page pasteup. Would you walk us

Michael Sacks  
Direct Examination

1 through what those four boxes represent.

2           A           The image setter control PC and monitor  
3 refers to a product that you would see on the schedule  
4 termed a RIP, and a RIP stands for a raster image  
5 processor. The function of a RIP is to take data,  
6 information, like a letter that you would be writing to  
7 your aunt, and transfer that -- transform that data into  
8 what we call a byte map that would basically describe to  
9 a printer -- a printing device, exactly where that  
10 particular letter or that pixel in that letter would be  
11 located on the printed page.

12                   This process, everybody's PC that you  
13 have in your house, on your desktop, it has a built-in  
14 RIP. When you are printing out something off of your  
15 home PC, the process of RIP'ing the document into a byte  
16 map is happening on your own PC. It is doing that.

17                   With the size of files that we typically  
18 send through this process at The Daily Press, it's more  
19 efficient for us to have a separate RIP, a more powerful  
20 RIP, so it allows somebody's computer to be released  
21 from that process and go on to other things. And we  
22 have a separate RIP or image setter control PC attached  
23 to the output device or the printing device.

24                   We have -- described here, in these boxes,  
25 are two different types of printing devices. These



Michael Sacks  
Direct Examination

1 printing devices are rather large-format printing  
2 devices. They print out in the size of a -- actually a  
3 little larger than a typical news -- newspaper page.  
4 They are very similar to a laser printer on your desktop  
5 at home. It uses a laser. The film image setter  
6 happens to burn the laser onto a piece of film instead  
7 of paper, and on the paper image setter it's burning it  
8 or imaging it onto a large piece of resin-coated paper  
9 which we use because it has -- it's more photographic,  
10 because we are going to take a picture of it later.

11 Q Okay. Then we've got this manual page  
12 pasteup box. Could you describe that.

13 A Yeah. During the years that we are  
14 talking about, there is a portion of the newspaper that  
15 was manually pasted up. In other words, we would output  
16 content from the paper image setter, usually in galleys  
17 and -- or in strips of copy or individual photos. They  
18 would then be waxed, have wax applied to -- hot wax  
19 applied to the back of them, and then manually pasted up  
20 on a piece of cardboard or tag board in the shape of  
21 what the eventual page in the newspaper is going to look  
22 like.

23 Q The next box, moving downward, under  
24 "Manual Page Pasteup," is plate-making pager camera. It  
25 says, "Manual pasteup page is shot to page negative."

Michael Sacks  
Direct Examination

1 Would you describe that for us.

2 A Sure. In order to get a plate, we need a  
3 negative. And under manual page pasteup, we don't yet  
4 have a negative, so we have to create one by taking a  
5 picture of it. It's done with a pager camera. It's a  
6 very large camera, for all practical purposes, that  
7 takes a picture of the pasteup and delivers a negative  
8 out the back end of the camera.

9 Q Then we've got two boxes, both white, and  
10 labeled "Page Negative." Would you describe what that  
11 represents.

12 A That represents the -- a negative from  
13 either process that we are able to use to make a plate.

14 Q Okay. And I believe at the beginning of  
15 your testimony you mentioned that you had already  
16 described the remaining two boxes, those being  
17 plate-making negative is exposed to make plate and  
18 press --

19 A Yes.

20 Q You have described the information, the  
21 news content and the advertising content, from the  
22 reporters' computers, the editors' computers, the  
23 advertising computers. Moving to a server, in the  
24 pink, and then perhaps to this other computer down here,  
25 this image setter control PC monitor box, how do

Michael Sacks  
Direct Examination

1 these -- how does this content get physically  
2 transferred from the advertising and news content boxes  
3 to the storage server box to the image setter box?

4 A Usually that happens over a local area  
5 network or a LAN. Our LAN at The Daily Press is -- I'm  
6 guessing, is no different than any other LAN, and it's  
7 comprised of a series of fiberoptic copper cables that  
8 run through the building, much like the electricity  
9 runs through the building, electrical wires run through  
10 the building. The phone system uses a LAN as well.

11 Next to each computer we will have a phone  
12 port as well as a data port. The wires are connected  
13 through a series of bridges, routers, or switches that  
14 allow all of the data across the wires to talk to each  
15 other.

16 Q Looking at the flow chart of this chart  
17 behind Tab 4 that we have been discussing, would you  
18 tell me which of those functions are connected to the  
19 LAN?

20 A Virtually every -- every PC in the  
21 company -- there are some exceptions -- are connected to  
22 the LAN. The servers are all connected to the LAN. The  
23 image setter control PCs and monitors are connected to  
24 the LAN, and that's pretty much about where it stops.

25 Q On this chart, is that what you are



Michael Sacks  
Direct Examination

1 referring to?

2 A Yes.

3 Q So would the film image setter, the paper  
4 image setter, the plate-making camera, the plate-making  
5 equipment that you described be connected?

6 A The film image setter is connected to the  
7 RIP or the image setter control by a serial cable.  
8 Information is one way. It can't go back and forth.  
9 But beyond the film image setter or the paper image  
10 setter, nothing else is connected to the LAN.

11 Q Other than the information that you have  
12 already described coming from the news content and  
13 advertising content, does anything else travel across  
14 the LAN?

15 A Most of the other parts of the business  
16 use the LAN. Our E-mail travels across the local area  
17 network. All kinds of file storage travels across the  
18 local area network. All departments use it.

19 As I mentioned earlier, some of the -- in  
20 the computer room, some of the servers have storage for  
21 individual people's files. They access those across the  
22 LAN. The LAN also gives individuals in the company  
23 access to the Internet through plugging into the LAN.

24 Q I believe you testified earlier, when we  
25 were talking about the pink storage servers box, that

Michael Sacks  
Direct Examination

1 the data that is stored there is stored in electronic  
2 form. Is that accurate?

3 A That's correct.

4 Q When data comes in there from the news  
5 content and the advertising content boxes, as we are  
6 looking on our chart, is that data in electronic form  
7 when it comes into the server?

8 A Yes.

9 Q And I believe you mentioned the data will  
10 then go out of the server to the image setter control  
11 PC.

12 A Yes.

13 Q Is it in electronic form when it comes out  
14 of the server to the image setter control PC?

15 A The server is storing it. In some cases,  
16 the server is helping to file it easier, but it's --  
17 it's the same data when it comes out.

18 Q Looking, still, at our chart behind Tab 4,  
19 are all of these functions housed in the same building?

20 A Say that again.

21 Q The functions that you have described in  
22 walking through the chart at Tab 4, are they all housed  
23 or located in the same building?

24 A No.

25 Q Would you tell us what is located where.

Michael Sacks  
Direct Examination

1           A           There are two buildings, two primary  
2 buildings, at The Daily Press. The main building, which  
3 houses the office areas, which includes the newsroom,  
4 the advertising department, finance, human resources,  
5 marketing. The image setter controls, the servers --  
6 some of the servers, anyway -- are located in the  
7 production plant in the other building. We call it the  
8 plant. That also includes the image setters, the  
9 camera, the presses, and what have you.

10           Q           Where is the packaging department?

11           A           It's in the plant as well.

12           Q           Does The Daily Press print newspapers for  
13 anybody else?

14           A           Yes.

15           Q           Would you describe what you print.

16           A           We print The Virginia Gazette, which we  
17 purchased earlier this year. We print and have printed,  
18 in the past, several weekly newspapers, The Outer Banks  
19 Centinel, The Eastern Shore News.

20                       We print, in some cases, fliers for  
21 various advertisers. We print course schedules for  
22 Hampton University or the adult education schedule for  
23 the City of Newport News, those types of things.

24           Q           And why do you print those in addition to  
25 your own paper?



Michael Sacks  
Direct Examination

1           A       We have these expensive presses and all  
2 this open capacity, and it's a moneymaker for us.

3           Q       Would you describe for us the process of  
4 printing these items for the third parties that you have  
5 mentioned, the other newspapers and the class lists.

6           A       Sure. Sure. Usually the customer will  
7 supply us with either a physical pasteup, a negative, or  
8 an electronic file which we will get into negative  
9 formats somehow. In the event that they give us a  
10 negative, we punch holes in it and put it on the plate  
11 exposure unit to create the plate. An electronic file,  
12 we will download it onto one of our PCs and print it out  
13 to one of the image setters, to the film image setter.  
14 And if it's a pasteup, we will take a picture of it with  
15 the pager camera.

16          Q       What do you do with it after that, once  
17 you have your negative?

18          A       We take the negative, make a plate with  
19 it, utilizing the plate machines, hang the plate on the  
20 press, and start printing. There are some customers  
21 that we will do some inserting for if they request it.

22          Q       Is the process the same as you described  
23 for printing your own paper?

24          A       Yes.

25          Q       With the papers and the other things that

Michael Sacks  
Direct Examination

1     you print for third parties, do the folks in the  
2     editorial and advertising department have any role in  
3     that?

4             A           No.

5             Q           You have talked about the advertising  
6     department, the editorial department, what I will  
7     loosely refer to as the pre-press area, which is the  
8     blue boxes on our chart from the image setter control PC  
9     and monitor down, and obviously the pressroom and the  
10    packaging function. Are there any other components to  
11    your business?

12            A           Well, there's distribution and  
13    circulation, for instance.

14            Q           And I think you already addressed those.

15            A           Yes.

16            Q           And anything else?

17            A           We have -- in addition to human resources,  
18    marketing, finance, technology, I think that pretty much  
19    covers it.

20            Q           Can you just walk through and give a brief  
21    description of what each of those other functions is.

22            A           Human resources is responsible for  
23    employee relations, recruiting, hiring, benefits, that  
24    type of thing.

25                       Marketing is predominantly responsible for

Michael Sacks  
Direct Examination

1 marketing The Daily Press itself to our customers,  
2 whether it's readers or it's advertisers or the  
3 community. We have a public relations function in  
4 marketing, we have a sales development function, a  
5 research type of function to research what the -- what's  
6 happening in the community and the population trends,  
7 and we also have a small group that is responsible for  
8 creating special sections or advertising-type content  
9 that might also be included in the newspaper market.

10 Q Would you describe what the special  
11 sections department does.

12 A They would take content that is submitted  
13 by advertisers or they would write content for  
14 particular advertisers that would usually be used for a  
15 special section.

16 For instance, we will have a special  
17 section coming out -- I think it will be this weekend,  
18 for the parade of homes that's coming up, which it's a  
19 paid section. Our newsroom or the -- the folks that are  
20 responsible for making judgments about what content --  
21 news content goes into the newspaper don't take a  
22 particular liking to this type of content but,  
23 nevertheless, it's part of what goes into the newspaper.

24 Q Does The Daily Press consider the content  
25 of those special sections to be news content?



Michael Sacks  
Direct Examination

1           A           No.

2           Q           Do you have a circulation department?

3           A           Yes.

4           Q           Would you describe what the circulation  
5 department does.

6           A           The primary function of the circulation  
7 department is to deliver the newspapers to people's  
8 doorsteps, to single-copy locations, as I described  
9 earlier. There's some marketing function involved in  
10 that by -- we have people who do some telemarketing to  
11 sell subscriptions. We have a customer service function  
12 where, hopefully, people don't get their delivery  
13 missed, but oftentimes they do, and they call in, to say  
14 they got their paper missed, to a customer service  
15 function.

16          Q           And do you have a finance department?

17          A           Yes.

18          Q           What do they do?

19          A           The finance department does -- keeps our  
20 general ledger. They prepare tax returns, they do  
21 financial planning. They are responsible for the  
22 accounting for the department -- for the company.

23          Q           Would you tell us what raw materials you  
24 use to print the newspaper and the other materials that  
25 you print at The Daily Press.

Michael Sacks  
Direct Examination

1           A           We utilize news print, blank news print  
2                       rolls, we utilize ink, both black ink and then yellow  
3                       and magenta ink, and we also use a fountain solution.

4           Q           Where do you use these raw materials?

5           A           In the pressroom.

6           Q           The newspapers that you print, are they  
7                       substantially different than the raw materials that you  
8                       just described?

9           A           Yes.

10          Q           Would you explain that.

11          A           Well, a news print roll is -- a full news  
12                       print roll, anyway, weighs virtually 2,000 pounds. It's  
13                       50 inches wide, 45 inches in diameter, and it's blank.  
14                       The ink is pretty much a solid. It's a very -- I guess  
15                       it could be classified as a liquid, but it doesn't have  
16                       much viscosity, and, of course, the water fountain  
17                       solution mix. All of that is applied. A plate is --  
18                       ink and water applied -- as I described before, applied  
19                       to the plate, it's offset onto the web, and the web is  
20                       cut, folded, sectioned off, and collated into what comes  
21                       out the other end as a newspaper.

22          Q           Where does this occur?

23          A           In the pressroom.

24          Q           Would you tell me what equipment you need  
25                       to print the newspaper.

Michael Sacks  
Direct Examination

1           A           I need the press, I need ink in the  
2           canisters supplying the ink, and I need a plate.

3           Q           The other assets that you described today  
4           in your testimony, as we were walking through our chart  
5           behind Tab 4, do you need those to print the paper?

6           A           No.

7           Q           How would you do that?

8           A           Well, I should say that printing the  
9           newspaper without a plate, without our plate-making  
10          machines, is pretty difficult. I guess it's possible  
11          that somebody could deliver us a plate, but it's very  
12          unlikely that they would have the exact punch and bends  
13          on the plate that would fit around our press cylinder.

14                    But aside from the plate-making machines,  
15          we need a negative. And -- and that's, for the most  
16          part, what it takes.

17          Q           If, for instance, something were to happen  
18          to the computers that you described in the editorial  
19          department, in the advertising department, would you be  
20          able to print the paper without those?

21          A           Yes. In fact, we have pretty detailed  
22          plans that describe those different scenarios. We have  
23          had opportunities, due to loss of power or we have had  
24          opportunities due to computer viruses, like we had a  
25          couple months ago, where none of the computers, none of



Michael Sacks  
Direct Examination

1 the servers were available to us to use, so we will  
2 print from -- we will print the paper -- we'll get the  
3 negative, but the negative will be made by using a  
4 Macintosh computer and Cork (phonetic) Express or we  
5 will, you know, use somebody's -- somebody else's  
6 computers to be able to do that.

7 I mean, it's possible that if things got  
8 that bad -- and we have these in our plans, contingency  
9 plans -- that we could handwrite it out and take a  
10 picture of it. It wouldn't be desirable, but, you know,  
11 one of the scenarios that we are planning for right now  
12 is if -- with all the anthrax scares, if our facility  
13 were to get quarantined and we would have no computers  
14 available, including any of the servers in the computer  
15 room, we would either publish from our house or we would  
16 deliver emergency messages that were handwritten out.

17 Q What assets are used directly in printing  
18 the paper?

19 MR. JACKSON: Objection. Your Honor, she  
20 is calling for what could be a legal conclusion.

21 MS. McCORMICK: I don't think it's a  
22 legal conclusion. I think it's a factual determination,  
23 and he's already testified that he is responsible for  
24 overseeing printing the paper. He's just going to  
25 describe what he uses in doing it.

Michael Sacks  
Direct Examination

1 THE COURT: I will let him tell you his  
2 view.

3 MR. JACKSON: Thank you, your Honor.

4 THE WITNESS: I view the press as being  
5 the critical piece to printing the newspaper.

6 BY MS. McCORMICK:

7 Q Is any equipment used in connection with  
8 the operation of the press?

9 A The conveyors are --

10 MR. JACKSON: Excuse me, your Honor. Same  
11 objection.

12 THE COURT: Same response.

13 MR. JACKSON: Thank you, your Honor.

14 THE WITNESS: Conveyors are, in my view,  
15 attached to the press, and they are used for -- while  
16 the plate-making machines are not attached to the press,  
17 as I described earlier, the plate is pretty important in  
18 order to start the press.

19 BY MS. McCORMICK:

20 Q What do you do with the aluminum plates,  
21 after you print the paper, that contains the page that's  
22 imaged on the plate?

23 A We recycle them.

24 Q Do you have any use for them after you  
25 print the newspaper?

Michael Sacks  
Direct Examination

1           A           No. In fact, a plate is only good for  
2           about 120,000 impressions.

3           Q           The description of the business that you  
4           have provided for us in your testimony thus far, is that  
5           what we will see on our tour this afternoon?

6           A           For the most part, yes.

7           Q           Are you familiar with The Daily Press's  
8           operations as they existed during the period 1991 to  
9           1996?

10          A           Yes.

11          Q           Were the operations as they existed during  
12          1991 to 1996 substantially different than what you have  
13          described for us today?

14          A           No. The only difference is during those  
15          periods a portion of the newspaper was put together, as  
16          described on this chart, where the images could be sent  
17          to a film image setter or a paper image setter then to  
18          be manually pasted up. The assembly of the page, if you  
19          will.

20                      During those years, The Daily Press, as  
21          was every other newspaper in the country, was undergoing  
22          a process of complete electronic page assembly or what  
23          we term pagination. And by 1996, The Daily Press was  
24          virtually fully paginated, and currently there is no  
25          longer any need for any manual pasteup other than what



Michael Sacks  
Direct Examination

1 we would do for commercial customers.

2 Q If you will now take a look at the  
3 documents behind Tabs 1, 2, and 3 in the front of your  
4 book, which I believe are Plaintiff's Exhibit 2, 3, and  
5 4, will you take a look at those and let me know whether  
6 you can identify them.

7 A Yes.

8 Q Let's start with Plaintiff's Exhibit 2,  
9 which is the document behind Tab 1 labeled Schedule A.

10 A These are the assets that The Daily Press  
11 and the city agree are machinery and tools.

12 Q The document behind Tab 2 is labeled  
13 Schedule B, and that's Plaintiff's Exhibit 3.

14 A These are the assets that The Daily  
15 Press -- the city believes are machinery and tools and  
16 The Daily Press does not.

17 Q And how about the document behind Tab 3 of  
18 the notebook, labeled Schedule C, Plaintiff's Exhibit 4?

19 A The same thing, it's just organized a  
20 little differently.

21 Q The same thing as?

22 A As the schedules behind Tab 2.

23 Q You had testified about an advertising  
24 function. Take a look at Schedule C, and let me know if  
25 any of the documents that are listed on Schedule C are

Michael Sacks  
Direct Examination

1 used in that advertising function.

2 Oh, I beg your pardon. The assets that  
3 are listed on Schedule C, are any of those used in the  
4 advertising function? I believe I misspoke.

5 A Yes.

6 Q Which ones? We can start with -- there is  
7 a series of different years behind here.

8 A All the assets that are labeled "ADV" --  
9 and I might also add that earlier there was some  
10 discussion about the -- what was labeled as advertising  
11 or labeled as editorial and what was actually used in  
12 advertising or used in editorial. For the most part,  
13 the only assets that were moved between departments or  
14 between functions were either furniture, like chairs,  
15 desks, that type of thing, or PCs, and there were very,  
16 very few where that happened. It was possible that it  
17 happened, but those were the only three types of assets  
18 that were moved between functions. The major equipment  
19 was -- was not moved and is classified based upon its  
20 function in its current department.

21 Q Let's use the 1991 schedule as an example,  
22 just to try to keep this as simple as possible.

23 A Okay.

24 Q You described the advertising function.  
25 The next grouping of assets starts on page 3 of that

Michael Sacks  
Direct Examination

1 schedule. It starts with the CIR prefix in the fourth  
2 column of text. Would you describe what those are for.

3 A These are -- it's the circulation  
4 department. These are rollers, hand trucks, dollies, if  
5 you will, conveyors. These were used to make it easier  
6 to load and offload trucks at distribution centers,  
7 bundles of papers.

8 Q Were they used in the circulation  
9 function?

10 A Yes. That was the circulation function.

11 Q If you will flip over to page 5 of that  
12 same 1991 schedule, the next prefix starts in the middle  
13 of the page. It's EDT. Do you see that?

14 A Yes.

15 Q Will you describe what the assets that are  
16 listed in the EDT section are.

17 A Those are assets used in the editorial  
18 department.

19 Q Is that the news content?

20 A That's the news content.

21 Q Going back to the chart?

22 A Yes. This would contain computer  
23 equipment, camera equipment that was used by the  
24 editors, secretaries, managers, reporters, everybody in  
25 the newsroom.



Michael Sacks  
Direct Examination

1           Q       If you will look at page 14 of that  
2       schedule, on that page there are some things that have  
3       the "EDTLIB." What is that?

4           A       It's the editorial library. The editorial  
5       library is very similar to a public library. It's a  
6       reference place for the reporters to research stories  
7       and the like. Things that were in the library are --  
8       there's plenty of reference books, old newspapers. We  
9       subscribe to the major national newspapers as well as  
10      the other local papers. We have an archive of old  
11      stories that were printed in The Daily Press back to --  
12      they go back many years.

13          Q       Let's move on to the very last entry on  
14      page 20 of that same 1991 portion of Schedule C that has  
15      the three-letter prefix FIN. Can you describe what that  
16      and the following assets would be.

17          A       The finance department.

18          Q       Those are the assets used in the finance  
19      department?

20          A       Yes.

21          Q       On page 21, the next grouping starts with  
22      HR.

23          A       I ought to back up to the finance  
24      department for a second.

25          Q       Sure.

Michael Sacks  
Direct Examination

1           A           There are a couple assets that are listed  
2           in the finance department that were used as part of the  
3           building function which, at that time, was classified in  
4           the finance department, and those would be like pallet  
5           racking, for instance, and dock levelers, which are  
6           part of the main facility where there is a loading dock.

7           Q           There is no loading dock in the finance  
8           department?

9           A           No.

10          Q           The next grouping starts with HR.

11          A           Human resources.

12          Q           Were they used in the human resources  
13          department?

14          A           Yes.

15          Q           The next grouping starts with MKT.

16          A           That would be marketing.

17          Q           What were they used for?

18          A           You had -- some of these computers were  
19          used for creating different promotional ads, promoting  
20          The Daily Press for different fliers, special sections,  
21          things like that. Others were used for word processing  
22          and general business use.

23          Q           And then, if we go to page 23 through the  
24          end of the document, there are a number of assets with  
25          the three-letter prefix OPR in that fourth column.

Michael Sacks  
Direct Examination

1           A           Yes.

2           Q           Could you walk us through those. Tell us  
3 what they were for. And if you can, tie them back to  
4 the schematic drawing of the business that we have been  
5 talking about earlier.

6           A           Would you like me to address each one of  
7 those?

8           Q           Would it make sense to group them?

9           A           I can -- sure, I can group them. The  
10 ones that -- you have ones that -- right at the  
11 beginning of operations, operations composing computer  
12 equipment, there's film processors, and there's a super  
13 setter system. These were film image setters and the  
14 processors corresponding to those film -- that image  
15 setter.

16                   As you go down further, all the other  
17 equipment, cassettes, output cassettes, Olux (phonetic)  
18 processors, Jet Stream computer -- computers, were  
19 equipment used with the different image setters.

20                   Flipping to the next page, the ultra  
21 recorders are image setters. Tandem CLX700 was a  
22 computer system that we had bought, never used, was in  
23 test mode, and then transferred to the Chicago Tribune.  
24 It was an editorial-type database computer.

25                   Wax coaters, I think, are fairly



Michael Sacks  
Direct Examination

1 self-explanatory. And things like X-Write silver  
2 recovery units are used in the film processing area to  
3 capture the silver that is removed from the negatives  
4 when they are processed.

5 Q So those assets would have all been used  
6 with the image setters or in the photographing function,  
7 is that right, the photographing of the pasteup?

8 A That's correct.

9 Q Continue on through the schedule.

10 A Sure.

11 Q And describe what the rest of the assets  
12 would be used for.

13 A There's some packaging furniture that --  
14 and PCs that are used in the packaging office. There's  
15 carts and other -- the intercoms that were used between  
16 the packaging and pressroom, various managerial and  
17 secretarial computers.

18 And on page 25 is a list of more  
19 plate-making equipment, densitometers, plate processing  
20 equipment, color -- high resolution color-scanning  
21 equipment, and silver recovery units. The Spartan  
22 camera, the pager camera is listed on this.

23 Going on to the next page, there's some  
24 various managerial/secretarial PCs. There's part of the  
25 intercom system, some of the maintenance equipment and

Michael Sacks  
Direct Examination

1     lifting equipment for lifting drums, disposing of  
2     hazardous waste.

3             Also listed on page 27 are -- which stick  
4     out, are several of our UPS systems, which is the  
5     uninterrupted power supply that is used to -- where we  
6     have some of our critical equipment plugged into so in  
7     case of power blips they don't get burned out.

8             That, for the most part takes -- that's  
9     it.

10            Q        Okay. Would that be the same for the  
11     1993? And by "the same," on the 1993 schedule there are  
12     some things designated ADV.

13            A        Yes. As I said, there might be a computer  
14     or two or a chair or two that has transferred between  
15     departments, in or out of the department, but their  
16     function -- none of -- their functions only would have  
17     been as furniture or as a word processing PC, none of  
18     the PCs that were capable of doing anything other than  
19     word processing.

20            Q        The explanation that you just gave as we  
21     were walking through the 1991 schedule as to what was  
22     used for the advertising function and what was used for  
23     the editorial function and what was used in the  
24     plate-making function and so on, is that the same for  
25     the other schedules, '93, '94, '95, and '96?

Michael Sacks  
Cross Examination

1 A Yes.

2 Q So looking at those, you would apply that  
3 same process to figure out what was used in the  
4 advertising department, is that correct?

5 A Yes, that's correct.

6 Q And for the other departments that you  
7 described?

8 A That's correct.

9 MS. McCORMICK: I don't think I have any  
10 further questions at this time.

11 THE COURT: Okay. Mr. Jackson.

12 MR. JACKSON: Thank you, your Honor.

13

14 CROSS-EXAMINATION

15 BY MR. JACKSON:

16 Q Mr. Sacks, how are you?

17 A Great.

18 Q Would you like to take a break?

19 A No, thanks. I'm okay.

20 Q You haven't matched all these assets to  
21 the specific item, have you?

22 A Are you asking if I have --

23 Q That's what I'm asking. Have you matched  
24 each item that's on this list with the physical item  
25 that is at the newspaper?



Michael Sacks  
Cross Examination

1           A           No. In many cases, that would be  
2 impossible to do, because the asset would have been  
3 disposed of.

4           Q           How long have you been employed at The  
5 Daily Press?

6           A           Since March of 1998.

7           Q           You were not there in 1992 when an audit  
8 was performed?

9           A           I was employed by Tribune Company, not  
10 located in Newport News, not employed with Daily Press.

11          Q           So you were not involved in the audit  
12 process?

13          A           Not in that -- no, I was not.

14          Q           You were not present when The Daily Press  
15 was advised that items that were in the circulation  
16 department were not considered part of the process, were  
17 you?

18          A           No.

19          Q           You were not at The Daily Press when The  
20 Daily Press was advised by the city that human resources  
21 and finance were not considered part of the process,  
22 were you?

23          A           I was not.

24          Q           And you were not involved in the process  
25 by which The Daily Press was asked to review a list of

Michael Sacks  
Cross Examination

1 assets that were considered to be, by the city,  
2 machinery and tools and asked to review that list?

3 A I have been involved in that process for  
4 the past three years or so.

5 Q But you were not involved in 1992 when the  
6 various things that are listed on Schedules A, B, and C,  
7 which we have been talking about as Tabs 1, 2, and 3 and  
8 Plaintiff's Exhibits 2, 3, and 4, you were not present  
9 when those items were reviewed back and forth between  
10 the city and The Daily Press?

11 A No.

12 Q So if an item today is labeled in  
13 Schedules B and C, Exhibits 3 and 4, if they are labeled  
14 as being in finance or in human resources or  
15 circulation, you don't have any idea how they came to be  
16 labeled that way or how they came to be on the list, is  
17 that right?

18 A No, that's not right.

19 Q It's not right?

20 A If -- if I'm looking at a piece of  
21 equipment that is -- and looking at how these things are  
22 labeled and I look at all the equipment that I know is  
23 used in the plate-making process and it's listed as  
24 operations, plate making, it makes sense.

25 Q I didn't ask a very good question. I'm

Michael Sacks  
Cross Examination

1       sorry. I was talking about items that were in the  
2       circulation department, human resources, and finance.  
3       You don't have any idea how they came to be on this  
4       list, do you?

5               A       I can't distinguish what exact computer  
6       was used in the marketing department or the HR  
7       department and what was not, other than the ones that I  
8       know were not used in the human resources department.

9               Q       That's because of the type of computer?

10              A       Because of the type of computer.

11              Q       Okay. And would the same thing be true,  
12       for example, with various kinds of PCs; for example, the  
13       same PC that is used by an employee of the advertising  
14       department to type a classified ad is probably virtually  
15       interchangeable with the PC that's used by a secretary  
16       in human resources? Is that fair?

17              A       Not exactly, no.

18              Q       Why not?

19              A       Because a computer that was used by  
20       somebody in the classified department to type classified  
21       ads would have had a special type of PC spec'd out a  
22       special way in order to access the classified system  
23       that was employed at the time.

24              Q       "Spec'd out" as in -- how do you mean?  
25       The software or hardware?



Michael Sacks  
Cross Examination

1           A       Both.

2           Q       Both. Okay. But as between -- and could  
3 you tell the difference, looking at this list, between  
4 PCs that are in the advertising department, which ones  
5 are used for classified ads and which ones are used for  
6 word processing functions exclusively?

7           A       Yes. I couldn't -- I couldn't tell you  
8 exactly which ones, you know, in number were used for  
9 taking classified ads, but I can tell you which ones  
10 were used for sales functions, administrative functions,  
11 and the like. In other words, the 15 or so computers  
12 that were used for taking classified ads were spec'd out  
13 a certain way. I can't guarantee you that there wasn't  
14 a sixteenth or seventeenth of a different type that was  
15 also used at that time.

16          Q       Fair enough.

17                   Am I correct that all of the computers we  
18 have been talking about, the PCs, are linked to the  
19 storage servers?

20          A       Virtually all of the computers that are  
21 attached to the network, to the LAN, have a dataport  
22 which they can access certain storage servers if they  
23 have software permissions.

24          Q       And there will be some computers at The  
25 Daily Press that are used both for advertising and news

Michael Sacks  
Cross Examination

1 functions that are also used for routine word processing  
2 functions, is that right, or E-mail functions?

3 A That's correct.

4 Q And as I understand it, you can't -- you  
5 have no means of monitoring how much that computer is  
6 used for one function or the other?

7 A We do not have any technology that records  
8 what percentage of time somebody is spending on  
9 E-mail -- I wish I did -- versus -- versus designing an  
10 ad. The only caveat to that is I can tell you there are  
11 secretaries and managers who are never writing stories  
12 on their computers and don't have that software  
13 installed.

14 Q Now I'd like to talk a little bit about  
15 your business.

16 A Okay.

17 Q Part of your business is producing a  
18 newspaper, correct?

19 A That's correct.

20 Q Part of your business is doing printing  
21 for some third party, correct?

22 A That's correct.

23 Q And it's fair to say, is it not, that the  
24 portion of your business that you do for third parties  
25 is a very small percentage of your total business?

Michael Sacks  
Cross Examination

1           A           In terms of revenue and profitability,  
2           yes.

3           Q           How about in terms of press time?

4           A           In terms of press time, it's probably --  
5           now, it's probably up to about 15 percent.

6           Q           15 percent being for third parties,  
7           85 percent being for the newspaper?

8           A           Yeah.

9           Q           I may have misheard you and, if I did, I  
10          apologize in advance for asking this question, but I  
11          believe you were asked if the process of printing  
12          third-party material is the same as the process of  
13          printing the newspaper. Did you say that?

14          A           Yes.

15          Q           But the process does not include -- when  
16          it comes to third parties, anyway, you don't have people  
17          that go in and edit, do you?

18          A           For commercial customers?

19          Q           Yes.

20          A           No, I don't consider that the process of  
21          printing a newspaper, though.

22          Q           So the process of producing the newspaper,  
23          if I can use that word, and the process of producing a  
24          printed copy that you receive from some third party is  
25          different. One involves people who are doing editing



Michael Sacks  
Cross Examination

1 functions, layout functions, and all sorts of those  
2 types of things, but your third-party material doesn't  
3 involve any of that. Is that fair?

4 A Well, I think we might disagree on what we  
5 consider printing the newspaper.

6 Q I didn't ask you about printing.

7 A Okay.

8 Q Producing the newspaper.

9 A I produce The Daily Press in the  
10 pressroom. I produce The Eastern Shore News in the  
11 pressroom.

12 Q You print it, is that correct?

13 A That's correct. I also then have to  
14 insert it.

15 Q While we are talking about inserts, and I  
16 hate to go off on tangents, but you have inserters  
17 listed as items that are considered agreed items -- that  
18 is, they are considered part of the process, even as you  
19 define it.

20 A Yes.

21 Q Well, let's talk about a newspaper, a  
22 daily newspaper. Okay? Let's not talk about  
23 emergency-type situations. When you produce a  
24 newspaper, you clearly need to use the presses to  
25 produce the newspaper on a daily basis, correct?

Michael Sacks  
Cross Examination

1           A           That's correct.

2           Q           Can you describe a newspaper on a daily  
3 basis without plate making?

4           A           It would be very difficult to produce the  
5 newspaper without plate making, because I need a plate.

6           Q           And it wouldn't be a part of your normal  
7 operations to produce a newspaper without a plate, would  
8 it?

9           A           That's correct.

10          Q           And you couldn't produce plates -- again,  
11 we are talking on an ordinary, everyday type of  
12 situation. You wouldn't be producing plates without  
13 negatives either, would you?

14          A           That's correct.

15          Q           And you wouldn't be producing negatives  
16 without either a plate-making pager camera or a film  
17 image setter, and today you wouldn't even worry about  
18 the plate-making pager camera, is that right?

19          A           That's correct.

20          Q           Couldn't get a negative without one of  
21 those two items?

22          A           Actually, I could get a negative from some  
23 other source.

24          Q           Third parties?

25          A           From third parties. I could go get a

Michael Sacks  
Cross Examination

1 negative from an advertising bureau or get a negative  
2 from a color separation house.

3 Q And would you be producing a newspaper  
4 using just those items on a daily basis in the ordinary  
5 course of business?

6 A I could do it. I think -- you know, what  
7 we do and the way we operate our business is for  
8 efficiency. To answer your question, my answer is yes,  
9 I could.

10 Q You could physically do it?

11 A I could physically do it. Would it be  
12 efficient, no.

13 Q Would your business operate that way?

14 A Would my costs be sky high, yes. But, you  
15 know, the reason we have these things is because it  
16 makes the process more efficient.

17 Q How about the -- let's see. We have  
18 talked about the film image setter. How about the image  
19 setter control. I assume the image setter wouldn't work  
20 without the image setter control.

21 A That's correct.

22 Q And the image setter control PC would  
23 have nothing to work on if it didn't have content coming  
24 into it from the storage servers, is that correct?

25 A No, that's not correct. I can -- the



Michael Sacks  
Cross Examination

1 image setter control is no different than -- it's  
2 almost -- if you view the image setter control and the  
3 film image setter as one piece of equipment, it's no  
4 different than a regular printer, I could send something  
5 to that -- to that image setter from my office, from  
6 my -- I can send something to that image setter from  
7 home.

8 Q I keep asking bad questions. I'm sorry.  
9 I'm talking about producing a newspaper in the ordinary  
10 course of business on a daily basis.

11 A Again, it would be possible to send -- I  
12 need to send something to that image setter or I have to  
13 take it to some other place where I can get a negative,  
14 but I don't need the storage servers, even in the  
15 normal course of business, in order to produce a  
16 newspaper.

17 Q But it would take you a lot of money and a  
18 lot of time and a lot more employees, probably, than you  
19 use right now, wouldn't it?

20 A Not necessarily.

21 Q Well, then why don't you do it that way?

22 A Because I don't think our paper would be  
23 as relevant as it currently is and our subscribers would  
24 keep subscribing to our newspaper. We could take off of  
25 one PC and -- or one Macintosh and fill our paper full

Michael Sacks  
Cross Examination

1 of wire stories, but without much local news that we  
2 would create with our own reporters I don't think our  
3 circulation would stay at the current levels.

4 Q Your product wouldn't be the same without  
5 all of those items, would it?

6 A The physical product would be the same.  
7 Its value to our customers might be different.

8 Q That's what they buy, isn't it? They are  
9 not buying paper and ink; they are buying newspapers  
10 with the news that's in it?

11 A I think there's a lot of people that would  
12 disagree as to what people are buying the newspaper for.

13 Q On a daily basis, would you agree with the  
14 proposition that without the news content and  
15 advertising content The Daily Press would not be the  
16 same product that we bought this morning?

17 A You could get me to agree that it would  
18 not be as valuable of a product to our readers that the  
19 paper that you bought this morning is.

20 Q Now, one of the things I think we ought to  
21 focus on, and I think you touched on this a little bit  
22 in talking about the layout process, when you put this  
23 up on a chart the way it is on Plaintiff's Exhibit 4,  
24 you have lines going from news content to storage server  
25 and then another line that goes to the image setter and

Michael Sacks  
Cross Examination

1 so on all the way down the line, and you have these nice  
2 straight lines. And would you agree with me that that  
3 implies that the news content happens first and then the  
4 storage servers and then each of these items in a row?

5 A No. I mean, I don't think -- a lot of  
6 this -- some of the process is a serial process, has to  
7 happen one after the other.

8 Q For example -- I hate to interrupt, but  
9 you couldn't have a plate without first having a  
10 negative?

11 A That's correct.

12 Q But there are other parts of this  
13 process -- in fact, lots of parts of this process all  
14 happen at the same time, don't they?

15 A That's correct.

16 Q And let's talk about the layout process in  
17 particular. Now, as I understand it, the layout process  
18 is simply taking advertising and figuring out how much  
19 there is and figuring out a geometry to stick that  
20 somewhere in the newspaper, and the balance is going to  
21 be filled by news, is that right?

22 A That's correct.

23 Q And on any given day, that layout could  
24 take several different forms, correct? Mathematically,  
25 it could take several different forms?



Michael Sacks  
Cross Examination

1           A           Yes. There are several parameters or  
2 constraints that limit that. It's not infinite forms,  
3 but there might be more than one option.

4           Q           And is it fair to say -- is it true to say  
5 that in choosing which of those particular geometries,  
6 geometric forms, whatever you want to call it, that the  
7 advertising department -- which actually does the layout  
8 process, right?

9           A           Along with some other folks, but yes.

10          Q           Some other folks that are in the news --

11          A           Pressroom.

12          Q           Pressroom. So -- as well as people in the  
13 editorial department which actually do the news?

14          A           Sure.

15          Q           So what you have in producing the  
16 newspaper is you have folks who are up here at the top  
17 of Exhibit 4 doing news content and doing advertising  
18 content actually working all the way down here at the  
19 bottom with the people who are in the pressroom figuring  
20 out exactly what the newspaper is going to look like on  
21 any given day?

22          A           That's not correct.

23          Q           That's not correct? They don't work  
24 together?

25          A           The people work together, but the people

Michael Sacks  
Cross Examination

1 that are laying out the paper and advertising and the  
2 people that are giving input to what the paper -- what  
3 geometry they like best in the news department are not  
4 the same people that are writing stories or selling ads  
5 or editing stories or any of that function.

6 Q I didn't mean to imply that they were.  
7 I'm sorry. That's another one of my bad questions. I  
8 was simply asking whether folks in the editorial  
9 department, which we've got up here in news content, and  
10 whether other folks in the advertising box, which we  
11 also have up here at the top of Exhibit 4, work with  
12 some folks down here in the pressroom figuring out the  
13 right geometry for the newspaper each and every day.

14 A Yes, they do work together. The pressroom  
15 employee will describe to them the limitations that they  
16 have on a certain-size newspaper, and then the  
17 advertising employee and the news employee -- usually  
18 it's just the advertising employee who is deciding which  
19 ads go where, what -- what fits mathematically, and then  
20 draws the map.

21 MR. JACKSON: These all the questions I  
22 have. Thank you, your Honor.

23 THE COURT: Mr. Sacks, Let me ask you to  
24 go back to something. You mentioned the upgrading with  
25 the pagination system.

Michael Sacks  
Cross Examination

1 THE WITNESS: Yes.

2 THE COURT: The pagination system, does  
3 that allow to you delay deadlines, because it speeds up  
4 the whole process?

5 THE WITNESS: A little bit. Let me  
6 describe -- there's -- pagination refers to a process or  
7 an initiative rather than a system. A newspaper can be  
8 paginated -- a better word to describe it is  
9 electronically assemble the page, is what pagination  
10 really stands for, on a Macintosh computer using Cork  
11 Express software. So that process, by doing that  
12 electronically, saves the step of printing out galleys  
13 of type and manually pasting up pages. That process of  
14 manually pasting up pages, shooting on the camera, would  
15 take some time, so the process of assembling the page  
16 electronically would be a timesaver. Whether that would  
17 allow deadlines to be later for the newsroom or whether  
18 it would mean earlier delivery of the newspaper to  
19 customers is something that different -- different  
20 newspapers decide to use that time differently.

21 THE COURT: Okay. On what equipment does  
22 the pagination system work? Is it software, is it  
23 hardware, is it involved with your servers, is it  
24 involved with your image setter control PCs? Where does  
25 that impact the system?



Michael Sacks  
Cross Examination

1                   THE WITNESS: It's best to describe it  
2 this way. There is a database -- in the years in  
3 question, there is a database that catalogs, files,  
4 makes it easy to query and store elements, elements  
5 being photos, graphics, and text elements, stories. The  
6 process of pagination didn't necessarily happen on a  
7 pagination system. There wasn't one big server and  
8 software license that existed that did the pagination of  
9 the newspaper. Individual pages of the newspaper were  
10 paginated on Macintosh computers using Cork Express.

11                   So what an individual that was responsible  
12 for paginating the newspaper or electronically  
13 assembling that page would do is they would access the  
14 stories and elements that were filed on a particular  
15 server, call that up to their computer, to their  
16 Macintosh computer, and assemble that page using Cork  
17 Express.

18                   THE COURT: Now, is that what you are  
19 doing now?

20                   THE WITNESS: In 19- -- in 1999, we  
21 purchased a different filing system, but the pagination  
22 still happens today the same way on a Macintosh  
23 computer. Today, actually, you will find some  
24 IBM-compatible computers that are doing the pagination.

25                   THE COURT: Would that be in the layout or

Michael Sacks  
Cross Examination

1 the advertising department or in the paper image setter?

2 THE WITNESS: No. That would be  
3 happening in portions of the newsroom.

4 THE COURT: In the newsroom?

5 THE WITNESS: In the newsroom.

6 THE COURT: All right. Mr. Jackson, any  
7 more questions?

8 MR. JACKSON: No, your Honor.

9 THE COURT: Ms. McCormick?

10 MS. MCCORMICK: No more questions.

11 THE COURT: May this witness be excused?

12 All right, sir. Thank you very much. You  
13 may step down. Be careful stepping down. Have a seat  
14 at the table with counsel.

15 Let me ask for counsel's advice here.  
16 We've got another witness on behalf of the plaintiff and  
17 then Mr. Crowson.

18 MR. JACKSON: And Ms. Galloway, your  
19 Honor.

20 THE COURT: Based on my experience, we  
21 will not be ready to walk out of here at 2:30 to get in  
22 a van. Now, I am not going to rush the testimony. We  
23 could, but I don't think we should do that.

24 My question concerns -- number one, I let  
25 those people -- there are security people involved in

Michael Sacks  
Cross Examination

1 this, and I am not thinking about a personal  
2 inconvenience, but we could do the view on Monday  
3 afternoon or we could try to rush it today. I know  
4 people are here from out of town. It doesn't really  
5 make any difference, except if we are going to push it  
6 too late I need to let the sheriff's department know,  
7 some deputies, and other things. I have a van which,  
8 driven by a deputy, will take nine people back and  
9 forth, which cuts down on certain parking problems, but  
10 I don't know that we want to do that at 4:30 or 5:00. I  
11 don't want to push people.

12 If we are not going to try to get that in  
13 today and we are going to do it next Monday afternoon,  
14 then my next question is do you all want to take a half  
15 an hour break or something and try to get something to  
16 eat, or is anyone affected that way? One time I tried  
17 to push a jury and I found out that two or three people  
18 had diabetes, and everyone was making nasty statements  
19 about me and everything else, so --

20 MR. JACKSON: Let me take a stab at  
21 answering. Monday afternoon is something I cannot make  
22 a commitment to until I try to work some other things  
23 out. I have depositions scheduled.

24 THE COURT: Ms. McCormick doesn't mind if  
25 you are not able to come.



Michael Sacks  
Cross Examination

1 MR. JACKSON: I didn't think she would.

2 So --

3 THE COURT: But we can work it out  
4 sometime next week. I've got a criminal docket, but I  
5 think Monday or Tuesday --

6 Madam Clerk?

7 MR. JACKSON: I should have said Monday  
8 and Tuesday.

9 THE COURT: All right. I am sure we can  
10 work it out. Would you prefer to work it out or push it  
11 today and get it done?

12 MR. JACKSON: Well, I think it would be  
13 better to get the witnesses done today, because it's  
14 fewer people to get back together, so I would suggest we  
15 do the witnesses. And --

16 THE COURT: Do you want to reschedule the  
17 view or push the view forward today?

18 MS. McCORMICK: I think we are able to  
19 accommodate the view pretty much whenever, so --

20 THE COURT: You just have to move all that  
21 equipment back and forth, right?

22 MS. McCORMICK: As far as -- I don't know  
23 if this will help the Court in deciding the best way to  
24 proceed. I don't anticipate that the expert's testimony  
25 and the portion that we'd like to read from

Michael Sacks  
Cross Examination

1 Ms. Galloway's deposition will take longer than 30  
2 minutes, together.

3 THE COURT: So you think you might be  
4 through in 30 minutes?

5 MS. McCORMICK: I certainly hope so,  
6 unless Mr. Jackson takes a greater interest than I  
7 expect he will in either of those.

8 THE COURT: Mr. Jackson, you think you  
9 will take how long?

10 MR. JACKSON: Mr. Crowson ought to be not  
11 more than 30 minutes, Ms. Galloway not more than an  
12 hour. Probably -- and I am trying --

13 THE COURT: We are at about 4:00 right  
14 then.

15 MS. McCORMICK: Or, your Honor, we could  
16 go and do the view as scheduled so there would be less  
17 traffic maybe -- parking at The Daily Press is not a  
18 problem -- and then come back and finish the testimony,  
19 if that's something that you would be amenable to.

20 THE COURT: Well, because of the deputies  
21 and court personnel, I'd prefer to complete the  
22 courtroom work, the testimony, and then I think we ought  
23 to plan on rescheduling the view to when Mr. Jackson is  
24 available, but sometime next Monday or Tuesday.

25 MS. McCORMICK: Okay.

Michael Sacks  
Cross Examination

1 THE COURT: But we ought to complete the  
2 taking of evidence today.

3 And so if you could release that van, we  
4 will not take that today, but we will complete the  
5 evidence.

6 Now, we will be here until we complete the  
7 evidence. Do you want to -- anyone feel like taking a  
8 short break?

9 MS. McCORMICK: I'd like at least a  
10 ten-minute break, if nobody has any objection to that.

11 THE COURT: Or would you like to take a  
12 longer break, 45 minutes or so, and run up to the  
13 basement of city hall, which has a snack bar? The  
14 second floor of the F&M building has a snack bar.  
15 People have gone to these places and come back alive.

16 MS. McCORMICK: That's probably not a bad  
17 idea.

18 MR. JACKSON: I don't eat there, I'll tell  
19 you that.

20 THE COURT: If the city attorney doesn't  
21 eat there, that may tell us something.

22 MR. JACKSON: On the other hand, my daily  
23 lunch is peanut butter sandwiches.

24 THE COURT: But if we are going to stay  
25 until we do it, I don't want people to get irritable at



Michael Sacks  
Cross Examination

1 5:00 and start throwing things.

2 MR. JACKSON: Then it would be a good idea  
3 to take a lunch break.

4 THE COURT: Do you want to take a lunch  
5 break and meet back here at 2:30? It's 1:48.

6 MS. McCORMICK: Yes, sir.

7 MR. JACKSON: Yes, your Honor.

8 THE COURT: And then if the bailiff will  
9 excuse the witnesses, I don't think the witnesses -- any  
10 of the witnesses in the courtroom should discuss with  
11 the witnesses who have been separated what we have  
12 done. You understand that?

13 MR. JACKSON: Yes, your Honor.

14 THE COURT: All right. Let's take a  
15 recess, then, and let everyone go. We will be back here  
16 at 2:30, and we will finish with the evidence.

17 (Lunch recess taken from 1:50 p.m. to  
18 2:36 p.m.)

19  
20 THE COURT: All right. Ms. McCormick,  
21 next witness, please.

22 MS. McCORMICK: Stan Kidd.

23 THE COURT: Sir, would you have a seat up  
24 here, please. Be careful stepping up. Have a seat,  
25 please. Answer Ms. McCormick.

Edward Kidd  
Direct Examination

1 EDWARD STANLEY KIDD, called by the plaintiff,  
2 previously being duly sworn, testified as follows:

3  
4 DIRECT EXAMINATION

5 BY MS. McCORMICK:

6 Q Good afternoon.

7 A Good afternoon.

8 Q Would you please state your name for the  
9 record.

10 A Edward Stanley Kidd.

11 Q Mr. Kidd, what is your occupation?

12 A I am a -- own a network integration and  
13 consulting firm, and I am a network engineer.

14 Q What's the name of your firm?

15 A Savant, Limited.

16 Q And what services do you or your firm  
17 provide?

18 A Network consulting and integration.  
19 Basically everything, soup to nuts, from designing  
20 computer networks, procurement, installation,  
21 maintenance, long-term management, troubleshooting.

22 Q When you say "networks," would you  
23 describe for the court what a network is.

24 A Local area networks, otherwise known as  
25 LANs, wide area networks, which we call WANs, LANs being

Edward Kidd  
Direct Examination

1       inside -- typically inside a facility or a campus, WANs  
2       connecting multiple LANs together.

3               Q       How long have you been in this business?

4               A       Since 1986.

5               Q       Please describe your educational  
6       background.

7               A       I have a bachelor of science in computer  
8       science from Old Dominion University, 1985, and  
9       manufacturer certifications and training for particular  
10      manufacturers.

11              Q       Which manufacturer certifications do you  
12      have?

13              A       Novell and Cisco.

14              Q       Would you describe the certifications.

15              A       The Cisco certification, which is what's  
16      probably our industry's highest level certification,  
17      which is Cisco network expert, and then Novell is a  
18      network operating system-type certification.

19              Q       What's involved with obtaining those  
20      certifications?

21              A       Typically, written tests. And in the case  
22      of Cisco, a very intensive two-day lab where you have to  
23      actually go and for two days you build networks and tear  
24      them apart, and they evaluate you on that.

25              Q       Did you pass the Cisco certification test?



Edward Kidd  
Direct Examination

1           A           Yes.

2           Q           Do you have any idea how many people hold  
3 that certification?

4           A           6500 in the world.

5           Q           Do you know what the pass rate is on the  
6 Cisco certification test?

7           A           It's a 75 percent failure rate on the  
8 first try.

9           Q           Did you pass on the first try?

10          A           Yes, I did.

11          Q           You mentioned, at the beginning of your  
12 testimony, that you design, install, modify, and  
13 maintain networks. Approximately how many networks have  
14 you worked on in your career?

15          A           Approximately 50 WANs. Each WAN could  
16 include as many as 60 or 100 remote sites with a LAN or  
17 more than one LAN at each remote site, so --

18                   MS. McCORMICK: I'd like to move for the  
19 admission of Mr. Kidd as an expert network engineer on  
20 the issues of the design, installation, and function of  
21 computer networks.

22                   THE COURT: Mr. Jackson?

23                   MR. JACKSON: I don't understand how it's  
24 relevant, your Honor. What is it that he is going to  
25 offer in terms of testimony that would be useful to the

Edward Kidd  
Direct Examination

1 Court in deciding what is the manufacturing process?

2 THE COURT: And your proffer is?

3 MS. McCORMICK: He will be offering  
4 testimony about specifics of how a LAN works, how The  
5 Daily Press's LAN works, and he will also testify that  
6 that is no different than the LANs that are used in many  
7 other nonmanufacturing businesses.

8 MR. JACKSON: I will renew the objection.  
9 The key is how this company uses its equipment. I won't  
10 call it machinery and tools yet. It's how this company  
11 uses it, not how other companies might use the same  
12 equipment. Recall the hammer example. It's just not  
13 relevant.

14 THE COURT: Ms. McCormick?

15 MS. McCORMICK: He is going to describe  
16 the physical layout and the physical operation of the  
17 LAN. And Mr. Jackson, I believe in the opening and also  
18 in the pretrial conference we had, put a lot of emphasis  
19 on the LAN and the fact that things are connected  
20 through the LAN. I think it would be useful for the  
21 Court to understand that a LAN is simply nothing more  
22 than a mechanism for transporting electronic data from  
23 one place to another. Mr. Kidd is going to describe  
24 that in more detail.

25 THE COURT: I am going to allow him to

Edward Kidd  
Direct Examination

1 testify. Overrule Mr. Jackson's exceptions. Since you  
2 have the burden of proof, I am going to give you that  
3 latitude, and I am going to recognize him as an expert,  
4 having received the Cisco and Novell qualifications.  
5 His testimony is limited to the area of the design or  
6 use of the LAN computer system.

7 MR. JACKSON: And my objection is on the  
8 record. Thank you.

9 BY MS. McCORMICK:

10 Q Do you know whether The Daily Press has a  
11 LAN at its 7505 Warwick Avenue facility?

12 A Yes, it does.

13 Q Have you examined their LAN?

14 A Yes, I have.

15 Q And what does it consist of?

16 A Basically it's PCs, work stations,  
17 standard desktop computers, standard office printers,  
18 the network equipment, otherwise known as switches or  
19 hubs, and several routers and some large file servers  
20 which contain the disc drives that store a lot of the  
21 files.

22 Q And can you describe for the Court the  
23 function of The Daily Press's LAN?

24 A Basically it's connecting the PCs  
25 together, the PCs to the printers and the PCs to the



Edward Kidd  
Direct Examination

1 file servers. It just basically functions for the  
2 movement of the data from one machine to the other.

3 Q Does it do anything in addition to that?

4 A No. It doesn't -- doesn't do anything  
5 other than actually just move it from one place to the  
6 other.

7 Q Are you familiar with The Daily Press's  
8 presses and the plate making and imagesetting and RIP  
9 equipment?

10 A Yes.

11 Q Is any of that equipment connected to the  
12 LAN?

13 A Imaging -- the image setters and the  
14 platemakers are not. The RIPs are the only machine  
15 that's connected to the LAN.

16 Q Do you know whether other businesses in  
17 the area use LANs?

18 MR. JACKSON: Objection, your Honor.

19 THE COURT: I am going to allow it, if he  
20 knows.

21 THE WITNESS: Yes.

22 BY MS. McCORMICK:

23 Q Are you familiar with the LANs that some  
24 of these other businesses use?

25 A Yes, I am.

Edward Kidd  
Cross Examination

1 Q Could you describe those for us, please.

2 MR. JACKSON: Do I have a continuing  
3 objection, your Honor, as to relevance?

4 THE COURT: I don't know why this is  
5 relevant. Is it relevant? I don't know where you are  
6 going with it. I am not concerned how other businesses  
7 use LANs.

8 MS. McCORMICK: It was only for comparing  
9 their LANs to the same thing the Daily Press's LANs do.

10 THE COURT: And whether or not they do,  
11 how does that help you?

12 MS. McCORMICK: If they are  
13 nonmanufacturing businesses and they are using the same  
14 equipment for the same purpose, then I think that would  
15 be probative of what is and is not machinery and tools  
16 ultimately.

17 MR. JACKSON: Your Honor, I would be  
18 shocked if Mr. Kidd didn't also testify that there are  
19 some manufacturing companies who use LANs, and that  
20 doesn't prove that The Daily Press is or is not a  
21 manufacturer either. It's just not relevant.

22 THE COURT: I am going to sustain the  
23 objection on the question as far as how other people use  
24 LANs.

25 BY MS. McCORMICK:

Edward Kidd  
Cross Examination

1           Q       Does The Daily Press's LAN convert or  
2       modify or process this electronic data that you were  
3       talking about in any way?

4           A       The LAN itself does not. It just moves it  
5       from one end to the other.

6           Q       Does The Daily Press's LAN in any way  
7       control or govern The Daily Press's printing of the  
8       newspaper?

9           A       It does not control the printing of the  
10      newspaper, no.

11          Q       In your opinion, does The Daily Press's  
12      LAN transform any material into an article or product of  
13      substantially different character?

14                 MR. JACKSON: Objection, your Honor.  
15      That's the ultimate question.

16                 THE COURT: I am going to allow him to  
17      express his opinion.

18                 MR. JACKSON: Thank you, your Honor.

19                 THE WITNESS: No. The LAN itself is  
20      really just moving digital data from one place to the  
21      other.

22      BY MS. MCCORMICK:

23          Q       Do you know whether The Daily Press had a  
24      LAN during the period 1991 to 1996?

25          A       Yes.



Edward Kidd  
Cross Examination

1           Q       Do you know what function the LAN served  
2 during that period of time?

3           A       Basically the same function as it is now.  
4 It was a lot smaller then than it is today, and the  
5 technology was a little more primitive than it is today.

6           MS. McCORMICK: I don't have anything  
7 further.

8           THE COURT: Mr. Jackson.

9

10           CROSS-EXAMINATION

11 BY MR. JACKSON:

12           Q       Mr. Kidd, do I understand it that a LAN  
13 consists, as you have described it, only of the routing  
14 system and the interconnections?

15           A       Yeah. I don't consider the PC or the  
16 computer itself to be a piece of the LAN. That's really  
17 a node or an attachment to the LAN.

18           Q       But when we talk about a LAN system,  
19 certainly in lay terminology, most folks would consider  
20 the pieces that are hooked up to it as part of a  
21 computer system?

22           A       True.

23           Q       Okay. And the computers that are  
24 interconnected via the LAN do, in fact, transform  
25 electronic information from one format into another, do

Edward Kidd  
Cross Examination

1       they not?

2               A       Yes, the computers themselves.

3               Q       And it is equally true, is it not, that  
4       while The Daily Press's LAN does not control the  
5       printer, the printing presses, what you mean is that it  
6       isn't physically or electronically or virtually hooked  
7       up to it, is that right?

8               A       Correct.

9               MR. JACKSON: That's all I have, your  
10       Honor.

11              THE COURT: Any rebuttal?

12              MS. McCORMICK: No, sir.

13              THE COURT: May this witness be excused?

14              MS. McCORMICK: Yes, your Honor.

15              THE COURT: Sir, thank you. You may step  
16       down. Be careful stepping down. You are free to go or  
17       have a seat in the courtroom.

18              All right, Ms. McCormick.

19              MS. McCORMICK: I believe the last portion  
20       that I have at this point is a brief reading from the  
21       deposition of Priscilla Galloway.

22              THE COURT: All right.

23              MS. McCORMICK: I will hand up the  
24       original of the deposition to the Court along with --

25              THE COURT: Ms. Galloway is who?

Edward Kidd  
Cross Examination

1 MR. JACKSON: Ms. Galloway was designated  
2 by the city as a witness pursuant to a 4:5(b)(6)  
3 deposition notice.

4 MS. McCORMICK: I will hand up to the  
5 Court the original. There is an errata sheet that I  
6 received today in the front.

7 THE COURT: Okay. Is someone going to  
8 read the questions and someone the answers?

9 MS. McCORMICK: Yes. Mr. Shebelskie, if  
10 he is willing, will read the answers, and I will read  
11 the questions.

12 THE COURT: Mr. Jackson, do you have any  
13 objection to the proposed reading of the portion they  
14 indicate?

15 MR. JACKSON: Your Honor, I would have to  
16 examine the designations first, if I could have a  
17 moment.

18 THE COURT: All right.

19 MR. SHEBELSKIE: Your Honor, while  
20 Mr. Jackson is doing that, just a question of the  
21 Court's preference. As I read the answers, does the  
22 Court mind if I stay at counsel table?

23 THE COURT: No, I want you up here going  
24 through what every witness goes through.

25 MR. SHEBELSKIE: I will be glad to.



Edward Kidd  
Cross Examination

1 THE COURT: That way I get a better sense  
2 of what is occurring.

3 And you will just be Priscilla Galloway.

4 MR. SHEBELSKIE: Yes, your Honor.

5 MR. JACKSON: I don't have any objection,  
6 your Honor.

7 THE COURT: All right, Ms. McCormick.

8 (The following excerpt from the deposition  
9 of Priscilla Galloway was read:

10 "Q I am going to show you what's  
11 been marked Exhibit 1. It's the 'Notice of  
12 Rule 4:5(b)(6) Deposition.' Have you seen  
13 this document before?

14 "A Yes, I have.")

15 MS. MCCORMICK: I am now going to read  
16 Mr. Jackson's objection.

17 "MR. JACKSON: For the record, the city  
18 has designated Ms. Galloway as the person to  
19 respond to the questions that are contained -- or  
20 to the issues, areas, whatever that are contained  
21 in the notice. We believe that she is going to  
22 be able to respond to all the questions, but they  
23 are pretty broad, and if it should turn out there  
24 is an area you get into that she doesn't have the  
25 information, we will gladly try to find somebody

Edward Kidd  
Cross Examination

1           and supply that person.")

2           MS. McCORMICK: That's the end of what  
3 Mr. Jackson said, and then it picks up with what I said,  
4 which is:

5           "MS. McCORMICK: That will be fine.

6           "Just to make it clear, for the record,  
7 the deposition is being taken pursuant to  
8 Rule 4:5(b)(6) of the rules of the Supreme Court  
9 of Virginia.

10          "Q           And as Mr. Jackson said, you  
11 understand that you have been designated by your  
12 employer, the City of Newport News, the defendant  
13 in this case, to testify on its behalf on the  
14 subject matters contained in the notice to take  
15 deposition?

16          "A           Yes."

17          MS. McCORMICK: Then we'll move over to  
18 the bottom of page 11, line 15.

19          "Q           I think you started down a path.  
20 I was just asking for you to give me an  
21 explanation of when you went into the '92 audit,  
22 you looked at lots of assets, some of which are  
23 listed on Schedule A, and the things on  
24 Schedule A were ultimately classified as  
25 machinery and tools, and I was looking for an

Edward Kidd  
Cross Examination

1 explanation of how you got from the starting  
2 point of walking in the door to classifying these  
3 items as machinery and tools. And what I am  
4 looking for is just an explanation as to how you  
5 reached that classification of The Daily Press so  
6 I can understand what steps the commissioner of  
7 the revenue's office went through.

8 "A Okay. We reviewed the operation  
9 by walking through and doing an inspection, a  
10 physical inspection, as well as a discussion with  
11 the accounting manager at the time. We reviewed  
12 the process that it went through, and we  
13 determined that each of the departments of The  
14 Daily Press had a specific function, and we  
15 looked at the functions of the department to  
16 determine that they were part of that process.  
17 And so if they were part of the process, we  
18 picked them up as machinery and tools. If they  
19 were not, we considered them -- the assets  
20 allocated to the other departments to be tangible  
21 personal property."

22 That concludes the reading.

23 THE COURT: All right. Mr. Jackson, do  
24 you have any questions?

25 MR. JACKSON: I don't think so.

Edward Kidd  
Cross Examination

1 THE COURT: All right. Thank you, sir.  
2 You may step down.

3 All right, Ms. McCormick.

4 MS. MCCORMICK: I just have one final  
5 thing, your Honor. Behind Tab 67 of the exhibit  
6 notebook are some requests for admissions that we  
7 propounded to the City of Newport News and the city's  
8 answers. Behind Tab 68 is a composite of the question  
9 and answer. It's going to be easier to read. The  
10 city's answers don't repeat the request. And I would  
11 like to move the admission of those into evidence. They  
12 all may be of interest, but the key ones are really  
13 request numbers 8, 9, 11, 12.

14 THE COURT: All right. Mr. Jackson, any  
15 objection?

16 MR. JACKSON: Your Honor, I was under the  
17 impression, maybe I misread something, that counsel  
18 would also be offering the objections, the specific  
19 objections that were lodged to these. Some were  
20 answered without objection, some were answered with  
21 objection, and I don't know if the objections are  
22 included here or not.

23 MS. MCCORMICK: I'm sorry, I didn't  
24 realize. The objections are behind Tab 72. I  
25 apologize. I thought they pertained only to the



Edward Kidd  
Cross Examination

1 interrogatories.

2 MR. JACKSON: With that proviso, your  
3 Honor, I have no objection, other than what's already  
4 stated in discovery.

5 THE COURT: 67, 68, and 72, we will number  
6 them 28, 29, and 30 for the plaintiff.

7 (Plaintiff's Exhibits 28, 29, and 30 -  
8 marked for identification and received  
9 in evidence.)

10  
11 MS. McCORMICK: And I don't have anything  
12 else at this time.

13 THE COURT: All right. Plaintiff rests.

14 MS. McCORMICK: Excuse me. Other than the  
15 view.

16 THE COURT: Other than the view. I  
17 understand. Yes.

18 Mr. Jackson.

19 MR. JACKSON: Your Honor, I expected to  
20 move to strike, but I am not sure this is the  
21 appropriate time to do it with the view still pending.  
22 May I move now, subject to the view?

23 THE COURT: You may.

24 MR. JACKSON: We have two bases for moving  
25 to strike. Basis number one is there is a very

Edward Kidd  
Cross Examination

1 substantial variance between the pleadings and the  
2 evidence in this case.

3 In the original application filed by The  
4 Daily Press in December of 1996, they alleged, in  
5 paragraph 7, The Daily Press is a newspaper publishing  
6 company that employs an average of 575 employees to  
7 transform approximately 40 metric tons of raw paper,  
8 negatives, aluminum, and ink into 118,000 readable,  
9 salable newspaper products daily. Their first amended  
10 application filed in December of 1997 states the same  
11 language. Their second amended application they filed  
12 three weeks ago contains exactly the same language.

13 They now contend that only the paper and  
14 ink are part of the transformation process. To the  
15 extent that their proof varies from their application,  
16 the city submits that their evidence should be struck.

17 The second basis for the city's motion is  
18 that the evidence shows that the commissioner properly  
19 bounded the process. It begins with input, it ends with  
20 output. Mr. Sacks testified that he can't put together  
21 a newspaper simply with presses. He has to have more  
22 than just ink and paper and a press. He has to have  
23 negatives, he has to have plates, he has to have his  
24 servers, and he has to have the news and advertising  
25 people in order to lay the whole thing out so that the

Edward Kidd  
Cross Examination

1 newspaper comes out at the other end the way The Daily  
2 Press wants their manufactured product, the newspaper,  
3 to come out at the other end.

4 The process is not linear. It is all  
5 integrated. And under the Brown-Boveri decision, if, as  
6 in Brown-Boveri, design and engineering of a more  
7 traditional manufacturing activity is an integral part  
8 of the process, then those things that are used to  
9 design and engineer can be machinery and tools.

10 As in this case, we have the design and  
11 engineering. In this case, what that is, is the editing  
12 process, the transformation process of the news and  
13 advertising content into a form that ultimately becomes  
14 the newspaper.

15 I am quite aware that the cases from other  
16 jurisdictions that we cited, since there are no Virginia  
17 cases that discuss the point, are different statutes,  
18 and we do not cite them to the proposition that they are  
19 controlling; however, in every case the litigated issue  
20 between the taxing authority and the newspaper was what  
21 is the process. And in those cases, the process  
22 includes the editorial process, it includes the portion  
23 of the advertising process where the ads themselves are  
24 created, and it ends with the product coming off the  
25 presses and being packaged for delivery.

Edward Kidd  
Cross Examination

1 THE COURT: Thank you, sir.

2 MR. ROWE: Your Honor, may I respond to  
3 the motion to strike?

4 THE COURT: No, you may not, because I am  
5 not going to grant it.

6 MR. ROWE: Thank you, your Honor.

7 THE COURT: And I don't want to waste  
8 time. I am going to overrule your motion, Mr. Jackson,  
9 at this stage of the proceeding. Viewing all of the  
10 inferences as well as implications and evidence in the  
11 light most favorable to the plaintiff, I think they have  
12 put on a case certainly sufficient to withstand a motion  
13 to strike at this stage, so with your exceptions I am  
14 going to overrule that.

15 Would you call your first witness, please.

16 MR. JACKSON: Mr. Crowson.

17 THE COURT: If you have practiced an  
18 argument you'd like to give to me later, I'll be happy  
19 to hear it.

20 MR. ROWE: Thank you, your Honor. I will  
21 feel a whole lot better tonight.

22 THE COURT: All right. Good afternoon,  
23 Mr. Crowson. Would you have a seat over here, please.  
24 Be careful stepping up. Answer Mr. Jackson, please.  
25



Charles Crowson, Jr.  
Direct Examination

1 CHARLES D. CROWSON, JR., called by the defendant,  
2 previously being duly sworn, testified as follows:

3  
4 DIRECT EXAMINATION

5 BY MR. JACKSON:

6 Q Would you state your name, please.

7 A Charles D. Crowson, Jr.

8 Q How are you employed, Mr. Crowson?

9 A Commissioner of the revenue, City of  
10 Newport News.

11 Q How long have you been elected the  
12 commissioner of the revenue?

13 A Eight years.

14 Q Prior to your election as commissioner of  
15 the revenue, how were you employed?

16 A Chief deputy commissioner.

17 Q Were you so employed as chief deputy  
18 commissioner of the revenue in 1992 when the audit of  
19 The Daily Press was performed?

20 A Correct.

21 Q How were you involved in that audit  
22 process?

23 A I was overseeing the audit department at  
24 the time.

25 Q In your capacity overseeing the audit

Charles Crowson, Jr.  
Direct Examination

1 department, do you have education functions -- that is,  
2 do you teach your employees what they are supposed to  
3 do?

4 A I give general guidelines in how the  
5 audits ought to be performed.

6 Q What do you tell them is the most basic  
7 question to ask when they create an audit for machinery  
8 and tools tax purposes?

9 A "What is your product?"

10 Q What is The Daily Press's product?

11 A Newspaper.

12 Q What is the process for manufacturing a  
13 newspaper, in general terms?

14 A In general terms?

15 Q Yes, sir. Where does it begin, where does  
16 it end?

17 A The input of the data, when the data is  
18 being accumulated, either by electronic, photograph, DP  
19 input, data input.

20 Q And it ends?

21 A When the paper comes out of the press.

22 MS. McCORMICK: We have an objection to  
23 the line of questions.

24 THE COURT: Yes, ma'am.

25 MS. McCORMICK: I am not sure Mr. Crowson

Charles Crowson, Jr.  
Direct Examination

1 has the foundation to be answering these questions.

2 MR. JACKSON: He is the --

3 THE COURT: I am going to overrule your  
4 objection. As the commissioner of revenue, you may  
5 challenge his position, but I think he's got the  
6 requisite standing to at least indicate how he views the  
7 assessment and classification process.

8 MR. JACKSON: Your Honor, it is the  
9 assessment in question that's been challenged.

10 Q Now, you were not the commissioner in  
11 1992, were you?

12 A No.

13 Q Was The Daily Press designated in 1992 as  
14 a manufacturer?

15 A No. Partially manufacturer, partially  
16 processor.

17 Q When you became commissioner of the  
18 revenue in 1996 --

19 A '3.

20 Q Did you, subsequent to becoming  
21 commissioner, have occasion to consider whether The  
22 Daily Press should be classified as a processor, as they  
23 were in 1992, or as something else?

24 A I don't really recall.

25 Q Well, let me direct your attention to

Charles Crowson, Jr.  
Direct Examination

1 Plaintiff's Exhibit Number 1, which is Tab 66. Do you  
2 recognize that letter?

3 A Yes.

4 Q The substance of that letter is what?

5 A It was classifying the newspaper as a  
6 manufacturer.

7 Q For the reasons you have already stated?

8 A Yes.

9 Q Were you personally directly involved in  
10 any of the audit process in 1992?

11 A No, I was not.

12 Q Who was?

13 A My chief deputy, our audit supervisor,  
14 Priscilla Galloway.

15 MR. JACKSON: That's all the questions I  
16 have, your Honor.

17 THE COURT: Ms. McCormick.

18 MS. MCCORMICK: I don't think I have any  
19 questions, your Honor.

20 THE COURT: Mr. Crowson, I have looked at  
21 Defendant's Exhibit 1, and I am doing so now. Let me  
22 just -- I'm going to give you this copy to look at. I  
23 have a question for you.

24 On that document, it looks to me it was  
25 sent to The Daily Press at some time, and one of the



Charles Crowson, Jr.  
Direct Examination

1 things that you excepted from taxation, machinery and  
2 tools tax, am I correct, was dealing with circulation,  
3 as I read that form. Is that correct? So as far as  
4 anything used in circulation, does the city consider  
5 that to be state taxation-eligible only?

6 THE WITNESS: Circulation?

7 THE COURT: Yes, circulation.

8 THE WITNESS: I would say that is part of  
9 the process.

10 THE COURT: Let me see that document. It  
11 says right here, "Departments not included in the  
12 process of printing a newspaper."

13 THE WITNESS: What is the --

14 THE COURT: You may look at the whole  
15 thing.

16 THE WITNESS: I am not really familiar,  
17 your Honor, with what the total circulation department  
18 consists of.

19 THE COURT: Did you have anything to do  
20 with the production of that document?

21 THE WITNESS: Not that I recall, no.

22 THE COURT: All right. Okay. Then I  
23 don't think it's fair to ask you what all that means.

24 Anything more from counsel?

25 MR. JACKSON: No, your Honor.

Charles Crowson, Jr.  
Cross Examination

1 THE COURT: All right, sir. You may step  
2 down.

3 May this witness be excused?

4 MR. JACKSON: Yes, your Honor.

5 MR. SHEBELSKIE: Your Honor, there might  
6 be one follow-up question, based on your questioning.

7 MS. McCORMICK: Mr. Crowson, do you have  
8 any firsthand knowledge about what the various  
9 departments at The Daily Press do?

10 THE WITNESS: Other than one tour through  
11 the plant, no.

12 MS. McCORMICK: I don't have anything  
13 further.

14 THE COURT: All right, sir. You may step  
15 down. Be careful stepping down. You are free to go or  
16 have a seat in the courtroom.

17 MR. JACKSON: Call Ms. Galloway, your  
18 Honor.

19 THE COURT: Ms. Galloway, be careful  
20 stepping up, ma'am. Answer Mr. Jackson.

21  
22 PRISCILLA GALLOWAY, called by the defendant,  
23 previously being duly sworn, testified as follows:  
24  
25

Priscilla Galloway  
Direct Examination

1 DIRECT EXAMINATION

2 BY MR. JACKSON:

3 Q Would you state your name, please.

4 A Priscilla Galloway.

5 Q How are you employed?

6 A I am the chief deputy commissioner of the  
7 revenue for the City of Newport News.

8 Q How long have you been the chief deputy?

9 A Eight years.

10 Q Prior to becoming chief deputy, how were  
11 you employed?

12 A I was the audit supervisor.

13 Q For the commissioner of the revenue for  
14 the City of Newport News?

15 A Yes.

16 Q Were you involved in the process of  
17 conducting an audit of The Daily Press in 1992?

18 A Yes.

19 Q Which tax years were audited?

20 A 1989, 1990, '91, and '92.

21 Q Why did you conduct the audit?

22 A We received a refund request from a tax  
23 representative of The Daily Press. And in response to  
24 that, we felt it necessary to audit the records to  
25 properly classify the assets.

Priscilla Galloway  
Direct Examination

1           Q       I'd like to ask you some questions about  
2       the process that you followed to conduct this audit.  
3       What was the first step that you took once you  
4       determined to conduct the audit?

5           A       The first step we took was we made a  
6       physical inspection of the facilities in Newport News.  
7       It was a tour given by Brenda Head, the accounting  
8       manager, along with the tax representative, Karen  
9       Moore. That was our first step.

10          Q       Tell me what you did in this physical  
11       inspection. Did you walk through the entire premises?

12          A       We actually took a couple days to walk  
13       through all of the facilities in Newport News and went  
14       through each department. I was leading the audit and  
15       asking questions of Ms. Head, and I had two auditors  
16       with me who took notes as far as the equipment --  
17       generally, the equipment in each department and a  
18       general discussion about the functions of the  
19       departments.

20          Q       What about the functions of particular  
21       items of equipment at that point, did you ask questions  
22       about those?

23          A       Not specifically. If we didn't understand  
24       in general what they might be -- from what I recall, I  
25       don't -- we just noted the assets and talked about the



Priscilla Galloway  
Direct Examination

1 function of the departments.

2 Q After you concluded your walk-through that  
3 you said you spent two days doing --

4 A Yes.

5 Q -- what was the next step that you took in  
6 the audit process?

7 A They had asked to be reclassified and be a  
8 manufacturer, and so we were doing some analysis of  
9 whether or not that was deemed appropriate.

10 We also -- since we were auditing the  
11 assets and the original cost that was reported, we asked  
12 for information to verify that documentation from The  
13 Daily Press.

14 Q Verify the original cost, is that what you  
15 said?

16 A Verify, yes, the original cost, that the  
17 asset ledgers were proper and contained accurate  
18 information.

19 Q Who was the commissioner at the time, the  
20 commissioner of the revenue?

21 A C.B. Harold, Jr.

22 Q As a result of your review, did you make a  
23 recommendation to Mr. Harold as to how The Daily Press  
24 should be classified?

25 A Yes, we did.

Priscilla Galloway  
Direct Examination

1 Q And what recommendation was that?

2 A We recommended they be classified as a  
3 processor.

4 Q In making that decision, did you have  
5 occasion to define the beginning and end of what you  
6 considered to be the process?

7 A Yes, we did.

8 Q Can you tell us what you decided was the  
9 beginning and end of the process or what -- I should say  
10 what you recommended to the commissioner.

11 A We decided that -- we focused on the  
12 functions of the departments and what their function  
13 was, whether it was necessary in the production of the  
14 product, being the newspaper, and we felt like anything  
15 that came out of -- from the beginning, in the reporters  
16 obtaining information or someone in the advertising  
17 department, who is gathering ads, that was the beginning  
18 of the process, and everything it took between that and  
19 the packaging of the newspapers at the end, that was all  
20 considered part of the process.

21 Q For tax purposes, what was the  
22 significance of The Daily Press's being categorized as a  
23 processor as distinguished from a manufacturer?

24 A We had to analyze whether or not the  
25 process they performed actually fell in the three

Priscilla Galloway  
Direct Examination

1 elements that we always looked for because of case law.  
2 We had to determine if it was a raw material, a  
3 transformation of character, and the final product.  
4 At the time, with our research and our inspection of the  
5 paper, we felt it was not a manufacturing process.

6 Q Is a processor taxed differently from a  
7 manufacturer?

8 A Yes.

9 Q How?

10 A A processor, all their property, tangible  
11 personal property, is taxed. The machines and tools  
12 used in the process that they perform is separately  
13 taxed at the machinery and tool rate, which, in  
14 Newport News, is a lower rate than the business property  
15 rate.

16 Q If you would look at Defendant  
17 Exhibit 1 --

18 Your Honor, let me give you an extra one.  
19 Let me give her an extra copy.

20 Can you identify Defendant's Exhibit 1?

21 A Yes, I can.

22 Q Can you walk through, page by page, and  
23 explain to the court what each of these pages  
24 represents.

25 A The first page is the worksheet that



Priscilla Galloway  
Direct Examination

1 the -- that I prepared in order to process and refund  
2 for the tangible personal property for The Daily Press  
3 for tax years '89 through '91.

4 Page 2 is a separate worksheet that I  
5 prepared to process the tax due on the machinery and  
6 tools tax for The Daily Press for '89, '90, and '91.

7 Page 3 is a summary of the departments  
8 outlined for The Daily Press to explain to The Daily  
9 Press how we categorize the functions as being part of  
10 the process of printing the paper or not.

11 Do you want me to explain more about this  
12 page?

13 Q We will come back to this page.

14 A The fourth page was a preliminary summary  
15 for which we -- I had -- that is my handwriting, of  
16 which I made notes, where we reclassified the library  
17 department from not -- not being included in the process  
18 to being included in the process supporting the  
19 editorial department.

20 And the last page is a document we  
21 obtained from The Daily Press. It was prepared by The  
22 Daily Press describing the personal property that they  
23 had on their asset ledger.

24 MR. JACKSON: Your Honor, I'd move  
25 introduction of Defendant's Exhibit 1.



Priscilla Galloway  
Direct Examination

1 MS. McCORMICK: No objection.

2 THE COURT: I think I have already  
3 admitted Defendant's Exhibit 1, but if I haven't I now  
4 do.

5 MR. JACKSON: Thank you, your Honor.

6 (Defendant's Exhibit 1 - received in  
7 evidence.)  
8

9 BY MR. JACKSON:

10 Q I'd like now to direct your attention back  
11 to Defendant's Exhibit 1 and page 3 of Defendant's  
12 Exhibit 1. Explain the significance of the departments  
13 listed on the top half and the departments listed on the  
14 bottom half of this page.

15 A The top half, we classified those  
16 departments as being included in the process of printing  
17 the newspaper. We actually categorized the different  
18 steps we felt like the newspaper took in performing the  
19 process.

20 The bottom half has two categories. One  
21 are the departments not included in the process of  
22 printing the paper, and the other departments were not  
23 located within the Newport News jurisdiction; therefore,  
24 we did not tax them.

25 Q Was the circulation department considered

Priscilla Galloway  
Direct Examination

1 part of the process?

2 A No, it was not.

3 Q Was the finance department considered part  
4 of the process?

5 A No, it was not.

6 Q Was the human resources department  
7 considered part of the process?

8 A No, it was not.

9 Q And the same would be true for these other  
10 departments -- I guess it's really only one -- executive  
11 and maybe support services.

12 A They were not part of the process.

13 THE COURT: Mr. Jackson, before you leave  
14 that page, would you ask a question how packaging is  
15 part of the manufacturing process.

16 BY MR. JACKSON:

17 Q Could you explain, Ms. Galloway, why you  
18 considered packaging to be part of the process.

19 THE COURT: And what type of packaging  
20 are we talking about? Is this the packaging that takes  
21 place -- the paper is printed, it's in a bundle. What  
22 sort of packaging?

23 THE WITNESS: From what I recall, once  
24 the paper came off the press, it went by conveyor, and  
25 it wasn't available for sale and had to get into a

Priscilla Galloway  
Direct Examination

1 package where you inserted the other advertisements,  
2 and it was -- there was more to it. They would not  
3 have --

4 THE COURT: So packaging was the blending  
5 of other newspaper articles or advertisements or  
6 something? We are not talking about stuffing it in a  
7 plastic bag or something?

8 THE WITNESS: Not that I recall, no.

9 BY MR. JACKSON:

10 Q Did you provide a copy of this page of  
11 Defendant's Exhibit 1 to The Daily Press?

12 A Yes, I did.

13 Q Now, once you had determined the beginning  
14 and end of the process, as represented by what's on this  
15 page, the third page of Defendant's Exhibit 1, what was  
16 the next step that you took in the audit process?

17 A We had obtained the general ledger  
18 depreciation schedules from Brenda Head from The Daily  
19 Press for each of the years we were auditing. We  
20 reviewed it for the different departments and the assets  
21 allocated to them as well as the description of the  
22 property. And using color highlighters, it assisted us  
23 in separating what was real property and what was  
24 tangible property, what was software and what was  
25 machinery and tools, according to the departments.

Priscilla Galloway  
Direct Examination

1           Q       Did you mark as machinery and tools any  
2 assets in the circulation department?

3           A       No, we did not.

4           Q       Did you mark as machinery and tools any  
5 assets in the finance department?

6           A       No, we did not.

7           Q       Did you mark any assets in the human  
8 resources department as machinery and tools?

9           A       No, we did not.

10          Q       What did you do with the asset list after  
11 you had color-coded the various assets on it?

12          A       After we summarized it for our purposes,  
13 for audit results, I sent it back to Brenda Head and  
14 asked for her comments on any discrepancies or  
15 discussions she might have with our results.

16          Q       Did she respond to your invitation to make  
17 comments?

18          A       Yes, she did.

19          Q       As a result of your communications with  
20 Brenda Head, did you, in fact, make adjustments?

21          A       Yes, we did.

22                   MR. JACKSON: Your Honor, if we could  
23 have this marked as Defendant's Exhibit 2.

24                   THE COURT: Ms. McCormick?

25                   MS. MCCORMICK: I don't have an objection



Priscilla Galloway  
Direct Examination

1 to that.

2 THE COURT: All right. Defendant's 2.  
3 (Defendant's Exhibit 2 - marked for  
4 identification.)  
5

6 BY MR. JACKSON:

7 Q Ms. Galloway can you explain what this  
8 document shows, what this document is? Do you recognize  
9 it?

10 A This is a document that I prepared with  
11 our audit staff. It's a summary of the taxes due and  
12 the asset allocation for tax purposes for The Daily  
13 Press, and this one is just for 1991. And it was  
14 prepared after the adjustments with Ms. Head.

15 Q Does this document show any assets  
16 belonging to the circulation department classified as  
17 machinery and tools?

18 A No, it doesn't.

19 Q Does this document show any assets  
20 classified as belonging to the human resources  
21 department?

22 A No, it doesn't.

23 Q How about finance?

24 A No, it doesn't.

25 Q Does -- and let's just pick one. Does it

Priscilla Galloway  
Direct Examination

1 show all assets belonging to the photo lab as being  
2 classified as machinery and tools?

3 A I'm sorry, what was the first part of the  
4 question?

5 Q Does this document show all assets  
6 belonging to the photo lab being classified as machinery  
7 and tools?

8 A Not all assets, no.

9 Q These numbers across the top, to what do  
10 they correspond?

11 A They are The Daily Press's general ledger  
12 property types.

13 Q Are they the same property types as listed  
14 on the last page of Defendant's Exhibit 1?

15 A Yes.

16 Q Explain to the court what this -- let's  
17 take the photo lab as an example. Explain to the court  
18 how they were taxed, how the assets belonging to the  
19 photo lab were taxed.

20 A We considered the photo lab to be part of  
21 the manufacturing -- part of the process at the time,  
22 and therefore all machines and tools used in the  
23 process, we separated them out and taxed them as  
24 machines and tools on the top part.

25 Anything the photo lab might have had that

Priscilla Galloway  
Direct Examination

1 was not a machine or tool over to the right you will see  
2 under the column "Furniture & Fixtures." We allocated  
3 that to the tangible personal property and did not tax  
4 that at the machinery and tools tax.

5 Q So if I have my paper drawn across this  
6 page correctly, I think I do, you have some photo  
7 equipment, some general equipment, and some furniture  
8 and fixtures belonging to the photo lab classed as  
9 machinery and tools, correct?

10 A I can't tell.

11 Yes.

12 Q And let's see if I've got this drawn  
13 right. Do you also have some assets belonging to the  
14 photo lab, some furniture and fixtures, classified as  
15 something other than machinery and tools?

16 A Yes.

17 Q And what about communication equipment?  
18 I can't tell where that line is.

19 A The photo lab, we assessed property in the  
20 furniture and fixtures account and the communications  
21 equipment.

22 Q Now, do the numbers that are reflected on  
23 here correspond to -- after adjustments, correspond to  
24 the sum of all the numbers that you pulled off of the  
25 asset ledger that you returned to The Daily Press?

Priscilla Galloway  
Direct Examination

1           A       Yes.

2           Q       And we have talked about the photo lab.  
3 Did you perform the same type of analysis with respect  
4 to the other departments?

5           A       Yes.

6           Q       Was there a marketing department in 1991?

7           A       No.

8           Q       You have had an opportunity to examine  
9 Tabs 1, 2, and 3, Plaintiff's Exhibits 2, 3, and 4, have  
10 you not?

11          A       Yes.

12          Q       Do those exhibits purport to list assets  
13 belonging to the marketing department?

14          A       Yes, they do.

15          Q       May I direct your attention to Plaintiff's  
16 Exhibit 3 at page 5, which is Tab 4.

17          A       Yes.

18          Q       I'm sorry, Tab 3. Exhibit 4, Tab 3. And  
19 turn to the listing for 1991. Page 5, do you see the  
20 Harris system listed on there?

21          A       Yes, I do.

22          Q       According to this document, where was the  
23 Harris system -- what department did it belong to in  
24 1991, according to this document?

25          A       Editorial.



Priscilla Galloway  
Direct Examination

1           Q       At the time you did your audit, where did  
2       that asset belong?

3           A       It belonged -- I cannot specifically say.  
4       I don't know what department.

5           Q       Now, you were chief deputy when this suit  
6       was filed, correct?

7           A       Yes.

8           Q       And counsel makes reference, in the trial  
9       memorandum, to a long-standing administrative dispute.  
10      Do you recall that reference?

11          A       Yes, I do.

12          Q       Were you involved in the back and forth  
13      with The Daily Press over their contention, their  
14      renewed contention, that they were a manufacturer?

15          A       Yes I was.

16          Q       In 1997 -- the suit was filed in December  
17      of '96 -- did you have occasion to see the document that  
18      is Plaintiff's Exhibit 4 that's the chart that's up here  
19      that shows a representation of the process?

20          A       Yes, I did.

21          Q       Did The Daily Press, at that time, tell  
22      you that they thought the pressroom was the only part --  
23      only part of the assets that were machinery and tools?

24          A       No.

25          Q       Where did they draw the line then?

Priscilla Galloway  
Direct Examination

1           A           Right below the storage service holding  
2           area of actual page elements and above the image setter  
3           control PC and monitor. There was a note from The Daily  
4           Press saying production begins here.

5                   THE COURT: Production begins where?

6                   THE WITNESS: In between the two -- the  
7           pictures of the PCs, in between those two departments.

8                   THE COURT: Beneath the storage servers --

9                   THE WITNESS: Yes.

10                  THE COURT: -- and holding area.

11                  All right.

12       BY MR. JACKSON:

13                  Q           As a result of this administrative appeal,  
14           the lawsuit being filed, and then the administrative  
15           back and forth, did the classification ultimately  
16           change?

17                  A           Yes, it did.

18                  Q           To what?

19                  A           Manufacturer.

20                  Q           When you changed the classification from  
21           processor to manufacturer, what did you do with respect  
22           to business personal property taxes?

23                  A           We refunded all the years in question.

24                  Q           What did you do with respect to machinery  
25           and tools taxes?

Priscilla Galloway  
Direct Examination

1           A           They remained the same.

2                   MR. JACKSON: That's all I have, your  
3 Honor.

4                   THE COURT: The furnitures and fixtures  
5 listed on the '91 assessment sheet here, at that time,  
6 were being taxed as a processor, is that correct?

7                   MR. JACKSON: Yes, your Honor.

8                   THE COURT: All right. Now, when it  
9 became a manufacturer, are these furniture and fixtures  
10 still being viewed as machinery and tools?

11                  MR. JACKSON: Your Honor, it's important  
12 to recognize that this is a label applied for accounting  
13 purposes, as Ms. Head described and as Ms. Galloway  
14 described. It does not necessarily mean that these are  
15 tables and chairs. It is a label. There are assets  
16 that are under that accounting code, some of which --

17                  THE COURT: But we are in agreement that a  
18 manufacturer is not taxed on furniture and fixtures  
19 unless you can also define that as a machinery or tool  
20 used in the process? We are in agreement.

21                  MR. JACKSON: And I think Ms. Galloway  
22 would testify to that.

23                  THE WITNESS: Yes.

24                  THE COURT: Let me ask you this. You said  
25 you looked at the functions of the department, right?

Priscilla Galloway  
Direct Examination

1 THE WITNESS: Yes.

2 THE COURT: And then I see this chart.  
3 Now, if you know, did you get this from somewhere? I  
4 mean, all of a sudden, you come up with a nice plan,  
5 what's part of manufacturing of a newspaper and what's  
6 not.

7 THE WITNESS: Yes.

8 THE COURT: Where did that come from?

9 THE WITNESS: From our discussions with  
10 Ms. Head and the departments when we were walking  
11 through, analyzing it. We also did a lot of discussions  
12 amongst ourselves and with other auditors.

13 THE COURT: Excepting the fact that you  
14 talked about the function of particular departments, all  
15 right, did you ever complete an analysis of the function  
16 and use of the particular machines and tools?

17 THE WITNESS: No.

18 THE COURT: When you had a meeting after  
19 this was done in your negotiations and when it was  
20 reclassified as a manufacturing business, did you have  
21 negotiations with The Daily Press where they asked you  
22 to remove certain items?

23 THE WITNESS: They asked us to not tax  
24 machines and tools in certain departments, and we  
25 advised them those departments we still considered part



Priscilla Galloway  
Cross Examination

1 of the process. I don't recall a discussion of any  
2 specific assets. They just asked for departments to be  
3 excluded from the process.

4 THE COURT: So there was no subanalysis  
5 made? Assuming a department is involved in the  
6 manufacturing process, no one went beneath that to the  
7 particular item --

8 THE WITNESS: No.

9 THE COURT: -- is that correct?

10 THE WITNESS: That's correct.

11 THE COURT: Ms. McCormick.

12

13 CROSS-EXAMINATION

14 BY MS. MCCORMICK:

15 Q Ms. Galloway, just a few questions for  
16 you. You described a 1992 audit and trying to determine  
17 whether The Daily Press was a manufacturer or processor,  
18 I believe you said. Is that correct?

19 A Yes.

20 Q Had you ever been called upon to make that  
21 determination before with respect to a newspaper?

22 A No.

23 Q The document that was marked Defendant's  
24 Exhibit 1, which is the five-page document -- I believe  
25 Mr. Jackson handed you a copy of it.

Priscilla Galloway  
Cross Examination

1           A           Yes.

2           Q           If I am understanding your testimony  
3           correctly, there is a line in the middle of the  
4           document, and there's a number of what you testified are  
5           departments above the line, and the document indicates  
6           that those are the departments that you concluded in the  
7           '92 audit were involved in the process of printing the  
8           newspaper, is that right?

9           A           Yes.

10          Q           When you were doing this '92 audit --  
11          there are a number of departments listed on the top half  
12          of the sheet, starting with advertising. Did you write  
13          down anywhere or specify anywhere what the function of  
14          each of those departments was?

15          A           No.

16          Q           Do you happen to know what the function of  
17          the promotion department was?

18          A           I can't recall. I mean, at the time of  
19          the analysis and the discussions, I'm sure we -- we  
20          determined it at the time, but I can't recall.

21          Q           Is that true for all of the other  
22          departments that are listed on there, on the top half of  
23          the sheet?

24          A           I can -- the library, I think we went in  
25          more depth because in analyzing that we knew more of its

Priscilla Galloway  
Cross Examination

1 function as far as a resource room and the different --  
2 back then, they had the Internet, which was very new,  
3 and so I remember that. But specifically, on the other  
4 departments, no.

5 Q One other question for you -- maybe one or  
6 two other questions for you. Mr. Jackson had you look  
7 at the schedules behind Tabs 1, 2, and 3, Plaintiff's  
8 Exhibits 2, 3, and 4. On that schedule, the sixth  
9 column over with a dollar figure in it, is that the  
10 original cost that you were making reference to?

11 A Yes. That's the total original cost of  
12 each asset we analyzed.

13 Q When you came up with your -- I think it's  
14 Defendant's Exhibit 2, this spreadsheet that you were  
15 testifying about, did you rely on the original cost  
16 figures that were in the database that Ms. Head provided  
17 you with in coming up with the dollar figures that are  
18 on Defendant's Exhibit 2?

19 A We used those, and we performed a sample  
20 of different assets to verify that the original costs  
21 were appropriate, and we -- those -- that's where we  
22 obtained -- we obtained our totals that we used on this  
23 spreadsheet from those general ledgers from The Daily  
24 Press.

25 MS. McCORMICK: I don't think I have

Priscilla Galloway  
Cross Examination

1 anything further.

2 THE COURT: When was it determined that  
3 The Daily Press should be classified as a  
4 manufacturer?

5 THE WITNESS: 1997.

6 THE COURT: 1997. So in looking at  
7 Defendant's 1, when we talk about summary of  
8 department's role in the process of printing the  
9 newspaper, as I understand it, when it was viewed as a  
10 process, you selected where the process began and where  
11 it ended, correct?

12 THE WITNESS: Yes.

13 THE COURT: And did that just about  
14 include everything at The Daily Press from the input of  
15 information in computers to the final printout of the  
16 product?

17 THE WITNESS: Any -- any function that  
18 was required in order to print the paper.

19 THE COURT: All right. Now, after this  
20 document, which is dated in '92, was there any  
21 reevaluation, based on a manufacturing analysis, of what  
22 machinery and tools were used in the process of  
23 manufacturing versus what should be considered capital  
24 of the business?

25 THE WITNESS: No. We still felt like the



Priscilla Galloway  
Cross Examination

1 departments that had the functions were still part of  
2 the process, whether it was considered a manufacturer or  
3 not, so we didn't reanalyze it for the department's  
4 function.

5 THE COURT: So you continued the same  
6 thinking that was used in taxing the process to taxing  
7 the manufacturer?

8 THE WITNESS: Yes.

9 THE COURT: And when adjustments were  
10 made, The Daily Press apparently filed a suit for  
11 considerably more money when adjustments were made and  
12 everything. Were you aware of those?

13 THE WITNESS: The '92 audit or the '97?

14 THE COURT: After they filed suit, I  
15 believe, there was a figure for a higher claim. Then  
16 you filed an amended application.

17 MS. McCORMICK: Yes, sir. Are you talking  
18 about this lawsuit, sir?

19 THE COURT: Yes.

20 MS. McCORMICK: Yes. Yes, sir.

21 THE COURT: Were you aware of  
22 that? Initially, they wanted 400-and-some-thousand  
23 dollars back, and then they reduced that to a figure,  
24 then they modified it to 273. What was the basis of  
25 those adjustments? Was property being removed?

Priscilla Galloway  
Redirect Examination

1 THE WITNESS: Well, in 1997, when we  
2 reclassified them to a manufacturer, we refunded them  
3 \$204,000.

4 THE COURT: On the basis of what?

5 THE WITNESS: The business personal  
6 property was then considered capital of a manufacturer.

7 THE COURT: All right. But at that time,  
8 there was no other evaluation of the machinery and tools  
9 in these departments which you had considered in the  
10 past as being part of the process of printing a  
11 newspaper?

12 THE WITNESS: No, we did not make any  
13 adjustments.

14 THE COURT: All right, Mr. Jackson.  
15

16 REDIRECT EXAMINATION

17 BY MR. JACKSON:

18 Q Ms. Galloway, counsel asked if you had  
19 ever had occasion to go through this decision-making  
20 process, processor versus manufacturer, with respect to  
21 other newspapers. Do you recall her asking that?

22 A Yes, I do.

23 Q Have you ever had occasion to go through  
24 that process with respect to other printers?

25 A Yes, I have.

Priscilla Galloway  
Redirect Examination

1           Q       What is the treatment afforded to them as  
2 a result of your process, other printers?

3           A       Consistent with. The same. We start with  
4 the beginning of the information, the graphics, the  
5 design, whether it's a small shop or a large facility.

6           Q       And my hypothetical, Kinko's services  
7 place, that only does duplication using copy machines,  
8 how is that treated? The same as a printer in the  
9 newspaper?

10          A       The duplication is considered a service  
11 and is taxable as such.

12          Q       Not manufacturing?

13          A       Not manufacturing.

14               MR. JACKSON: That's all I have.

15               THE COURT: Ms. McCormick?

16               MS. MCCORMICK: No, sir, I don't have  
17 anything else.

18               THE COURT: May this witness be excused?

19               MR. JACKSON: Yes, your Honor.

20               THE COURT: All right. Ma'am, thank you.  
21 You may step down and have a seat at the table with  
22 counsel.

23               Mr. Jackson, any further evidence?

24               MR. JACKSON: No, your Honor. I'd renew  
25 my motion to strike.

Trial Transcripts  
(Non-Testimony)

1                   THE COURT: Ms. McCormick, any rebuttal  
2 evidence?

3                   MS. MCCORMICK: No, sir.

4                   THE COURT: All right. I will be happy to  
5 hear Mr. Jackson again, to the extent he has new  
6 material, and then any response from counsel.

7                   MR. JACKSON: Your Honor, the only new  
8 material that I would add to the motion to strike, the  
9 argument that I made on the motion to strike, is the  
10 idea of a presumption. The Court will recall that,  
11 first, there is a variance between pleadings and proof.  
12 Secondly, the evidence shows where the process begins,  
13 where the process ends, and the evidence shows that the  
14 business of manufacturing a newspaper consists of far  
15 more than simply combining ink and blank paper and  
16 producing something different. That's what The Daily  
17 Press would have you believe, that's what The Daily  
18 Press would have you rule. We submit that the evidence  
19 shows that it consists of far more than that.

20                   The third basis is they haven't overcome  
21 the presumption. There is no evidence that there's been  
22 a manifest error in the manner of making the assessment,  
23 nor has there been evidence that the city disregarded  
24 controlling evidence. They gave them the opportunity to  
25 say these assets don't belong in the category of



Trial Transcripts  
(Non-Testimony)

1 machinery and tools, they asked for some adjustments,  
2 they got some adjustments, but what is left is there.

3 THE COURT: Let me ask this, Mr. Jackson.

4 MR. JACKSON: Yes, your Honor.

5 THE COURT: I understand the presumption,  
6 but it is not impressive to me, right now, because I  
7 don't have confidence in that. And I say that because,  
8 as I understood the analysis that was to be performed,  
9 the commissioner was to determine, for city taxation,  
10 what machinery and tools were involved in the  
11 manufacturing process. The statute does not say what  
12 departments are involved, it says machinery or tools.

13 And I understood somewhere in this case,  
14 when I looked at all of these items in Tab -- the first  
15 three tabs, that there was some analysis made,  
16 consistent with your argument, that this is part of the  
17 manufacturing production cycle of a newspaper.

18 Now, what I just heard was that at one  
19 time it was taxed as a processor. We had all the  
20 equipment basically being taxed, and we determined the  
21 functions of various departments, and when it became a  
22 manufacturer we determined that the equipment --  
23 machinery and tools owned or located within a department  
24 that we considered to be part of the process of printing  
25 a newspaper would all be taxable as machinery and

Trial Transcripts  
(Non-Testimony)

1 tools. If the machinery and tools were located in  
2 another department, they would be considered capital.

3 Are you telling me that the state law  
4 allows one to assess the tax on individual property  
5 based on an analysis of departmental function?

6 MR. JACKSON: No, your Honor. And I  
7 don't believe that that is what happened here, in quite  
8 the same manner as it appears the Court has an  
9 understanding.

10 What the evidence was is that there were  
11 certain departments that were ruled out of the process,  
12 circulation, human resources, finance, and so forth,  
13 that are shown on the third page of Defendant's  
14 Exhibit 1.

15 What then happened was an analysis was  
16 performed using the asset ledger provided by The Daily  
17 Press. And with respect to those departments who had  
18 involvement in the process, some items were identified  
19 as being machinery and tools, other items were  
20 identified as being business personal property.

21 At the time that decision was made, the  
22 label was put on the newspaper as a processor. When you  
23 put that statutory label on a business, there are tax  
24 consequences, the primary of which is the processor not  
25 only is taxed on machinery and tools, the processor is

Trial Transcripts  
(Non-Testimony)

1       also taxed on business personal property.

2                       When you change that label from processor  
3       to manufacturer, he is still taxed on machinery and  
4       tools, but he is no longer taxed on business personal  
5       property, because business personal property becomes  
6       defined as capital, which is exempt from taxation. But  
7       we're still talking about the same business, and  
8       we're still talking about the same process. We're still  
9       talking about the same product. That, I submit, is the  
10      reason that there was no change when they were  
11      reclassified from processor to manufacturer. The  
12      process was the same.

13                     What happened was those things that were  
14      not a part of the process, whether they were in  
15      departments wholly excluded or whether they were assets  
16      that belonged to departments that did have a role in the  
17      process, those things became capital and were not  
18      taxed. But the process didn't change, nor did the  
19      analysis of what machinery and tools were used in the  
20      process.

21                     THE COURT: And the basis for determining  
22      what property within what department would be taxable  
23      after The Daily Press was determined to be a  
24      manufacturer, was that when some sort of agreement or  
25      workout occurred in '96 or '97?



Trial Transcripts  
(Non-Testimony)

1                   MR. JACKSON: It was not by agreement,  
2 your Honor. It was a unilateral action by the  
3 commissioner, by the new commissioner.

4                   THE COURT: And when he removed certain  
5 property and assessed it as personal property --

6                   MR. JACKSON: When he removed it, what he  
7 did was, by changing the categorization -- by changing  
8 the label from processor to manufacturer, by reason of  
9 state law, he was then required to take all of that  
10 property which previously had been taxable as the  
11 business personal property of a processor and, by reason  
12 of state law, treat it as capital of a manufacturing  
13 business.

14                  THE COURT: What was the analysis that  
15 allowed him to do that?

16                  MR. JACKSON: To change --

17                  THE COURT: To change the property and  
18 determine that some of it should be considered capital  
19 of the manufacturer and some of it remain as machinery  
20 and tools.

21                  MR. JACKSON: It is a process of logic  
22 and a mandate of state law.

23                  THE COURT: Where does that occur? Does  
24 one do that in their office in city hall, or did anyone  
25 go back out and reanalyze the machinery and tools?



Trial Transcripts  
(Non-Testimony)

1                   MR. JACKSON: That issue was not raised.  
2                   As we indicated before, the only thing that was raised  
3                   is where are we going to draw the line, not is the  
4                   refrigerator or the microwave properly on this list,  
5                   regardless of which department it's in. It simply  
6                   didn't get to that level of detail.

7                   What happened is when you have a  
8                   processor, you impose two taxes: machinery and tools  
9                   and business personal property. When that same business  
10                  is recategorized as a manufacturer, you still have the  
11                  machinery and tools, and you still have the same  
12                  process. What you do not have is the tax on everything  
13                  other than machinery and tools, what is called business  
14                  personal property. That is now treated as capital once  
15                  that decision is made to change from processor -- change  
16                  the label from processor to manufacturer.

17                  THE COURT: Is it your belief that when  
18                  the state statute says a locality may tax machinery and  
19                  tools used in manufacturing under the definitions that  
20                  we have all heard about, that what the state statute  
21                  means or can mean is that you can tax machinery and  
22                  tools used in a department which is connected to the  
23                  manufacturing process, or does state law require you to  
24                  look at the use and function of that machine?

25                  MR. JACKSON: State law requires you to

Trial Transcripts  
(Non-Testimony)

1 look at the function of individual items. The idea of  
2 classifying by department, as we show on Exhibit 2, is  
3 simply a first-step analysis. In that first step,  
4 certain departments were ruled out. We know they are  
5 not part of the process.

6 THE COURT: When did the second step  
7 happen?

8 MR. JACKSON: The second step happened  
9 when those departments that were considered to have a  
10 role in the process were analyzed and some of their  
11 assets were identified as machinery and tools. That's  
12 the top half of Exhibit Number 2.

13 THE COURT: This was back in '91, '92?

14 MR. JACKSON: Well, actually, '92 with  
15 respect to tax year '91.

16 And then the balance of the assets -- we  
17 are leaving aside vehicles and delivery equipment. The  
18 balance of the assets, including from those departments  
19 that were considered to have a role in the process -- if  
20 you will look on Exhibit 2, the department codes on the  
21 top section, where the machinery and tools taxes are  
22 totaled, are substantially overlap- -- overlapping on  
23 the bottom half. In other words, you will see editorial  
24 on both, library on both, photo lab on both, press on  
25 both, and so on. Some assets of those departments were

Trial Transcripts  
(Non-Testimony)

1     taxed as machinery and tools, some assets of those  
2     departments were taxed as tangible personal property.  
3     This was done when they were a processor.

4             Once they were relabeled as a  
5     manufacturer, the top part of machinery and tools  
6     remained the same. The process hasn't changed. The  
7     bottom half, though, no longer -- could no longer be  
8     taxed as business personal property, because now it's  
9     capital, and so that would drop off.

10            Had they been originally categorized as a  
11     manufacturer, the only thing you would see on this page  
12     would be machinery and tools on this top half and then,  
13     down here at the bottom, vehicles and, over on the next  
14     page, delivery equipment, and maybe there's software  
15     over here too. Software and real property --

16            THE COURT: And there's really been no new  
17     analysis since '92?

18            MR. JACKSON: No new analysis, no request  
19     for new analysis.

20            THE COURT: Other than, I think, during  
21     this lawsuit.

22            MR. JACKSON: And during this lawsuit, the  
23     only issue has been where should the line be drawn.

24            THE COURT: And there must have been some  
25     agreement or some negotiations, because the figure being



Trial Transcripts  
(Non-Testimony)

1       sought has changed. Right?

2                   MR. JACKSON: The figure that was changed  
3       was changed because of, if I may, as I understand it,  
4       this line being moved to this line. In other words,  
5       when the suit was originally filed, The Daily Press  
6       wanted a refund of its business personal property taxes  
7       plus some of its machinery and tools taxes.

8                   When the label was changed and the  
9       business personal property taxes were refunded, you had  
10      an amended application, presumably -- and again, I can't  
11      speak -- but presumably because this is where the line  
12      was drawn. Then we had a second amended application  
13      filed a few weeks ago that said the line is actually  
14      down here. That's the difference between -- the first  
15      amended application, the line's up here; in the second  
16      amended application, the line is down here.

17                  As Ms. McCormick said, in terms of dollars  
18      and cents, the biggest part of the money, under either  
19      theory, is in this area. That's why the figures change,  
20      but they don't change dramatically, even though the line  
21      goes a long way.

22                  THE COURT: Ms. McCormick, your response,  
23      please, to the motion by counsel.

24                  MS. MCCORMICK: If your Honor would allow  
25      it, I think Mr. Rowe is prepared to give the response to



Trial Transcripts  
(Non-Testimony)

1       the motion to strike.

2                   THE COURT: He's been prepared all  
3       afternoon. I will be happy to hear it.

4                   MS. McCORMICK: Thank you.

5                   MR. ROWE: Your Honor, would it  
6       appropriate to release the last witness who is  
7       languishing in the ready room?

8                   THE COURT: Who is the last witness?

9                   MR. ROWE: We did not call him, but it  
10      was Gene Park. And Mr. Park is awaiting permission to  
11      go play golf, if the weather holds.

12                   THE COURT: Does everyone like Mr. Park?  
13      Yes, I think we should. Let's go ahead and release him  
14      now.

15                   MR. ROWE: Thank you.

16                   Your Honor, at the outset, let me say  
17      that -- let me state the obvious. Mr. Jackson has given  
18      a lot of testimony in the last five or ten minutes  
19      that's just not in the record, but I think the Court  
20      knows that. Your Honor has heard the evidence, and a  
21      lot of what Mr. Jackson said didn't come in through any  
22      witness I heard.

23                   I think I agree with a lot of what  
24      Mr. Jackson says, that the important thing to do in this  
25      case is to ask the right question, but I also think what

Trial Transcripts  
(Non-Testimony)

1 is important in this case is, in answering that  
2 question, to apply the correct analysis. And that is  
3 where the city has gone wrong from day one in this  
4 case.

5 Now, the leading case in Virginia is the  
6 Supreme Court's opinion in American Woodmark. American  
7 Woodmark tells us two things. It defines machinery and  
8 tools, but it also tells us that when we analyze what  
9 falls in that classification of machinery and tools how  
10 to make that analysis.

11 And the Supreme Court has said that this  
12 is a classification issue by which the city has been  
13 granted taxing authority and therefore, in analyzing  
14 what is machinery and tools, you must strongly -- most  
15 strongly, was our Supreme Court's words, construe the  
16 issue against the city's taxing power.

17 So this is a question of when we look at  
18 what is directly used in manufacturing, which is the  
19 city's theory -- and the city says we want to define  
20 this process as beginning when the reporter goes out  
21 with his yellow pad and his pencil and all the way  
22 through the end. The city then wants to say, "And we  
23 get to argue the second phase."

24 There are two questions. The second  
25 question is what is directly used. And those questions

Trial Transcripts  
(Non-Testimony)

1 have to be strictly construed against the city's taxing  
2 authority and, if you will, in preservation of the  
3 state's taxing authority.

4 Now, Mr. Jackson, in his first statement a  
5 while ago, notwithstanding what I gather the Court said  
6 earlier today, resorted back to some of his cases from  
7 other states, and I think your Honor already knows why  
8 those decisions really don't have much weight in  
9 Virginia. But it is interesting to look at those cases,  
10 because they will tell the Court, I think, where this  
11 case turns, and it's going to turn on how you analyze  
12 the issue.

13 The Concord Publishing case from Missouri,  
14 the court there said we construe manufacturing more  
15 liberally. So when the Missouri court found that  
16 computers used in pagination were used in the process,  
17 they were, in essence, by their own admission, liberally  
18 construing the issue. And they noted that some courts  
19 strictly construe it -- that's what Virginia does -- but  
20 they did not do it.

21 The McClure (phonetic) newspaper case from  
22 Vermont, that was a case that held that flashbulbs and  
23 cameras and film were used in the newspaper process,  
24 but that statute had no definitional requirement for  
25 direct use.



Trial Transcripts  
(Non-Testimony)

1                   Moreover, that case absolutely rejected  
2                   the taxing authority's narrow construction of the law.  
3                   They, once again, went with a liberal construction of  
4                   the statute. That's where the city of Newport News is  
5                   going astray.

6                   The Courier Citizen case from  
7                   Massachusetts, that was a case that was talking about  
8                   the press plates and the machinery that makes the press  
9                   plates as being part of the production process. Now,  
10                  this case, we are getting closer to the mark here.

11                  As we have said in our trial memorandum,  
12                  we agree that the press plates are a tool that is used  
13                  directly in manufacturing. The press plates touch the  
14                  press, but the question is whether the machine that  
15                  makes the press plate or, better yet, the machine that  
16                  makes the negative that makes the press plate is  
17                  directly used in the process.

18                  And once again, the Massachusetts court  
19                  approached it from a liberal construction point of  
20                  view. The Massachusetts court -- indeed, it's very  
21                  interesting. The Massachusetts court, when struggling  
22                  with do we do it liberally or do we do it strictly, the  
23                  Massachusetts court expressly rejected the direct use  
24                  analysis of the Ohio Supreme Court. And as you will see  
25                  in a moment, that is precisely the analysis that the



Trial Transcripts  
(Non-Testimony)

1 Supreme Court of Virginia does follow, is the Ohio  
2 analysis.

3 So once again, the cases that the City is  
4 relying on are ones that take a different analytical  
5 approach, a liberal approach to their taxing authority  
6 versus what our Supreme Court told us in American  
7 Woodmark should be a strict construction approach.

8 Now, if I may -- one of my little chores  
9 last night was to do this. If I may just hand up a  
10 one-and-a-half-page outline and a couple of cases that  
11 were not attached to our original brief --

12 THE COURT: Not attached to your brief?

13 MR. ROWE: No, sir, but they are there.

14 Let's look at what the Supreme Court of  
15 Virginia says is the right analysis in this case. First  
16 of all, we all agree we start off with American  
17 Woodmark. American Woodmark says the machinery in  
18 question has to be used in the actual process of  
19 manufacturing. Then the American Woodmark court says  
20 actually and directly used in the manufacturing  
21 process.

22 Now, we know from, for example, the  
23 Brown-Boveri case, that Virginia defines manufacturing  
24 as the conversion of raw materials into a substantially  
25 new and different product.

Trial Transcripts  
(Non-Testimony)

1                   Now, lots of people gather the news and  
2     sell it. Television stations gather news, radio  
3     stations gather news, newspapers gather news. What is  
4     it that makes The Daily Press a manufacturer when a  
5     television station isn't a manufacturer? It's the fact  
6     that The Daily Press publishes its news, unlike the  
7     television station, in the form of a newspaper that you  
8     and I can have on our front porch in the morning in  
9     tangible form. That's the process, the manufacturing  
10    process, not gathering news. It is converting news  
11    print, ink, using the presses and the press plates to  
12    make a newspaper that's the manufacturing process.

13                  Now, let's look at how our Supreme Court  
14    analyzes the phrase "directly used in manufacturing."  
15    Remember, in order to be machinery and tools, under the  
16    city's theory, this has to be machinery and tools that  
17    is actually and directly used in manufacturing, actually  
18    used in the manufacturing process.

19                  THE COURT: Wait a minute, Counsel. You  
20    can go ahead and say that a number of times. That's not  
21    what this court will accept. I mean, we have talked  
22    about it from the very beginning that, number one,  
23    machinery and tools must be directly used; number two,  
24    the court has almost explicitly said that's not the only  
25    requirement. Next, the statement Ms. McCormick put up,

Trial Transcripts  
(Non-Testimony)

1     if it's necessary to the business and used in  
2     conjunction with the machinery and tool, which is, in  
3     fact, used in the manufacturing process of the  
4     particular business, it may also be a part of  
5     manufacturing. So I don't know that -- I mean, directly  
6     used, I don't know whether it's helpful for you to beat  
7     that drum. That statement, sitting right before you,  
8     certainly does not say that in order for any machinery  
9     or tool to be considered a machinery or tool and taxable  
10    it must directly be used. That's not the way I read it.

11           MR. ROWE: Well, Mr. Jackson's theory, I  
12    think is that -- I think he said earlier today that this  
13    quote omits the possibility that you -- implicit in this  
14    is the possibility that there is machinery that's  
15    directly used, and that's where he was making his  
16    argument earlier today.

17           I will agree with the Court that aside  
18    from that the next test is used in connection with the  
19    operation of machinery which is actually and directly  
20    used in the manufacturing process. So if you find the  
21    machinery that's actually and directly used in the  
22    manufacturing process and find what's used in connection  
23    with that, with the operation of that --

24           THE COURT: I agree. All right.

25           MR. ROWE: Now, we still need to know what



Trial Transcripts  
(Non-Testimony)

1 direct use means, what our Supreme Court says direct use  
2 means, I think.

3 THE COURT: Our Supreme Court has not  
4 answered the question with reference to newspaper  
5 publishers.

6 MR. ROWE: But they have answered it in  
7 connection with a number of cases dealing with  
8 industrial manufacturing and processing and other  
9 activities, and I think the court's analysis there is  
10 very helpful to all of us.

11 For example, the first direct use case in  
12 Virginia was the Commonwealth versus Community Bus case  
13 where our court said in order to be directly used it has  
14 to be indispensable to the process. And what it's doing  
15 is it's going back and adopting by reference all those  
16 Ohio cases Mr. Jackson's authority rejected. It  
17 expressly adopted the Ohio two-part test, the first part  
18 of which is it is indispensable to the actual production  
19 of tangible personal property. And our Supreme Court,  
20 once again, quoting with approval from the Ohio cases,  
21 says items which are essential to the process aren't  
22 necessarily directly used in the production process  
23 itself. Just because they are essential doesn't make  
24 them machinery and tools. They have got to be used in  
25 the actual production activity.



Trial Transcripts  
(Non-Testimony)

1                   Now, the first case that dealt with  
2 manufacturing in our Supreme Court, at least that I am  
3 aware of, that talks about directly used, is Webster  
4 Brick. Webster Brick comes back and says, yes, we  
5 followed the Ohio test, it's got to be indispensable.  
6 Let's look at what our Supreme Court said in Webster  
7 Brick was not used directly, because that's where this  
8 case is going to come down.

9                   A crane and a hoist that were used to take  
10 production items off this brick manufacturer's assembly  
11 line and take them off to be repaired, essential to the  
12 business, yes, important to the business, yes. If you  
13 have a broken machine, do you have to fix it to produce?  
14 Yes. Directly used, our court said no. The machine it  
15 repaired was directly used, but the crane and the hoist  
16 and repair tools were not directly used.

17                  The second thing, oil storage tanks -- and  
18 this one I think is right on the money in this case.  
19 The brick manufacturer, in order to make the bricks, had  
20 to fire them. And in firing bricks, you actually use  
21 oil as one of your raw materials. The court held that,  
22 yes, the oil was directly used in manufacturing the  
23 brick, but the storage tank that held the oil wasn't.

24                  Now, that's what the rule of strict  
25 construction does. That's what our Supreme Court's

Trial Transcripts  
(Non-Testimony)

1 direct use analysis does. The raw material itself, the  
2 oil is directly used, but not the storage tank that  
3 holds it. And as a practical matter, if you don't have  
4 it, you can't manufacture it. Oil's in the ground.  
5 Just because that storage tank is necessary to the  
6 manufacturing process doesn't make it used directly in  
7 the process.

8 THE COURT: What about certain chemicals  
9 and solutions supplied to the oil within the tank, does  
10 that then become a necessary ingredient to the  
11 production and use in connection with machinery? Are  
12 you aware of that case?

13 MR. ROWE: If part of your process does  
14 involve mixing chemicals before it goes in, it is  
15 possible that, yes, that that might be.

16 But look at the analogy here of the  
17 storage tank. Look at the servers at The Daily Press.  
18 All those servers do is hold information.

19 Now, even if you accept Mr. Jackson's  
20 theory that what The Daily Press is using is a raw  
21 material, is the news, that it somehow is manufacturing  
22 news and publishing it as a paper, what that intangible  
23 information becomes, at best, is a raw material. And  
24 just like the oil in the storage tank, that intangible  
25 information might be directly used in manufacturing, but

Trial Transcripts  
(Non-Testimony)

1 the tank that holds it isn't. The computer servers that  
2 hold it isn't. The computers that might manipulate it  
3 aren't. The whole pagination system, editorial system,  
4 photographing system, all of those things occur before  
5 actual production begins, long before production  
6 begins. They are, in our Supreme Court's analysis, one  
7 step removed from production.

8               Clearly, strict rule of construction is  
9 the key, not the liberal rule from Massachusetts, not  
10 the liberal rule from Missouri, not the liberal rule  
11 from Vermont. But what American Woodmark told us is if  
12 you have any doubts about it, you have got to deny the  
13 city's taxing authority, and you have got to absolve the  
14 taxpayer of his burden to pay this tax.

15              Now, let's look at the facts in this  
16 case. Let's look back at this flow chart. I don't  
17 think anybody will disagree that what happens in the  
18 pressroom, at minimum, is where manufacturing occurs.  
19 It's where you take news print and ink and the presses  
20 and the plates and you produce a newspaper. Now, we  
21 think that's the manufacturing process as our Supreme  
22 Court would define it. That's where the transformation  
23 of raw materials occurs, and that's what our court says  
24 is manufacturing. That's what makes The Daily Press a  
25 manufacturer and not a television station. It's the



Trial Transcripts  
(Non-Testimony)

1 manner in which it publishes the news, not the fact that  
2 just like the TV station that gathers the news and may,  
3 on its computers, manipulate the news to create a story  
4 to read over the air, it's the fact that they print it  
5 in a tangible newspaper that creates manufacturing.

6 Way up here, where the news is gathered,  
7 maybe where some of these PCs are used to paginate,  
8 where some of the computers are used to help organize  
9 the ultimate contents of the paper, those things aren't  
10 an immediate part of what makes The Daily Press a  
11 manufacturer. They are not an immediate part of the  
12 transformation of these raw materials into a tangible  
13 newspaper. They are several steps removed.

14 Now, back to the Massachusetts case that  
15 dealt with the plates. We have noted in our brief that  
16 after -- we struggled with this issue a while. I have  
17 always thought that this case was pretty black and  
18 white, that this was not machinery and tools, because  
19 it's not a direct part of the process, and this was  
20 machinery and tools, down here, because it is. I have  
21 always thought the more difficult issues are right in  
22 there, where you are making the negative that's used to  
23 make the plate. And in the parlance of the court cases  
24 that deal with what's directly used, the question is, is  
25 the tool that makes the tool directly used.



Trial Transcripts  
(Non-Testimony)

1                   Our court has told us, in the Webster  
2 Brick case, that the crane and hoist that's used to  
3 repair the tool isn't directly used. The storage tank  
4 that's used to hold the raw material isn't directly  
5 used.

6                   In the Wellmore Coal case, this was a  
7 situation where the trial court had found as fact that  
8 steel beams used to hold machinery in a working  
9 configuration were part of a single-purpose machine. A  
10 big old machine was the testimony. And our Supreme  
11 Court said even though you take away the steel beams and  
12 the processing plant won't work, even though they are  
13 absolutely necessary for you to process coal, they are  
14 not directly used in processing the coal. They don't  
15 touch the coal.

16                   What touches the product here, what  
17 touches the newspaper is the printing press and the  
18 plate. These things are one step back in the process,  
19 just like that hoist and crane in Webster Brick, just  
20 like the steel beams in Wellmore Coal. They may be  
21 pretty near to the pressroom, they may be near to the  
22 plate -- the plate touches the process and is directly  
23 used -- but the tool that makes the plate, the tool that  
24 makes the negative that makes the plate are one step and  
25 two steps removed. And it's after we struggled with

Trial Transcripts  
(Non-Testimony)

1 that issue -- because it's not a simple issue on the  
2 surface -- we concluded what the right answer was and  
3 why we amended the pleadings.

4 Yes, we think the plate itself is a tool  
5 used directly in processing. This may be all part of  
6 the production of the newspaper itself, but these items  
7 are not directly used in the production process.

8 And when Mr. Jackson says we've got --

9 THE COURT: Used in connection with  
10 machinery and tools which are used?

11 MR. ROWE: No, they are not, your Honor.  
12 The machinery and tools that are used directly in the  
13 process are in the pressroom. There is no connection  
14 between any of this and the pressroom, none. The  
15 testimony was there is no electronic connection, there  
16 is no physical connection, there is no virtual  
17 connection. They don't operate the presses, they don't  
18 touch the presses.

19 THE COURT: Let me ask you this, before  
20 you go on telling me what these cases have said and  
21 trying to -- I take it you place great emphasis on  
22 strict construction versus some sort of -- what? This  
23 demon, liberalism, that is coming from Massachusetts? I  
24 mean, from a logic standpoint -- and I know there are  
25 emergencies -- you don't have a newspaper without a

Trial Transcripts  
(Non-Testimony)

1 plate. All right? I don't see how you have a plate  
2 without a negative. Now, I know you can bring one in  
3 and borrow one and things like that. Now, you seem to  
4 be coming -- and I don't see how you have a negative  
5 without some of your image setters here.

6 Now you come in and say, "Well, we start  
7 with a plate." Well, my first problem is the plate  
8 doesn't fall from the sky. We need to do something to  
9 do that etching. Whatever is involved in that, unless  
10 you want to tell me it's not directly related, it seems  
11 to me that it artificially limits what a newspaper does  
12 to say that it has no other function but some sort of  
13 printer which grabs a plate, which I could do, and goes  
14 to white paper and makes the product. A newspaper is so  
15 much more than that.

16 Now, I understand the printing process,  
17 and we are not talking about the fact that that's  
18 manufacturing something. Let me ask you this. A  
19 newspaper just doesn't manufacture paper. Everything  
20 that I read tells me a newspaper publisher presents an  
21 item for sale and publishes, among other things, news  
22 stories, hopefully of satisfaction and benefit to the  
23 general membership. It has to have stories. The reason  
24 I read this paper versus somebody else is not because of  
25 the white paper, and it's not because of the ink, and



Trial Transcripts  
(Non-Testimony)

1 it's not really because of the size of the page. It's  
2 because of the way they present things, the way they  
3 cover things. It either educates me, it infuriates me,  
4 or it makes me laugh, or something. Something attracts  
5 me to it, and it's the stories, and that's what makes a  
6 paper different, in my mind.

7 Now, we can, to some degree, have fun with  
8 Mr. Jackson, if we want to, and say Mr. Jackson wants to  
9 go back here and say that all of this is manufacturing.  
10 And you have cited some cases from up north, that area.

11 Well, you are familiar with in Concord  
12 they talk about what a newspaper does is its words. And  
13 unlike the little bits of information I have heard  
14 today, they have people who get words, who get  
15 background, who get history, and they produce something.  
16 And what that is, is a composite or a collection of  
17 something which describes an event. It can be  
18 manipulated, it is sent around, it is checked and, all  
19 of a sudden, somehow that gets on a negative which gets  
20 on a plate which gets on white paper which gets to my  
21 doorstep.

22 While I understand what you are saying,  
23 unless your answer is, well, it's still not directly  
24 related to the final manufacturing process, the presses  
25 on the paper, it seems to me to argue that it all begins



Trial Transcripts  
(Non-Testimony)

1 just with a plate, notwithstanding Ms. McCormick's good  
2 argument, I just think that is so artificial it is  
3 almost irrational for me to say that a newspaper and all  
4 it means, wherever it is done, starts with this plate.

5 Your position is it really doesn't start  
6 with a plate. The plate is carried into the pressroom.  
7 You have not even conceded that the production of the  
8 plate is part of the manufacturing process, as I  
9 understand it.

10 MR. ROWE: That is correct, your Honor,  
11 though I will concede that I think that's the gray area  
12 in this case.

13 THE COURT: I think there's some gray. I  
14 don't think it's simple, though. For instance, the  
15 storage of oil, we have -- put a better way, I guess,  
16 some of those cases were decided in times where these  
17 issues were not even considered. All of this  
18 manipulation of electronic information, all of the idea  
19 that a computer could even directly print out something  
20 which could be -- which could make a negative -- and I  
21 understand where there's pressures on localities to  
22 obtain taxation of certain items, but I don't know that  
23 the best answer is to go back to these cases that were  
24 in 1942.

25 I don't know that that helps me much by

Trial Transcripts  
(Non-Testimony)

1 saying that the reason you believe that the negative is  
2 really not a part of this process is because basically  
3 it is one step removed, if not more, from the actual  
4 printing of the ink on the paper. I can't believe --  
5 whatever that court said then, I can't believe that is  
6 good judicial thinking at this time.

7 MR. ROWE: With all due respect, your  
8 Honor, I think I agree with your characterization that  
9 this is an artificial analysis. I think it is  
10 artificial. But I think it is an analysis that our  
11 Supreme Court goes through. And quite frankly, for  
12 almost 30 years of practicing law they have beat me over  
13 the head with it and told me, in case after case after  
14 case, it's got to be directly used, and it's not  
15 directly used unless it touches the manufacturing  
16 process. And they told me that again in American  
17 Woodmark.

18 Now, after having been told that a crane  
19 that repairs the assembly line isn't directly used and  
20 having been told that a storage tank that stores the oil  
21 isn't directly used and that the steel beams that hold  
22 up the machinery and working configuration are not  
23 directly used, after a while I get numb to it and I say  
24 yes, your Honor, and the Supreme Court means what it  
25 says when it says we strictly construe our statutes.

Trial Transcripts  
(Non-Testimony)

1 And when there is any doubt, you don't read the statute  
2 to expand the locality's taxing jurisdiction here. You  
3 must restrict that jurisdiction. If there are two ways  
4 to read this, artificial though it may be, our Supreme  
5 Court has said you pick the narrow one.

6 And I will admit that this direct use test  
7 is a very strict test, it is a very narrow test, but I  
8 think that's where our court is coming from.

9 Are all the computers and all the things  
10 that we have talked about in the editorial departments  
11 and otherwise upstream of these servers, are all those  
12 used as an important part of this business, yes, as an  
13 essential part of the business, yes, but they aren't  
14 indispensable to what makes The Daily Press a  
15 manufacturer. It's not manufacturing news. It's  
16 gathering news, just like the TV station does. What  
17 makes it a manufacturer is the printing.

18 What do we have, if you will, in these  
19 servers after all of these activities have occurred? We  
20 have a bunch of intangible data. Some of it may be  
21 used, some of it may not be used. Some of it gets  
22 thrown away. But ultimately, that's just a holding  
23 place for, if you will, an intellectual content of the  
24 paper that we all enjoy, but that -- none of this is  
25 used in connection with the operation of the pressroom,



Trial Transcripts  
(Non-Testimony)

1       which is where the activities occur that make The Daily  
2       Press the manufacturer.

3                   THE COURT:   What about the area that you  
4       get your etchings?  It goes through a process, but you  
5       need something to put on to take a negative, to make a  
6       negative.  Where you get your negative is the resource,  
7       stories, the assimilation, the collection of all sorts  
8       of information by people who have as their goal the  
9       manufacture of a newspaper.

10                   The fact that you may not use something I  
11       don't know answers the question.  There is a cost of  
12       doing business.  We all don't use things.  But when you  
13       have people in the news content area sitting around and  
14       selecting what should be placed in this market in its  
15       newspaper, when you have that process going on, you are  
16       saying that that really has nothing to do with the  
17       printing of that page because their design, their  
18       thoughts, their collection of that material is not  
19       directly related to the operation of that press.  It  
20       is -- even if you will concede to me that while it may  
21       be related intellectually there are too many -- it is  
22       too attenuated from the actual printing of the press,  
23       printing of the paper.

24                   MR. ROWE:   That is correct, your Honor.  I  
25       think what all of this is about is -- Mr. Jackson will



Trial Transcripts  
(Non-Testimony)

1     remember another case we had many years ago when we had  
2     to get into this horrible history, but the  
3     classification of capital and machinery and tools goes  
4     back to the early 20th century when all of this used to  
5     be treated as capital that was taxable by the state.  
6     Somewhere in the mid-1920s the legislature rewrote the  
7     statutes and said we are going to give you a piece of  
8     our taxing jurisdiction, but the only piece we are going  
9     to give you are the machinery and tools, and we are  
10    going to keep jurisdiction over the rest of the capital  
11    of the business. Now, those other capital components  
12    obviously can be essential and important and necessary,  
13    but over the years the attorney general, the Department  
14    of Taxation, and now our Supreme Court have said what  
15    the state gave up to the localities back in the 1920s  
16    was only those things that were indispensable to the  
17    actual manufacturing process. And yes, that may be an  
18    artificial line but -- and no, I am not trying to infer  
19    that what Mr. Sacks or some of the editors do is not  
20    important. Of course it's important, and it's even  
21    necessary to publishing the paper, but it is not  
22    indispensable to the manufacturing process itself, and  
23    it is only that very limited piece of jurisdiction that  
24    the state ceded to the localities. And when the Supreme  
25    Court tells me --

Trial Transcripts  
(Non-Testimony)

1                   THE COURT: Just before you leave that,  
2                   the manufacturing process, if you look at that statement  
3                   behind whatever you have up there, you are talking about  
4                   machinery necessary to the business and used in  
5                   connection with machinery or tools used in the  
6                   manufacturing process. When you look at the attorney  
7                   general's opinion, it's not just the manufacturing  
8                   process, it's the manufacturing process of the  
9                   manufacturing business. State law allows taxation on  
10                  machinery and tools used in a manufacturing business.  
11                  That's the way I read it. That's the words. The state  
12                  does not say you can tax it if it's used in the  
13                  manufacturing process.

14                 Now, we come along to the case now, and  
15                 the case law comes up --

16                 MR. ROWE: Do you mind if I interrupt one  
17                 place?

18                 THE COURT: Yes.

19                 MR. ROWE: What the state law says is that  
20                 in order to be classified as somebody who has machinery  
21                 and tools you have to be in a manufacturing business.

22                 THE COURT: The statute I am talking about  
23                 says that the property is exempt from taxation except  
24                 machinery or tools, et cetera, et cetera -- and it's in  
25                 Ms. McCormick's brief -- used in a manufacturing

Trial Transcripts  
(Non-Testimony)

1 business.

2 MR. ROWE: Correct.

3 THE COURT: It doesn't say used in the  
4 manufacturing process. Now, that may be a distinction  
5 without a difference, but it bothers me, because I hear  
6 your argument that these things, while they are  
7 necessary, they are not used in connection with the  
8 operation of machinery which is actually used in the  
9 manufacturing process. And therefore, you are saying  
10 because they are not used in connection with that  
11 machinery used in the manufacturing process they should  
12 not be taxed by a locality. Even though you concede  
13 they may be involved in a manufacturing business, you  
14 still say this is the test to determine whether or not  
15 they are exempt from taxation and reserved to the state  
16 or taxable by a locality.

17 MR. ROWE: It all goes back to the fact  
18 that originally everything was capital. And the  
19 carve-out for manufacturing businesses was their  
20 machinery and tools. And the definition of machinery  
21 and tools, we know from American Woodmark, is not all  
22 machinery used in the manufacturing business. That's  
23 what the city of Winchester argued on and lost on in  
24 American Woodmark.

25 THE COURT: The facts of that case,



Trial Transcripts  
(Non-Testimony)

1 really, I don't know that they help me that much. First  
2 of all, they were talking about a geographic situation,  
3 a locality thing, and the court came up and said  
4 certainly none of these computers, office furniture, et  
5 cetera, et cetera are in any way connected with the  
6 operation of the machinery. No question. I agree. I  
7 am not so sure that that case fits right on top of The  
8 Daily Press's application, because it's a little bit  
9 different now.

10 MR. ROWE: I understand your comment, but  
11 my comment was we know from American Woodmark, though,  
12 that the test is not the machinery used in a  
13 manufacturing business. That's what the City of  
14 Winchester argued on, and that's what the court said no  
15 to. The court said it's not all machinery of a  
16 manufacturing business.

17 THE COURT: It can be machinery directly  
18 used in the manufacturing business or machinery which  
19 is --

20 MR. ROWE: -- used in connection.  
21 Correct. And any way you look at it, you have got to  
22 get down and define, using a strict construction  
23 approach, not that liberal stuff from Massachusetts, but  
24 you have got to use a strict construction approach to  
25 define, and our court has 35 years of precedents on

Trial Transcripts  
(Non-Testimony)

1 strictly construing what is directly used.

2 And I'll tell you, maybe like your Honor,  
3 I read those cases the first time through and shook my  
4 head and couldn't believe them, but they have, over 35  
5 years, time and time and time again, said directly used  
6 in the manufacturing process. Doesn't include that  
7 storage tank, doesn't include the hoist and crane,  
8 doesn't include the steel beams.

9 THE COURT: Let me ask you this. Try the  
10 word "integrate." All right? Integrated. Integrated  
11 plant operation.

12 MR. ROWE: Yes, sir.

13 THE COURT: You are telling me that what  
14 are used in the connection with the operation of  
15 machinery, which is actually and directly used, forces a  
16 restriction that whatever is taxed by the city, unless  
17 it's directly used, must somehow have a direct  
18 connection with machinery which is actually used.

19 Suppose we view this as a process, like  
20 they did before, apparently. Mr. Jackson made an  
21 argument that some of these things are going on at the  
22 same time. This is not linear. Is not the image setter  
23 control PC and the functions that it is going through to  
24 get whatever raw information it receives ready to be  
25 turned into a negative and thereafter to the plate, is

Trial Transcripts  
(Non-Testimony)

1     that not, in fact, equipment which is used in connection  
2     with the operation of machinery? You seem to be saying  
3     it must be directly -- must be the proximate cause, the  
4     sole proximate cause. Right? And I am saying are not  
5     there extenuating circumstances where several things can  
6     be a proximate cause and all contribute? And if that's  
7     the case, then it seems to me we are in the gray area on  
8     this chart.

9                     MR. ROWE: Your Honor, to some extent, you  
10    are asking me to argue against myself. I have already  
11    said, and I will admit, that this is the gray area.

12                    THE COURT: I am asking you to be  
13    intellectually honest.

14                    MR. ROWE: I've got to be an intellectual  
15    first. That's difficult, your Honor.

16                    I think the tough part is I do think the  
17    plate is directly used in the manufacturing process.

18                    THE COURT: I agree.

19                    MR. ROWE: And then you get the question  
20    of what about the machine that makes the plate, what  
21    about the negative, and one of two analyses will happen  
22    here. Either the Court will say I think there is a  
23    physical connection, if you will, a physicality  
24    connection between the press and the plate and the  
25    negative so that the things that touch that production



Trial Transcripts  
(Non-Testimony)

1 process -- because I think this is part of your  
2 production at the paper. The court may say there is a  
3 physicality connection that meets the Supreme Court  
4 test, but we need to keep in mind that there is no  
5 physicality connection up here, because these computers  
6 and equipment do not link down here. There is no  
7 physicality connection. Indeed, the stuff in here, like  
8 the storage tank for the oil, can get thrown out. All  
9 you have in here is bits and bytes. You don't have a  
10 manufactured product, and you don't have a tool that  
11 goes in here.

12 THE COURT: The bits and bytes are being  
13 sold by the newspaper.

14 MR. ROWE: The bits and bytes are not  
15 being sold by the newspaper.

16 THE COURT: They are not just selling  
17 paper.

18 MR. ROWE: Not the bits and bytes are  
19 being sold, your Honor. The print on the page is being  
20 sold. The intellectual content of the paper is being  
21 sold, but not these bits and bytes.

22 THE COURT: You think it's the print  
23 that's being sold?

24 MR. ROWE: I think that if you give me a  
25 newspaper without print I am not going to read it.

Trial Transcripts  
(Non-Testimony)

1                   THE COURT: If I give you a print that's  
2 in a language you don't understand, are you going to  
3 read it?

4                   MR. ROWE: I might try for a minute or  
5 two, but I am not going to succeed.

6                   THE COURT: All right. I am just trying  
7 to understand. You must first seek to understand before  
8 you seek to be understood.

9                   MR. ROWE: Seeking and understanding, I  
10 understand that. But I really do think the cases  
11 Mr. Jackson has cited to me were very interesting,  
12 because they do get the result he wants, but they get it  
13 and they -- those courts themselves acknowledge that to  
14 get to that point they had to reject the Ohio  
15 indispensability test that our court has followed.

16                   And I think that in this gray area  
17 that's -- that really is what this case is about, is it  
18 a strict construction or is it a liberal construction.  
19 If you get to a liberal construction, then you are into  
20 an integrated processing theory, and that's where the  
21 city is coming from. But if you strictly construe this,  
22 as I think our court keeps telling me I have to do, I  
23 think on the strict construction that, no, all of this  
24 is out. In here, I think my better analysis, as the  
25 advocate in this case, is this is one step removed from

Trial Transcripts  
(Non-Testimony)

1 the plate. But at least I will concede that this is a  
2 gray area. Making that negative, making the plate is a  
3 gray area. But remember, this newspaper -- Mr. Sacks  
4 can take scissors, cut up some paper, paste it up on a  
5 board, photograph it, and run his paper. He can write  
6 stories by hand. And indeed, if, God forbid, The Daily  
7 Press gets blown up, that's their contingency plan.  
8 They are going to publish something. There's going to  
9 paste it up and put it on that board and photograph it.  
10 And it might not be pretty, but it will be a newspaper.

11 THE COURT: Of course, really, we are  
12 talking about how they use their equipment today,  
13 right? If that happens, they should come back here,  
14 because we will enjoin the city from taxing them on the  
15 pencil. There is no question about that. I am talking  
16 about we are dealing with what they do today, right, how  
17 they use their tools today.

18 MR. ROWE: Correct.

19 THE COURT: You could say, well, they  
20 could use it this way or they could produce a paper, you  
21 know, and we don't really need a courthouse either. We  
22 could do this on the green, right?

23 MR. ROWE: Yes.

24 THE COURT: And I don't know that that's  
25 helpful in deciding this. And I agree with you, and I



Trial Transcripts  
(Non-Testimony)

1 am not trying to make light of it, I think I am not here  
2 to determine the way the world should work. I am here  
3 to determine what the law allows in the Commonwealth of  
4 Virginia. And to the extent it allows an extension of  
5 thinking in a particular area, then the court could make  
6 that decision, but I do agree with you that we have not  
7 really addressed some of these issues.

8 And when I look at the older Virginia  
9 cases, they are -- rather, they draw a very bright line  
10 in what is manufacturing and what is not, and most of  
11 those cases I understand. I mean, I understand if you  
12 are going to use something by the oil tank it's not part  
13 of manufacturing if all you do is store it. I  
14 understand if you just copy something that's not  
15 manufacturing. There's no transformation. I even  
16 understand the Woodmark case.

17 But having said that, using those does not  
18 necessarily point a clear path in this case to me so  
19 far.

20 MR. ROWE: Well, I would encourage the  
21 Court to read Webster Brick and Wellmore Coal, the cases  
22 that I cited on the page and a half I gave you. It is a  
23 tough standard, a very tough standard. And in terms of  
24 preserving jurisdiction to the state, I think it's  
25 rightfully so a tough standard.

Trial Transcripts  
(Non-Testimony)

1                   One of the more interesting holdings of  
2                   the Wellmore case that killed me when I got the decision  
3                   was here was a company that was mining coal that was  
4                   required by federal law to reclaim stripped mine land.  
5                   Before it could take a single shovelful of coal, it had  
6                   to post a bond with the federal government promising  
7                   that it would go in and reclaim it. And the Supreme  
8                   Court of Virginia said the materials used in reclaiming  
9                   that land are not directly used in mining coal. Coal  
10                  mining had ended by the time you went back to reclaim.  
11                  It was not part of the actual production, even though  
12                  federal statute said you weren't finished until you went  
13                  back and reclaimed. Direct use is that tough a  
14                  standard.

15                   THE COURT: I understand, though, that  
16                   repairing or restoring something is not necessarily  
17                   manufacturing it.

18                   MR. ROWE: It is as necessary a part of  
19                   the process in that business as any of the contested  
20                   equipment we are talking about today is. You can't mine  
21                   coal if you don't --

22                   THE COURT: It's legally necessary, yes.

23                   MR. ROWE: If you don't put up the bond,  
24                   you can't mine coal. But the test isn't necessary, the  
25                   test is indispensability.

Trial Transcripts  
(Non-Testimony)

1                   THE COURT: Does all this mean you oppose  
2 Mr. Jackson's motion?

3                   MR. ROWE: Yes, your Honor, it does. And  
4 I would say that I hope what I have done for the Court  
5 is illustrate that we really do have a contest here  
6 that's fairly joined. That's number one.

7                   Number two, if Mr. Jackson is still  
8 worried about the variance in the pleadings, I have  
9 tried to explain why we say the plate is part of  
10 production, but the machine that makes the plate is not  
11 a direct part of production. So I don't think there is  
12 a variance in the pleadings at all, but if your Honor  
13 thinks there is, the statute in Virginia would permit  
14 the Court to allow us to amend the pleadings to address  
15 that.

16                  THE COURT: This case will not be decided  
17 on that thin reed.

18                  MR. ROWE: Thank you, your Honor.

19                  THE COURT: We will amend the pleadings to  
20 conform -- or the court will conform it to the evidence  
21 presented. And I don't think it's fair to either  
22 parties to decide the matter on that.

23                  Mr. Jackson.

24                  MR. JACKSON: Your Honor, if I can,  
25 hopefully, try to -- I am just glad there is nobody here



Trial Transcripts  
(Non-Testimony)

1 from my office, because it's been a long time since  
2 somebody called me a liberal, but if anybody would do it  
3 it would be Mr. Rowe.

4 THE COURT: That's not necessarily a bad  
5 thing. It depends what you're talking about,  
6 right? You do believe in life after birth, right?

7 MR. JACKSON: That is too hard a question  
8 to answer, especially on a Friday afternoon.

9 Your Honor, one of the things that we need  
10 to focus on is not strict this and liberal that and  
11 narrow this and broad that, because it doesn't really  
12 help you make your decision. All of those words are  
13 matters of degree. What helps you make your decision is  
14 these two words right here, manufacturing process.

15 Now, I grant you that something has to be  
16 either directly used in the manufacturing process or it  
17 has to be necessary in the business and this stuff down  
18 here, in connection with, et cetera, the manufacturing  
19 process. The only reason we cite those crazy liberal  
20 courts from Massachusetts -- and thank goodness I don't  
21 have a California case in here -- is because they define  
22 what the process is.

23 Now, I'll grant you they were trying to  
24 figure out different things, but the important thing is  
25 they define what is the manufacturing process. Once you

Trial Transcripts  
(Non-Testimony)

1     define it, then we can go back and decide which items  
2     are directly used, which items are not directly used.  
3     And if the refrigerator is not directly used, then it  
4     ought not to be taxed, but that's why those cases are  
5     helpful.

6                     What is not helpful is talking about the  
7     Woodmark case in the same breath as you talk about  
8     Community Bus, Webster Brick, and Wellmore Coal. The  
9     reason it's not helpful is because in American Woodmark  
10    you are talking about machinery and tools taxes. In  
11    Community Bus, Webster Brick, and Wellmore Coal, you are  
12    talking about sales taxes. Specifically, you are  
13    talking about a sales tax exemption, and you are talking  
14    about a sales tax exemption that is governed by a  
15    statute that requires that the item, in order to qualify  
16    for the exemption, be directly used in manufacturing.  
17    That's why Mr. Rowe keeps getting beat over the head by  
18    the Supreme Court. He wants the exemption. He wants to  
19    bring in things that are not directly used in  
20    manufacturing. He wants to expand in Wellmore Coal, he  
21    wants to expand in Webster Brick. And I know he wasn't  
22    around when Community Bus was decided.

23                    But in all of those cases what's happening  
24    is you have a different statute. The statute says in  
25    order to qualify for the exemption -- and you have to

Trial Transcripts  
(Non-Testimony)

1 narrowly construe that statute, because it's an  
2 exemption -- it's got to be directly used in  
3 manufacturing. Those are sales tax cases.

4 Ms. McCormick said when we had the  
5 pretrial those really aren't very helpful, and they are  
6 not. But if you want to look at sales tax cases, your  
7 Honor, then when you look at sales tax cases and you  
8 look at the opinions of the tax commissioner, he's drawn  
9 the line up here somewhere. And he even says, in his  
10 most recent opinion, that once this stuff up here is  
11 integrated with the rest of the process then we may very  
12 well have a question whether this stuff up here at the  
13 top, storage servers, news, advertising content,  
14 machinery, that might even be taxable.

15 Let's talk about machinery and tools tax  
16 cases, because that's what this case is about. American  
17 Woodmark rejects the analysis that Mr. Rowe wants this  
18 court to adopt.

19 Now, it rejected it in that case because  
20 in that case it was the city trying to argue that  
21 because American Woodmark's assets in Winchester weren't  
22 directly used in manufacturing a product, therefore they  
23 could be taxed by the locality. And what the Supreme  
24 Court said -- I want to read this, as soon as I can find  
25 it on the page. Here we go.



Trial Transcripts  
(Non-Testimony)

1                    "We decline the City's invitation to  
2                    construe code section 58.1-1101(a)(2) as requiring that  
3                    a manufacturer maintain a manufacturing facility within  
4                    the city's geographical boundaries or that the  
5                    manufacturer's capital, which is personal property,  
6                    tangible, in fact, be used 'correctly' in the  
7                    manufacturing process."

8                    Machinery and tools tax is quite  
9                    different from sales taxes. The statutes are different.  
10                  The machinery and tools tax statute doesn't say anything  
11                  about directly used. And clearly, it couldn't, because  
12                  we've got this test from the Supreme Court that says  
13                  it's not merely those things which are directly used in  
14                  the manufacturing process.

15                  So when you focus on direct, indirect,  
16                  narrow, whatever, you have to remember which statute you  
17                  are talking about. If you are talking about Community  
18                  Bus, if you are talking about Wellmore Coal, if you are  
19                  talking about Webster Brick, you have to worry about  
20                  those cases, because the statute uses the word  
21                  "directly," and you have to worry about it because it's  
22                  an exemption statute that says -- and exemption statutes  
23                  have to be construed narrowly.

24                  The machinery and tools classification, on  
25                  the other hand, doesn't use the word "directly," and we

Trial Transcripts  
(Non-Testimony)

1 know that the Supreme Court isn't concerned about this  
2 touching idea. We know they are not concerned about  
3 whether a negative touches the press. We know they are  
4 not concerned about whether a film image setter is one  
5 step removed from the press. We know that.

6 And how do we know that? We know that  
7 because in Brown-Boveri they said another area of  
8 dispute is whether the design and engineering stages of  
9 a manufacturing job which constitute manufacturing. The  
10 record discloses that Brown Boveri's design and  
11 engineering work was ancillary either to original  
12 manufacturing work or to a rebuilding job. Thus,  
13 because Brown-Boveri's design and engineering are  
14 integral parts of its manufacturing activity, such work  
15 is properly classified as manufacturing. That's all we  
16 are arguing in this case, your Honor.

17 This, up here, where the words are  
18 manipulated, this, over here, where the ads are  
19 manipulated into a format and they are held here and  
20 then they are finally put into a final form here, you  
21 make an image, you have a negative, you have a plate,  
22 you have a press, this is nothing more than the design  
23 and engineering stage of manufacturing as it was in  
24 Brown-Boveri.

25 You cannot have a product that is a

Trial Transcripts  
(Non-Testimony)

1 newspaper, you cannot have a manufacturing process for a  
2 newspaper without considering those items up at the  
3 top. You just can't. It's not a newspaper. It's  
4 printed material. It might be in a different language,  
5 it might be all pictures, it might be cartoons, it may  
6 be crayons, but it's not a newspaper. If it's a  
7 newspaper, the process has to include what happens up at  
8 the top. And as we know, it doesn't only happen up at  
9 the top. It happens all through this process. It  
10 happens working with these people down here so that the  
11 pages fit, the layout is right. It's all part of a  
12 single process.

13               Once you define the process as including  
14 those things, then you have to ask the question are the  
15 machinery and tools -- the machines and tools used  
16 directly in that process or are they used in connection  
17 with that process. And if you find that they are not  
18 directly used in connection with that process, then they  
19 are not taxable. But you don't jump to directly until  
20 you define the process.

21               MR. ROWE: Your Honor, I will be very,  
22 very brief, if I may.

23               THE COURT: You may certainly be brief.

24               MR. ROWE: Mr. Jackson has done his best  
25 to wiggle out of strict construction. The reason we are



Trial Transcripts  
(Non-Testimony)

1     in strict construction is because our Supreme Court told  
2     us to be there. The reason we are into direct use is  
3     because, once again, our Supreme Court told us to be  
4     there.

5                     So when Mr. Jackson says different  
6     statute, different this, different that, they are all  
7     using the same words, "used directly." And so while one  
8     may be coming from the statute and one may be coming  
9     from the Supreme Court, I think the Supreme Court is  
10    interested in what are the words, and the words are  
11    "directly used," and the Supreme Court has told us  
12    strict construction.

13                    THE COURT: Used in connection with the  
14    machinery which is actually or directly used, correct?

15                    MR. ROWE: Correct. Find the connection.  
16    I think that's the key. Are these used in connection  
17    with -- there's one more word -- operation of the  
18    machinery. And the testimony today, the uncontradicted  
19    testimony, both from the expert witness and from  
20    Mr. Sacks, was that there was no operational connection  
21    for any of this with the presses. There is, indeed,  
22    down here, all the way down through the plate making and  
23    the image setter and all that, no operational  
24    connection, and that's what this says, operation of  
25    machinery.

Trial Transcripts  
(Non-Testimony)

1                   Now, the other thing that Mr. Jackson does  
2                   is that he keeps trying to analogize this to a design  
3                   situation. When you read the Brown-Boveri case, what  
4                   Chesterfield County there had tried to do was say if you  
5                   have a \$100,000 contract to manufacture a generator and  
6                   you spend \$70,000 designing it and \$30,000 actually  
7                   pouring the copper that makes the generator, that's only  
8                   a 30 percent manufacturing job. And the Supreme Court  
9                   of Virginia said no, you look at everything to see if  
10                  it's manufacturing in totality. But they were trying to  
11                  decide was Brown-Boveri a manufacturing business. Once  
12                  they made that decision, then two cases later they tell  
13                  us how to define machinery and tools.

14                 So really, Brown-Boveri, except for  
15                 defining manufacturing, has no bearing on this case.  
16                 Indeed, we quote it in our brief and have it there, the  
17                 Department of Taxation regulations disagree with  
18                 Mr. Jackson's view that design computers are directly  
19                 used in manufacturing.

20                 Thank you, your Honor.

21                 MR. JACKSON: The only exception I will  
22                 take, your Honor, is that now I have been accused of not  
23                 only being a liberal but of wiggling.

24                 THE COURT: Good thinking is good  
25                 thinking, whatever the geographical location, and that's

Trial Transcripts  
(Non-Testimony)

1        what we will try to come up with here.

2                    Mr. Jackson, if you remember making your  
3        motion, I deny it.

4                    MR. JACKSON: Thank you, your Honor.

5                    THE COURT: I would like to take a view of  
6        the property, and then I will allow the parties to,  
7        either orally or in writing, make final comments.  
8        Something tells me I just heard them, but I will allow  
9        you to do that formally after we take a view.

10                   And let us see if you have your calendars,  
11        because I know counsel is busy, and this is a busy month  
12        coming up. I hate not to set it and then have us try to  
13        contact each other for the rest of the next month.

14                   Mr. Jackson, did I understand you said  
15        you did not have next Tuesday?

16                   MR. JACKSON: Your Honor, at present, I  
17        have depositions scheduled all day Monday, all day  
18        Tuesday. I might well be able to get someone to cover,  
19        if that's the best date that we have.

20                   THE COURT: A person of your importance  
21        should be able to get someone to go in there and cover  
22        that, should they not?

23                   MR. JACKSON: Well, I talked with the city  
24        attorney about handling it for me when I was at lunch,  
25        so I think he will take care of it if need be, yes, your



Trial Transcripts  
(Non-Testimony)

1 Honor.

2 THE COURT: We had a criminal docket  
3 really go off for Tuesday, and we have something at  
4 8:30, something at 9:00, but from, say, 10:00 on we are  
5 clear on Tuesday.

6 MR. JACKSON: I will make myself available  
7 to the court, your Honor.

8 THE COURT: After that, Wednesday is tied  
9 up, Thursday, and really not a good day until next year,  
10 really, for being clear.

11 MR. JACKSON: I will make myself available  
12 on Tuesday.

13 THE COURT: Some of these days have  
14 criminal docket. You know, it may end at 2:00, it may  
15 end at 3:00, but I don't know how I expect people to  
16 meet me when I don't even know what time I'm going to be  
17 there.

18 What time on Tuesday would be  
19 preferable? That's December the 4th. And I should be  
20 clear at 10:00, but we could meet at 10:00 and leave, we  
21 could meet at 1:00, we could meet at 11:00. I don't  
22 know -- after looking at the pictures and hearing both  
23 of you talk about it, I feel I have already been there,  
24 but I think I should go see it.

25 MS. McCORMICK: Mr. Sacks tells me any

Trial Transcripts  
(Non-Testimony)

1 time is fine. I am clear all day Tuesday. So really,  
2 whatever suits you is fine with me.

3 MR. JACKSON: That's exactly right, your  
4 Honor. You just tell me.

5 THE COURT: You have to drive down here,  
6 right?

7 MS. McCORMICK: I'd prefer not to start  
8 before 9:00.

9 THE COURT: How long will it take us?

10 MS. McCORMICK: Probably an hour, maybe,  
11 at the most.

12 THE COURT: You want to do it at 10:30 or  
13 2:00?

14 MR. JACKSON: 10:30 is fine, your Honor.

15 MS. McCORMICK: 10:30 is fine with me.

16 THE COURT: 10:30 Tuesday.

17 Now, legally, I think a view means  
18 something, we keep the parties together and we have a  
19 van and everything else. Now, since you are not going  
20 to be down here and the evidence submission is over, the  
21 next thing we could do is all meet there.

22 MS. McCORMICK: Oh, that would be fine.

23 THE COURT: To bring us all down here and  
24 to go formally, we'd have a van out here and have a  
25 deputy drive it. And I wanted her to use the blue

Trial Transcripts  
(Non-Testimony)

1 lights and everything, but I can give that up. There  
2 are enough lights this time of year. I will give that  
3 up.

4 Would you like to meet at The Daily Press  
5 at 10:30?

6 MR. JACKSON: Yes, your Honor.

7 MS. McCORMICK: I think we can meet in the  
8 entryway that's clearly marked when you get in there.

9 THE COURT: Should we just park up there  
10 in front?

11 MS. McCORMICK: Yes. All of the parking  
12 that is in front of the building, between the building  
13 and Warwick Avenue, is marked "Customer Parking," and we  
14 can assure you they will not tow your car. But it's  
15 all --

16 Yours, I can't make that assurance.

17 THE COURT: Mr. Jackson, I will be happy  
18 to give you a ride back, sir.

19 MS. McCORMICK: But there's plenty of  
20 customer parking there, and it's not a problem.

21 THE COURT: All right. The clerk and I  
22 and the deputy will meet you there.

23 MS. McCORMICK: One little matter.  
24 Mr. Shebelskie evidently will be giving a fourth circuit  
25 argument that day and asks that you excuse his presence



Trial Transcripts  
(Non-Testimony)

1 from the tour. We don't need for him to be there, he  
2 doesn't feel he needs to be there, but we didn't want  
3 you to think he just didn't show up.

4 THE COURT: Well, he is probably a strict  
5 constructionist, and I know he feels he has to be there,  
6 but I think the fourth circuit would take priority in  
7 this situation, so that is fine.

8 All right. We will meet at The Daily  
9 Press at 10:30 on December 4th.

10 MR. JACKSON: Very well, your Honor.

11 THE COURT: Anything further from counsel?

12 MS. McCORMICK: No, sir.

13 THE COURT: I do thank all of you for your  
14 excellent job.

15 Counsel, you may have missed it when you  
16 came in. The briefs, on behalf of both sides, I  
17 thought, set forth the argument. And after I read the  
18 first brief, I said, "Oh, they are definitely right."  
19 And then I read the second brief, and I said, "Oh, this  
20 side is definitely right." And it is an interesting  
21 issue, and it forces you to think about what you know,  
22 and there are some gray areas. And what we understand  
23 in common parlance is not necessarily what we should  
24 understand in the law, and I am sure probably one of  
25 you -- obviously, I will bet one of you will not be

Trial Transcripts  
(Non-Testimony)

1     pleased, eventually, with the court's decision. You may  
2     be appealing it and we will find out what the people who  
3     handed down the Woodmark case think about this.

4             I think you are going to see more cases  
5     like this, this whole idea. I was reading this morning,  
6     before you came in, certain Law Review articles. May  
7     have even read one from California. I don't know. And  
8     they were talking about the whole idea, now, of people  
9     are printing and providing services over the Internet,  
10    and I am sure you are aware of the talk about how and  
11    whether we should tax services. We have people now  
12    doing considerable manufacturing by pulling things  
13    together over the Internet and selling them, and the  
14    question is how should they be treated. There are  
15    geographical questions as far as situs of taxation. And  
16    still, as I said this morning, I think some of the  
17    Virginia law is just counterintuitive. It seems to me  
18    if the world were perfect and you wanted to support  
19    manufacturing businesses there is a clear way to do it.  
20    I also understand the historical constitutional past,  
21    that we have come forward. And as I understood some of  
22    the writing or arguments in this case, intangible  
23    personal property is not mentioned in the Virginia  
24    constitution. There's never been any question that  
25    tangible real estate, I think, and tangible personal

Trial Transcripts  
(Non-Testimony)

1 property was taxable, but I think the definition process  
2 came about because the general assembly had the power of  
3 the constitution, and the next thing we know is capital  
4 is intangible, and the next thing we say is, by the way,  
5 some of your tangible personal property is no longer  
6 going to be tangible, it's going to be viewed as  
7 intangible, although tangible, in fact, used in  
8 manufacturing, and it's been a confusing history. I  
9 don't know that it's fair to the taxpayer or fair to the  
10 city attorney's office that these issues cannot be more  
11 easily decided, but we will probably see more cases like  
12 this as people look to fund their endeavors.

13                   So I do thank all of you and the parties  
14 today, and we will meet again at 10:30 on Tuesday the  
15 4th. This court will be in recess.

16  
17                   (Proceedings concluded at 4:55 p.m.)  
18  
19  
20  
21  
22  
23  
24  
25

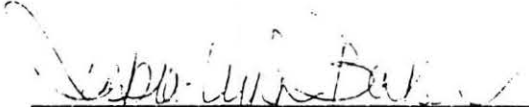


Trial Transcripts  
(Non-Testimony)

1 COMMONWEALTH OF VIRGINIA,  
2 CITY OF VIRGINIA BEACH, to wit:

3  
4 I, Debra-Lynn Baker, RPR, CSR, a Notary Public  
5 for the Commonwealth of Virginia at Large, do hereby  
6 certify that the foregoing pages are a true and correct  
7 transcript of my Stenotype notes of the proceedings had  
8 at the time and place in the caption mentioned.

9 Given under my hand this 15th day of March, 2002.

10  
11   
12 Debra-Lynn Baker, RPR, CSR  
13 Notary Public for the  
Commonwealth of Virginia at  
Large

14 My Commission expires:  
15 March 31, 2005  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25



# CITY OF NEWPORT NEWS

*Commissioner of the Revenue*

Charles D. Crowson, Jr.  
*Commissioner*

Priscilla S. Galloway  
*Chief Deputy*

August 19, 1997

William L. S. Rowe, Esquire  
Hunton & Williams  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, VA 23219-4074

RE: The Daily Press

Dear Sandy:

On behalf of your client, the Daily Press, you filed an application for correction of assessment for certain business personal property and machinery and tools taxes, pursuant to Section 58.1-3980 of the Code of Virginia. The first issue raised in the application for correction of assessment was that business personal property taxes assessed against the newspaper should be abated because the newspaper should properly be classified as a manufacturer instead of a processor. There is no law specifically addressing this issue in the Commonwealth of Virginia, statutory or decisional, and the court decisions from other jurisdictions appear to be split on the issue. I have decided to treat the newspaper as a manufacturer and abate the business personal property taxes as requested in your application. A breakdown reflecting the taxes as corrected including the amount of any refunds due is enclosed.

Your client also contends that certain functional support departments, for example, classified advertising, editorial, design and photo, are not part of the newspaper manufacturing process and, therefore, not subject to machinery and tools taxes. I adhere to a view contrary to that contention. In each case the function of each department is intricately involved with and are integral parts of the Daily Press's manufacturing activity, creating a newspaper. Indeed, these functions are every bit as integral a part of the newspaper's manufacturing activities as design and engineering would be in the manufacture of engine rotors. Such engineering and design activities have been found by the Supreme Court to be an integral part of the manufacturing process. See County of Chesterfield v. BBC Brown Boveri, 238 Va. 64, 70 n.5 (1989).

Plaintiff's Trial Ex.  
No. 1

William L. S. Rowe  
August 19, 1997  
page 2

I, therefore, find that the assessment of machinery and tools taxes against the Daily Press is correct and proper and deny your application for correction of these taxes.

Yours very truly,

A handwritten signature in black ink, appearing to read "Charles D. Crowson, Jr.", written over the typed name.

Charles D. Crowson, Jr.  
Commissioner of the Revenue

pt

Enclosure

bc: Allen Jackson, Deputy City Attorney



Plaintiff's Trial Ex.  
No. 1

Daily Press Incorporated  
BPP Tax Refund

	Tax Paid	
1991 1st half	\$15,722.20	
1991 2nd half	<u>\$15,722.20</u>	
Total for Year		\$31,444.40
1993 1st half	\$16,926.69	
1993 2nd half	<u>\$16,926.69</u>	
Total for Year		\$33,853.38
1994 1st half	\$17,145.82	
1994 2nd half	<u>\$17,145.82</u>	
Total for Year		\$34,291.64
1995 1st half	\$19,394.20	
1995 2nd half	<u>\$19,394.20</u>	
Total for Year		\$38,788.40
1996 1st half	\$21,589.55	
1996 2nd half	<u>\$21,589.55</u>	
Total for Year		\$43,179.10
1997 1st half		<u>\$22,925.51</u>
Total Refund of BPP Tax		\$204,482.43

## **SCHEDULE A**

Plaintiff's Exhibit 2 (Schedule A), as introduced and admitted into evidence at trial, contained asset schedules for years 1991, 1993, 1994, 1995 and 1996 and consisted of 23 pages. In an effort to keep the Appendix to a reasonable size, the parties have agreed to include only the 1991 schedule in this Appendix. The 1991 schedule is representative of the schedules for the other years.

M&T

150 MACH	94751	OPRPKG	AUTO	FORKLIFT	\$18,868.00	Apr-90
150 MACH	8209	OPRPKG	PLANTEQ	BELT CONVEYOR	\$23,637.23	Mar-90
150 MACH	8211	OPRPKG	PLANTEQ	BELT CONVEYOR	\$36,515.23	Mar-90
150 MACH	8212	OPRPKG	PLANTEQ	BELT CONVEYOR	\$36,788.29	Mar-90
150 MACH	8210	OPRPKG	PLANTEQ	BELT CONVEYOR /GATE	\$51,363.23	Mar-90
150 MACH	8207	OPRPKG	PLANTEQ	BELT CONVEYOR-PKG	\$31,747.23	Mar-90
150 MACH	8208	OPRPKG	PLANTEQ	BELT CONVEYOR-PRESS	\$26,464.23	Mar-90
150 MACH	8219	OPRPKG	PLANTEQ	BOTTOMWRAPPER	\$19,890.00	Mar-90
150 MACH	8221	OPRPKG	PLANTEQ	BOTTOMWRAPPER	\$19,890.00	Mar-90
150 MACH	8220	OPRPKG	PLANTEQ	BOTTOMWRAPPER	\$19,890.00	Mar-90
150 MACH	8215	OPRPKG	PLANTEQ	DISPLAY CONSOLE	\$43,551.24	Mar-90
150 MACH	8286	OPRPKG	PLANTEQ	KIRK RUDY QTRFOLDER	\$3,500.00	Aug-90
150 MACH	8213	OPRPKG	PLANTEQ	MACHINE TRUCK LOADER	\$25,110.23	Mar-90
150 MACH	8214	OPRPKG	PLANTEQ	MACHINE TRUCK LOADER	\$25,111.23	Mar-90
150 MACH	8222	OPRPKG	PLANTEQ	RAMSEY ICORE SCALE	\$16,504.00	Mar-90
150 MACH	8223	OPRPKG	PLANTEQ	RAMSEY ICORE SCALE	\$16,503.00	Mar-90
150 MACH	8224	OPRPKG	PLANTEQ	RAMSEY ICORE SCALE	\$16,503.00	Mar-90 (4,355.12) 10% S/W
150 MACH	94746	OPRPKG	PLANTEQ	SPARE PARTS	\$1,401.00	Mar-90
150 MACH	94745	OPRPKG	PLANTEQ	SPARE PARTS-CONVEYOR	\$1,045.00	Mar-90
150 MACH	94744	OPRPKG	PLANTEQ	SPARE PARTS-STACKERS	\$4,370.00	Mar-90
150 MACH	8217	OPRPKG	PLANTEQ	STACKER 300	\$39,898.38	Mar-90
150 MACH	8218	OPRPKG	PLANTEQ	STACKER 300	\$39,898.38	Mar-90
				1990 Total	\$514,093.78	
150 MACH	8049	OPRPKG	PLANTEQ	PALLET JACK	\$3,172.00	Dec-89
150 MACH	94608	OPRPKG	PLANTEQ	PIAB VACUUM PUMP	\$3,219.64	Sep-89
150 MACH	94482	OPRPKG	PLANTEQ	PIAB VACUUM PUMP	\$3,086.88	Jan-89
150 MACH	6908	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$32,850.00	Oct-89
150 MACH	6910	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$32,975.41	Oct-89
150 MACH	6903	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$32,890.00	Oct-89
150 MACH	6904	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$32,890.00	Oct-89
150 MACH	6905	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$32,890.00	Oct-89
150 MACH	6906	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$32,890.00	Oct-89
150 MACH	6907	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$32,890.00	Oct-89
150 MACH	94483	OPRPRESS	AUTO	TCM FORKLIFT/CLAMP	\$33,315.00	Jan-89
150 MACH	6635	OPRPRESS	COMPUT	TELXON PORT SCANNER	\$524.73	Jul-89
				1989 Total	\$273,593.66	
150 MACH	94661	OPRPKG	AUTO	FORKLIFT	\$16,392.92	Nov-88
				1988 Total	\$16,392.92	
150 MACH	94622	OPRPKG	PLANTEQ	STACKER	\$39,446.06	Dec-87



150 MACH	94389	OPRPKG	PLANTEQ	STACKER W PROGRAMER	\$46,222.00	Dec-87
150 MACH	94390	OPRPKG	PLANTEQ	STACKER W PROGRAMER	\$46,222.00	Dec-87
1987 Total					\$122,645.66	
150 MACH	94266	OPRPKG	PLANTEQ	1148 INSERTER-SCC	\$47,487.26	Jun-86
150 MACH	6235	OPRPKG	PLANTEQ	CONTROLLER	\$1,823.42	Oct-86
150 MACH	94247	OPRPKG	PLANTEQ	INSERTER	\$1,080,320.08	Oct-86
150 MACH	5887	OPRPKG	PLANTEQ	JOGGER	\$544.81	Oct-86
150 MACH	5888	OPRPKG	PLANTEQ	JOGGER	\$544.81	Oct-86
150 MACH	94279	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	94280	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	94281	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	94282	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	94283	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	94284	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	94285	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	94286	OPRPKG	PLANTEQ	JOGGER	\$588.58	Oct-86
150 MACH	5740	OPRPKG	PLANTEQ	LABELING MACHINE	\$18,029.19	Jun-86
150 MACH	5741	OPRPKG	PLANTEQ	LABELING MACHINE	\$18,029.18	Jun-86
150 MACH	6111	OPRPKG	PLANTEQ	PALLET TRUCK	\$3,880.42	Oct-86
150 MACH	6114	OPRPKG	PLANTEQ	PALLET TRUCK	\$7,269.77	Oct-86
150 MACH	94294	OPRPKG	PLANTEQ	RIDER PALLET TRUCK	\$7,977.94	Oct-86
150 MACH	5829	OPRPKG	PLANTEQ	STACKER-USED	\$23,161.65	Oct-86
150 MACH	5698	OPRPKG	PLANTEQ	STRAPPING MACHINE	\$1,562.66	Oct-86
150 MACH	5918	OPRPKG	PLANTEQ	TV SADDLE STITCHER	\$124,563.59	Oct-86
150 MACH	94152	OPRPKG	PLANTEQ	VACUUM PUMP-SCC	\$2,561.63	Oct-86
150 MACH	94246	OPRPKG	PLANTEQ	WIRE DISPENSER	\$486.93	Oct-86
150 MACH	94090	OPRPRESS	AUTO	FORKLIFT	\$12,400.00	Oct-86
150 MACH	5775	OPRPRESS	FURN	INK MIXING TABLE	\$392.64	Oct-86
150 MACH	5413	OPRPRESS	OFFEQ	SCALE	\$181.57	Oct-86
150 MACH	5817	OPRPRESS	PLANTEQ	BLACK INK TANK	\$10,281.78	Oct-86
150 MACH	5816	OPRPRESS	PLANTEQ	BLACK INK TANK	\$10,281.78	Oct-86
150 MACH	5876	OPRPRESS	PLANTEQ	COBRAMIKE GAUGE	\$529.32	Oct-86
150 MACH	5769	OPRPRESS	PLANTEQ	COLIGHT PACK GAUGE	\$498.91	Oct-86
150 MACH	5818	OPRPRESS	PLANTEQ	COLOR INK TANK	\$7,778.01	Oct-86
150 MACH	5821	OPRPRESS	PLANTEQ	COLOR INK TANK	\$7,778.01	Oct-86
150 MACH	5819	OPRPRESS	PLANTEQ	COLOR INK TANK	\$7,778.01	Oct-86
150 MACH	5820	OPRPRESS	PLANTEQ	COLOR INK TANK	\$7,778.00	Oct-86
150 MACH	6108	OPRPRESS	PLANTEQ	DENSITOMETER	\$1,785.19	Oct-86
150 MACH	6109	OPRPRESS	PLANTEQ	DENSITOMETER	\$1,785.19	Oct-86
150 MACH	5914	OPRPRESS	PLANTEQ	DIGITAL FLOOR SCALE	\$3,571.38	Oct-86
150 MACH	5812	OPRPRESS	PLANTEQ	DIGITAL SCALE	\$2,651.57	Oct-86
150 MACH	5915	OPRPRESS	PLANTEQ	DUAL PLATFORM COUNT	\$1,560.46	Oct-86
150 MACH	94203	OPRPRESS	PLANTEQ	FREEFLOW FILT ASSEM	\$662.81	Oct-86
150 MACH	94101	OPRPRESS	PLANTEQ	GOSS METROLINER PRES	\$3,705,864.60	Oct-86
150 MACH	94102	OPRPRESS	PLANTEQ	GOSS METROLINER PRES	\$3,705,864.60	Oct-86
150 MACH	94103	OPRPRESS	PLANTEQ	GOSS METROLINER PRES	\$3,705,864.60	Oct-86

150 MACH	94104	OPRPRESS PLANTEQ GOSS METROLINER PRES	\$3,414,891.57	Oct-86
150 MACH	5795	OPRPRESS PLANTEQ INK CART	\$291.48	Oct-86
150 MACH	5794	OPRPRESS PLANTEQ INK CART	\$291.47	Oct-86
150 MACH	5768	OPRPRESS PLANTEQ METER	\$437.86	Oct-86
150 MACH	5813	OPRPRESS PLANTEQ MINI INK MIXER	\$450.27	Oct-86
150 MACH	5814	OPRPRESS PLANTEQ MIXER	\$4,634.37	Oct-86
150 MACH	5797	OPRPRESS PLANTEQ PAPER BIN	\$342.20	Oct-86
150 MACH	5411	OPRPRESS PLANTEQ PRESS-V BELT REPR EQ	\$307.79	Oct-86
150 MACH	94207	OPRPRESS PLANTEQ VARSOL TANK	\$323.55	Oct-86
150 MACH	6106	OPRPRESS PLANTEQ VIEWING STATION	\$1,590.20	Oct-86
150 MACH	6107	OPRPRESS PLANTEQ VIEWING STATION	\$1,590.20	Oct-86
150 MACH	5822	OPRPRESS PLANTEQ WASTE INK TANK	\$4,532.41	Oct-86
150 MACH	6038	OPRPRESS PLANTEQ WATER TANK	\$511.96	Oct-86
150 MACH	6112	OPRSOUTH PLANTEQ PALLET TRUCK	\$3,880.42	Oct-86
		1986 Total	\$15,972,316.16	
		Grand Total	\$16,899,042.18	

### **SCHEDULE C**

Plaintiff's Exhibit 4 (Schedule C), as introduced and admitted into evidence at trial, contained asset schedules for years 1991, 1993, 1994, 1995 and 1996 and consisted of 203 pages. In an effort to keep the Appendix to a reasonable size, the parties have agreed to include only the 1991 schedule in this Appendix. The 1991 schedule is representative of the schedules for the other years.



Plaintiff's Trial Ex.  
No. 4 (1991 schedule only)

1991

1991

1991

150 MACH	5738	ADVADM	COMPUT	APPLE II PKG SYSTEM	\$1,702.89	Oct-86
150 MACH	6113	ADVADM	COMPUT	AUTO TIME STAMP	\$239.50	Oct-86
150 MACH	7427	ADVADM	COMPUT	COLOR DISPLAY MONITR	\$538.18	Nov-89
150 MACH	7429	ADVADM	COMPUT	COLOR DISPLAY MONITR	\$538.18	Nov-89
150 MACH	7430	ADVADM	COMPUT	COLOR DISPLAY MONITR	\$538.18	Nov-89
150 MACH	7431	ADVADM	COMPUT	COLOR DISPLAY MONITR	\$538.19	Nov-89
150 MACH	7426	ADVADM	COMPUT	COLOR DISPLAY MONITR	\$538.18	Nov-89
150 MACH	7428	ADVADM	COMPUT	COLOR DISPLAY MONITR	\$538.18	Nov-89
150 MACH	8194	ADVADM	COMPUT	COMPAQ 386S/MONITOR	\$3,667.95	Mar-90
150 MACH	6482	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,102.87	Jan-89
150 MACH	6451	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6459	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6464	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6465	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6468	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6469	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6443	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6445	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6446	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6448	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6449	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6450	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6453	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6455	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6456	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6457	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6458	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6460	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6461	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6462	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	6463	ADVADM	COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	94690	ADVADM	COMPUT	DATA CARTRIDGES	\$482.41	Dec-88
150 MACH	8039	ADVADM	COMPUT	DESKPR 386S COMPUTER	\$4,238.52	Dec-89
150 MACH	7422	ADVADM	COMPUT	DESKPRO 386S	\$4,246.61	Nov-89
150 MACH	7423	ADVADM	COMPUT	DESKPRO 386S	\$4,246.61	Nov-89
150 MACH	7424	ADVADM	COMPUT	DESKPRO 386S	\$4,246.61	Nov-89
150 MACH	7425	ADVADM	COMPUT	DESKPRO 386S	\$4,246.61	Nov-89
150 MACH	5611	ADVADM	COMPUT	DISPLAY STATION-KEY	\$1,774.81	Oct-86
150 MACH	5610	ADVADM	COMPUT	DISPLAY STATION-KEY	\$1,774.81	Oct-86
150 MACH	5615	ADVADM	COMPUT	DISPLAY STATION-KEY	\$1,774.81	Oct-86
150 MACH	8235	ADVADM	COMPUT	DOT MATRIX PRINTER	\$7,257.53	Apr-90
150 MACH	94238	ADVADM	COMPUT	GILTRONIX PORT	\$517.52	Oct-86
150 MACH	5847	ADVADM	COMPUT	IBM PC COMPUTER	\$3,510.43	Oct-86
150 MACH	6102	ADVADM	COMPUT	IBM PC/XT	\$3,307.99	Oct-86
150 MACH	6096	ADVADM	COMPUT	IBM XT/MONITOR/CARD	\$3,907.34	Oct-86
150 MACH	94827	ADVADM	COMPUT	MOUSE/PAD/SURGE PROT	\$169.29	Jul-90
150 MACH	8040	ADVADM	COMPUT	OKIDATA PRINTER	\$516.23	Dec-89
150 MACH	6483	ADVADM	COMPUT	OKIDATA PRINTER	\$505.78	Jan-89

150 MACH	6484	ADVADM	COMPUT	OKIDATA PRINTER	\$526.68	Jan-89	
150 MACH	6476	ADVADM	COMPUT	OKIDATA PRINTER	\$1,720.00	Dec-88	(\$70,926.00) 10% s/w
150 MACH	6477	ADVADM	COMPUT	OKIDATA PRINTER	\$1,720.00	Dec-88	
150 MACH	5898	ADVADM	COMPUT	OKIDATA PRINTER	\$392.62	Oct-86	
150 MACH	5807	ADVADM	COMPUT	PRINTER	\$496.53	Oct-86	
150 MACH	5858	ADVADM	COMPUT	PRINTER EPSON	\$563.16	Oct-86	
150 MACH	6394	ADVADM	COMPUT	PRINTER-EPSON	\$574.75	Jun-88	
150 MACH	94249	ADVADM	COMPUT	UPGRADE IBM-PC	\$297.01	Oct-86	
150 MACH	94248	ADVADM	COMPUT	UPGRADE IBM-XT	\$297.01	Oct-86	
		ADVADM	COMPUT	SUBTOTAL	\$97,387.97		
150 MACH	5175	ADVADM	FURN	CALCULATOR	\$267.58	Oct-86	
150 MACH	5916	ADVADM	FURN	IBM SELECTRIC III	\$950.21	Oct-86	
150 MACH	4654	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4644	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4647	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4745	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4632	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4945	ADVADM	FURN	TYPEWRITER	\$100.73	Oct-86	
150 MACH	4560	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4584	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4081	ADVADM	FURN	TYPEWRITER	\$530.83	Oct-86	
150 MACH	4557	ADVADM	FURN	TYPEWRITER	\$111.30	Oct-86	
150 MACH	4567	ADVADM	FURN	TYPEWRITER - DENBIGH	\$111.30	Oct-86	
150 MACH	4744	ADVADM	FURN	TYPEWRITER -CLASS	\$111.30	Oct-86	
150 MACH	4758	ADVADM	FURN	TYPEWRITER -CLASS	\$111.30	Oct-86	
150 MACH	4950	ADVADM	FURN	TYPEWRITER -DISPATCH	\$100.73	Oct-86	
150 MACH	4395	ADVADM	FURN	TYPEWRITER-SELECTRIC	\$654.94	Oct-86	
150 MACH	4313	ADVADM	FURN	TYPEWRITER-SELECTRIC	\$497.48	Oct-86	
		ADVADM	FURN	SUBTOTAL	\$4,326.80		
150 MACH	94192	ADVADM	OFFEQ	AUDIO VISUAL SYSTEM	\$5,021.29	Oct-86	
150 MACH	94204	ADVADM	OFFEQ	BASE MAP	\$2,233.93	Oct-86	
150 MACH	4781	ADVADM	OFFEQ	CABINET DISPATCH RM	\$183.90	Oct-86	
150 MACH	5203	ADVADM	OFFEQ	CONVEYOR-COPY	\$544.56	Oct-86	
150 MACH	6242	ADVADM	OFFEQ	COPIER-DENBIGH	\$2,245.58	Oct-86	
150 MACH	4703	ADVADM	OFFEQ	PROJECTOR-RECORDER	\$146.55	Oct-86	
150 MACH	6312	ADVADM	OFFEQ	SHARP TYPEWRITER	\$1,100.91	Oct-86	
150 MACH	5711	ADVADM	OFFEQ	TIME CLOCK	\$144.43	Oct-86	
		ADVADM	OFFEQ	SUBTOTAL	\$11,621.15		
150 MACH	94292	ADVADM	PLANTEQ	LAYOUT 8000	\$115,916.08	Oct-86	
150 MACH	94301	ADVADM	PLANTEQ	LAYOUT 8000-RETAINAGE	\$8,000.00	Oct-86	
		ADVADM	PLANTEQ	SUBTOTAL	\$123,916.08		



		ADVERTISING	TOTAL	\$237,252.00	
150 MACH	8249	CIRADM COMPUT	PANASONIC PRINTER	\$480.70	Jun-90
		CIRADM COMPUT	SUBTOTAL	\$480.70	
150 MACH	8138	CIRADM FURN	HAND TRUCK W/HANDLE	\$206.31	Feb-90
150 MACH	8139	CIRADM FURN	HAND TRUCK W/HANDLE	\$206.31	Feb-90
150 MACH	8140	CIRADM FURN	HAND TRUCK W/HANDLE	\$206.31	Feb-90
150 MACH	8141	CIRADM FURN	HAND TRUCK W/HANDLE	\$206.31	Feb-90
		CIRADM FURN	SUBTOTAL	\$825.24	
150 MACH	94835	CIRADM OFFEQ	ENGRAVED SIGNS-3	\$61.55	Jul-90
150 MACH	8248	CIRADM OFFEQ	PORTLAND MICROWAVE	\$81.48	Jun-90
150 MACH	8247	CIRADM OFFEQ	REFRIGERATOR	\$229.87	Jun-90
		CIRADM OFFEQ	SUBTOTAL	\$372.90	
150 MACH	8142	CIRADM PLANTEQ	ALUMINUM CONVEYOR	\$165.41	Feb-90
150 MACH	8143	CIRADM PLANTEQ	ALUMINUM CONVEYOR	\$165.41	Feb-90
150 MACH	8144	CIRADM PLANTEQ	ALUMINUM CONVEYOR	\$165.41	Feb-90
150 MACH	8145	CIRADM PLANTEQ	ALUMINUM CONVEYOR	\$165.41	Feb-90
150 MACH	8146	CIRADM PLANTEQ	ALUMINUM CONVEYOR	\$165.40	Feb-90
150 MACH	8147	CIRADM PLANTEQ	ALUMINUM CONVEYOR	\$165.40	Feb-90
150 MACH	8156	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8164	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8162	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8158	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8159	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8160	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8154	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8161	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8163	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8157	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.85	Feb-90
150 MACH	8155	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8152	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8153	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8148	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8149	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8150	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8151	CIRADM PLANTEQ	ROLLER CONVEYOR	\$139.84	Feb-90
150 MACH	8165	CIRADM PLANTEQ	ROLLER CONVEYOR TURN	\$129.05	Feb-90
150 MACH	8166	CIRADM PLANTEQ	ROLLER CONVEYOR TURN	\$129.05	Feb-90
		CIRADM PLANTEQ	SUBTOTAL	\$3,627.91	

150 MACH	6622	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6623	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6624	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6625	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6627	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6628	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6629	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6630	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6631	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6626	CIRTRANS FURN	HAND TRUCK	\$57.42	Jul-89
150 MACH	6671	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6664	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6663	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6662	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6670	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6677	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6665	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6666	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6667	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6668	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6669	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6672	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6673	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6674	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6675	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6676	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6678	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6679	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6680	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6681	CIRTRANS FURN	PLATFORM TRUCK	\$188.50	Sep-89
150 MACH	6618	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6617	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6600	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6595	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6601	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6596	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6602	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6607	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6597	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6598	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6594	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6599	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6592	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6593	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6603	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6604	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6605	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6606	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89



150 MACH	6608	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6609	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6610	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6611	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6612	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6613	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6614	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6615	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6616	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6619	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6620	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	6621	CIRTRANS FURN	PLATFORM TRUCK	\$213.84	Jul-89
150 MACH	4643	CIRTRANS FURN	TYPEWRITER	\$111.30	Oct-86

		CIRTRANS FURN	SUBTOTAL	\$10,870.70	
--	--	---------------	----------	-------------	--

150 MACH	5664	CIRTRANS OFFEQ	TIME CLOCK	\$386.13	Oct-86
----------	------	----------------	------------	----------	--------

		CIRTRANS OFFEQ	SUBTOTAL	\$386.13	
--	--	----------------	----------	----------	--

		<b>CIRCULATION</b>	<b>TOTAL</b>	<b>\$16,563.58</b>	
--	--	--------------------	--------------	--------------------	--

150 MACH	94845	EDTADM COMPUT	ADD'L ADAPTERS/LOGIC	\$4,680.11	Nov-90
150 MACH	6639	EDTADM COMPUT	APPLE DRIVE/CABLE	\$1,059.32	Jul-89
150 MACH	8353	EDTADM COMPUT	APPLE HI-RES MONITOR	\$258.71	Nov-90
150 MACH	8354	EDTADM COMPUT	APPLE HI-RES MONITOR	\$710.01	Nov-90
150 MACH	8355	EDTADM COMPUT	APPLE HI-RES MONITOR	\$710.01	Nov-90
150 MACH	6590	EDTADM COMPUT	COLOR 19 MONITOR"	\$4,763.11	May-89
150 MACH	6491	EDTADM COMPUT	COMPAQ DESKPRO 386S	\$5,240.22	Feb-89
150 MACH	6492	EDTADM COMPUT	COMPAQ DESKPRO 386S	\$5,240.22	Feb-89
150 MACH	6493	EDTADM COMPUT	COMPAQ DESKPRO 386S	\$5,240.22	Feb-89
150 MACH	6494	EDTADM COMPUT	COMPAQ DESKPRO 386S	\$5,240.22	Feb-89
150 MACH	6495	EDTADM COMPUT	COMPAQ DESKPRO 386S	\$5,240.22	Feb-89
150 MACH	6447	EDTADM COMPUT	COMPAQ DESKPRO 386S	\$4,860.00	Dec-88
150 MACH	8357	EDTADM COMPUT	DATAFRAME HARD DISK	\$779.35	Nov-90
150 MACH	8358	EDTADM COMPUT	DATAFRAME HARD DISK	\$779.35	Nov-90
150 MACH	8356	EDTADM COMPUT	DATAFRAME HARD DISK	\$779.35	Nov-90
150 MACH	93949	EDTADM COMPUT	DISK PACK	\$262.34	Oct-86
150 MACH	6037	EDTADM COMPUT	DMP-2100 PRINTER	\$838.98	Oct-86
150 MACH		EDTADM COMPUT	HARRIS SYSTEM	\$994,605.00	
150 MACH	94637	EDTADM COMPUT	HEWLETT LASER PRINTR	\$3,004.37	Oct-87
150 MACH	6041	EDTADM COMPUT	IBM AT SYSTEM	\$5,165.11	Oct-86
150 MACH	6101	EDTADM COMPUT	IBM PC/XT	\$3,307.99	Oct-86
150 MACH	8362	EDTADM COMPUT	JETSTREAM TAPE DRIVE	\$5,355.44	Nov-90
150 MACH	94359	EDTADM COMPUT	LASERWRITER PLUS	\$16,061.65	Sep-87
150 MACH	6589	EDTADM COMPUT	L-VIEW 19 MONITOR"	\$1,896.68	May-89
150 MACH	6343	EDTADM COMPUT	MACINTOSH COMPUTER	\$2,812.40	May-88
150 MACH	8347	EDTADM COMPUT	MACINTOSH HD80 CPU-4	\$11,749.41	Nov-90



150 MACH	8344	EDTADM	COMPUT	MACINTOSH HD80 CPU-4	\$11,749.41	Nov-90
150 MACH	8345	EDTADM	COMPUT	MACINTOSH HD80 CPU-4	\$11,749.41	Nov-90
150 MACH	8346	EDTADM	COMPUT	MACINTOSH HD80 CPU-4	\$11,749.41	Nov-90
150 MACH	8348	EDTADM	COMPUT	MACINTOSH HD80 CPU-4	\$8,225.62	Nov-90
150 MACH	8349	EDTADM	COMPUT	MACINTOSH HD80 CPU-4	\$8,225.62	Nov-90
150 MACH	6588	EDTADM	COMPUT	MACINTOSH II	\$9,045.52	May-89
150 MACH	8363	EDTADM	COMPUT	MICRONET HD	\$3,544.79	Nov-90
150 MACH	8364	EDTADM	COMPUT	MICRONET HD	\$3,544.80	Nov-90
150 MACH	94573	EDTADM	COMPUT	MODEM	\$365.75	Jul-89
150 MACH	94330	EDTADM	COMPUT	NEWS-CLASS AD SYS	\$153,533.00	Jun-87
150 MACH	8361	EDTADM	COMPUT	OPTICAL DRIVER/DISK	\$7,972.45	Nov-90
150 MACH	5745	EDTADM	COMPUT	PERSONAL COMPUTER XT	\$4,213.55	Oct-86
150 MACH	5697	EDTADM	COMPUT	PRINTER	\$1,764.34	Oct-86
150 MACH	8351	EDTADM	COMPUT	RADIUS 19CLR MONITR"	\$2,791.39	Nov-90
150 MACH	8350	EDTADM	COMPUT	RADIUS 19CLR MONITR"	\$2,791.39	Nov-90
150 MACH	8352	EDTADM	COMPUT	RADIUS 19CLR MONITR"	\$2,791.39	Nov-90
150 MACH	8360	EDTADM	COMPUT	SHIVA NET MODEM 2400	\$455.93	Nov-90
150 MACH	8359	EDTADM	COMPUT	SHIVA NET MODEM V.32	\$1,519.15	Nov-90
150 MACH	7480	EDTADM	COMPUT	TANDY PORTABLE	\$538.89	Dec-89
150 MACH	7481	EDTADM	COMPUT	TANDY PORTABLE	\$538.89	Dec-89
150 MACH	7479	EDTADM	COMPUT	TANDY PORTABLE	\$538.90	Dec-89
150 MACH	7478	EDTADM	COMPUT	TANDY PORTABLE	\$538.90	Dec-89
150 MACH	7477	EDTADM	COMPUT	TANDY PORTABLE	\$538.90	Dec-89
150 MACH	7476	EDTADM	COMPUT	TANDY PORTABLE	\$538.90	Dec-89
150 MACH	6322	EDTADM	COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87
150 MACH	6325	EDTADM	COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87
150 MACH	94362	EDTADM	COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87
150 MACH	94364	EDTADM	COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87
150 MACH	94367	EDTADM	COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87
150 MACH	94368	EDTADM	COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87
150 MACH	5265	EDTADM	COMPUT	TRANSMITR PHOTO-USED	\$111.65	Oct-86
150 MACH	5266	EDTADM	COMPUT	TRANSMITR PHOTO-USED	\$111.65	Oct-86
150 MACH	5267	EDTADM	COMPUT	TRANSMITR PHOTO-USED	\$111.65	Oct-86
150 MACH	5264	EDTADM	COMPUT	WIRE PHOTO MACH-USED	\$465.20	Oct-86
		EDTADM	COMPUT	SUBTOTAL	\$1,348,199.46	
150 MACH	5189	EDTADM	FURN	CALCULATOR	\$205.51	Oct-86
150 MACH	4666	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4659	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4641	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4645	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4653	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4750	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4829	EDTADM	FURN	TYPEWRITER	\$95.61	Oct-86
150 MACH	4563	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4578	EDTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	5295	EDTADM	FURN	TYPEWRITER	\$251.39	Oct-86

150 MACH	4970	EDTADM	FURN	TYPEWRITER	\$100.73	Oct-86
150 MACH	5799	EDTADM	FURN	TYPEWRITER	\$873.51	Oct-86
		EDTADM	FURN	SUBTOTAL	\$2,417.15	
150 MACH	5469	EDTADM	OFFEQ	PROJECTOR-SLIDE	\$106.33	Oct-86
		EDTADM	OFFEQ	SUBTOTAL	\$106.33	
150 MACH	8762	EDTADM	PLANTEQ	10 PORT TRANSERVER	\$2,325.69	Dec-90
150 MACH	8763	EDTADM	PLANTEQ	10 PORT TRANSERVER	\$2,325.69	Dec-90
150 MACH	8489	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8419	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8490	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8416	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8428	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8431	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8429	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8420	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8421	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8415	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8453	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8423	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8433	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8488	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8452	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8435	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8446	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8449	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8459	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8448	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8486	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8497	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8457	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8458	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8465	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8487	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8484	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8485	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8493	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8492	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8496	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8498	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8499	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8467	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8476	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8479	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8483	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90



150 MACH	8482	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8414	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8417	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8432	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8447	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8451	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8454	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8461	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8469	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8475	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8491	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8494	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8500	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8502	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8504	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8507	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8508	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8511	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8512	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8514	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8517	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8518	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8472	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8473	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8478	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8509	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8510	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8515	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8519	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8404	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8405	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,818.99	Dec-90
150 MACH	8407	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8408	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8409	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8410	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8412	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8422	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8425	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8426	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8427	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8434	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8436	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8437	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8438	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8439	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8440	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8441	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8442	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90



150 MACH	8443	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8444	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8445	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8455	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8463	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8464	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8466	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8468	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8471	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8480	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8481	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8495	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8505	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8506	EDTADM	PLANTEQ	386SX/16MHZ/2MB/30HD	\$4,804.09	Dec-90
150 MACH	8686	EDTADM	PLANTEQ	APPLE CD SC LASER	\$976.54	Dec-90
150 MACH	95067	EDTADM	PLANTEQ	BAUD 2400 MODEM	\$251.79	Dec-90
150 MACH	95068	EDTADM	PLANTEQ	BAUD 2400 MODEM	\$251.79	Dec-90
150 MACH	95069	EDTADM	PLANTEQ	BAUD 2400 MODEM	\$251.79	Dec-90
150 MACH	95070	EDTADM	PLANTEQ	BAUD 2400 MODEM	\$251.79	Dec-90
150 MACH	95071	EDTADM	PLANTEQ	BAUD 2400 MODEM	\$251.79	Dec-90
150 MACH	8752	EDTADM	PLANTEQ	BAUD PRACTICAL MODEM	\$236.21	Dec-90
150 MACH	8753	EDTADM	PLANTEQ	BAUD PRACTICAL MODEM	\$236.21	Dec-90
150 MACH	95073	EDTADM	PLANTEQ	DATA LINE INSTALL	\$2,523.65	Dec-90
150 MACH	8665	EDTADM	PLANTEQ	EQUITY 386SX 1.44FDD	\$2,034.81	Dec-90
150 MACH	8661	EDTADM	PLANTEQ	EQUITY 386SX 1.44FDD	\$16,019.34	Dec-90
150 MACH	8664	EDTADM	PLANTEQ	EQUITY 386SX 1.44FDD	\$6,776.82	Dec-90
150 MACH	8662	EDTADM	PLANTEQ	EQUITY 386SX 1.44FDD	\$6,776.82	Dec-90
150 MACH	8663	EDTADM	PLANTEQ	EQUITY 386SX 1.44FDD	\$6,776.81	Dec-90
150 MACH	8740	EDTADM	PLANTEQ	HI-RES MONO MONITOR	\$296.17	Dec-90
150 MACH	8749	EDTADM	PLANTEQ	HI-RES MONO MONITOR	\$335.44	Dec-90
150 MACH	8750	EDTADM	PLANTEQ	HI-RES MONO MONITOR	\$335.44	Dec-90
150 MACH	8751	EDTADM	PLANTEQ	HI-RES MONO MONITOR	\$335.44	Dec-90
150 MACH	8741	EDTADM	PLANTEQ	HI-RES MONO MONITOR	\$335.44	Dec-90
150 MACH	8585	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8564	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8565	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8579	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8575	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8560	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8578	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8580	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8581	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8566	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8567	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8583	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8589	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8590	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8599	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90

150 MACH	8601	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8562	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8602	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8561	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8568	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8574	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8593	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8596	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8632	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8634	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8582	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8594	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8590	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8597	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8598	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8635	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8613	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8614	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8631	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8526	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8527	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8531	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8532	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8618	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8559	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8569	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8619	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8630	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8525	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8521	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8522	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8528	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8535	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8536	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8537	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8538	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8539	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8540	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8541	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8542	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8543	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8544	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8545	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8547	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8549	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8550	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8552	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8553	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90



150 MACH	8554	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8556	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8570	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8571	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8572	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8573	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8576	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8603	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8609	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8611	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8617	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8615	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8621	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8628	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8636	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8523	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8524	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8533	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8534	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8612	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8616	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8620	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8622	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8623	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8624	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8625	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8629	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8548	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8551	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8555	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8557	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8626	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8627	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8605	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8606	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8607	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8608	EDTADM	PLANTEQ	IBM 14COLOR MONITOR"	\$506.36	Dec-90
150 MACH	8694	EDTADM	PLANTEQ	KINETICS FASTPATH 4	\$2,291.46	Dec-90
150 MACH	8693	EDTADM	PLANTEQ	KINETICS FASTPATH 4	\$2,291.46	Dec-90
150 MACH	8671	EDTADM	PLANTEQ	LASER PRINTER	\$7,550.03	Dec-90
150 MACH	8670	EDTADM	PLANTEQ	LASER PRINTER	\$7,550.03	Dec-90
150 MACH	8672	EDTADM	PLANTEQ	LASER PRINTER	\$7,550.03	Dec-90
150 MACH	8673	EDTADM	PLANTEQ	LASERPRINTER 11X17	\$12,940.13	Dec-90
150 MACH	8674	EDTADM	PLANTEQ	LASERPRINTER 11X17	\$12,940.13	Dec-90
150 MACH	8754	EDTADM	PLANTEQ	LEASED LINE MODEM	\$1,144.77	Dec-90
150 MACH	8759	EDTADM	PLANTEQ	LEASED LINE MODEM	\$1,081.78	Dec-90
150 MACH	8761	EDTADM	PLANTEQ	LEASED LINE MODEM	\$1,081.78	Dec-90
150 MACH	8760	EDTADM	PLANTEQ	LEASED LINE MODEM	\$1,081.78	Dec-90



150 MACH	8719	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$9,771.03	Dec-90
150 MACH	8716	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8714	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8717	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8715	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8712	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8705	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8718	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$9,820.15	Dec-90
150 MACH	8698	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8699	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8700	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8701	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8702	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8703	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8704	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8706	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8707	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8708	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8709	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8710	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8711	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8713	EDTADM	PLANTEQ	MAC IICI/4MB/80HD	\$13,732.00	Dec-90
150 MACH	8746	EDTADM	PLANTEQ	MAC IIX 4MB/160HD	\$9,738.18	Dec-90
150 MACH	8748	EDTADM	PLANTEQ	MAC IIX 4MB/160HD	\$9,738.18	Dec-90
150 MACH	8747	EDTADM	PLANTEQ	MAC IIX 4MB/160HD	\$9,738.18	Dec-90
150 MACH	8744	EDTADM	PLANTEQ	MAC IIX/4MB/80HD	\$12,679.78	Dec-90
150 MACH	8745	EDTADM	PLANTEQ	MAC IIX/4MB/80HD	\$12,679.78	Dec-90
150 MACH	8695	EDTADM	PLANTEQ	MAC SE 2-FDHD	\$3,019.40	Dec-90
150 MACH	8696	EDTADM	PLANTEQ	MAC SE 2-FDHD	\$3,019.40	Dec-90
150 MACH	8697	EDTADM	PLANTEQ	MAC SE 2-FDHD	\$3,019.40	Dec-90
150 MACH	8687	EDTADM	PLANTEQ	MICRONET HARD DISK	\$5,829.67	Dec-90
150 MACH	8688	EDTADM	PLANTEQ	MICRONET HARD DISK	\$5,829.67	Dec-90
150 MACH	8689	EDTADM	PLANTEQ	MICRONET HARD DISK	\$5,829.67	Dec-90
150 MACH	8690	EDTADM	PLANTEQ	MICRONET HARD DISK	\$5,829.67	Dec-90
150 MACH	8691	EDTADM	PLANTEQ	MICRONET HARD DISK	\$5,829.67	Dec-90
150 MACH	8692	EDTADM	PLANTEQ	MICRONET HARD DISK	\$5,829.67	Dec-90
150 MACH	8652	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	8653	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	8654	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	8655	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	8656	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	8658	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	8657	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	8659	EDTADM	PLANTEQ	MONOCHROME MONITOR	\$100.14	Dec-90
150 MACH	94329	EDTADM	PLANTEQ	MOOVINCOOL UNIT	\$2,495.00	Jun-87
150 MACH	95074	EDTADM	PLANTEQ	MOUSE PADS-34	\$280.16	Dec-90
150 MACH	8765	EDTADM	PLANTEQ	MULTI-PAGE DIS TERM	\$796.00	Dec-90
150 MACH	8675	EDTADM	PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90

299

150 MACH	8685	EDTADM PLANTEQ	OKIDATA PRINTER	\$643.84	Dec-90
150 MACH	8676	EDTADM PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90
150 MACH	8677	EDTADM PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90
150 MACH	8679	EDTADM PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90
150 MACH	8680	EDTADM PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90
150 MACH	8681	EDTADM PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90
150 MACH	8682	EDTADM PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90
150 MACH	8683	EDTADM PLANTEQ	OKIDATA PRINTER	\$643.84	Dec-90
150 MACH	8684	EDTADM PLANTEQ	OKIDATA PRINTER	\$643.84	Dec-90
150 MACH	8678	EDTADM PLANTEQ	OKIDATA PRINTER	\$732.84	Dec-90
150 MACH	8720	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8721	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8722	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8723	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8724	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8725	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8726	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8727	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8728	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8729	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8731	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8732	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8733	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8734	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8735	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8739	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8743	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8730	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8736	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8737	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8738	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8742	EDTADM PLANTEQ	RADIUS COLOR DISPLAY	\$3,296.51	Dec-90
150 MACH	8650	EDTADM PLANTEQ	TRUVEL COLOR SCANNER	\$13,219.87	Dec-90
150 MACH	8651	EDTADM PLANTEQ	TRUVEL COLOR SCANNER	\$13,219.86	Dec-90
150 MACH	4123	EDTADM PLANTEQ	WAX PROOF COATER	\$70.16	Oct-86
		EDTADM PLANTEQ	SUBTOTAL	\$1,137,705.79	
150 MACH	95051	EDTADM SOFT	DISKETTES DS HD 2.0	\$366.09	Dec-90
		EDTADM SOFT	SUBTOTAL	\$366.09	
150 MACH	4561	EDTADV FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4638	EDTADV FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4743	EDTADV FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4749	EDTADV FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4755	EDTADV FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4757	EDTADV FURN	TYPEWRITER	\$111.30	Oct-86



300

150 MACH	4957	EDTADV FURN	TYPEWRITER	\$100.73	Oct-86
		EDTADV FURN	SUBTOTAL	\$768.53	
150 MACH	6487	EDTLIB COMPUT	AT&T MATRIX PRINTER	\$562.28	Jan-89
150 MACH	6486	EDTLIB COMPUT	AT&T PROCESSOR CPU	\$58,334.64	Jan-89
150 MACH	5467	EDTLIB COMPUT	CAMERA-MICROFICHE	\$6,848.06	Oct-86
150 MACH	5581	EDTLIB COMPUT	CONSOLE TERMINAL	\$1,499.08	Jun-86
150 MACH	93948	EDTLIB COMPUT	DISK CONTROLLER	\$3,747.70	Oct-86
150 MACH	5582	EDTLIB COMPUT	DISK DRIVE CABINET	\$5,300.32	Jun-86
150 MACH	93950	EDTLIB COMPUT	DISK PACK	\$262.34	Oct-86
150 MACH	93951	EDTLIB COMPUT	DISK PACK	\$262.34	Oct-86
150 MACH	93959	EDTLIB COMPUT	DISK PACK	\$240.93	Oct-86
150 MACH	5525	EDTLIB COMPUT	DUPLICATOR -TABLE TOP	\$1,006.68	Oct-86
150 MACH	8047	EDTLIB COMPUT	FICHE CARRIER 5	\$261.25	Dec-89
150 MACH	5473	EDTLIB COMPUT	FILM PROCESSOR	\$1,246.52	Oct-86
150 MACH	6253	EDTLIB COMPUT	IBM PRO PRINTER	\$495.02	Oct-86
150 MACH	5865	EDTLIB COMPUT	MAGNETIC TAPE DRIVE	\$6,544.70	Oct-86
150 MACH	93946	EDTLIB COMPUT	MEMORY UPGRADE	\$1,970.22	Oct-86
150 MACH	8045	EDTLIB COMPUT	MICROFILM/FICHE	\$5,843.65	Dec-89
150 MACH	5652	EDTLIB COMPUT	MODEM	\$408.25	Jun-86
150 MACH	93947	EDTLIB COMPUT	MULTIPLEXER 8 LINE	\$1,323.47	Oct-86
150 MACH	5877	EDTLIB COMPUT	PRINTER	\$469.80	Oct-86
150 MACH	5580	EDTLIB COMPUT	PROCESSOR / MEMORY	\$12,783.40	Jun-86
150 MACH	5402	EDTLIB COMPUT	READER-MICROFILM	\$2,322.76	Oct-86
150 MACH	8046	EDTLIB COMPUT	ROLL FILM CARRIER	\$1,243.55	Dec-89
150 MACH	5587	EDTLIB COMPUT	VT100 CRT	\$1,097.54	Oct-86
150 MACH	5585	EDTLIB COMPUT	VT100 CRT	\$1,097.54	Oct-86
150 MACH	5583	EDTLIB COMPUT	VT100 CRT	\$1,097.54	Oct-86
150 MACH	5584	EDTLIB COMPUT	VT100 CRT	\$1,097.54	Oct-86
150 MACH	5586	EDTLIB COMPUT	VT100 CRT	\$1,097.54	Oct-86
150 MACH	5670	EDTLIB COMPUT	VT100 CRT	\$1,153.06	Oct-86
150 MACH	6489	EDTLIB COMPUT	WYSE TERMAINAL	\$566.06	Jan-89
150 MACH	6641	EDTLIB COMPUT	WYSE TERMINAL	\$629.00	May-89
150 MACH	6488	EDTLIB COMPUT	WYSE TERMINAL	\$566.06	Jan-89
		EDTLIB COMPUT	SUBTOTAL	\$121,378.84	
150 MACH	94718	EDTLIB OFFEQ	LENS 7.5X	\$412.77	Dec-89
150 MACH	6313	EDTLIB OFFEQ	PORTABLE VCR	\$423.96	Oct-86
150 MACH	5468	EDTLIB OFFEQ	STAND	\$156.34	Oct-86
150 MACH	94716	EDTLIB OFFEQ	ZOOM LENS 13 X 27X	\$574.75	Dec-89
150 MACH	94717	EDTLIB OFFEQ	ZOOM LENS 23 X 50X	\$574.75	Dec-89
150 MACH	94715	EDTLIB OFFEQ	ZOOM LENS 9 X 16X	\$574.75	Dec-89
		EDTLIB OFFEQ	SUBTOTAL	\$2,717.32	
150 MACH	6586	EDTPHOTO FURN	FATIF SHOOTING TABLE	\$425.00	Apr-89



150 MACH	4574	EDTPHOTO FURN	TYPEWRITER - PHOTO	\$111.30	Oct-86
150 MACH	5699	EDTPHOTO FURN	TYPEWRITER / SELECT	\$863.78	Oct-86
150 MACH	4573	EDTPHOTO FURN	TYPEWRITER -PHOTO	\$111.30	Oct-86
		EDTPHOTO FURN	SUBTOTAL	\$1,511.38	
150 MACH	94245	EDTPHOTO OFFEQ	135MM LENS	\$402.69	Oct-86
150 MACH	94196	EDTPHOTO OFFEQ	24MM F/2 LENS	\$258.41	Oct-86
150 MACH	94197	EDTPHOTO OFFEQ	24MM F/2 LENS	\$258.41	Oct-86
150 MACH	94198	EDTPHOTO OFFEQ	24MM F/2 LENS	\$258.41	Oct-86
150 MACH	94326	EDTPHOTO OFFEQ	3 DYNA-LITES	\$1,214.20	Jun-87
150 MACH	94327	EDTPHOTO OFFEQ	3 PORT FLASH UNITS	\$1,807.00	Jun-87
150 MACH	94566	EDTPHOTO OFFEQ	6 PHOTEK UMBRELLAS	\$240.00	Apr-89
150 MACH	5893	EDTPHOTO OFFEQ	ADDL COLOR PROCESSOR	\$350.65	Jun-86
150 MACH	94432	EDTPHOTO OFFEQ	ARKAY DRUM DRYER	\$1,630.33	Dec-87
150 MACH	4912	EDTPHOTO OFFEQ	BACKGROUND HOLDER	\$66.93	Oct-86
150 MACH	6015	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.30	Oct-86
150 MACH	6012	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.30	Oct-86
150 MACH	6013	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.30	Oct-86
150 MACH	6011	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.30	Oct-86
150 MACH	6010	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.30	Oct-86
150 MACH	6009	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.30	Oct-86
150 MACH	6014	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.30	Oct-86
150 MACH	6016	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.29	Oct-86
150 MACH	6017	EDTPHOTO OFFEQ	BEARCAT SCANNER	\$232.29	Oct-86
150 MACH	6018	EDTPHOTO OFFEQ	BESELER SLIDE DUPL	\$710.83	Oct-86
150 MACH	94236	EDTPHOTO OFFEQ	BOGEN STUDIO TRIPOD	\$223.72	Oct-86
150 MACH	8033	EDTPHOTO OFFEQ	BOGON BOOM W/STAND	\$332.46	Dec-89
150 MACH	94106	EDTPHOTO OFFEQ	CAMERA	\$180.38	Oct-86
150 MACH	5418	EDTPHOTO OFFEQ	CAMERA /COPY	\$777.01	Oct-86
150 MACH	94170	EDTPHOTO OFFEQ	CAMERA /W BATTERY	\$397.44	Oct-86
150 MACH	94062	EDTPHOTO OFFEQ	CAMERA /W FINDER FN	\$377.24	Oct-86
150 MACH	94065	EDTPHOTO OFFEQ	CAMERA /W FINDER FN	\$377.24	Oct-86
150 MACH	94501	EDTPHOTO OFFEQ	CAMERA BODY	\$839.64	Apr-89
150 MACH	94502	EDTPHOTO OFFEQ	CAMERA BODY	\$839.64	Apr-89
150 MACH	94503	EDTPHOTO OFFEQ	CAMERA BODY	\$353.37	Apr-89
150 MACH	94504	EDTPHOTO OFFEQ	CAMERA BODY	\$353.37	Apr-89
150 MACH	93710	EDTPHOTO OFFEQ	CAMERA BODY	\$52.40	Oct-86
150 MACH	93817	EDTPHOTO OFFEQ	CAMERA BODY	\$213.29	Oct-86
150 MACH	93818	EDTPHOTO OFFEQ	CAMERA BODY	\$213.29	Oct-86
150 MACH	93935	EDTPHOTO OFFEQ	CAMERA BODY	\$208.43	Oct-86
150 MACH	94053	EDTPHOTO OFFEQ	CAMERA BODY	\$161.54	Oct-86
150 MACH	94175	EDTPHOTO OFFEQ	CAMERA BODY	\$397.44	Oct-86
150 MACH	93494	EDTPHOTO OFFEQ	CAMERA BODY F2	\$52.62	Oct-86
150 MACH	93496	EDTPHOTO OFFEQ	CAMERA BODY F2	\$56.13	Oct-86
150 MACH	93675	EDTPHOTO OFFEQ	CAMERA BODY F2	\$61.61	Oct-86
150 MACH	93676	EDTPHOTO OFFEQ	CAMERA BODY F2	\$61.61	Oct-86
150 MACH	93482	EDTPHOTO OFFEQ	CAMERA BODY F2	\$52.62	Oct-86

150 MACH	93486	EDTPHOTO OFFEQ	CAMERA BODY F2	\$52.62	Oct-86
150 MACH	93487	EDTPHOTO OFFEQ	CAMERA BODY F2	\$52.62	Oct-86
150 MACH	93491	EDTPHOTO OFFEQ	CAMERA BODY F2	\$52.62	Oct-86
150 MACH	93493	EDTPHOTO OFFEQ	CAMERA BODY F2	\$52.62	Oct-86
150 MACH	94168	EDTPHOTO OFFEQ	CAMERA W/BATTERY	\$397.44	Oct-86
150 MACH	94049	EDTPHOTO OFFEQ	CAMERA/MOTOR 199533	\$532.60	Oct-86
150 MACH	93328	EDTPHOTO OFFEQ	CAMERA-35MM W/ACCESS	\$55.68	Oct-86
150 MACH	94396	EDTPHOTO OFFEQ	CANON 100MM F2 LENS	\$349.00	Jan-88
150 MACH	94395	EDTPHOTO OFFEQ	CANON 28MM F2 LENS	\$345.00	Jan-88
150 MACH	94397	EDTPHOTO OFFEQ	CANON F1 BODY	\$579.00	Jan-88
150 MACH	4541	EDTPHOTO OFFEQ	COLOR ANALYZER	\$187.48	Oct-86
150 MACH	94032	EDTPHOTO OFFEQ	COLOR METER	\$274.08	Oct-86
150 MACH	5886	EDTPHOTO OFFEQ	COLOR PROCESSOR	\$8,778.38	Jun-86
150 MACH	5846	EDTPHOTO OFFEQ	COPIER	\$1,444.51	Jun-86
150 MACH	6019	EDTPHOTO OFFEQ	CUTTER	\$224.67	Oct-86
150 MACH	4525	EDTPHOTO OFFEQ	DENSITOMETER	\$320.34	Oct-86
150 MACH	94556	EDTPHOTO OFFEQ	DUNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94542	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.13	Apr-89
150 MACH	94543	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94547	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94550	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94552	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94561	EDTPHOTO OFFEQ	DYNALITE 500M	\$405.00	Apr-89
150 MACH	94562	EDTPHOTO OFFEQ	DYNALITE BLOWER HEAD	\$391.75	Apr-89
150 MACH	94563	EDTPHOTO OFFEQ	DYNALITE BLOWER HEAD	\$391.75	Apr-89
150 MACH	94564	EDTPHOTO OFFEQ	DYNALITE BLOWER HEAD	\$391.75	Apr-89
150 MACH	94541	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.13	Apr-89
150 MACH	94544	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94545	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94546	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94548	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94549	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94551	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94553	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94554	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94555	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94557	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	94558	EDTPHOTO OFFEQ	DYNALITE W/CABLE	\$304.14	Apr-89
150 MACH	4524	EDTPHOTO OFFEQ	ENLARGER & ACCESS	\$225.26	Oct-86
150 MACH	5658	EDTPHOTO OFFEQ	ENLARGER W/40MM LENS	\$712.14	Oct-86
150 MACH	5770	EDTPHOTO OFFEQ	ENLARGER W/40MM LENS	\$970.74	Oct-86
150 MACH	5677	EDTPHOTO OFFEQ	FILM DRIER -3	\$133.92	Oct-86
150 MACH	5900	EDTPHOTO OFFEQ	FILM DRYER-CABINET	\$791.71	Oct-86
150 MACH	94131	EDTPHOTO OFFEQ	FLASH METER	\$232.11	Oct-86
150 MACH	94356	EDTPHOTO OFFEQ	FLASHTUBE-QUARTZ	\$161.75	Jul-87
150 MACH	94560	EDTPHOTO OFFEQ	FORCHER PROBACK	\$625.00	Apr-89
150 MACH	8044	EDTPHOTO OFFEQ	FUJIMOTO ENLARGER	\$1,096.15	Dec-89
150 MACH	8042	EDTPHOTO OFFEQ	FUJIMOTO PROCESSOR	\$2,678.50	Dec-89



150 MACH	94416	EDTPHOTO OFFEQ	GVI RADIO SLAVE UNIT	\$189.00	Jan-88
150 MACH	94417	EDTPHOTO OFFEQ	GVI RADIO SLAVE UNIT	\$189.00	Jan-88
150 MACH	94418	EDTPHOTO OFFEQ	GVI RADIO SLAVE UNIT	\$189.00	Jan-88
150 MACH	94714	EDTPHOTO OFFEQ	HELBERTRONIC SYSTEM	\$734.65	Dec-89
150 MACH	6585	EDTPHOTO OFFEQ	IMAGE PROCESSOR	\$2,255.00	Apr-89
150 MACH	8041	EDTPHOTO OFFEQ	LEAFAX PHOTO TRANS	\$15,006.65	Dec-89
150 MACH	94237	EDTPHOTO OFFEQ	LEITZ EASEL	\$290.83	Oct-86
150 MACH	94617	EDTPHOTO OFFEQ	LEITZ ENGLARGER/CLIP	\$2,620.66	Apr-88
150 MACH	6239	EDTPHOTO OFFEQ	LEITZ ENLARGER	\$1,342.31	Oct-86
150 MACH	94615	EDTPHOTO OFFEQ	LEITZ ENLARGER/CLIPS	\$2,620.67	Apr-88
150 MACH	94616	EDTPHOTO OFFEQ	LEITZ ENLARGER/CLIPS	\$2,620.67	Apr-88
150 MACH	93311	EDTPHOTO OFFEQ	LENS	\$85.53	Oct-86
150 MACH	94174	EDTPHOTO OFFEQ	LENS 300MM	\$444.34	Oct-86
150 MACH	94079	EDTPHOTO OFFEQ	LENS - 300MM	\$1,205.94	Oct-86
150 MACH	94056	EDTPHOTO OFFEQ	LENS 135MM F-2	\$282.26	Oct-86
150 MACH	94059	EDTPHOTO OFFEQ	LENS 135MM F-2	\$282.26	Oct-86
150 MACH	94060	EDTPHOTO OFFEQ	LENS 135MM F-2	\$282.26	Oct-86
150 MACH	94061	EDTPHOTO OFFEQ	LENS 135MM F-2	\$282.26	Oct-86
150 MACH	93731	EDTPHOTO OFFEQ	LENS 16MM	\$100.77	Oct-86
150 MACH	93997	EDTPHOTO OFFEQ	LENS 16MM	\$304.00	Oct-86
150 MACH	94520	EDTPHOTO OFFEQ	LENS 180MM	\$700.15	Apr-89
150 MACH	94521	EDTPHOTO OFFEQ	LENS 180MM	\$599.74	Apr-89
150 MACH	93938	EDTPHOTO OFFEQ	LENS 180MM	\$248.96	Oct-86
150 MACH	93941	EDTPHOTO OFFEQ	LENS 180MM	\$248.96	Oct-86
150 MACH	94159	EDTPHOTO OFFEQ	LENS 180MM	\$245.62	Oct-86
150 MACH	93757	EDTPHOTO OFFEQ	LENS 180MM F2.8	\$117.30	Oct-86
150 MACH	93759	EDTPHOTO OFFEQ	LENS 180MM F2.8	\$117.30	Oct-86
150 MACH	94522	EDTPHOTO OFFEQ	LENS 200MM	\$3,037.13	Apr-89
150 MACH	93999	EDTPHOTO OFFEQ	LENS 20MM	\$138.32	Oct-86
150 MACH	94516	EDTPHOTO OFFEQ	LENS 24MM	\$517.08	Apr-89
150 MACH	94523	EDTPHOTO OFFEQ	LENS 300MM	\$867.21	Apr-89
150 MACH	94524	EDTPHOTO OFFEQ	LENS 300MM	\$867.21	Apr-89
150 MACH	94525	EDTPHOTO OFFEQ	LENS 300MM	\$2,726.75	Apr-89
150 MACH	93729	EDTPHOTO OFFEQ	LENS 300MM	\$85.81	Oct-86
150 MACH	93942	EDTPHOTO OFFEQ	LENS 300MM	\$186.72	Oct-86
150 MACH	93755	EDTPHOTO OFFEQ	LENS 300MM F4.5-USED	\$64.57	Oct-86
150 MACH	94517	EDTPHOTO OFFEQ	LENS 35MM	\$265.84	Apr-89
150 MACH	94518	EDTPHOTO OFFEQ	LENS 35MM	\$265.84	Apr-89
150 MACH	93480	EDTPHOTO OFFEQ	LENS 500MM	\$60.53	Oct-86
150 MACH	94519	EDTPHOTO OFFEQ	LENS 85MM	\$269.07	Apr-89
150 MACH	93623	EDTPHOTO OFFEQ	LENS-180MM F2.8	\$52.62	Oct-86
150 MACH	93811	EDTPHOTO OFFEQ	LENS-180MM F2.8	\$186.31	Oct-86
150 MACH	93810	EDTPHOTO OFFEQ	LENS-180MM F2.8-USED	\$134.57	Oct-86
150 MACH	93672	EDTPHOTO OFFEQ	LENS-F/28 FISHEYE	\$62.73	Oct-86
150 MACH	94559	EDTPHOTO OFFEQ	LIGHT STANDS-16	\$772.82	May-89
150 MACH	94567	EDTPHOTO OFFEQ	LIGHTFORM PANELS	\$419.00	Apr-89
150 MACH	94321	EDTPHOTO OFFEQ	MIN AUTO MTR PWR 7	\$2,090.50	May-87
150 MACH	6105	EDTPHOTO OFFEQ	MINI-LAMINATOR	\$342.87	Oct-86



150 MACH	6270	EDTPHOTO OFFEQ	MINI-LAMINATOR	\$484.87	Oct-86
150 MACH	94336	EDTPHOTO OFFEQ	MINOLTA AUTO MTR	\$189.00	Apr-87
150 MACH	94337	EDTPHOTO OFFEQ	MINOLTA AUTO MTR	\$189.00	Apr-87
150 MACH	94338	EDTPHOTO OFFEQ	MINOLTA AUTO MTR	\$189.00	Apr-87
150 MACH	94339	EDTPHOTO OFFEQ	MINOLTA AUTO MTR	\$189.00	Apr-87
150 MACH	94340	EDTPHOTO OFFEQ	MINOLTA AUTO MTR	\$189.00	Apr-87
150 MACH	94341	EDTPHOTO OFFEQ	MINOLTA AUTO MTR	\$189.00	Apr-87
150 MACH	6232	EDTPHOTO OFFEQ	MINOLTA FLASH MTR	\$295.25	Oct-86
150 MACH	94505	EDTPHOTO OFFEQ	MOTOR DRIVE	\$331.01	Apr-89
150 MACH	94506	EDTPHOTO OFFEQ	MOTOR DRIVE	\$331.01	Apr-89
150 MACH	94507	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94508	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94509	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94510	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94511	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94512	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94513	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94514	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94515	EDTPHOTO OFFEQ	MOTOR DRIVE	\$271.30	Apr-89
150 MACH	94171	EDTPHOTO OFFEQ	MOTOR DRIVE UNIT	\$314.54	Oct-86
150 MACH	94172	EDTPHOTO OFFEQ	MOTOR DRIVE UNIT	\$314.54	Oct-86
150 MACH	94173	EDTPHOTO OFFEQ	MOTOR DRIVE UNIT	\$314.54	Oct-86
150 MACH	94160	EDTPHOTO OFFEQ	MOTOR W/ CHARGER	\$344.98	Oct-86
150 MACH	94531	EDTPHOTO OFFEQ	NICAD BATTERY PACK	\$114.32	Apr-89
150 MACH	94532	EDTPHOTO OFFEQ	NICAD BATTERY PACK	\$114.32	Apr-89
150 MACH	94308	EDTPHOTO OFFEQ	NIKON 24MM F20	\$424.53	Jan-87
150 MACH	94420	EDTPHOTO OFFEQ	NIKON 135MM F2 LENS	\$582.50	Jan-88
150 MACH	94421	EDTPHOTO OFFEQ	NIKON 135MM F2 LENS	\$582.50	Jan-88
150 MACH	94449	EDTPHOTO OFFEQ	NIKON 135MM F2 LENS	\$579.00	Dec-87
150 MACH	94450	EDTPHOTO OFFEQ	NIKON 135MM F2 LENS	\$579.00	Dec-87
150 MACH	94469	EDTPHOTO OFFEQ	NIKON 135MM F2 LENS	\$579.00	Dec-87
150 MACH	94398	EDTPHOTO OFFEQ	NIKON 180 F2.8 LENS	\$595.00	Feb-88
150 MACH	94425	EDTPHOTO OFFEQ	NIKON 180MM F28 LENS	\$595.00	Jan-88
150 MACH	94426	EDTPHOTO OFFEQ	NIKON 180MM F28 LENS	\$595.00	Jan-88
150 MACH	94427	EDTPHOTO OFFEQ	NIKON 180MM F28 LENS	\$595.00	Jan-88
150 MACH	94481	EDTPHOTO OFFEQ	NIKON 180MM F28 LENS	\$605.00	Dec-87
150 MACH	94652	EDTPHOTO OFFEQ	NIKON 180MM F28 LENS	\$602.50	Dec-87
150 MACH	94461	EDTPHOTO OFFEQ	NIKON 20MM F28 LENS	\$359.00	Dec-87
150 MACH	94462	EDTPHOTO OFFEQ	NIKON 20MM F28 LENS	\$359.00	Dec-87
150 MACH	94408	EDTPHOTO OFFEQ	NIKON 24MM F2 LENS	\$439.00	Jan-88
150 MACH	94409	EDTPHOTO OFFEQ	NIKON 24MM F2 LENS	\$439.00	Jan-88
150 MACH	94447	EDTPHOTO OFFEQ	NIKON 24MM F2 LENS	\$439.00	Dec-87
150 MACH	94448	EDTPHOTO OFFEQ	NIKON 24MM F2 LENS	\$439.00	Dec-87
150 MACH	94476	EDTPHOTO OFFEQ	NIKON 24MM LENS F2	\$439.00	Dec-87
150 MACH	94477	EDTPHOTO OFFEQ	NIKON 24MM LENS F2	\$439.00	Dec-87
150 MACH	94415	EDTPHOTO OFFEQ	NIKON 300MM F28 LENS	\$2,673.00	Jan-88
150 MACH	94428	EDTPHOTO OFFEQ	NIKON 300MM F4.5 LNS	\$755.00	Jan-88
150 MACH	94429	EDTPHOTO OFFEQ	NIKON 300MM F45 LENS	\$755.00	Jan-88

150 MACH	94430	EDTPHOTO OFFEQ	NIKON 300MM F45 LENS	\$755.00	Jan-88
150 MACH	94434	EDTPHOTO OFFEQ	NIKON 300MM F45 LENS	\$679.00	Dec-87
150 MACH	94439	EDTPHOTO OFFEQ	NIKON 300MM F45 LENS	\$737.66	Dec-87
150 MACH	94650	EDTPHOTO OFFEQ	NIKON 300MM F45 LENS	\$737.67	Dec-87
150 MACH	94651	EDTPHOTO OFFEQ	NIKON 300MM F45 LENS	\$737.67	Dec-87
150 MACH	94400	EDTPHOTO OFFEQ	NIKON 35MM F2 LENS	\$235.00	Jan-88
150 MACH	94478	EDTPHOTO OFFEQ	NIKON 35MM F2 LENS	\$235.00	Dec-87
150 MACH	94480	EDTPHOTO OFFEQ	NIKON 35MM F2 LENS	\$235.00	Dec-87
150 MACH	94347	EDTPHOTO OFFEQ	NIKON 400MM F28	\$4,699.00	Apr-87
150 MACH	94431	EDTPHOTO OFFEQ	NIKON 400MM F35 LENS	\$2,870.00	Jan-88
150 MACH	94401	EDTPHOTO OFFEQ	NIKON 85MM F2 LENS	\$239.00	Jan-88
150 MACH	94402	EDTPHOTO OFFEQ	NIKON 85MM F2 LENS	\$239.00	Jan-88
150 MACH	94403	EDTPHOTO OFFEQ	NIKON 85MM F2 LENS	\$239.00	Jan-88
150 MACH	94465	EDTPHOTO OFFEQ	NIKON 85MM F2 LENS	\$239.00	Dec-87
150 MACH	94466	EDTPHOTO OFFEQ	NIKON 85MM F2 LENS	\$239.00	Dec-87
150 MACH	94467	EDTPHOTO OFFEQ	NIKON 85MM F2 LENS	\$239.00	Dec-87
150 MACH	94468	EDTPHOTO OFFEQ	NIKON 85MM F2 LENS	\$239.00	Dec-87
150 MACH	94453	EDTPHOTO OFFEQ	NIKON BATTERY	\$125.00	Dec-87
150 MACH	94454	EDTPHOTO OFFEQ	NIKON BATTERY	\$125.00	Dec-87
150 MACH	94235	EDTPHOTO OFFEQ	NIKON BODY/LENS	\$398.22	Oct-86
150 MACH	94443	EDTPHOTO OFFEQ	NIKON CAMERA	\$619.00	Dec-87
150 MACH	94444	EDTPHOTO OFFEQ	NIKON CAMERA	\$619.00	Dec-87
150 MACH	94445	EDTPHOTO OFFEQ	NIKON CAMERA	\$279.00	Dec-87
150 MACH	94446	EDTPHOTO OFFEQ	NIKON CAMERA	\$279.00	Dec-87
150 MACH	94455	EDTPHOTO OFFEQ	NIKON CAMERA	\$595.00	Dec-87
150 MACH	94456	EDTPHOTO OFFEQ	NIKON CAMERA	\$595.00	Dec-87
150 MACH	94457	EDTPHOTO OFFEQ	NIKON CAMERA	\$595.00	Dec-87
150 MACH	94458	EDTPHOTO OFFEQ	NIKON CAMERA	\$610.00	Dec-87
150 MACH	94240	EDTPHOTO OFFEQ	NIKON CAMERA BODY	\$232.67	Oct-86
150 MACH	94459	EDTPHOTO OFFEQ	NIKON CAMERA-BLACK	\$289.00	Dec-87
150 MACH	94460	EDTPHOTO OFFEQ	NIKON CAMERA-BLACK	\$289.00	Dec-87
150 MACH	94422	EDTPHOTO OFFEQ	NIKON CHARGER	\$145.00	Jan-88
150 MACH	94470	EDTPHOTO OFFEQ	NIKON EXTENDER	\$359.00	Dec-87
150 MACH	94471	EDTPHOTO OFFEQ	NIKON EXTENDER	\$359.00	Dec-87
150 MACH	94229	EDTPHOTO OFFEQ	NIKON F-3 HIPT CAMER	\$444.75	Oct-86
150 MACH	94230	EDTPHOTO OFFEQ	NIKON F3 HIPT CAMERA	\$444.75	Oct-86
150 MACH	94231	EDTPHOTO OFFEQ	NIKON F3 HIPT CAMERA	\$444.75	Oct-86
150 MACH	94404	EDTPHOTO OFFEQ	NIKON F3 HP	\$649.00	Jan-88
150 MACH	94405	EDTPHOTO OFFEQ	NIKON F3 HP	\$649.00	Jan-88
150 MACH	94344	EDTPHOTO OFFEQ	NIKON F3HP	\$585.00	Apr-87
150 MACH	94345	EDTPHOTO OFFEQ	NIKON F3HP	\$585.00	Apr-87
150 MACH	94346	EDTPHOTO OFFEQ	NIKON F3HP	\$585.00	Apr-87
150 MACH	94406	EDTPHOTO OFFEQ	NIKON FM2	\$299.00	Jan-88
150 MACH	94407	EDTPHOTO OFFEQ	NIKON FM2	\$299.00	Jan-88
150 MACH	94298	EDTPHOTO OFFEQ	NIKON MD-4 MOTOR DR	\$276.66	Oct-86
150 MACH	94423	EDTPHOTO OFFEQ	NIKON MD4 MOTORDRIVE	\$309.00	Jan-88
150 MACH	94424	EDTPHOTO OFFEQ	NIKON MD4 MOTORDRIVE	\$309.00	Jan-88
150 MACH	94342	EDTPHOTO OFFEQ	NIKON MD4 MTR DRIVE	\$274.00	Apr-87



150 MACH	94343	EDTPHOTO OFFEQ	NIKON MD4 MTR DRIVE	\$274.00	Apr-87
150 MACH	94451	EDTPHOTO OFFEQ	NIKON MOTOR	\$309.00	Dec-87
150 MACH	94452	EDTPHOTO OFFEQ	NIKON MOTOR	\$309.00	Dec-87
150 MACH	94435	EDTPHOTO OFFEQ	NIKON MOTOR DRIVE	\$280.25	Dec-87
150 MACH	94436	EDTPHOTO OFFEQ	NIKON MOTOR DRIVE	\$280.25	Dec-87
150 MACH	94438	EDTPHOTO OFFEQ	NIKON MOTOR DRIVE	\$280.25	Dec-87
150 MACH	94647	EDTPHOTO OFFEQ	NIKON MOTOR DRIVE	\$280.25	Dec-87
150 MACH	94410	EDTPHOTO OFFEQ	NIKON NICAD BATTERY	\$125.00	Jan-88
150 MACH	94411	EDTPHOTO OFFEQ	NIKON NICAD BATTERY	\$125.00	Jan-88
150 MACH	94412	EDTPHOTO OFFEQ	NIKON NICAD CHARGER	\$145.00	Jan-88
150 MACH	94473	EDTPHOTO OFFEQ	NIKON NICD PACK	\$118.00	Dec-87
150 MACH	94474	EDTPHOTO OFFEQ	NIKON NICD PACK	\$118.00	Dec-87
150 MACH	94475	EDTPHOTO OFFEQ	NIKON NICD PACK	\$118.00	Dec-87
150 MACH	94472	EDTPHOTO OFFEQ	NIKON NICD PACK	\$118.00	Feb-87
150 MACH	94565	EDTPHOTO OFFEQ	PHOTOFLEX LITEDOME	\$144.90	Apr-89
150 MACH	5851	EDTPHOTO OFFEQ	PORTAMASTER UMBRELLA	\$365.28	Oct-86
150 MACH	94535	EDTPHOTO OFFEQ	POWER PACK 500M	\$405.00	Apr-89
150 MACH	94536	EDTPHOTO OFFEQ	POWER PACK 500M	\$405.00	Apr-89
150 MACH	94537	EDTPHOTO OFFEQ	POWER PACK 500M	\$405.00	Apr-89
150 MACH	94538	EDTPHOTO OFFEQ	POWER PACK 500M	\$405.00	Apr-89
150 MACH	94539	EDTPHOTO OFFEQ	POWER PACK 500M	\$405.00	Apr-89
150 MACH	94540	EDTPHOTO OFFEQ	POWER PACK 500M	\$405.00	Apr-89
150 MACH	4323	EDTPHOTO OFFEQ	PRINT DRYER W/ DRUM	\$221.28	Oct-86
150 MACH	5470	EDTPHOTO OFFEQ	PROJECTOR-SLIDE	\$106.33	Oct-86
150 MACH	94413	EDTPHOTO OFFEQ	QUANTUM BATTERY	\$115.00	Jan-88
150 MACH	94414	EDTPHOTO OFFEQ	QUANTUM MODULE-2	\$48.00	Jan-88
150 MACH	94526	EDTPHOTO OFFEQ	QUANTUM RADIO SLAVE	\$184.00	Apr-89
150 MACH	94527	EDTPHOTO OFFEQ	QUANTUM RADIO SLAVE	\$184.00	Apr-89
150 MACH	94528	EDTPHOTO OFFEQ	QUANTUM RADIO SLAVE	\$184.00	Apr-89
150 MACH	94533	EDTPHOTO OFFEQ	QUICK CHARGER	\$136.50	Apr-89
150 MACH	94534	EDTPHOTO OFFEQ	QUICK CHARGER	\$136.50	Apr-89
150 MACH	4550	EDTPHOTO OFFEQ	REFRIGERATOR/FREEZER	\$56.19	Oct-86
150 MACH	5659	EDTPHOTO OFFEQ	SILVER RECOVERY UNIT	\$321.81	Oct-86
150 MACH	5055	EDTPHOTO OFFEQ	SILVER RECOVERY UNIT	\$83.43	Oct-86
150 MACH	94316	EDTPHOTO OFFEQ	TANK CONVERSION	\$4,282.32	Apr-87
150 MACH	94302	EDTPHOTO OFFEQ	TECH ROLLEASY	\$895.90	Oct-86
150 MACH	94529	EDTPHOTO OFFEQ	TELECONVERTER	\$436.03	Apr-89
150 MACH	94530	EDTPHOTO OFFEQ	TELECONVERTER	\$436.03	Apr-89
150 MACH	94078	EDTPHOTO OFFEQ	TELECONVERTER	\$214.45	Oct-86
150 MACH	6104	EDTPHOTO OFFEQ	TRANSPARENCY VIEWER	\$1,241.66	Oct-86
150 MACH	94419	EDTPHOTO OFFEQ	VIVITAR FLASH UNITS	\$486.00	Jan-88
150 MACH	8043	EDTPHOTO OFFEQ	WING-LYNCH PROCESSOR	\$12,423.00	Dec-89
		EDTPHOTO OFFEQ	SUBTOTAL	\$166,528.83	
		<b>EDITORIAL</b>	<b>TOTAL</b>	<b>\$2,781,699.72</b>	
150 MACH	6496	FINADM COMPUT	COMPAQ DESKPRO 386S	\$5,240.22	Feb-89



150 MACH	6587	FINADM COMPUT	NEC PINWRITER	\$783.75	May-89
150 MACH	4568	FINADM FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	8242	FINGEN FURN	PALLET RACKING	\$2,731.26	Jun-90
150 MACH	3455	FINGEN OFFEQ	DOCK LEVELER	\$224.65	Oct-86

**FINANCE****TOTAL****\$9,091.18**

150 MACH	4947	HR ADM FURN	TYPEWRITER	\$100.73	Oct-86
150 MACH	6324	HRSUFF COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87

**HUMAN RESOURCES****TOTAL****\$1,349.60**

150 MACH	6402	MKTADM COMPUT	AMERICAN POWER BOX	\$1,148.45	Aug-88
150 MACH	8275	MKTADM COMPUT	APPLE COLOR MONITOR	\$799.05	Jun-90
150 MACH	8274	MKTADM COMPUT	APPLE LASERWRITER II	\$4,960.94	Jun-90
150 MACH	6398	MKTADM COMPUT	COLOR MONITOR	\$715.83	Aug-88
150 MACH	6399	MKTADM COMPUT	COLOR MONITOR	\$715.83	Aug-88
150 MACH	6400	MKTADM COMPUT	COLOR MONITOR	\$715.83	Aug-88
150 MACH	5746	MKTADM COMPUT	COLOR MONITOR	\$449.07	Oct-86
150 MACH	8102	MKTADM COMPUT	COLOR MONITOR 12",608.78 ,12/89"	\$608.78	Dec-89
150 MACH	8117	MKTADM COMPUT	COLOR MONITOR 14",499.64 ,12/89"	\$499.64	Dec-89
150 MACH	8112	MKTADM COMPUT	COLOR MONITOR 19",4823.25 ,12/89"	\$4,823.25	Dec-89
150 MACH	8113	MKTADM COMPUT	COLOR MONITOR MAC II	\$799.05	Dec-89
150 MACH	8114	MKTADM COMPUT	COLOR MONITOR MAC II	\$799.05	Dec-89
150 MACH	8115	MKTADM COMPUT	COLOR MONITOR MAC II	\$799.05	Dec-89
150 MACH	6247	MKTADM COMPUT	COLOR PRINTER-S MILR	\$720.02	Oct-86
150 MACH	6396	MKTADM COMPUT	IBM P/S	\$9,291.74	Aug-88
150 MACH	6397	MKTADM COMPUT	IBM P/S	\$9,605.05	Aug-88
150 MACH	8111	MKTADM COMPUT	IBM PC	\$3,242.13	Dec-89
150 MACH	6099	MKTADM COMPUT	IBM PC/XT/JACHMANN	\$3,307.99	Oct-86
150 MACH	6395	MKTADM COMPUT	IBM PS/2	\$14,217.65	Aug-88
150 MACH	6407	MKTADM COMPUT	IBM PS5.25 EXTERNAL	\$350.08	Aug-88
150 MACH	6241	MKTADM COMPUT	IBM-AT ENHANCED	\$11,244.96	Oct-86
150 MACH	6275	MKTADM COMPUT	IBM-XT MONITOR	\$2,542.07	Oct-86
150 MACH	8104	MKTADM COMPUT	IMAGEWRITER PRINTER	\$502.19	Dec-89
150 MACH	6401	MKTADM COMPUT	LASERJET PRINTER	\$3,040.94	Aug-88
150 MACH	8103	MKTADM COMPUT	LASERWRITER PRINTER	\$4,923.44	Dec-89
150 MACH	8273	MKTADM COMPUT	MACINTOSH COMPUTER	\$6,237.62	Jun-90
150 MACH	8109	MKTADM COMPUT	MACINTOSH COMPUTER	\$4,836.08	Dec-89
150 MACH	8108	MKTADM COMPUT	MACINTOSH COMPUTER	\$4,836.08	Dec-89
150 MACH	8106	MKTADM COMPUT	MACINTOSH COMPUTER	\$6,775.80	Dec-89
150 MACH	8110	MKTADM COMPUT	MACINTOSH COMPUTER	\$7,735.16	Dec-89
150 MACH	8107	MKTADM COMPUT	MACINTOSH COMPUTER	\$4,836.08	Dec-89
150 MACH	8116	MKTADM COMPUT	MONITOR MAC II	\$336.06	Dec-89
150 MACH	94727	MKTADM COMPUT	NETWORKING HDWR	\$2,775.90	Dec-89
150 MACH	6405	MKTADM COMPUT	OKIDATA PRINTER	\$861.08	Aug-88
150 MACH	6406	MKTADM COMPUT	OKIDATA PRINTER	\$861.08	Aug-88
150 MACH	5890	MKTADM COMPUT	PANASONIC-VIDEO	\$306.19	Oct-86

150 MACH	6404	MKTADM	COMPUT	PLOTTER/CAROUSEL	\$1,422.14	Aug-88
150 MACH	8120	MKTADM	COMPUT	POWER DIRECOTR	\$91.64	Dec-89
150 MACH	8118	MKTADM	COMPUT	POWER DIRECTOR	\$91.64	Dec-89
150 MACH	8119	MKTADM	COMPUT	POWER DIRECTOR	\$91.64	Dec-89
150 MACH	8121	MKTADM	COMPUT	POWER DIRECTOR	\$91.64	Dec-89
150 MACH	8122	MKTADM	COMPUT	POWER DIRECTOR	\$91.64	Dec-89
150 MACH	8123	MKTADM	COMPUT	POWER DIRECTOR	\$91.64	Dec-89
150 MACH	8101	MKTADM	COMPUT	PS/2 IBM COMPUTER	\$4,023.20	Dec-89
150 MACH	8105	MKTADM	COMPUT	SCANNER	\$438.29	Dec-89
150 MACH	6330	MKTADM	COMPUT	TANDY WORD PROCESSOR	\$1,248.87	Aug-87
150 MACH	6403	MKTADM	COMPUT	TAPE DRIVE	\$1,096.21	Aug-88
150 MACH	94726	MKTADM	COMPUT	TOKEN RING ADAPTER	\$632.52	Dec-89
150 MACH	6408	MKTADM	COMPUT	TOKEN RING STARTER	\$6,881.33	Aug-88

MKTADM	COMPUT	SUBTOTAL	\$137,511.61	
--------	--------	----------	--------------	--

150 MACH	6341	MKTADM	FURN	KIOSK COMPUTE-A-SIGN	\$427.41	Mar-88
150 MACH	6340	MKTADM	FURN	KIOSK-CASH REGISTER	\$827.64	Feb-88
150 MACH	5730	MKTADM	FURN	SONY TV AVBUREN	\$505.93	Oct-86
150 MACH	4669	MKTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4571	MKTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4564	MKTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4570	MKTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	4751	MKTADM	FURN	TYPEWRITER	\$111.30	Oct-86
150 MACH	5298	MKTADM	FURN	TYPEWRITER	\$251.39	Oct-86
150 MACH	4967	MKTADM	FURN	TYPEWRITER - KIOSK	\$100.73	Oct-86

MKTADM	FURN	SUBTOTAL	\$2,669.60	
--------	------	----------	------------	--

150 MACH	94767	MKTADM	OFFEQ	30 INCH UMBRELLA	\$31.30	Apr-90
150 MACH	94768	MKTADM	OFFEQ	30 INCH UMBRELLA	\$31.30	Apr-90
150 MACH	94769	MKTADM	OFFEQ	BOGEN LIGHT STAND	\$31.50	Apr-90
150 MACH	94770	MKTADM	OFFEQ	BOGEN LIGHT STAND	\$31.50	Apr-90
150 MACH	94766	MKTADM	OFFEQ	BOGEN TRIPON HEAD	\$36.58	Apr-90
150 MACH	94762	MKTADM	OFFEQ	DOMKE BAG & STRAP	\$113.33	Apr-90
150 MACH	94760	MKTADM	OFFEQ	DYNA-LIGHT FLASHHEAD	\$262.00	Apr-90
150 MACH	94761	MKTADM	OFFEQ	DYNA-LIGHT FLASHHEAD	\$262.00	Apr-90
150 MACH	94759	MKTADM	OFFEQ	DYNA-LIGHT PWR PACK	\$407.00	Apr-90
150 MACH	6271	MKTADM	OFFEQ	ELECT AIR CLEANER	\$466.22	Oct-86
150 MACH	94771	MKTADM	OFFEQ	FILTERS	\$52.80	Apr-90
150 MACH	94765	MKTADM	OFFEQ	GITZO TRIPOD	\$209.00	Apr-90
150 MACH	94753	MKTADM	OFFEQ	LENS 180MM	\$656.58	Apr-90
150 MACH	94756	MKTADM	OFFEQ	LENS 24MM	\$291.03	Apr-90
150 MACH	94755	MKTADM	OFFEQ	LENS 35MM	\$269.95	Apr-90
150 MACH	94754	MKTADM	OFFEQ	LENS 60MM	\$350.59	Apr-90
150 MACH	94757	MKTADM	OFFEQ	MINOLTA FLASH METER	\$439.95	Apr-90
150 MACH	94752	MKTADM	OFFEQ	NIKON CAMERA	\$1,723.09	Apr-90
150 MACH	94758	MKTADM	OFFEQ	NIKON FLASH	\$286.51	Apr-90



150 MACH	94763	MKTADM OFFEQ	QUANTUM BATTERY-CORD	\$189.71	Apr-90
150 MACH	94764	MKTADM OFFEQ	QUANTUM ME MODULE	\$28.21	Apr-90
150 MACH	5417	MKTADM OFFEQ	SLIDE PROJ PROGRAMD	\$180.17	Oct-86
150 MACH	5642	MKTADM OFFEQ	SLIDE PROJECTOR	\$138.33	Oct-86
		MKTADM OFFEQ	SUBTOTAL	\$6,488.65	
150 MACH	4381	MKTADM PLANTEQ	WAX COATER 14IN	\$63.35	Oct-86
150 MACH	4599	MKTADM PLANTEQ	WAXER 14IN	\$59.82	Oct-86
		MKTADM PLANTEQ	SUBTOTAL	\$123.17	
		<b>MARKETING</b>	<b>TOTAL</b>	<b>\$146,793.03</b>	
150 MACH	94575	OPRCOMPOS COMPUT	ADDL FILM PROCESSOR	\$2,009.32	May-89
150 MACH	6473	OPRCOMPOS COMPUT	FILM PROCESSOR	\$22,897.37	Dec-88
150 MACH	6374	OPRCOMPOS COMPUT	FILM PROCESSOR	\$22,897.36	Dec-88
150 MACH	94689	OPRCOMPOS COMPUT	SUPERSETTER SYSTEM	\$709,260.00	Dec-88
		OPRCOMPOS COMPUT	SUBTOTAL	\$757,064.05	
150 MACH	5695	OPRCOMPOSFURN	TYPEWRITER	\$705.21	Oct-86
		OPRCOMPOSFURN	SUBTOTAL	\$705.21	
150 MACH	5588	OPRCOMPOSOFFEQ	TIME CLOCK	\$370.27	Oct-86
		OPRCOMPOSOFFEQ	SUBTOTAL	\$370.27	
150 MACH	8764	OPRCOMPOSPLANTEQ	BAUD DIAL UP MODEM	\$821.00	Dec-90
150 MACH	95064	OPRCOMPOSPLANTEQ	BULK LOAD CASSETTE	\$653.30	Dec-90
150 MACH	95065	OPRCOMPOSPLANTEQ	BULK LOAD CASSETTE	\$653.30	Dec-90
150 MACH	95066	OPRCOMPOSPLANTEQ	BULK LOAD CASSETTE	\$653.30	Dec-90
150 MACH	4548	OPRCOMPOSPLANTEQ	CABINET 15-DRAWER	\$185.34	Oct-86
150 MACH	4392	OPRCOMPOSPLANTEQ	CABINET-PHOTO COMP	\$52.84	Oct-86
150 MACH	4391	OPRCOMPOSPLANTEQ	CABINET-PHOTO COMP	\$52.84	Oct-86
150 MACH	5262	OPRCOMPOSPLANTEQ	COPIER	\$3,551.44	Oct-86
150 MACH	8766	OPRCOMPOSPLANTEQ	JETSTREAM 14.5MB DR	\$5,932.41	Dec-90
150 MACH	8767	OPRCOMPOSPLANTEQ	JETSTREAM 14.5MG DR	\$5,932.41	Dec-90
150 MACH	8640	OPRCOMPOSPLANTEQ	OLUX 90 PROCESSOR	\$18,051.47	Dec-90
150 MACH	8638	OPRCOMPOSPLANTEQ	OLUX 90 PROCESSOR	\$18,051.46	Dec-90
150 MACH	8639	OPRCOMPOSPLANTEQ	OLUX 90 PROCESSOR	\$18,051.46	Dec-90
150 MACH	95061	OPRCOMPOSPLANTEQ	OUTPUT CASSETTE	\$465.30	Dec-90
150 MACH	95062	OPRCOMPOSPLANTEQ	OUTPUT CASSETTE	\$465.30	Dec-90
150 MACH	95063	OPRCOMPOSPLANTEQ	OUTPUT CASSETTE	\$465.30	Dec-90
150 MACH	4513	OPRCOMPOSPLANTEQ	PASTE UP BANK	\$117.34	Oct-86
150 MACH	4616	OPRCOMPOSPLANTEQ	PASTE UP TABLE	\$66.78	Oct-86
150 MACH	4617	OPRCOMPOSPLANTEQ	PASTE UP TABLE	\$66.78	Oct-86



150 MACH	4619	OPRCOMPOSPLANTEQ	PASTE UP TABLE	\$68.38	Oct-86
150 MACH	4618	OPRCOMPOSPLANTEQ	PASTE UP TABLE	\$66.78	Oct-86
150 MACH	4514	OPRCOMPOSPLANTEQ	PASTE UP TABLE	\$117.34	Oct-86
150 MACH	8637	OPRCOMPOSPLANTEQ	TANDEM CLX700 SERIES	\$333,315.38	Dec-90
150 MACH	95060	OPRCOMPOSPLANTEQ	ULTRA DEPOT SPAREKIT	\$9,306.00	Dec-90
150 MACH	8647	OPRCOMPOSPLANTEQ	ULTRA RECORDER	\$43,872.58	Dec-90
150 MACH	8648	OPRCOMPOSPLANTEQ	ULTRA RECORDER	\$43,872.56	Dec-90
150 MACH	8649	OPRCOMPOSPLANTEQ	ULTRA RECORDER	\$43,872.56	Dec-90
150 MACH	95059	OPRCOMPOSPLANTEQ	UX90 SPARE PART KIT	\$903.60	Dec-90
150 MACH	8646	OPRCOMPOSPLANTEQ	WATER CONTROL PANEL	\$882.28	Dec-90
150 MACH	8644	OPRCOMPOSPLANTEQ	WATER CONTROL PANEL	\$947.10	Dec-90
150 MACH	8645	OPRCOMPOSPLANTEQ	WATER CONTROL PANEL	\$899.63	Dec-90
150 MACH	4621	OPRCOMPOSPLANTEQ	WAX COATER	\$64.59	Oct-86
150 MACH	4380	OPRCOMPOSPLANTEQ	WAX COATER 14IN	\$63.41	Oct-86
150 MACH	4707	OPRCOMPOSPLANTEQ	WAX COATER 14 IN	\$65.55	Oct-86
150 MACH	4620	OPRCOMPOSPLANTEQ	WAX COATER 14 IN	\$64.94	Oct-86
150 MACH	4600	OPRCOMPOSPLANTEQ	WAXER 14IN	\$59.82	Oct-86
150 MACH	8641	OPRCOMPOSPLANTEQ	X-RITE SILVER RC UNT	\$681.77	Dec-90
150 MACH	8643	OPRCOMPOSPLANTEQ	X-RITE SILVER RC UNT	\$681.77	Dec-90
150 MACH	8642	OPRCOMPOSPLANTEQ	X-RITE SILVER RC UNT	\$681.77	Dec-90
OPRCOMPOSPLANTEQ SUBTOTAL				\$554,777.18	
150 MACH	5686	OPRPKG FURN	TYPEWRITER -ADS	\$578.55	Oct-86
150 MACH	6054	OPRPKG FURN (compt)	512K MACINTOSH	\$2,082.92	Oct-86
150 MACH	6055	OPRPKG FURN (compt)	DISK DRIVE-MACINTOSH	\$469.73	Oct-86
150 MACH	6056	OPRPKG FURN (compt)	IMAGEWRITER PRINTER	\$710.76	Oct-86
OPRPKG FURN SUBTOTAL				\$3,841.96	
150 MACH	94265	OPRPKG PLANTEQ	4000 AIR CURTAIN	\$3,765.74	Oct-86
150 MACH	5287	OPRPKG PLANTEQ	CABINET-STEEL	\$252.14	Oct-86
150 MACH	8216	OPRPKG PLANTEQ	GRAPHIC PRINTER	\$500.00	Mar-90
150 MACH	94676	OPRPKG PLANTEQ	INDUSTRIAL INTERCOM	\$484.80	Dec-88
150 MACH	94677	OPRPKG PLANTEQ	INDUSTRIAL INTERCOM	\$484.80	Dec-88
150 MACH	6021	OPRPKG PLANTEQ	MAIL CART	\$363.85	Oct-86
150 MACH	6021	OPRPKG PLANTEQ	MAIL CART	\$363.85	Oct-86
OPRPKG PLANTEQ SUBTOTAL				\$6,215.18	
150 MACH	6642	OPRPLATE COMPUT	COMPAQ DESKPRO 386S	\$6,150.32	Jan-89
150 MACH	6502	OPRPLATE COMPUT	OKIDATA PRINTER	\$505.78	Feb-89
OPRPLATE COMPUT SUBTOTAL				\$6,656.10	
150 MACH	5271	OPRPLATE FURN	TYPEWRITER-SELII	\$622.45	Oct-86
OPRPLATE FURN SUBTOTAL				\$622.45	

150 MACH	3228	OPRPLATE OFFEQ	HORIZONTAL LINEUP	\$116.92	Oct-86
150 MACH	5773	OPRPLATE OFFEQ	TIME CLOCK	\$178.31	Oct-86
		OPRPLATE OFFEQ	SUBTOTAL	\$295.23	
150 MACH	94648	OPRPLATE PLANTEQ	ADDL SCANNER COST	\$6,721.58	Aug-88
150 MACH	94644	OPRPLATE PLANTEQ	AUTO PUNCH COATER	\$33,743.98	Nov-87
150 MACH	6413	OPRPLATE PLANTEQ	AUTOKON CAMERA/PROC	\$69,140.73	Sep-88
150 MACH	5049	OPRPLATE PLANTEQ	CAMERA-NEWS-PAGER	\$24,162.70	Oct-86
150 MACH	6269	OPRPLATE PLANTEQ	COLORFILM PROCESSOR	\$4,662.71	Oct-86
150 MACH	6110	OPRPLATE PLANTEQ	DENSITOMETER	\$1,728.94	Oct-86
150 MACH	5013	OPRPLATE PLANTEQ	DENSITOMETER	\$1,191.28	Oct-86
150 MACH	5312	OPRPLATE PLANTEQ	DENSITOMETER	\$1,979.46	Oct-86
150 MACH	5755	OPRPLATE PLANTEQ	EZ COLOR SYSTEM	\$33,886.46	Oct-86
150 MACH	5767	OPRPLATE PLANTEQ	EZ COLOR TABLE	\$237.79	Oct-86
150 MACH	4470	OPRPLATE PLANTEQ	FILM PROCESSOR	\$14,121.55	Oct-86
150 MACH	5763	OPRPLATE PLANTEQ	FILM PUNCH	\$823.08	Oct-86
150 MACH	5762	OPRPLATE PLANTEQ	FLIPTOP PLATEMAKER	\$4,214.27	Oct-86
150 MACH	5311	OPRPLATE PLANTEQ	LIGHT INTEGRATER	\$1,623.16	Oct-86
150 MACH	5836	OPRPLATE PLANTEQ	LIGHT TABLE	\$459.92	Oct-86
150 MACH	4774	OPRPLATE PLANTEQ	LIGHT TABLE	\$918.06	Oct-86
150 MACH	5758	OPRPLATE PLANTEQ	LITHOCOATER 32	\$1,379.43	Oct-86
150 MACH	5753	OPRPLATE PLANTEQ	LITHOPLATER 38D	\$15,371.92	Oct-86
150 MACH	5754	OPRPLATE PLANTEQ	LITHOPLATER 38D	\$15,371.92	Oct-86
150 MACH	5752	OPRPLATE PLANTEQ	LITH-X-POZER III	\$108,274.89	Oct-86
150 MACH	5761	OPRPLATE PLANTEQ	LOGE FILM PROCESSOR	\$17,580.95	Oct-86
150 MACH	5756	OPRPLATE PLANTEQ	METRO PLATE PUNCH	\$5,825.77	Oct-86
150 MACH	5757	OPRPLATE PLANTEQ	METRO PUNCH COATER	\$27,340.97	Oct-86
150 MACH	94105	OPRPLATE PLANTEQ	NEWSPAGER CONVERSION	\$3,608.61	Oct-86
150 MACH	4379	OPRPLATE PLANTEQ	PLATEMAKER	\$2,267.91	Oct-86
150 MACH	6053	OPRPLATE PLANTEQ	PLC-2 PROC MODULE	\$2,314.63	Oct-86
150 MACH	5696	OPRPLATE PLANTEQ	PROCESSOR	\$454.01	Oct-86
150 MACH	4827	OPRPLATE PLANTEQ	PUNCH BROWN/HULEN	\$365.73	Oct-86
150 MACH	94335	OPRPLATE PLANTEQ	SCANNER	\$214,643.00	Jun-87
150 MACH	93619	OPRPLATE PLANTEQ	SHELVES-NAPP PLATE	\$780.24	Oct-86
150 MACH	5913	OPRPLATE PLANTEQ	SILVER RECOVERY UNIT	\$1,236.39	Oct-86
150 MACH	5482	OPRPLATE PLANTEQ	SILVER RECOVERY UNIT	\$558.83	Oct-86
150 MACH	5272	OPRPLATE PLANTEQ	SILVER RECOVERY UNIT	\$564.93	Oct-86
150 MACH	5751	OPRPLATE PLANTEQ	SPARTAN III CAMERA	\$65,177.45	Oct-86
150 MACH	5766	OPRPLATE PLANTEQ	SPARTAN TABLE	\$413.08	Oct-86
150 MACH	6006	OPRPLATE PLANTEQ	TOP COATER/DRYER	\$3,212.88	Oct-86
150 MACH	6414	OPRPLATE PLANTEQ	VACUUM PRINTER	\$7,260.90	Oct-88
150 MACH	5825	OPRPLATE PLANTEQ	WEB FILM PUNCH	\$1,360.06	Oct-86 (\$12,391.61) 10% s/w
150 MACH	8226	OPRPRESS PLANTEQ	REFUSE TRUCK	\$486.35	Mar-90
150 MACH	8227	OPRPRESS PLANTEQ	REFUSE TRUCK	\$486.35	Mar-90
150 MACH	8225	OPRPRESS PLANTEQ	REFUSE TRUCK	\$486.35	Mar-90



		OPRPRESS PLANTEQ	SUBTOTAL	\$684,047.61	
150 MACH	6632	OPRPRESS COMPUT	COMPAQ 386S MEG PC	\$5,276.21	Jul-89
150 MACH	6498	OPRPRESS COMPUT	COMPAQ DESKPRO 386S	\$4,250.02	Feb-89
150 MACH	6634	OPRPRESS COMPUT	HAYES MODEM	\$428.45	Jul-89
150 MACH	6633	OPRPRESS COMPUT	OKIDATA PRINTER	\$526.68	Jul-89
150 MACH	6499	OPRPRESS COMPUT	OKIDATA PRINTER	\$505.78	Feb-89
		OPRPRESS COMPUT	SUBTOTAL	\$10,987.14	
150 MACH	3456	OPRPRESS OFFEQ	DOCK LEVELER	\$224.65	Oct-86
		OPRPRESS OFFEQ	SUBTOTAL	\$224.65	
150 MACH	5810	OPRPRESS PLANTEQ	AIR TANK/120 GAL	\$457.70	Oct-86
150 MACH	5811	OPRPRESS PLANTEQ	AIR TANK/120 GAL	\$457.70	Oct-86
150 MACH	5771	OPRPRESS PLANTEQ	AIR VACUUM	\$749.70	Oct-86
150 MACH	5796	OPRPRESS PLANTEQ	BAILING PRESS	\$7,407.14	Oct-86
150 MACH	94670	OPRPRESS PLANTEQ	INDUSTRIAL INTERCOM	\$484.79	Dec-88
150 MACH	94671	OPRPRESS PLANTEQ	INDUSTRIAL INTERCOM	\$484.79	Dec-88
150 MACH	94672	OPRPRESS PLANTEQ	INDUSTRIAL INTERCOM	\$484.79	Dec-88
150 MACH	94673	OPRPRESS PLANTEQ	INDUSTRIAL INTERCOM	\$484.79	Dec-88
150 MACH	94674	OPRPRESS PLANTEQ	INDUSTRIAL INTERCOM	\$484.79	Dec-88
150 MACH	94675	OPRPRESS PLANTEQ	INDUSTRIAL INTERCOM	\$484.79	Dec-88
150 MACH	5815	OPRPRESS PLANTEQ	LIFTKLEEN	\$7,935.14	Oct-86
150 MACH	5792	OPRPRESS PLANTEQ	WASTE PAPER BOX	\$320.28	Oct-86
150 MACH	5792	OPRPRESS PLANTEQ	WASTE PAPER BOX	\$320.28	Oct-86
		OPRPRESS PLANTEQ	SUBTOTAL	\$20,556.68	
150 MACH	6470	OPRPROSUPCOMPUT	COMPAQ DESKPRO 38620	\$7,205.90	Dec-88
150 MACH	6471	OPRPROSUPCOMPUT	COMPAQ DESKPRO 38620	\$7,729.68	Dec-88
150 MACH	6472	OPRPROSUPCOMPUT	COMPAQ DESKPRO 38620	\$7,729.69	Dec-88
150 MACH	6505	OPRPROSUPCOMPUT	COMPAQ DESKPRO 386S	\$4,250.01	Feb-89
150 MACH	6507	OPRPROSUPCOMPUT	COMPAQ DESKPRO 386S	\$4,250.01	Feb-89
150 MACH	94018	OPRPROSUPCOMPUT	KIT ID/WEATHER STAT	\$251.30	Oct-86
150 MACH	6506	OPRPROSUPCOMPUT	OKIDATA PRINTER	\$505.78	Feb-89
150 MACH	6475	OPRPROSUPCOMPUT	UPS POWER SUPPLY	\$60,387.38	Dec-88
		OPRPROSUPCOMPUT	SUBTOTAL	\$92,309.75	
150 MACH	4636	OPRPROSUPFURN	TYPEWRITER	\$111.30	Oct-86
		OPRPROSUPFURN	SUBTOTAL	\$111.30	
150 MACH	5826	OPRPROSUPOFFEQ	INSTRUMENT CART	\$210.69	Oct-86
		OPRPROSUPOFFEQ	SUBTOTAL	\$210.69	



150 MACH	93989	OPRPROSUPPLANTEQ	ADDL WIRING/VDT UPS	\$996.74	Oct-86
150 MACH	5107	OPRPROSUPPLANTEQ	ANALYZER-COMPUTER	\$451.70	Oct-86
150 MACH	93896	OPRPROSUPPLANTEQ	BATTERY SYSTEM-UPS	\$21,042.18	Oct-86
150 MACH	6043	OPRPROSUPPLANTEQ	BUBBLE CASS DATA STR	\$1,258.00	Oct-86
150 MACH	94140	OPRPROSUPPLANTEQ	CAP-INDUCTOR ANALYZR	\$755.63	Oct-86
150 MACH	5331	OPRPROSUPPLANTEQ	CHEMICAL MIXER	\$98.01	Oct-86
150 MACH	5330	OPRPROSUPPLANTEQ	CHEMICAL MIXER	\$98.67	Oct-86
150 MACH	6040	OPRPROSUPPLANTEQ	DIGITAL OSCILLOSCOPE	\$4,028.91	Oct-86
150 MACH	5579	OPRPROSUPPLANTEQ	DISK DRIVE/CABINET	\$4,049.09	Jun-86
150 MACH	93455	OPRPROSUPPLANTEQ	DUAL TRACE AMP PROBE	\$99.87	Oct-86
150 MACH	5526	OPRPROSUPPLANTEQ	ELECTRONIC LOAD II	\$401.11	Oct-86
150 MACH	5907	OPRPROSUPPLANTEQ	INVERTER SYNC MODULE	\$463.65	Oct-86
150 MACH	94328	OPRPROSUPPLANTEQ	MOOVINCOOL UNIT	\$3,495.00	Jun-87
150 MACH	5416	OPRPROSUPPLANTEQ	MULTIMETER	\$329.23	Oct-86
150 MACH	4914	OPRPROSUPPLANTEQ	OSCILLOSCOPE	\$321.60	Oct-86
150 MACH	5019	OPRPROSUPPLANTEQ	OSCILLOSCOPE	\$126.42	Oct-86
150 MACH	93982	OPRPROSUPPLANTEQ	POWER SYSTEM - EXIDE	\$36,035.15	Oct-86
150 MACH	5760	OPRPROSUPPLANTEQ	RECORDER/CABLE	\$2,024.79	Oct-86
150 MACH	5622	OPRPROSUPPLANTEQ	SILVER RECOVER UNIT	\$631.46	Oct-86
150 MACH	5759	OPRPROSUPPLANTEQ	TERMINAL	\$2,884.36	Oct-86
150 MACH	94358	OPRPROSUPPLANTEQ	WAVEFORM ANALYZER	\$3,107.82	Sep-87
		OPRPROSUPPLANTEQ	SUBTOTAL	\$82,699.39	
150 MACH	94313	OPRSOUTH OFFEQ	ALUMINUM RAMP	\$2,050.00	Mar-87
150 MACH	5245	OPRSOUTH PLANTEQ	AIR COMPRESSOR	\$3,632.18	Oct-86
150 MACH	93644	OPRSOUTH PLANTEQ	RAMP-MOBILE LOADING	\$5,353.38	Oct-86
		OPRSOUTH	SUBTOTAL	\$11,035.56	
		<b>OPERATIONS</b>	<b>TOTAL</b>	<b>\$2,232,730.40</b>	
		<b>GRAND TOTAL</b>		<b>\$5,425,479.51</b>	

313

Plaintiff's Trial Ex.  
No. 4 (1991 schedule only)

Plaintiff's Trial Ex.  
No. 6

**CITY'S ASSESSMENTS**

<b>TAX YEAR</b>	<b>TAX RATE</b>	<b>MACHINERY &amp; TOOLS VALUE</b>	<b>TAXABLE BASE</b>	<b>TAX PAID</b>
1991	1/3 VALUE @\$3 PER \$100	\$22,324,522	\$7,441,507	\$207,666*
1993	1/3 VALUE @\$3 PER \$100	\$22,134,094	\$7,378,031	\$221,341
1994	1/3 VALUE @\$3 PER \$100	\$22,660,663	\$7,553,554	\$226,607
1995	1/3 VALUE @\$3 PER \$100	\$23,736,962	\$7,912,320	\$237,370
1996	1/3 VALUE @\$3 PER \$100	\$24,366,075	\$8,122,025	\$243,661
<b>TOTAL</b>				<b>\$1,136,645</b>

\*Reflects an adjustment in tax due off of original assessment.

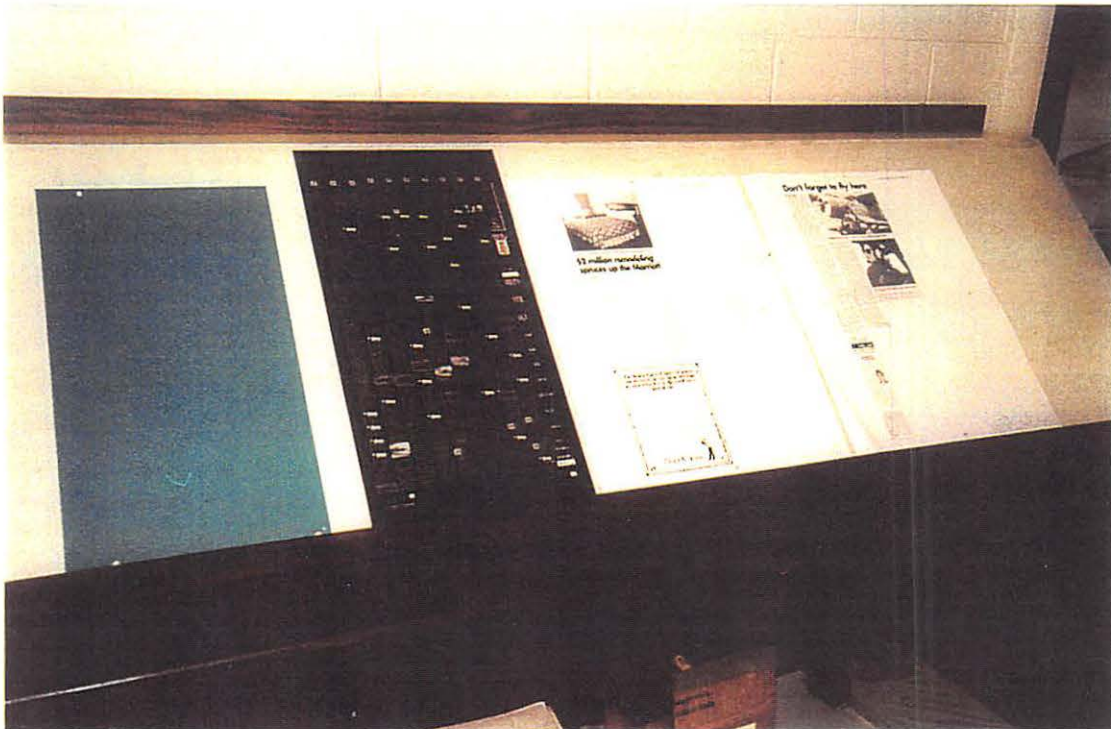
Plaintiff's Trial Ex.  
No. 6

**CORRECT ASSESSMENTS**

<b>TAX YEAR</b>	<b>TAX RATE</b>	<b>MACHINERY &amp; TOOLS VALUE</b>	<b>TAXABLE BASE</b>	<b>TAX DUE</b>
1991	1/3 VALUE @\$3 PER \$100	\$16,899,042	\$5,633,014	\$168,990
1993	1/3 VALUE @\$3 PER \$100	\$16,948,613	\$5,649,538	\$169,486
1994	1/3 VALUE @\$3 PER \$100	\$16,991,424	\$5,663,808	\$169,914
1995	1/3 VALUE @\$3 PER \$100	\$17,716,025	\$5,905,342	\$177,160
1996	1/3 VALUE @\$3 PER \$100	\$17,716,723	\$5,905,574	\$177,167
<b>TOTAL TAX</b>				<b>\$862,717</b>
<b>REFUND DUE</b>				<b>\$273,928</b>



Plaintiff's Trial Ex.  
No. 7



Plaintiff's Trial Ex.  
No. 8



Plaintiff's Trial Ex.  
No. 9

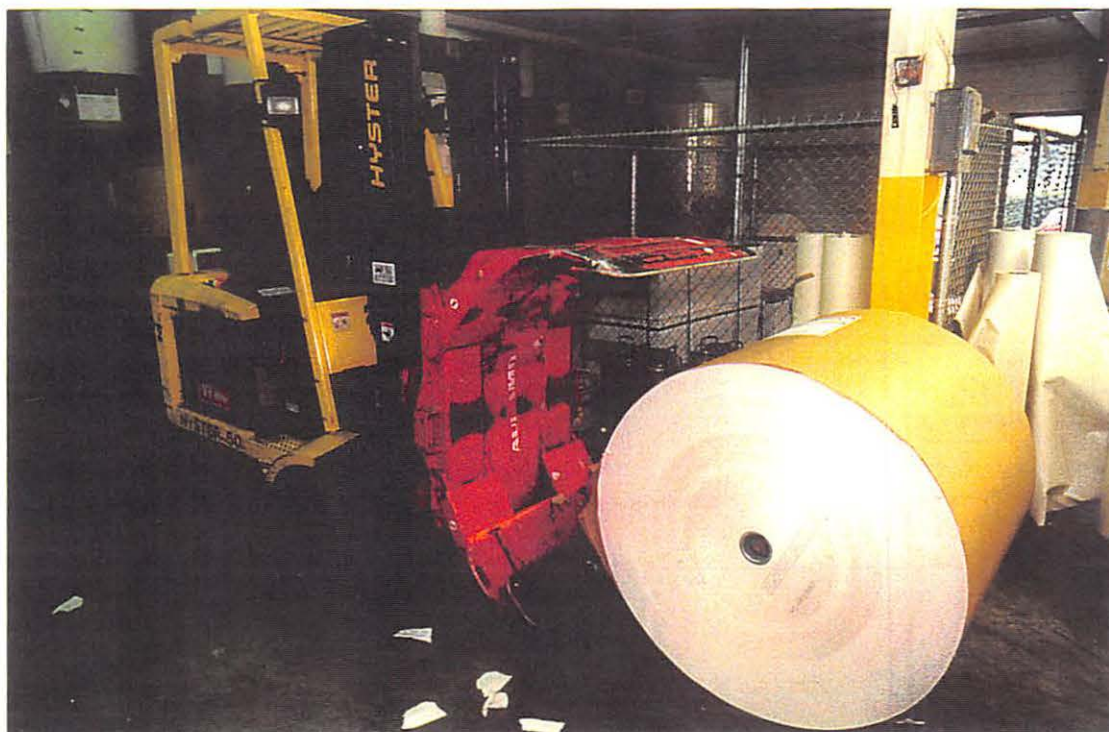




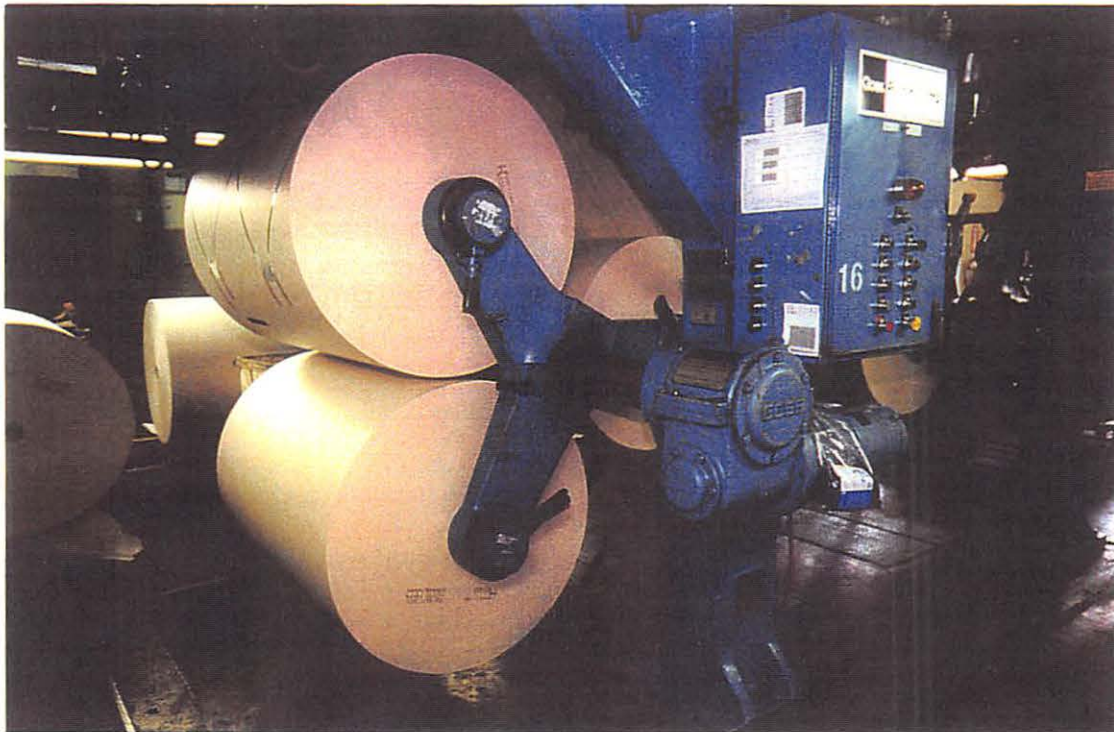
**Plaintiff's Trial Ex.  
No. 10**



**Plaintiff's Trial Ex.  
No. 11**



**Plaintiff's Trial Ex.  
No. 12**





**Plaintiff's Trial Ex.  
No. 13**



**Plaintiff's Trial Ex.  
No. 14**



**Plaintiff's Trial Ex.  
No. 15**

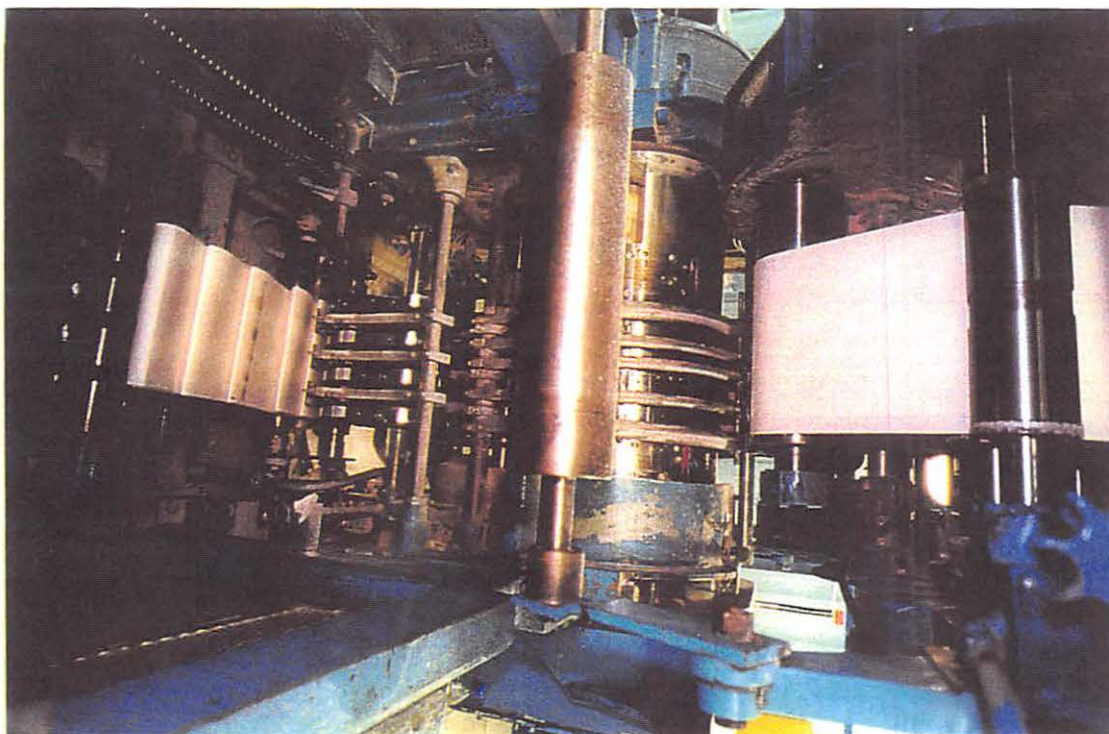




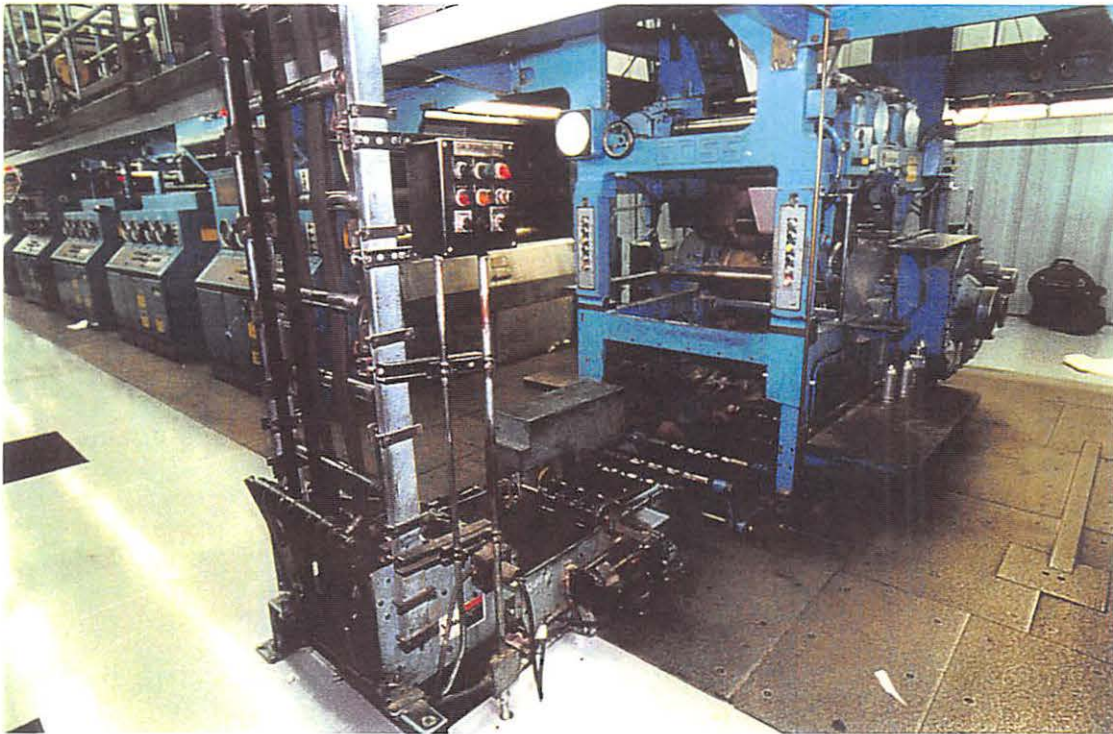
Plaintiff's Trial Ex.  
No. 16



**Plaintiff's Trial Ex.  
No. 17**

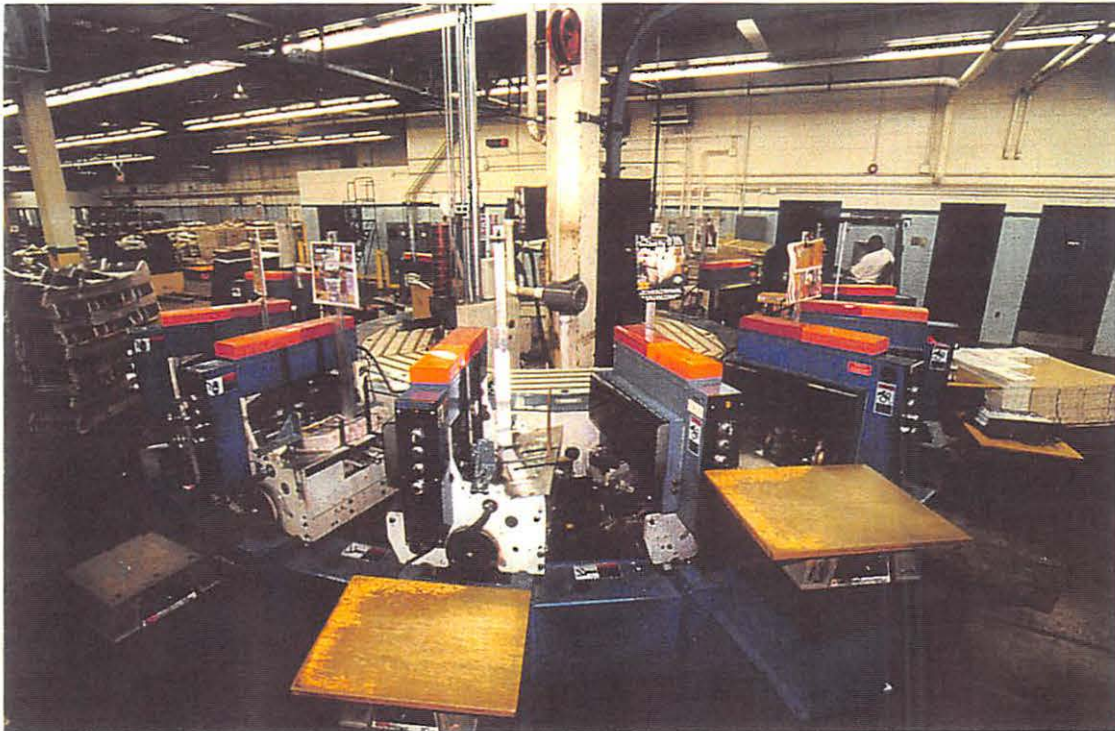


Plaintiff's Trial Ex.  
No. 18





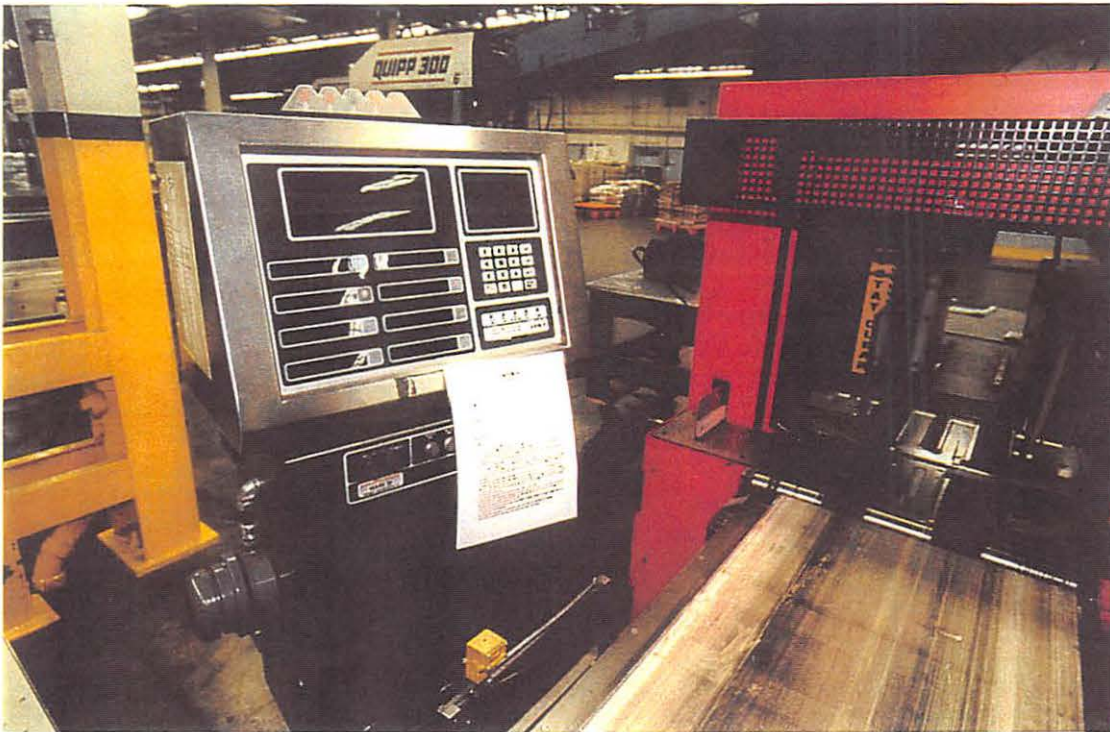
Plaintiff's Trial Ex.  
No. 19



Plaintiff's Trial Ex.  
No. 20



Plaintiff's Trial Ex.  
No. 21





Plaintiff's Trial Ex.  
No. 22



**Plaintiff's Trial Ex.  
No. 23**



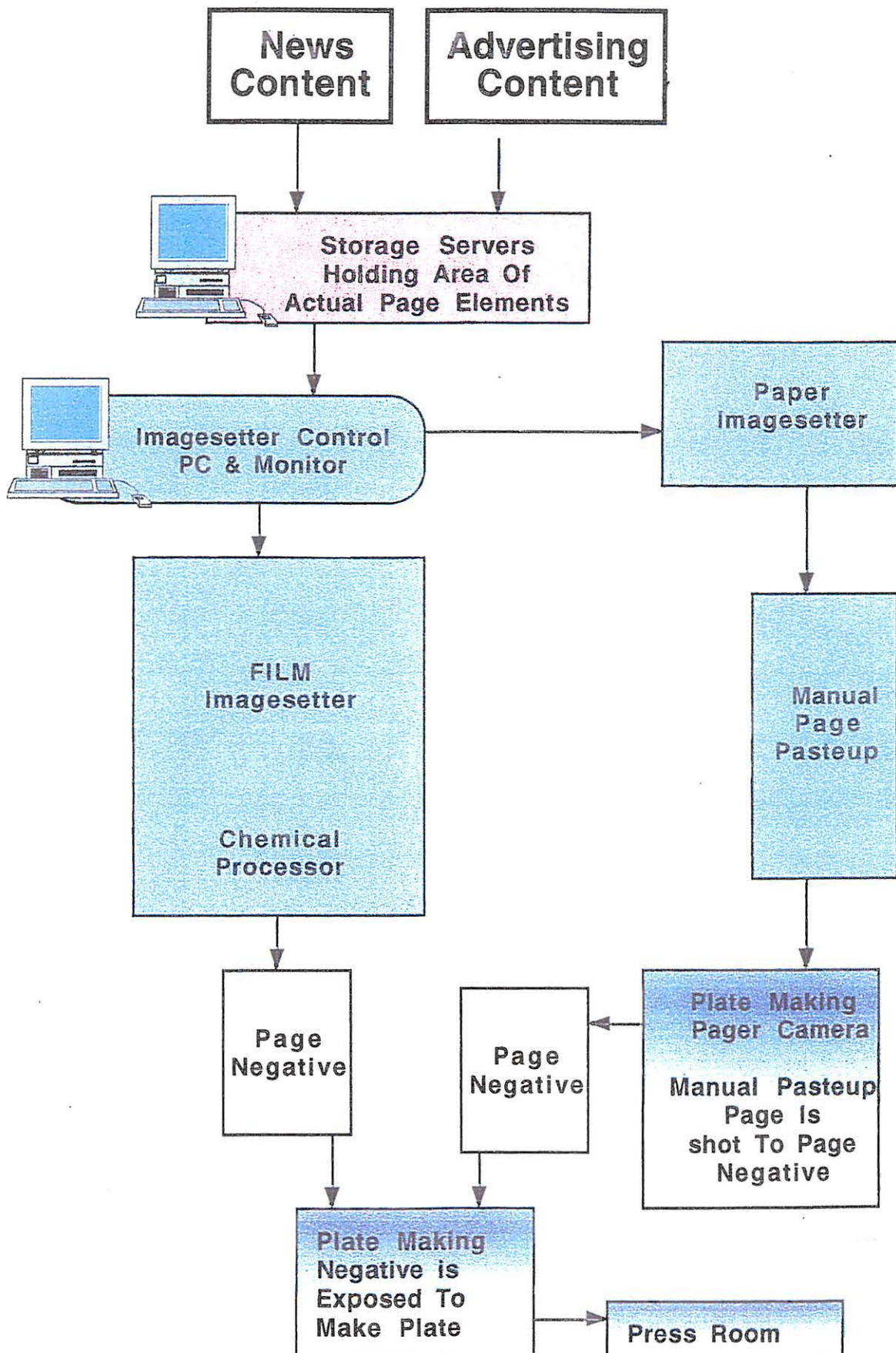
Plaintiff's Trial Ex.  
No. 24



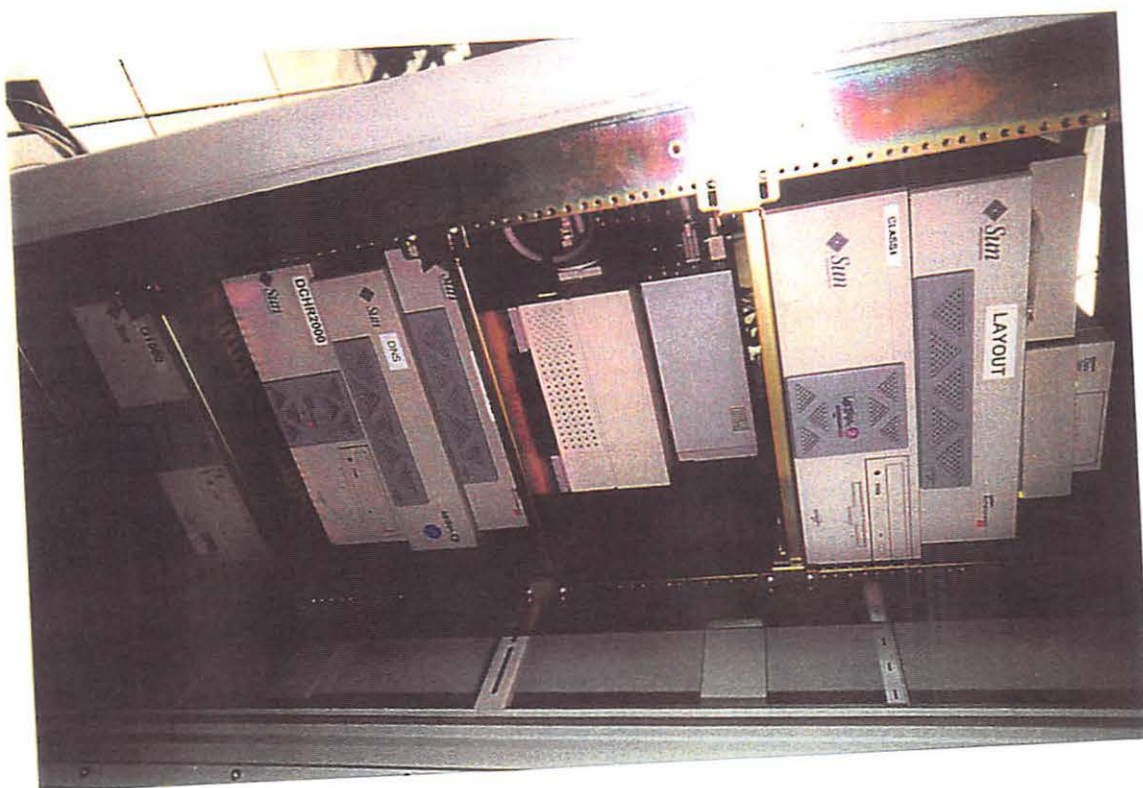


Plaintiff's Trial Ex.  
No. 25





Plaintiff's Trial Ex.  
No. 27





**Defendant's Trial Ex.  
No. 1**

COMMISSIONER OF THE REVENUE  
CITY OF NEWPORT NEWS

DATE: APRIL 23, 1992

TO: DEE OR DEBBIE

FROM: PRISCILLA

SUBJECT: TANGIBLE PERSONAL PROPERTY TAX AUDIT

BUSINESS: THE DAILY PRESS INC.

ACCOUNT # 319117

TAX YEAR	AUDIT FIGURE	1/3 FACTOR	TAX RATE	TAX DOLLAR	FILED OR STATED COST	1/3 FACTOR	TAX RATE	TAX DOLLAR	DIFFERENCE TAX DOLLAR	
1989	\$2,001,210	\$333,535/(1)	\$4.25	\$14,175.24	\$2,749,182	\$458,197/(1)	\$4.25	\$19,473.37	(\$5,298.13)	EX # 95909
		\$333,535/(2)	\$4.25	\$14,175.24		\$458,197/(2)	\$4.25	\$19,473.37	(\$5,298.13)	EX # 95910
1990	\$2,055,323	\$342,554/(1)	\$4.25	\$14,558.55	\$3,308,976	\$551,496/(1)	\$4.25	\$23,438.58	(\$8,880.03)	EX # 95911
		\$342,554/(2)	\$4.25	\$14,558.55		\$551,496/(2)	\$4.25	\$23,438.58	(\$8,880.03)	EX # 95912
1991	\$2,219,604	\$369,934/(1)	\$4.25	\$15,722.20	\$3,584,732	\$597,455/(1)	\$4.25	\$25,391.84	(\$9,669.64)	EX # 95913
		\$369,934/(2)	\$4.25	\$15,722.20		\$597,455/(2)	\$4.25	\$25,391.84	(\$9,669.64)	EX # 95914
TOTAL \$6,276,136				\$88,911.98	\$9,642,890			\$136,607.58	(\$47,695.60)	

(1) 1ST HALF  
(2) 2ND HALF

FLAGGED FOR SUPPLEMENT (REFUND)   *OK*  

DATE 4-23-92

BY *OK*

VERIFIED *alc*

3PPWK

**Defendant's Trial Ex.  
No. 1**

COMMISSIONER OF THE REVENUE  
CITY OF NEWPORT NEWS

DATE: APRIL 23, 1992

TO: DEE OR DEBBIE

FROM: PRISCILLA

SUBJECT: PROPERTY TAX AUDIT

BUSINESS: THE DAILY PRESS INC.

ACCOUNT # 082046

TAX YEAR	AUDIT FIGURE	1/3 FACTOR	TAX RATE	TAX DOLLAR	FILED OR STATED COST	1/3 FACTOR	TAX RATE	TAX DOLLAR	DIFFERENCE TAX DOLLAR	
1989	\$19,712,329	\$3,285,388 (1)	\$2.70	\$88,705.48	\$18,448,192	\$3,074,698 (1)	\$2.70	\$83,016.85	\$5,688.63	SUPP 36 060592
		\$3,285,388 (2)	\$3.00	\$98,561.64		\$3,074,698 (2)	\$3.00	\$92,240.94	\$6,320.70	SUPP 30 060592 (Runs 4-27-92)
1990	\$19,968,284	\$3,328,047 (1)	\$3.00	\$99,841.41	\$18,545,442	\$3,090,907 (1)	\$3.00	\$92,727.21	\$7,114.20	SUPP 25 060592
		\$3,328,047 (2)	\$3.00	\$99,841.41		\$3,090,907 (2)	\$3.00	\$92,727.21	\$7,114.20	SUPP 19 060592 (Runs 4-24-92)
1991	\$22,324,522	\$3,720,753 (1)	\$3.00	\$111,622.59	\$20,766,610	\$3,461,101 (1)	\$3.00	\$103,833.03	\$7,789.56	SUPP 13 060592
		\$3,720,753 (2)	\$3.00	\$111,622.59		\$3,461,101 (2)	\$3.00	\$103,833.03	\$7,789.56	SUPP 07 060592 (Runs 4-23-92)
TOTAL \$62,005,134				\$610,195.12	\$57,760,244			\$568,378.27	\$41,816.85	

(1) 1ST HALF  
(2) 2ND HALF

FLAGGED FOR SUPPLEMENT (REFUND) OK

DATE 4-23-92

BY OK

VERIFIED OKC

PM&TWK

Defendant's Trial Ex.  
No. 1

THE DAILY PRESS

SUMMARY OF DEPARTMENTS ROLE IN THE PROCESS OF PRINTING THE NEWSPAPER  
(REVISED TO INCLUDE DEPARTMENT 42 - LIBRARY AS SUPPORT OF DEPARTMENT 40 - EDITORIAL)

DEPARTMENTS INCLUDED IN THE PROCESS OF PRINTING THE NEWSPAPER:

57 ADVERTISING	{	51 CAMERA/PLATEMAKING	{	54 TRANSPORTATION
58 PROMOTION		52 COMPOSING		56 PACKAGING
40 EDITORIAL		53 PRODUCTION SUPPORT		90 SOUTHERN COLORPRINT
42 LIBRARY				
45 PHOTO LAB				
46 PHOTO				

DEPARTMENTS NOT INCLUDED IN THE PROCESS  
OF PRINTING THE NEWSPAPER:

55 CIRCULATION  
59 SUPPORT SERVICES  
60 GENERAL  
61 FINANCE  
62 EXECUTIVE  
63 HUMAN RESOURCES

DEPARTMENTS NOT LOCATED WITHIN  
THE NEWPORT NEWS JURISDICTION:

64 HAMPTON  
65 GLOUCESTER  
67 WILLIAMSBURG  
80 SMITHFIELD  
85 SUFFOLK  
86 CHURCHLAND

DFADJFLW

AUG 1992



Defendant's Trial Ex.  
No. 1

THE DAILY PRESS  
SUMMARY OF DEPARTMENTS ROLE IN THE PROCESS OF PRINTING THE NEWSPAPER

DEPARTMENTS INCLUDED IN THE PROCESS OF PRINTING THE NEWSPAPER:

57 ADVERTISING	}	51 CAMERA/PLATE MAKING	}	50 PRESS	}	54 TRANSPORTATION
58 PROMOTION		52 COMPOSING		56 PACKAGING		
+ ③ 40 EDITORIAL		53 PRODUCTION SUPPORT		90 SOUTHERN COLORPRINT		
45 PHOTO LAB						
46 PHOTO						

DEPARTMENTS NOT INCLUDED IN THE PROCESS  
OF PRINTING THE NEWSPAPER:

① 42 LIBRARY - Support Function to EDITORIAL  
55 CIRCULATION (research for newsroom, store photos)  
59 SUPPORT SERVICES  
60 GENERAL  
61 FINANCE  
62 EXECUTIVE  
63 HUMAN RESOURCES

DEPARTMENTS NOT LOCATED WITHIN  
THE NEWPORT NEWS JURISDICTION:

64 HAMPTON  
65 GLOUCESTER  
67 WILLIAMSBURG  
80 SMITHFIELD  
85 SUFFOLK  
86 CHURCHLAND

① 4/14/92 recommend reclass from TPD to M+T  
per Daily Press  
M+T + Fox 6 only  
(124107)

DPPFLOW

Defendant's Trial Ex.  
No. 1

TABLE V-2  
DESCRIPTION OF PERSONAL PROPERTY

Obtained from  
1986 A.O. Little  
Appar. & Report  
D. M. Little

---

<u>Number</u>	<u>Classification</u>	<u>General Description</u>
124101	Photography Equipment	Cameras & accessories, darkroom equipment
124102	Press Equipment	Printing press, automated integral mailroom equipment, ink systems, viewing stations, ancillary press-room equipment
124104	Composing Room Equipment	Computerized typesetting systems, typewriters, terminals, artwork & layout equipment, printers, test & repair units
124105	Mailing Room Equipment	Inserters, joggers, labelers, stackers, conveyors
124106	Delivery Equipment	Automobiles, vans, pickup trucks, delivery trucks or vans, semi-tractors, trailers, forklifts, personnel cart
124107	General Equipment	Miscellaneous office machines, copiers, audiovisual, terminals, computers & peripherals, maintenance equipment, time clocks, building services equipment
124108	Warehouse Equipment	Unused category
124109	Auto Shop Equipment	Automotive garage & refueling equip.
124110	Furniture & Fixtures	Desks, tables, chairs, file cabinets, benches, minor office devices, bookcases, lamps, drapes, carpeting, other office & plant furnishings
124112	Communications Equip.	Two-way radios, scanners, antennas, pagers, telephone systems.
124114	Plate-Making Equipment	Plate-makers, copy cameras, film processors, ancillary plate-making equipment

---



ADJUSTMENTS PER APRIL 14TH AND 20TH REVIEW INCLUDED IN TOTALS

DEPT CODE	DEPARTMENT NAME	124101 PHOTO EQUIPMENT	124102 PRESS EQUIPMENT	124104 COMPOSING RM EQUIPMENT	124105 MAILING RM EQUIPMENT (PACKAGING)	124106 DELIVERY EQUIPMENT (VEHICLES)	124107 GENERAL EQUIPMENT	124109 AUTO SHOP EQUIPMENT	124110 FURNITURE & FIXTURES	124112 COMMUNICATIONS EQUIPMENT	124114 PLATE MAKING	TOTAL
40 EDITORIAL				\$1,460,676.96			\$483,803.52		\$2,952.51			\$1,947,432.99
42 EDITORIAL				\$7,860.63								\$7,860.63
42 LIBRARY							\$126,058.50					\$126,058.50
45 PHOTO LAB		\$81,365.22					\$1,607.03		\$1,622.68			\$84,594.93
46 PHOTO		\$87,589.85										\$87,589.85
50 PRESS			\$14,634,525.27			\$45,715.00	\$11,918.09		\$392.64			\$14,692,551.00
51 CAMERA/PLATEMAKING							\$6,951.33		\$622.45		\$694,980.17	\$702,553.95
52 COMPOSING				\$592,822.06			\$686,508.32		\$705.21			\$1,280,035.59
53 PRODUCTION SUPPORT				\$566,374.12			\$92,520.44		\$111.30		\$4,909.15	\$663,915.01
54 PRODUCTION SUPPORT							\$1,239.73					\$1,239.73
54 TRANSPORTATION					\$3,627.91				\$11,695.94			\$15,323.85
56 PACKAGING					\$2,206,792.52	\$35,260.92			\$3,942.69			\$2,245,996.13
57 ADVERTISING				\$117,224.63			\$177,111.83		\$4,660.70	\$5,596.04		\$304,593.20
58 PROMOTION		\$5,884.10		\$123.17			\$138,116.16		\$2,780.90			\$146,904.33
60 GENERAL							\$224.65		\$2,731.26			\$2,955.91
90 SOUTHERN COLORPRINT					\$12,865.98		\$2,050.00		\$0.00			\$14,915.98
MACHINERY & TOOL		\$174,839.17	\$14,634,525.27	\$2,745,081.57	\$2,223,286.41	\$80,975.92	\$1,728,109.60	\$0.00	\$32,218.28	\$5,596.04	\$699,889.32	\$22,324,521.58
40 EDITORIAL									\$466,634.11	\$2,854.49		\$469,488.60
42 LIBRARY									\$68,983.54			\$68,983.54
45 PHOTO LAB									\$1,603.83	\$44,851.23		\$46,455.06
50 PRESS									\$1,664.17			\$1,664.17
51 PLATEMAKING									\$6,745.23			\$6,745.23
52 COMPOSING							\$0.00		\$15,651.75			\$15,651.75
53 PRODUCTION SUPPORT									\$992.63			\$992.63
54 PRODUCTION SUPPORT							\$41.42					\$41.42
54 TRANSPORTATION								\$38,364.94	\$7,739.38	\$69,584.79		\$115,689.11
55 CIRCULATION							\$88,628.56		\$124,770.16	\$2,090.85		\$215,489.57
56 CIRCULATION							\$5,309.86					\$5,309.86
57 ADVERTISING									\$122,959.56			\$122,959.56
58 PROMOTION						\$800.00	\$0.00		\$87,871.08			\$88,671.08
59 SUPPORT SERVICES							\$57,042.53		\$28,148.93	\$0.00		\$85,191.46
60 GENERAL							\$14,982.88		\$29,049.58	\$329,185.38		\$373,217.84
61 FINANCE							\$130,201.98		\$135,454.75	\$10,462.17		\$276,118.90
62 EXECUTIVE							\$22,133.34		\$132,274.89	\$349.94		\$154,758.17
63 HUMAN RESOURCES							\$103,386.65		\$65,277.00	\$1,515.45		\$170,179.10
90 SOUTHERN COLOR							\$423.84		\$1,572.62			\$1,996.46
TANGIBLE PERSONAL PROPERTY		\$0.00	\$0.00	\$0.00	\$0.00	\$800.00	\$422,151.06	\$38,364.94	\$1,297,393.21	\$460,894.30	\$0.00	\$2,219,603.51
50 PRESS						\$11,000.00						\$11,000.00
54 TRANSPORTATION						\$614,306.95						\$614,306.95
57 ADVERTISING						\$4,225.00						\$4,225.00
59 SUPPORT SERVICES						\$5,000.00						\$5,000.00
60 GENERAL						\$2,900.00						\$2,900.00
63 HUMAN RESOURCES						\$600.00						\$600.00
VEHICLES		\$0.00	\$0.00	\$0.00	\$0.00	\$638,031.95	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$638,031.95



THE DAILY PRESS INC  
SUMMARY OF DEPRECIATION REGISTER 01/01/90 THRU 12/30/90  
BY GENERAL LEDGER ACCOUNT - BY DEPARTMENT  
JANUARY 1, 1991 ASSESSMENT DATE

ADJUSTMENTS PER APRIL 14TH AND 20TH REVIEW INCLUDED IN TOTALS

20-Apr-92  
DPADJ91

02:41 PM

PG 2 OF 2

DEPT CODE	DEPARTMENT NAME	124101 PHOTO EQUIPMENT	124102 PRESS EQUIPMENT	124104 COMPOSING RM EQUIPMENT	124105 MAILING RM EQUIPMENT (PACKAGING)	124106 DELIVERY EQUIPMENT (VEHICLES)	124107 GENERAL EQUIPMENT	124109 AUTO SHOP EQUIPMENT	124110 FURNITURE & FIXTURES	124112 COMMUNICATIONS EQUIPMENT	124114 PLATE MAKING	TOTAL
40	EDITORIAL			\$429,677.93			\$31,659.89		\$1,379.99			\$462,717.81
42	LIBRARY						\$52,233.04					\$52,233.04
45	PHOTO LAB						\$923.83					\$923.83
50	PRESS		\$5,719.43				\$9,199.77					\$14,919.20
51	PLATE MAKING						\$2,704.47				\$1,378.21	\$4,082.68
52	COMPOSING						\$70,926.00					\$70,926.00
53	PRODUCTION SUPPORT			\$21,073.54			\$167.32					\$21,240.86
54	PRODUCTION SUPPORT						\$120.65					\$120.65
55	CIRCULATION						\$9,535.62					\$9,535.62
56	CIRCULATION						\$0.00					\$0.00
58	PACKAGING				\$13,599.52				\$564.62			\$14,164.14
57	ADVERTISING			\$12,391.61			\$2,504.87					\$14,896.48
58	PROMOTION						\$14,164.89		\$5,817.55			\$19,982.44
59	SUPPORT SERVICES						\$2,018.41		\$4,000.00			\$6,018.41
60	GENERAL						\$139,788.83		\$7,002.32	\$31,179.10		\$177,970.25
61	ACCOUNTING			\$7,080.48			\$5,982.45		\$251.47	\$1,495.00		\$14,809.40
62	ADMINISTRATIVE						\$209.00		\$51,559.02			\$51,768.02
63	HUMAN RESOURCES						\$7,929.17		\$1,110.00			\$9,039.17
90	SOUTHERN COLOR				\$10,928.91		\$4,875.11					\$15,804.02
SOFTWARE & REAL PROPERTY		\$0.00	\$5,719.43	\$470,223.56	\$24,528.43	\$0.00	\$354,943.32	\$0.00	\$71,684.97	\$32,674.10	\$1,378.21	\$961,152.02
64	HAMPTON			\$0.00			\$7,299.80		\$12,648.83	\$15,218.91		\$35,167.54
65	GLOUCESTER	\$7,586.86		\$0.00		\$1,992.00	\$34,269.20		\$48,601.68	\$14,972.59		\$107,422.33
67	WILLIAMSBURG	\$6,438.33		\$0.00		\$1,992.00	\$33,191.87		\$22,321.68	\$24,291.45		\$88,235.33
80	SMITHFIELD	\$7,794.77		\$0.00		\$1,992.00	\$20,750.07		\$14,051.70	\$4,989.78		\$49,578.32
85	SUFFOLK			\$0.00			\$1,986.06		\$1,286.21			\$3,266.27
86	CHURCHLAND			\$0.00			\$4,599.66		\$13,146.87	\$4,161.03		\$21,907.56
BUREAUS		\$21,819.96	\$0.00	\$0.00	\$0.00	\$5,976.00	\$102,090.66	\$0.00	\$112,056.97	\$63,633.76	\$0.00	\$305,577.35
GRAND TOTAL PER DEPRECIATION REGISTER		\$196,659.13	\$14,640,244.70	\$3,215,305.13	\$2,247,814.84	\$725,783.87	\$2,607,294.64	\$38,364.94	\$1,513,353.43	\$562,798.20	\$701,267.53	\$26,448,886.41

Defendant's Trial Ex.  
No. 2

VIRGINIA: IN THE CIRCUIT COURT FOR THE CITY OF NEWPORT NEWS

THE DAILY PRESS, INC.,	)	
	)	
Plaintiff,	)	
v.	)	At Law No. 23903-VC
	)	
CITY OF NEWPORT NEWS,	)	
	)	
Defendant.	)	

ORDER

This matter is before the court on the application of the Daily Press, Inc., a newspaper publisher, challenging the assessment and taxation of certain personal property used in its business by the City of Newport News for the years 1991, 1993, 1994, 1995 & 1996. The taxpayer contends that the classification of such property as machinery and tools, as opposed to exempt manufacturer's capital, is erroneous and, accordingly, seeks a refund of taxes paid in the amount of \$273,928, plus interest. The defendant herein, the City of Newport News, through its office of the Commissioner of Revenue, classified and assessed the taxes contested, contends no error was made and has denied the request for a refund. After considering the evidence presented and the arguments made and viewing the newspaper publisher's manufacturing plant, the court finds the assessment valid and denies the application for relief.

As stipulated by the parties, the Daily Press is a newspaper publisher engaged in a manufacturing business within the meaning of § 58.1-1101-3507, *Code of Virginia*. As a manufacturer, its assets include both machinery and tools used directly in manufacturing and capital that is related to, but not used directly in, manufacturing operations. Virginia Code § 58.1-1101(A)(2) and (C) prohibits any locality, including the City of Newport News, from imposing a property tax on "capital which is personal property, tangible in fact, used in a

**Final Order**  
**February 8, 2002**

manufacturing ... business except machinery and tools, motor vehicles and delivery equipment.” (Emphasis supplied). This does not mean, however, that every machine or tool used by a manufacturing business is taxable. In accordance with the long-standing administrative interpretation by the State Tax Commissioner and opinions of the Attorney General, it is only the machinery and tools which are actually used or are necessary and used in connection with the operation of machinery which is actually and directly used in the manufacturing process that are taxable by the locality. *City of Winchester v. American Woodmark Corp.*, 250 Va. 451, 464 S.E.2d 148 (1995).

As relevant to this case, personal property, including computers and related equipment, used in the executive, financial, personnel, support, general administration and circulation departments of the Daily Press are supportive of, but not directly involved in, the manufacturing process and are thus classified as capital and exempt from taxation by the locality. No dispute exists in this regard. Additionally, the taxpayer concedes that those machines and tools involved in the actual process of printing the newspaper, *i.e.*, the presses, and of inserting pre-printed material into them are taxable by the locality, as being machinery and tools used in the manufacturing process. The conflict occurs in the areas of news-gathering, the editing process, wire service equipment use, photo lab, camera/platemaking, composition, production and advertising, with the Daily Press contending that this personal property, while supportive of the manufacturing function generally, is not related to the actual production or manufacturing of its product or used in connection with any machinery actually used in the manufacturing process and should therefore be exempt from the machinery and tools tax assessed by the City of Newport News.



**Final Order**  
**February 8, 2002**

The Virginia Supreme Court has only rarely construed the statute governing the machinery and tools tax, and it has never done so in the context of a newspaper manufacturer. While opinions of the State Tax Commissioner construing the state sales tax exemption for machinery and tools purchased for use in manufacturing businesses as it applies to newspapers have been documented, these opinions are of limited value because the statute creating the sales tax exemption applies only to machinery and tools used “directly” in manufacturing and to equipment, printing and supplies used “directly” to produce a newspaper, a limitation which the Supreme Court has expressly refused to read into the machinery and tools tax legislation. There are no reported cases in Virginia pertaining to a newspaper publisher and involving the taxation issue now before this court. Cases from other jurisdictions, while helpful with analysis, are of little direct application because of the variety of state tax laws.

The Daily Press is primarily a newspaper publishing company that employs an average of 575 employees to transform approximately 40 metric tons of raw paper, negatives, aluminum printing plates and ink into 118,000 readable, saleable, newspaper products daily. An integrated computer system known as a LAN (local area network) is used for both manufacturing and non-manufacturing functions. After viewing the newspaper publisher's manufacturing plant and reviewing the evidence presented and arguments made, it appears that the operation of the business can be divided into 3 separate, significantly specialized components for analysis purposes.

First, generally, is its function of gathering the news from a variety of sources, determining news content, editing, configuring the display of advertising and selecting the specific layout of the newspaper, with a significant portion of the work being accomplished with or by the use of computers, and with the product then created being placed on computer storage

**Final Order**  
**February 8, 2002**

servers. Second, its pre-press process takes the prepared material from the storage servers through a variety of functions leading to the creation of a negative, generated either directly from a computer or in a paste-up page process which is then photographed, and the transfer of such negative image to an aluminum plate. Third, its use of the aluminum plate in the pressroom to actually transfer the captured image by ink onto paper, creating the newspaper.

The Daily Press describes the third stage of this process, the operation of the printing presses and the resulting production of a newspaper, as its only manufacturing function. Machines used in this process, either directly or in conjunction with machines being so used, are, it is agreed, engaged in the manufacturing process and, therefore, taxable by the locality.

As to the first two stages, the Daily Press contends that this is not part of the manufacturing process. It argues that manufacturing is defined as a process or operation which transforms raw material into a new, useable, consumable item. In this case, it is stated, no actual transformation occurs until blank paper receives the image created, i.e., when the aluminum plate is combined with ink and paper. Under Virginia law, "to constitute manufacturing, the activity must transform the new material into an article or product of substantially different character." *County of Chesterfield v. BBC Brown Boveri, Inc.*, 238 Va. 64, 69, 380 S.E.2d 890, 893 (1989), quoting *Solite Corp. v. King George Co.*, 220 Va. 661, 663, 261 S.E.2d 535, 536 (1980). It is also emphasized that there is no electronic/computer connection between the second and third stages of this process: the aluminum plate is physically carried to the third stage for use. The preparatory work, in the first or second stages, it is contended, while supportive of the manufacturing process, is not actually used in production or otherwise used in connection with machinery that is so used, and, consequently, should not be taxed as machinery or tools, but rather defined as capital of the business and exempt from local assessment and taxation.

**Final Order**  
**February 8, 2002**

In addition to relying on the presumptive correctness of the assessment by the Commissioner of Revenue, the City contends that the evidence clearly reflects an integrated manufacturing process, which commences with the initial gathering of news information and concludes with the published newspaper. The personal property used in the first and second stages is just as critical to the manufacturing process as are the printing presses.

Newspaper publication involves the mechanical processing of words and pictures. It begins when words are put into the network. Manufacturing occurs as those words are manipulated and finally affixed onto a printed page. *Concord Publ'g House, Inc. v. Director of Revenue*, 916 S.W.2d 186, 190 (Mo. 1996) (en banc).

In *Concord, supra*, the newspaper publisher used a computer network to layout the pages of each issue rather than a manual process. There, the Court held that the network was an "integral part" of the manufacturing process and constituted machinery and equipment used directly in manufacturing. *Id.*, 916 S.W.2d at 191. The Court rejected the proposition that "the only manufacturing that occurs in the publishing of a newspaper is the process of putting ink on paper." *Id.*, 916 S.W.2d at 190.

Based on the court's view of the Daily Press facility, the evidence presented, the submissions filed and the arguments made, the court is of the opinion that the very nature of the modern, highly integrated and synchronized manufacturing processes involved in this case precludes the drawing of artificial and arbitrary restrictive boundaries by segmenting the process into theoretically distinct stages. To do so is to divide into distinct stages that which is in fact continuous and indivisible.

The court is mindful of the applicant's position that, absent a transformation of raw or other material into a changed, new product, "manufacturing" does not occur, at least as it has been customarily defined. The final determination in any legal matter, of course, is dependent on the law and evidence submitted for consideration. The strict rule of construction, however,



**Final Order**  
**February 8, 2002**

cannot be used as an excuse to stray from reasonableness, since it is presumed that the legislature and the courts intend a just and reasonable result. The applicant's own evidence clearly demonstrates an integrated manufacturing operation involving the synchronization and integration of news gathering, the preparation and editing for printing, the creation of the negative used to imprint the aluminum plate and the operation of the printing press whereby the plate, ink and paper are combined to create the final product. One stage could not operate without the other; each integrated part forms part of the production process; the first movement is as essential as the last; and a serious breakdown in one area would quickly stop or impair the output in another area.

The manufacturing process does not begin when the aluminum plate makes an image with ink on paper. It relates back before the creation of the image on the plate, then back further to the computer, which manipulated the image, or design, which would go on the plate, then back to the editing and arranging functions made to the initial material or information. To say that a computer which assimilates and arranges the words and produces the page that, after editing, produces the negative image which is then transferred to an aluminum plate, that is then placed on a press with the resulting image being transferred to paper, is not necessary and not used in connection with the machinery actually used in the manufacturing process of this newspaper would, in the court's judgment, be a surprising and unnatural construction.

The process by which random, unassociated facts or impressions are collected, assimilated and edited to create a story with cohesion and direction that speaks to the community's interest would appear to be the very essence of the publication of a newspaper. As an example, a specific vote or a decision by a city council is not a story. It is a fact. What it means, what those affected say, what the politics are, who wants this result, who opposes, who

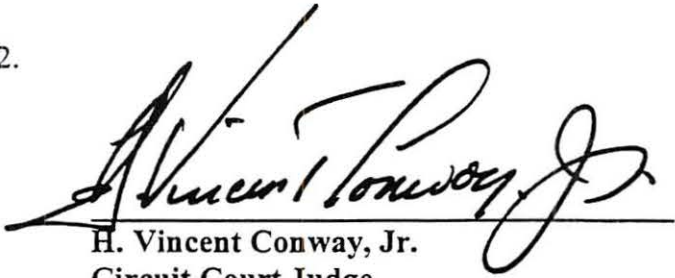
Final Order  
February 8, 2002

will benefit, and why, are there conflicts of interest, why was the vote taken at this time - will, when answered, begin the story having some community or human interest. Ink and paper are not what is being bought. It is the story. The computer of the editor who studies, rewrites and finally approves the content and authorizes the story's printing is no less involved in the manufacturing process than the machine which holds the roll of paper and feeds it to the printer. While the transformation of blank paper into a readable format is part of the manufacturing process of a newspaper publisher, the transformation of an unrelated collection of separate facts or impressions into a story of interest, promotive of understanding or knowledge, is also undeniably part of the publisher's manufacturing process. Each action is an essential or indispensable function in the manufacturing operation. A newspaper publisher is not simply a printer; something more is occurring. The machinery or tools used in the preparatory stages of collecting and organizing the information to be printed are both necessary and used in connection with the machinery actually used in the manufacturing process. The work of each part is either actually used in the manufacturing process or enters into a processing of, or becomes an ingredient or component part of, the article that is manufactured.

Accordingly, the court will deny the applicant's petition for relief, finding the taxes properly assessed and collected.

Exceptions of counsel are preserved.

ENTER this 8<sup>th</sup> day of February, 2002.

  
H. Vincent Conway, Jr.  
Circuit Court Judge

I certify that the documents to which this authentication is affixed are true copies of a record in the Newport News Circuit Court, that I have custody of the record, and that I am the custodian of that record.

Rex A. Davis, Clerk

By  D.C.

## Assignments of Error

### APPELLANT THE DAILY PRESS, INC.'S ASSIGNMENTS OF ERROR

1. The Trial Court erred in not strictly construing against the City the City's authority to classify and tax the Contested Items as "machinery and tools" pursuant to Virginia Code §§ 1100, -1101A(2) and -3507, as required by *American Woodmark*.
2. The Trial Court erred in reaching impermissible factual and legal conclusions occasioned by its failure to apply the rule of strict construction in determining the City's authority to classify and tax the Contested Items as "machinery and tools."
3. The Trial Court erred in failing to apply properly that portion of the *American Woodmark* definition of "machinery and tools" that requires that only "machinery used in the actual process of manufacturing," be classified as machinery and tools and taxed by the City.
4. The Trial Court erred in failing to apply properly that portion of the *American Woodmark* definition of "machinery and tools" that requires that only "machinery and tools which are necessary to the particular business and which are used in connection with the operation of machinery which is actually and directly used in the manufacturing process" be classified as machinery and tools and taxed by the City.
5. The Trial Court erred by not following the definition of "manufacturing" as has been set forth by this Court in several cases, including *County of Chesterfield v. BBC Brown Boveri*, 238 Va. 64, 69, 380 S.E.2d 890, 893 (1989), in determining what activities constitute The Daily Press' manufacturing process.
6. The Trial Court erred in holding that gathering news and information, determining news content, editing, configuring advertising, manipulating and arranging the newspaper content, selecting the layout of the newspaper, and making the negative and press plate is part of The Daily Press' manufacturing process.
7. The Trial Court erred in holding that The Daily Press' operations, from gathering information, news and advertising content to the point at which the newspapers come off the presses, are an integrated, continuous and indivisible manufacturing process.
8. The Trial Court erred in not giving the appropriate weight to, and not following, a published regulation of the Virginia Department of Taxation.







