

Example of Pre-Development Costs Calculation

Pre-Development Costs will be calculated in Excel 2007 (or subsequent versions if Excel 2007 is unavailable) consistent with the following summary:

Outputs Version:

	quarter 1	quarter 2	quarter 3	quarter 4	quarter 5	final qtr	totals
beginning balance	N/A	500,000	1,523,318	3,094,358	4,038,663	4,727,007	
Pre-Development Costs incurred during period	500,000	1,000,000	1,500,000	800,000	500,000	1,000,000	5,300,000
accrued predevelopment return		23,318	71,040	144,306	188,344	220,445	647,452
ending balance	500,000	1,523,318	3,094,358	4,038,663	4,727,007	5,947,452	5,947,452

Formulas Version:

Col/Rows	B	C	D	E	F	G	H	
2								
3		quarter 1	quarter 2	quarter 3	quarter 4	quarter 5	final quarter	totals
4	beginning balance	N/A	=C7	=D7	=E7	=F7	=G7	
5	Pre-Development Costs incurred during period	500000	1000000	1500000	800000	500000	1000000	=SUM(C5:H5)
6	accrued predevelopment return		=D4*(1.2^(1/4)-1)	=E4*(1.2^(1/4)-1)	=F4*(1.2^(1/4)-1)	=G4*(1.2^(1/4)-1)	=H4*(1.2^(1/4)-1)	=SUM(C6:H6)
7	ending balance	=C5+C6	=SUM(D4:D6)	=SUM(E4:E6)	=SUM(F4:F6)	=SUM(G4:G6)	=SUM(H4:H6)	=SUM(I4:I6)

Notes:

- Capitalized terms have the meaning defined in the EDC MOA
- Numbers, calculations and dates are illustrative and not meant to reflect actual expenditures
- quarter 1 is the quarter the ENA was executed (Second Quarter, 2003)
- final quarter will be the quarter that the Initial Closing occurs
- predevelopment return is calculated based on a 20% annual return compounding quarterly
- using actual expenditures, the total Pre-Development Costs, inclusive of 20% return, will be set to a liquidated number equaling the ending balance under the "totals" column (Cell "I7" in the above example)