

'Cost Creep' Chart A
Financial Model (* 4% Cost Creep)

	Last Fiscal Year	Inflationary Sales Year *	Non-Inflationary Sales Year *
Net Revenues:	8,900,000	9,256,000	8,900,000
Cost of Goods / Services:	7,057,700	7,340,008	7,057,700
Contribution Margin:	1,842,300	1,915,992	1,842,300
Total Operating Expenses:	1,424,000	1,480,960	1,424,000
Pre-Tax Net Profit:	418,300	435,032	361,340
	Percent of Revenues		
Net Revenues:	100.0	100.0	100.0
Cost of Goods / Services:	79.3	79.3	79.3
Contribution Margin:	20.7	20.7	20.7
Total Operating Expenses:	16.0	16.0	16.64
Pre-Tax Net Profit:	4.7	4.7	4.06

'Cost Creep' Chart B
Alternative Disinflation Management

	Last Fiscal Year	Expense Control Plan	Sales Increase Plan	Margin Increase Plan	Collective 'Profit' Plan
Net Revenues:	8,900,000	8,900,000	9,078,000	8,900,000	9,078,000
Cost of Goods / Services:	7,057,700	7,057,700	7,198,854	7,013,200	7,153,464
Contribution Margin:	1,842,300	1,842,300	1,879,146	1,886,800	1,924,536
Total Operating Expenses:	1,424,000	1,424,000	1,424,000	1,424,000	1,424,000
Pre-Tax Net Profit:	418,300	418,300	455,146	462,800	500,536
	Percent of Revenues				
Net Revenues:	100.0	100.0	100.0	100.0	100.0
Cost of Goods / Services:	79.3	79.3	79.3	78.8	78.8
Contribution Margin:	20.7	20.7	20.7	21.2	21.2
Total Operating Expenses:	16.0	16.0	15.7	16.0	15.7
Pre-Tax Net Profit:	4.7	4.7	5.0	5.2	5.5