

***Announcement of Claims Administrator's Policy Regarding the Evaluation of Business Economic Loss Claims***

1. ***Introduction.*** On March 5, 2013, the Court approved the Claims Administrator's policy below for calculating Variable Profit as a component of determining compensation for Business Economic Loss ("BEL") claims (including Start-Up Business Claims and Failed Business Claims).
2. ***Claims Administrator's Policy for Calculating Variable Profit.*** Exhibit 4C of the Settlement Agreement sets out the methodology to be used in calculating Variable Profit as a component of determining Step 1 Compensation.

That methodology is as follows:

- (1) Sum the monthly revenue over the period.
- (2) Subtract corresponding variable expenses from revenue over the same time period.  
Variable expenses include:
  - (a) Variable Costs as identified in Attachment A.
  - (b) Variable portion of salaries, calculated as described below in the definition of Fixed and Variable Payroll Expenses.
  - (c) Variable portion of Cost of Goods Sold (COGS), calculated by excluding salary costs...and fixed expenses included within COGS, including Amortization, Depreciation, Insurance Expense, and Interest Expenses and Contract Services.

In performing these calculations, the Claims Administrator will typically consider both revenues and expenses in the periods in which those revenues and expenses were recorded at the time. The Claims Administrator will not typically re-allocate such revenues or expenses to different periods. The Claims Administrator does, however, reserve the right to adjust the financial statements in certain circumstances, including but not limited to, inconsistent basis of accounting between benchmark and compensation periods, errors in previously recorded transactions and flawed or inconsistent treatment of accounting estimates.

3. ***Questions.*** If you have any questions regarding this Alert, email us at [Questions@dhecc.com](mailto:Questions@dhecc.com), call us at 1-800-353-1262, or visit a Claimant Assistance Center. Law firms should get in touch with their Law Firm Contacts for help.