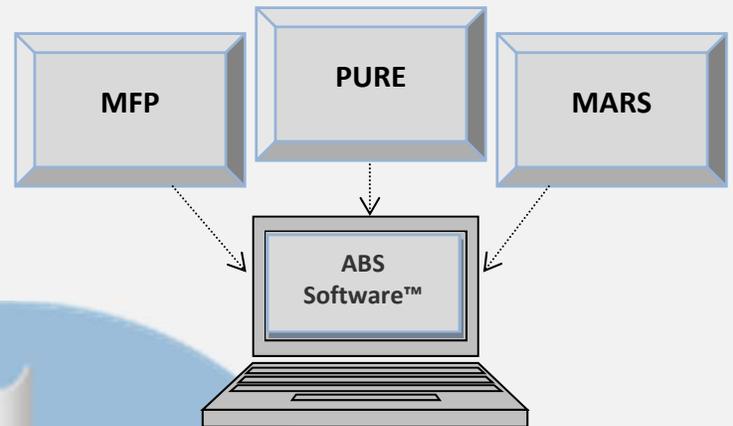


The Purchase Evaluation Program (**PURE**) is a complete support sub-system to assist in the decision making process of determining the economic worth of raw materials. PURE uses linear programming techniques to determine:

- The break-even price of materials that are quoted for purchase.
- The useable quantities for each quoted material.
- The metal mix cost impact that would occur due to the loss of a material source or supplier.



The PURE program provides immediate benefits by producing detailed material utilization information, prior to purchase, in order to help reduce excess inventory. PURE can also be used to perform financial what-if scenarios and analysis.

PURE has two major decision making functions. The first is to assist you in evaluating raw materials for purchase and the second is for performing impact studies.

The evaluation function is used to determine the economic worth that materials quoted as available have to your current metal mix cost.

The evaluation adheres to your metallurgical requirements and current inventory position when performing cost analysis. PURE also considers a market file which acts as a stabilizer to project a more reasonable analysis. The result of the evaluation is either positive or negative.

If the result is positive, PURE reports the anticipated quantities, the cost savings over current cost per pound or kilogram, melting expense and the break-even price for the quoted or external material. The break-even price is the price at which no further savings will be achieved. If the result is negative, PURE computes the cost per pound or kilogram necessary to make the material favorable for your use.

The impact function is used to perform the what-if studies. Some examples of what-if scenarios are:

- We must pay more for a raw material when our current contract expires.
- We are unable to use a material due to equipment failure, weather conditions, contaminations, etc.
- We limit or curtail the use of certain scraps below current usage levels.

The impact function also provides detailed reports outlining actual and anticipated metal mix variances for the impact study.