

ASSUMPTIONS AND PARAMETERS IN ILLUSTRATIVE 7 YEAR FINANCIAL MODEL
Five-Month Phase-In
0% - 4% - 8% Purchaser Enhancement

Weight of scrap Referred for Sale to Purchaser (Pounds, 000s)

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
250,000	225,000	202,500	182,250	164,025	147,623	132,860

Annual decline in weight of scrap Referred for Sale to Purchaser

<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
NA	10%	10%	10%	10%	10%	10%

During the 1st year of operation, the Purchaser receives an increasing percentage of the Property:

	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>
Phase-in percentages	50%	75%	80%	90%	100%	100%	100%	100%	100%	100%

Weight of Scrap Re-Sold by Purchaser

Months

1	No Scrap re-sold while the Purchaser sets up operations
2 - 85	Scrap referred 1 months earlier.
7 - 12	100% a weighted average of scrap Referred 2, 3, and 4 months earlier.
13 - 85	100% a weighted average of scrap Referred 2, 3, and 4 months earlier.
86	50% of the weight of the scrap remaining in inventory.
87	100% of the weight of the scrap remaining in inventory.

DRMS Baseline Gross Proceeds

\$0.055 for every pound of scrap Referred for Sale

DRMS Baseline Expenses

70% of DRMS Baseline Gross Proceeds (\$0.0385 for every pound of scrap sold)

DRMS Baseline Net Proceeds

DRMS Baseline Gross Proceeds minus DRMS Baseline Expenses
 \$0.0165 for every pound of scrap Referred for Sale

Revenue per pound of scrap sold by Purchaser

<u>Months</u>	<u>Price rcv'd by DRMS</u>	<u>Purchaser Enhancement</u>	<u>Price received by Purchaser</u>
1-6	\$0.055	0%	\$0.055
7-12	\$0.055	4%	\$0.057
13 +	\$0.055	8%	\$0.059

Purchaser Gross Proceeds

This is the product of the weight of scrap re-sold by purchaser and the price per pound received by the Purchaser.

Purchaser Start Up Expenses

<u>Month</u>	<u>Start Up Expenses</u>
1	\$400
2	\$250
3	\$150

Total Purchaser Expenses

Total Purchaser Expenses are the sum of Start-up Costs and Purchaser Expenses.

Purchaser Expenses are based upon DRMS Baseline Expenses.

The formula for Purchaser Expenses is:

$$\text{weight of scrap} * 3.85 \text{ cents per pound} * 88\%$$

Where: weight of scrap is the greater of (a) scrap Referred for Sale, or (b) scrap re-sold
 88% represents the cost savings of 12% by the Purchaser over DRMS Baseline

Purchaser Net Proceeds (Working Capital Advance)

Calculated as the difference between Purchaser Gross Proceeds and Total Purchaser Expenses.

Purchaser Operating Cash Balance

Equals Total Purchaser Expenses for the following month.

Payments to DRMS: Bid Price

\$2,000 Equals the Contractor's Estimated Bid Price. (i.e \$2,000,000.00)