

WA BIOHAZARD WASTE DISPOSAL DIVISION PROFORMA PROFIT & LOSS STATEMENT

SURE-WAY SYSTEMS, INC.
Application for Services
Washington Utilities and Transportation Commission

| Month | Mth 1 | Mth 2 | Mth 3 | Mth 4 | Mth 5 | Mth 6 | Mth 7 | Mth 8 | Mth 9 | Mth 10 | Mth 11 | Mth 12 | Year | Annualized Year |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|------------|-----------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 1 | Mth 12 * 12 |
| Pickup Route Miles/month | 2,094 | 2,094 | 2,094 | 2,094 | 2,094 | 2,424 | 2,424 | 2,424 | 2,424 | 3,950 | 3,950 | 3,950 | 28,722 | 42,000 |
| Long-Haul Miles/month | 500 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 6,000 | 7,200 |
| Sales Revenue | \$4,229 | \$6,344 | \$8,459 | \$10,574 | \$12,688 | \$14,803 | \$16,918 | \$19,032 | \$21,147 | \$23,262 | \$25,377 | \$27,492 | \$162,893 | \$304,519 |
| Operations Expenses: | | | | | | | | | | | | | | |
| Labor Hours | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 1,560 | 1,560 |
| Labor Wages | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$1,950 | \$23,400 | \$23,400 |
| Payroll Taxes | \$225 | \$225 | \$225 | \$225 | \$225 | \$225 | \$225 | \$225 | \$225 | \$225 | \$225 | \$225 | \$2,700 | \$2,700 |
| Workers Comp | \$144 | \$144 | \$144 | \$144 | \$144 | \$144 | \$144 | \$144 | \$144 | \$144 | \$144 | \$144 | \$1,722 | \$1,722 |
| Emp Health Insur | \$212 | \$150 | \$150 | \$150 | \$150 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$200 | \$2,547 | \$2,547 |
| Travel | \$169 | \$254 | \$538 | \$423 | \$508 | \$592 | \$677 | \$761 | \$846 | \$930 | \$1,015 | \$1,100 | \$12,160 | \$12,160 |
| Installation Costs: Collection Containers | \$1,406 | \$1,406 | \$1,406 | \$1,406 | \$1,406 | \$1,097 | \$1,097 | \$1,097 | \$1,097 | \$2,465 | \$2,465 | \$2,465 | \$29,820 | \$29,820 |
| Pickup Vehicle Cost | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$38 | \$450 | \$450 |
| Rent Idaho transfer station | \$300 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$7,200 | \$7,200 |
| Long-Haul Vehicle Cost @ \$1.00 | | | | | | | | | | | | | | |
| Plant Processing Expense (incl Landfill) | \$1,110 | \$1,665 | \$2,220 | \$2,775 | \$3,330 | \$3,885 | \$4,440 | \$4,995 | \$5,550 | \$6,105 | \$6,660 | \$7,215 | \$79,932 | \$79,932 |
| Operating Taxes | \$431 | \$647 | \$863 | \$1,079 | \$1,294 | \$1,510 | \$1,726 | \$1,941 | \$2,157 | \$2,373 | \$2,588 | \$2,804 | \$31,061 | \$31,061 |
| Taxes B&O @ Rev. X .00484 | \$20 | \$31 | \$41 | \$51 | \$61 | \$72 | \$82 | \$92 | \$102 | \$113 | \$123 | \$133 | \$1,474 | \$1,474 |
| Other Taxes | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | \$7,200 | \$7,200 |
| Supplies | \$42 | \$63 | \$85 | \$106 | \$127 | \$148 | \$169 | \$190 | \$211 | \$233 | \$254 | \$275 | \$3,240 | \$3,240 |
| Other Equipment Expense | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$12,000 | \$12,000 |
| Subtotal Direct Expenses | \$4,108 | \$5,557 | \$7,444 | \$9,231 | \$11,018 | \$12,805 | \$14,592 | \$16,379 | \$18,166 | \$19,953 | \$21,740 | \$23,527 | \$253,164 | \$253,164 |
| Gross Profit | (\$4,168) | (\$2,328) | (\$1,100) | (\$472) | \$1,355 | \$2,302 | \$3,249 | \$4,196 | \$5,143 | \$6,090 | \$7,037 | \$7,984 | \$104,404 | \$104,404 |
| Gross Profit % | (59)% | (36)% | (13)% | (4)% | 11% | 18% | 20% | 24% | 25% | 26% | 27% | 28% | 34% | 34% |
| Selling, General & Administrative Expenses: | | | | | | | | | | | | | | |
| Sales Route Mileage | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 1,047 | 12,564 | 12,564 |
| Sales & Marketing (Regional Sales Mgr) | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$18,000 | \$18,000 |
| Payroll Taxes | \$173 | \$173 | \$173 | \$173 | \$173 | \$173 | \$173 | \$173 | \$173 | \$173 | \$173 | \$173 | \$2,077 | \$2,077 |
| Workers Comp | \$110 | \$110 | \$110 | \$110 | \$110 | \$110 | \$110 | \$110 | \$110 | \$110 | \$110 | \$110 | \$1,325 | \$1,325 |
| Emp Health Insur | \$142 | \$142 | \$142 | \$142 | \$142 | \$142 | \$142 | \$142 | \$142 | \$142 | \$142 | \$142 | \$1,698 | \$1,698 |
| Travel | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$250 | \$3,000 | \$3,000 |
| Sales Person Travel: Vehicle | \$424 | \$424 | \$424 | \$424 | \$424 | \$424 | \$424 | \$424 | \$424 | \$424 | \$424 | \$424 | \$5,088 | \$5,088 |
| Licensing | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$1,080 | \$12,960 | \$12,960 |
| Other Labor | \$308 | \$912 | \$1,216 | \$1,519 | \$1,823 | \$2,127 | \$2,431 | \$2,735 | \$3,039 | \$3,343 | \$3,647 | \$3,951 | \$43,761 | \$43,761 |
| Payroll Taxes | \$52 | \$78 | \$104 | \$130 | \$156 | \$182 | \$208 | \$234 | \$260 | \$286 | \$312 | \$338 | \$3,742 | \$3,742 |
| Admin Workers Comp | \$45 | \$67 | \$89 | \$112 | \$134 | \$157 | \$179 | \$201 | \$224 | \$246 | \$268 | \$291 | \$3,221 | \$3,221 |
| Office supplies | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$600 | \$600 |
| Postage | \$87 | \$87 | \$87 | \$87 | \$87 | \$87 | \$87 | \$87 | \$87 | \$87 | \$87 | \$87 | \$1,048 | \$1,048 |
| Printing | \$118 | \$118 | \$118 | \$118 | \$118 | \$118 | \$118 | \$118 | \$118 | \$118 | \$118 | \$118 | \$1,416 | \$1,416 |
| Telephone | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$1,200 | \$1,200 |
| Utilities | | | | | | | | | | | | | | |
| Misc | | | | | | | | | | | | | | |
| Subtotal S.G.&A | \$4,634 | \$5,359 | \$6,084 | \$6,809 | \$7,534 | \$8,259 | \$8,984 | \$9,709 | \$10,434 | \$11,159 | \$11,884 | \$12,609 | \$151,255 | \$151,255 |
| Net Profit before Income Tax | (\$8,803) | (\$2,987) | (\$5,111) | (\$2,938) | (\$3,360) | (\$2,768) | (\$1,014) | (\$1,171) | (\$750) | \$725 | \$1,801 | \$3,271 | (\$32,927) | (\$32,927) |
| Income Tax | | | | | | | | | | | | | \$5,626 | \$5,626 |
| Net Income After Tax | (\$8,803) | (\$2,987) | (\$5,111) | (\$2,938) | (\$3,360) | (\$2,768) | (\$1,014) | (\$750) | (\$750) | \$725 | \$1,801 | \$3,271 | (\$28,301) | (\$28,301) |
| | | | | | | | | | | | | | 4 % | 4 % |

WA BIOHAZARD WASTE DISPOSAL DIVISION PROFORMA BALANCE SHEET

| Initial Values | Mth 1 | Mth 2 | Mth 3 | Mth 4 | Mth 5 | Mth 6 | Mth 7 | Mth 8 | Mth 9 | Mth 10 | Mth 11 | Mth 12 | Year 1 | Selected Inc (Dec) | |
|---|---------|---------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|--------------------|-----------|
| ASSETS | | | | | | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | | | | | | |
| CASH | \$1,000 | \$197 | (\$2,019) | (\$4,744) | (\$8,105) | (\$11,670) | (\$15,150) | (\$19,054) | (\$23,982) | (\$28,135) | (\$33,400) | (\$37,199) | (\$40,503) | (\$47,931) | (\$7,078) |
| ACCOUNTS RECEIVABLE | | \$4,229 | | \$8,459 | \$10,574 | \$12,688 | \$14,803 | \$16,918 | \$19,032 | \$21,147 | \$23,262 | \$25,377 | \$25,377 | | |
| MATERIALS (Containers expensed as put in service) | | | | | | | | | | | | | | | |
| SUPPLIES | | | | | | | | | | | | | | | |
| TOTAL CURRENT ASSETS | \$1,000 | \$197 | \$2,211 | \$1,600 | \$2,664 | (\$1,096) | (\$2,462) | (\$6,465) | (\$9,103) | (\$12,253) | (\$13,927) | (\$14,927) | (\$22,005) | | |
| LONG TERM ASSETS: | | | | | | | | | | | | | | | |
| EQUIPMENT (Other miscellaneous equipment. Vehicles are already owned, and are charged as an "all-in" mileage rate.) | \$1,000 | | | | | | | | | | | | | | |
| TOTAL LONG TERM ASSETS | \$1,000 | | | | | | | | | | | | | | |
| TOTAL ASSETS | \$2,000 | \$197 | \$2,211 | \$1,600 | \$2,664 | (\$1,096) | (\$2,462) | (\$6,465) | (\$9,103) | (\$12,253) | (\$13,927) | (\$14,927) | (\$22,005) | | |
| LIABILITIES AND EQUITY | | | | | | | | | | | | | | | |
| LIABILITIES: | | | | | | | | | | | | | | | |
| ACCRUED ACCOUNTS PAYABLE | | | | | | | | | | | | | | | |
| ACCRUED Liabilities | | | | | | | | | | | | | | | |
| ACCRUED other | | | | | | | | | | | | | | | |
| Operations funding allocated from Corporate | \$2,000 | \$9,000 | \$17,000 | \$21,500 | \$25,000 | \$27,000 | \$28,400 | \$27,900 | \$25,400 | \$23,000 | \$20,800 | \$18,000 | | (\$16,000) | |
| TOTAL LIABILITIES | \$2,000 | \$9,000 | \$17,000 | \$21,500 | \$25,000 | \$27,000 | \$28,400 | \$27,900 | \$25,400 | \$23,000 | \$20,800 | \$18,000 | | (\$16,000) | |
| EQUITY | | | | | | | | | | | | | | | |
| CAPITAL INVESTMENT | | | | | | | | | | | | | | | |
| Retained Earnings | | | | | | | | | | | | | | | |
| TOTAL EQUITY | | | | | | | | | | | | | | | |
| TOTAL LIAB & EQUITY | \$2,000 | \$197 | \$2,211 | \$1,600 | \$2,664 | (\$1,096) | (\$2,462) | (\$6,465) | (\$9,103) | (\$12,253) | (\$13,927) | (\$14,927) | (\$22,005) | | |

Note: Project funding will utilize operating cash flow and Corporate credit facilities as funds are necessary. Existing underutilized equipment from Northern ID will service the area. Funding will cover operating losses during startup phase.

WA BIOHAZARD WASTE DISPOSAL DIVISION PROFORMA CASH FLOW STATEMENT

| Initial Values | Year | | | | | | | | | | | | | |
|---|----------|-----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | Mth 1 | Mth 2 | Mth 3 | Mth 4 | Mth 5 | Mth 6 | Mth 7 | Mth 8 | Mth 9 | Mth 10 | Mth 11 | Mth 12 | 1 | |
| Cash Flow from Operations | (88,803) | (85,987) | (85,111) | (84,836) | (83,300) | (82,766) | (82,489) | (81,014) | (81,377) | (87,500) | \$725 | \$1,801 | (832,927) | \$10,922 |
| Net Income (Loss) | (84,229) | (82,115) | (82,115) | (82,115) | (82,115) | (82,115) | (82,115) | (82,115) | (82,115) | (82,115) | (82,115) | (82,115) | (825,377) | |
| Increase (Decrease) in Current Assets | | | | | | | | | | | | | | |
| Increase (Decrease) in Current Liabilities | | | | | | | | | | | | | | |
| Cash Provided by (Used In) Operations | (88,803) | (810,216) | (87,226) | (86,950) | (85,475) | (84,980) | (84,604) | (83,129) | (82,252) | (82,865) | (81,389) | (85,14) | (858,303) | \$10,922 |
| Investing Cash Flows | | | | | | | | | | | | | | |
| [Assets are already owned by SWS. Vehicles and Plant are expensed as utilized.] | (91,000) | | | | | | | | | | | | (81,000) | |
| Financing Cash Flows | | | | | | | | | | | | | | |
| Cash Flow from Operations directed to WA for startup phase | \$2,000 | \$9,000 | \$4,500 | \$3,500 | \$2,000 | \$1,400 | \$700 | (\$1,200) | (\$2,500) | (\$2,400) | (\$2,400) | (\$2,800) | \$13,000 | (\$18,000) |
| Debt Financing | \$2,000 | \$9,000 | \$4,500 | \$3,500 | \$2,000 | \$1,400 | \$700 | (\$1,200) | (\$2,500) | (\$2,400) | (\$2,400) | (\$2,800) | \$13,000 | (\$18,000) |
| Net Increase (Decrease) in Cash | (82,803) | (82,216) | (82,726) | (83,450) | (83,475) | (83,480) | (83,904) | (84,329) | (84,752) | (85,265) | (83,789) | (83,114) | (841,303) | (87,078) |
| Begin Cash Balance | \$1,000 | \$197 | (82,019) | (84,744) | (86,195) | (81,670) | (815,150) | (819,954) | (823,333) | (828,705) | (833,400) | (837,109) | (840,000) | (840,000) |
| End Cash Balance | \$3,000 | \$797 | (82,019) | (86,195) | (81,670) | (815,150) | (819,954) | (823,333) | (828,705) | (833,400) | (837,189) | (840,503) | (845,303) | (847,351) |

| Month | Remarks |
|--|--|
| Pickup Route Miles/month | miles per month for outlying areas + incremental mileage as customers are added and sales revenues increase. 1 N and 1 S route each month, later increasing to 2 S routes each month. |
| Long-Haul Miles/month | Total Trip: ID Transfer station to Butte 300 mi. rounded. Round trip. 1 trip per month. |
| Sales Revenue | Stericycle Revenue \$7.6MM * 16% of population in Eastern WA area = \$8 * 25% market share target. Revenue growth toward market share at 1/12 each month. |
| Operations Expenses: | |
| Labor Hours | 75% FTE. Don Crossler. Ref labor worksheet. Crossler will work four 10-hour days per week. Three of those days will be spent in Eastern Washington. A 2000 hour work year equates to 173.333 hours per month. 75% = 130 hours month. |
| Labor Wages | Don Crossler. Ref labor worksheet. |
| Payroll Taxes | FUTA, Medicare, SSI, WA unemployment |
| Workers Comp | Work comp. |
| Emp'l Health Insur | Individual rate \$283 / mth * 70% |
| Travel | 1 Travel days increase with route miles. |
| Installation Costs: Collection Containers | 4% of revenues. Stericycle Total Container expenses are approx \$50 per item. |
| Pickup Vehicle Cost | 3% of revenues. at (\$29,194 / 7/6/12/950). |
| Rent Idaho transfer station | #REF! |
| Long-Haul Vehicle Cost @ \$1,000 | 25% of ID Transfer station rent. |
| Plant Processing Expense (incl Landfill) | |
| Operating Taxes | 2004 plant processing expense for Montana was \$380,630. 21% of that cost will be allocated to Eastern Washington based on population ratio (25% of 977,611 in 12 Eastern Washington counties = 244,000 compared to 902,195 for all of Montana). The cost is further allocated based on the percentage of revenue for Eastern Washington for the year. |
| Taxes (B&O) @ Rev. X .00484 | city of Spokane tax 17% * 60% of revenues from Spokane area. |
| Other Taxes | Est based on other States |
| Supplies | 1% of revenues |
| Other Equipment Expense | Miscellaneous ancillary equipment. |
| Subtotal Direct Expenses | |
| Gross Profit | |
| Gross Profit % | |
| Selling, General, & Administrative Expenses: | |
| Sales Route Mileage | Sales manager will drive routes once every two months |
| Sales & Marketing (Regional Sales Mgr) | Regional Mgr Corey Miller. 50% of time. Ref labor worksheet. |
| Payroll Taxes | FUTA, Medicare, SSI, WA unemployment |
| Workers Comp | Workers comp. |
| Emp'l Health Insur | Individual rate \$283 / mth * 50% |
| Travel | #REF! |
| Sales Person Travel: Vehicle | #REF! |
| Licensing | \$200 WUTC paid with Application for Certificate... \$1,000 license per Gary Chittort. \$468 remaining license estimated based on expenses in other states. |
| Other labor | See attached labor sheet with people, annual \$, and time allocation. |
| Payroll Taxes | Other labor is allocated prorata as sales increase. |
| Admin Workers Comp | FUTA, Medicare, SSI, MT State Unemployment |
| Office supplies | workers comp |
| Postage | \$37 per stamp * 65,900 Stericycle customers * 16% of population in Eastern WA * 25% SWS market share) |
| Printing | \$25 per piece 2 pgs. 5,900 Stericycle customers * 16% population in Eastern WA * 25% market share. |
| Telephone | |
| Utilities | |
| Misc | |
| Subtotal S,G & A | |
| Net Profit before Income Tax | |
| Income Tax | |
| Net Income After Tax | |

ASSETS

CURRENT ASSETS:

CASH
 ACCOUNTS RECEIVABLE
 MATERIALS (Containers expensed as put in service)
 SUPPLIES

Cash provided by other SVS operations during startup phase.

M&S expensed as used for more conservative presentation.

TOTAL CURRENT ASSETS

LONG TERM ASSETS:

EQUIPMENT (Other miscellaneous equipment, vehicles are already owned, and are charged as an "all-in" mileage rate.)

Service business. Assets primarily vehicles, containers, and people. Most assets for service are already owned and in place. Charge only as used.

TOTAL LONG TERM ASSETS

TOTAL ASSETS

LIABILITIES AND EQUITY

LIABILITIES:

ACCRUED ACCOUNTS PAYABLE
 ACCRUED Liabilities
 ACCRUED other

Current liabilities not accrued for more conservative presentation of working capital

Operations funding allocated from Corporate

Cash provided by other SVS operations during startup phase. Debt to parent Co. report as project division generates positive cash flow.

TOTAL LIABILITIES

EQUITY

CAPITAL INVESTMENT

Note: Project funding will utilize operating cash flow and Corporate credit facilities as funds are necessary. Existing underutilized equipment from Northern ID will service the area. Funding will cover operating losses during startup phase.

RETAINED EARNINGS

TOTAL EQUITY

TOTAL LIAB & EQUITY

