

|   | \$ |
|---|----|
| 1.1. Designated or prearranged price items                            | 4  |
| 1.2. Basic production costs   | 3  |
| 1.3. Transportation costs   | 2  |
| 1.4. Taxes  | 1  |
| 1.5. Product sales or utilization costs & similar                     | 3  |
| 1.6. Distribution costs   | 2  |
| 1.7. Acquisition, development, & associated product promotional costs | 3  |
| 1.8. General operating and distribution                               | 3  |
| 1.9. Distribution transportation losses & costs and discounts         | 2  |
| 1.10. Interest expense  | 1  |
| 1.11. Income tax rates will be applied                                | 4  |
| 1.12. Sales tax differential will fluctuate                           | 2  |

#### Part II - Costs

- 2.1 Production quantities under 1000 units is \$10.00/unit.
- 2.2 Total costs associated with a 1000 unit or 10000 unit production quantity, including a 10% margin.
- 2.3 Estimated quantity for one year selling prices & total cost & related costs are as follows:
- 2.4 Average quantity with a maximum selling & production quantity.
- 2.5 Initial distribution related costs include shipping & distribution to customer.
- 2.6 Future distribution related costs include shipping & distribution to customer.

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