

# CEO CFO

## STARTECH ENVIRONMENTAL CORP.

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## Startech Regards All Waste As A Valuable, Renewable Resource - It's Not Just Garbage

Capital Equipment  
Energy & Environment  
(STHK.OB-OTC: BB)

Startech Environmental Corp.

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Joseph F. Longo  
Founder, Chairman, President  
and CEO

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**Company Profile:**

Startech produces major capital equipment for the environment industry and for the energy industry.

**SNAPSHOT**

Startech Environmental Corp.  
OTCBB: "STHK"

The Environment and Energy Company

The Startech market is worldwide and measured in the billions of dollars.

Startech's revenues and profits are produced by:

- (1) the sale of its systems that may also include a continuing, revenue-producing "tolling fee" for each pound of material processed, and also by,
- (2) building and owning commercial Plasma Converter facilities operated separately by the Company or in partnership.

Startech Environmental is an environment and energy industry company engaged in the production and sale of its innovative, proprietary plasma processing equipment known as the Plasma Converter System™.

The Plasma Converter System safely and economically destroys wastes, no matter how hazardous or lethal, and turns most into useful and valuable products. In doing so, the System protects the environment and helps to improve the public health safety.

The System achieves closed-loop elemental recycling to safely and irreversibly destroy Municipal Solid Waste, organics and inorganics, solids, liquids and gases, hazardous and non-hazardous waste, industrial by-products and also items such as "e-waste," medical waste, chemical industry waste and other specialty wastes while converting many of them into useful commodity products that can include metals and a synthesis-gas called Plasma Converted Gas (PCG)™.

Among the many commercial uses for PCG, is its use to produce "green electrical power," Gas-To-Liquid (GTL) fuels such as ethanol, synthetic diesel fuel and other higher alcohol "alternative" fuels. Hydrogen, for use and sale, can also be

separated and recovered from the PCG synthesis gas mixture.

The Startech Plasma Converter is essentially a manufacturing system producing commodity products from feedstocks that were previously regarded as wastes.

Startech regards all wastes, hazardous and non-hazardous, as valuable renewable resources.

**Interview conducted by:  
Walter Banks, Publisher**

**CEOCFO: Mr. Longo, please tell us a little bit about the changes that have taken place at Startech since you founded the company?**

**Mr. Longo:** "Startech is an environment and an energy company. We have had to build and finance the organization from scratch, and that took time.

"The biggest change, after many years, has been the wide acceptance and understanding of our products and technology. For the first years, we spent a lot of time and effort getting people from many parts of the world to understand the value and importance of the Plasma Converter. The sales we have produced have helped. People are finally beginning to get it. But, it takes time.

"Or course, it is still a new idea, and new ideas often make people uncomfortable, especially since it is a new idea in a new technology.

"We started in 1994 and we are presently pressing hard for a succession plan to replace the CEO and even the CFO, who is going to be retiring next year. It is an orderly process and well under way. Those will probably be the significant organizational changes. We have had a

change in the Board of Directors through the years, but there has been nothing more significant than that re changes.”

**CEOCO: Can you tell us about your Plasma Converter System and how it works?**

**Mr. Longo:** “Our Plasma Converter System is actually the result of product development that has come out of the decades of the prior company initiatives in the solid waste, capital equipment business. Startech makes things and sells things; it is not a research company. The Plasma Converter is essentially a system that completely and irreversibly destroys wastes, no matter how hazardous or troublesome, and it does this economically and far safer than environmental standards.

“The intensity of lightning-like plasma arc in the vessel breaks the molecular bonds of wastes apart into their elements. Then we reform the elements, the atoms, into a valuable synthesis gas we call Plasma Converted Gas, or PCG. PCG is a very clean manufactured gas that can be used as a pristine fuel or as a feedstock to make many chemical products. It’s composed mostly of hydrogen along with carbon monoxide; two very valuable fuel components.”

**CEOCFO: How are your products sold?**

**Mr. Longo:** “This is major capital equipment. As we said, we make things and sell things, as compared to being environmental consultants, waste processors or just project developers.

“Our customers make money at the front-end processing wastes with our Plasma Converter, and also at the back-end on the derivative products. These are valuable commodity products.

“It’s important that we keep as many of our costs, even selling costs, as variable as possible. We have independent distributors and independent sales representatives in many parts of the world. It takes a lot of time and money, to build and train a distributor organization and also a sales rep organization.

“Distributors buy systems and sell them with their added administrative, installa-

tion, engineering and maintenance services that might be required their customers in the territory. They’re required to buy a certain number of machines over the years in order to keep the distributorship. To keep the franchise, so to speak. We sell to the distributor and he sells to his customer. Each distributor has an exclusive territory, and he must be strong enough in that territory to be what Startech would be if Startech were in the territory.

“Sales representatives act as middlemen in helping to cause a sale to take place between Startech and the buyer. They work on a structured commission that’s paid on actual contract payments only.

“It’s all a work in progress.”

**CEOCFO: After the waste is converted to energy, what would the energy be used for?**

**Mr. Longo:** “Remember years ago that mom and pop used to cook with gas. That was not natural gas; it was manufactured gas also called ‘town-gas.’ The very same kind of gas that was gas-light in the “gas light era” starting back in the early eighteen hundreds. That kind of gas is also called a synthesis or manufactured gas. When the Plasma Converter destroys most waste, it turns it into a very clean synthesis gas we call Plasma Converted Gas, or simply PCG. It’s a great source of energy to produce electricity, fuels such as methanol and ethanol, and it is also a valuable feedstock to make other chemical products. All from waste.

“Startech regards all waste as a valuable, renewable resource. It’s not just garbage.

“The primary emphasis around the world now is on producing energy from the PCG. Half the people want to produce electricity. The other half is talking about producing chemical derivatives to produce chemical industry products and liquid fuels.

“The energy back-end of the Converter has recently become more glamorous for producing electricity rather than for using the PCG as a chemical feedstock to produce fuels such as ethanol and methanol. But, the PCG synthesis gas is up to the

Waste Processor to decide what the highest and best use is in his financial determination.

“The concerns about energy may come and go, but waste will always be with us.”

**CEOCFO: How big is the industry worldwide for your product?**

**Mr. Longo:** “I have to measure our market in the billions of dollars. And, it’s world wide. We are even working on a Plasma Converter project in Papua New Guinea. The market is enormous and certainly large enough for there to be several competitors or more.

“With regard to what we are concentrating on now, I may back up a little bit to the energy industry. It’s difficult to get agreement on its constituents and on its dollar dimensions. So, I don’t know how big it is except to say that it is another immensity with the new focus on low-carbon footprints, a carbon credit market and so forth. When we talk about a low-carbon footprint using our PCG, we actually produce a no-carbon footprint when we use our Startech Hydrogen to produce electricity.

**CEOCFO: Who are your customers that the distributors and your sales representatives sell to?**

**Mr. Longo:** “Startech’s marketing world can be partitioned into Waste Processors and Waste Generators. So, our customers fall into two principal groups, and they are Waste Processors such as cities and private companies. And, also Waste Generators such as hospitals, factories and also cities. Each of us is a waste generator.

“Most of our sales now are to waste-processors. These are the people who are going to be taking the waste generated by others, and processing that waste for payments called tipping fees. Some of the tipping fees for receiving and processing hazardous waste are well above one dollar per pound. That’s the revenue produced at the front-end. Revenues can also be produced at the back-end of the system from the conversion of those wastes into valuable commodity products for use or sale.”

**CEOCFO: So you generate your revenues from the sale of the machine and waste processing companies can generate additional income from the sale of the synthesis gas?**

**Mr. Longo:** “We sell the machines to customers. We also get a very small portion of the customer’s waste processing revenue. We call what we get, a ‘tolling-fee.’ We might get one or two cents per pound for everything that our customer is processing, and so we are always his partner. We do not participate in any revenues the customer may generate by his sale or use of the commodity products produced at the back-end. But still, we are everybody’s partner.”

**CEOCFO: What can we look for in the future with your system?**

**Mr. Longo:** “We have systems going into Puerto Rico, China, the Philippines and Poland. By this time next year, we expect to have a lot of systems on the ground processing, but we’re still manufacturing now. Then of course, there are some enormous projects in process in near-term development, but I cannot go into that, now because I would be into sales projections and disclosure constraints, all of which are serious matters to public companies such as ours.”

**CEOCFO: Are you still investing in R&D or has that been completed?**

**Mr. Longo:** “All of the R&D has been done, and that’s with a capital R and a capital D. However, there is always a small R and small D going on. What I mean by that is that there is always product development going on. So, all of the big questions about this technology, if it will work and so on have been answered. It does work and we are passed that now. Now, we are increasing the integrity of the product, increasing its robustness, its usefulness, and decreasing its costs. All of that goes on, all of the time in any company. Any good company is always going to have continuing product development all time, and that’s what we’re doing now.

‘You can see an actual System in Bristol, Connecticut at our Tech Center.’

**CEOCFO: What’s the greatest single challenge facing the company today.**

**Mr. Longo:** “Important question. If you asked me that about five years ago I would have said the challenge is ‘the fact that this is a new idea.’ Lots of people are very uncomfortable with new ideas. No one likes uncertainty. It’s probably all attached to risk-avoidance. And also, all very reasonable. Incidentally, it imperative for any management in that situation to respect and understand that marketing concern, and especially not disparage it.

“In the marketing parlance, we have been and are the ‘disrupting technology’ poking at the ‘sustaining technologies.’ But to the point. The answer to you question is ‘manufacturing.’ Some may think it’s a boastful answer and say, that’s a good problem to have,” I know what they mean. And, it is a good problem to have, but nevertheless it is a problem ... and therefore a challenge.

“We have the ability to double and triple our manufacturing throughput now. But, if what I see coming at us actually comes at us, we will have to crank-up our present manufacturing and outsourcing capabilities a lot. And, that’s what we’re doing now.

“Earlier this year, I’ve spent time in various countries of Western Europe discussing manufacturing and marketing, and there is a great deal of interest in being a Startech subcontractor. That’s good, but for our kind of capital-equipment it’s also good to know that there is a large reservoir of under-utilized manufacturing capacity in the U. S. with good quality and good productivity. It might be interesting to mention that with regard to Europe, U.S. productivity, when coupled with where the Euro is today, makes America one of the low-cost producers.”

**CEOCFO: Can you tell us about the finances of the company?**

**Mr. Longo:** “Producing sales is always very high on the list. We have about 25 million in sales going through the systems now, and we are manufacturing now. We’re never going to be a kind of a company that does 10 million, or 20 million dollars a year in sales, and then creep up 7 or 8% per year. The numbers that we are talking about move very quickly past 25 million into the hundreds of millions, and it’s not boastful, it’s just

the way it is. The system makes money for our customers at the front-end, and also at the back-end.

“But back to the biggest challenge. When I say the biggest challenge facing us is manufacturing that means manufacturing resulting from sales. Therefore, the biggest challenge facing us is to be in a position to meet that production challenge, and we have to increase the means to do it with outsourcing capability. Importantly, the customer makes fixed partial-payments that are scheduled during the manufacturing cycle. We always have positive cash flow, so that our sales success does not require an influx of money to finance inventory.

“Then of course, we are always interested in the increasing equity so that we can get off the bulletin board and get back on NASDAQ, and for that we will need to raise about \$6 million or so in equity. I can’t talk about specifics in this open forum but that’s probably what we will need to do.”

**CEOCFO: Could you tell us about the company’s awards?**

**Mr. Longo:** “Yes, We received the first Wall Street Journal Award for the “Best and the Brightest” three years ago. The selection committee was a luminous group of scientists, engineers and industrialist from various organizations around the world. We didn’t even know we were being considered. We were number one. Xerox, the runner-up, was second.

“And, in 2007, we received the Frost & Sullivan Award for Technology Innovation. The easiest thing for me to do is to read directly from the news release. ‘The Frost & Sullivan’s Technology Innovation Award is bestowed upon a company (or individual) that has carried out new research, which has resulted in innovations that have or are expected to bring significant contributions to the industry in terms of adoption, change, and competitive posture. This award recognizes the quality and depth of a company’s research and development program as well as the vision and risk-taking that enabled it to undertake such an endeavor.’ Also, a rigorous selection process.”

**CFOCEO: Any big plans you can tell us about?**

**Mr. Longo:** "Increase sales and earnings of course. And, we want to get off the bulletin board and on to NASDAQ ASAP. We still have some work to do in getting our equity and share price up to qualify. Because Startech is well known in Europe and has a presence there, some have even suggested the London Stock Exchange.

"We will be increasing the strength and depth of our management bench and probably be increasing the strength of our Board. That's about as far as I can go at the moment."

**CEOCFO: You are in two very extremely important areas today, environmental and energy; what should people remember most about Startech?**

**Mr. Longo:** "They should take the opportunity to be part of it and be part of Startech's future. I would like them to think about becoming stockholders and share in our growth, especially now that the share price is so very low. They will be doing some good, certainly financially good for themselves, but in a larger way they will be doing some good for humanity and mankind, the humanitarian aspects of the environment, public health and safety and also for our energy prob-

lems. It is a good place to be, and I think people would be pleased by doing that, so we hope they would become Startech champions."

**CEOCFO: In closing, why should someone buy your stock?**

**Mr. Longo:** "I have to be careful here, but maybe I can answer it this way. I'll tell you what I'm going to be saying to the fund managers when we meet. As a matter of fact, I have some of my notes in front of me now. So, I'll just read loosely from them for a moment or two.

About 80% of the money in the market is invested by fund managers. So, with all our disclosures and public filings, here is an additional view I'll give them from about 40,000 feet.

"Besides a very attractive share price, when you buy Startech you buy a wonderful company, again, at an attractive price. Some of the reasons it is wonderful company are:

1- its board of directors and management are committed to the fact that the first obligation of the Company is to the long-term interests of the owners of the Company ... the Shareholders; and,

2- the Company has an excellent management team in place, seasoned and experienced who understand the Startech business. The management is talented and passionate. Startech's prosperity is relevant; and,

3- the Company is the market leader. The Company is protected by a wide, sustainable moat comprised of technology, marketing and industry Experience. In a manner of speaking, the surrounding moat making a competitive attack very difficult. The Company can defend itself and we are very good at what we do now,

4- I come back to the attractive price. The fund managers can buy with a good margin of safety. They are able to buy the business, and by that I mean the shares, at a price low enough to sell later without losing money.

Investors will make money and also help to improve the environment, help to improve the public health and safety --- especially for the children.

5- and most importantly ... it's early, but not too early."

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**We produce a No-Carbon footprint when we use our Startech hydrogen to produce electricity.**



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