



Damages in a Business Case

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Demonstration Report
Concerning the
Contribution Margin on Lost Sales
Of
XYZ Company

Prepared for

Mr. A, Esquire
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May 12, 2011

Summary Sheet

I. The Present Value of the Lost Contribution Margin on Lost Sales	\$5,055,397
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Sources:

I. as contained on Table 12, Page 14.

Notes: All figures May not add up exactly due to rounding.
Unless otherwise noted, all financial information is taken from the Corporate Tax Returns of XYZ Company.

Table 1: Schedule Showing the Balance Sheets of XYZ Company, for the Years 2004 through 2008.

ASSETS	2004	2005	2006	2007	2008
Current Assets					
Cash	\$54,225	\$28,922	\$26,071	\$41,939	\$18,641
Trade Notes and Acc. Rec. (net)	\$190,448	\$126,127	\$159,283	\$140,594	\$156,779
Inventories	\$2,122,220	\$2,434,220	\$2,838,803	\$1,902,992	\$1,713,722
Other Current Assets	\$0	\$0	\$0	\$31,898	\$106
Loans to Stockholders	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$2,366,893	\$2,589,269	\$3,024,157	\$2,117,423	\$1,889,248
Fixed Assets					
Other Investments	\$0	\$0	\$0	\$0	\$0
Buildings and Equipment	\$1,367,125	\$1,259,690	\$1,259,690	\$1,202,243	\$1,213,243
Less Accumulated Dep.	(\$992,989)	(\$912,906)	(\$940,258)	(\$802,366)	(\$853,298)
Net Buildings and Equipment	\$374,136	\$346,784	\$319,432	\$399,877	\$359,945
Land	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
Intangible Assets	\$0	\$0	\$0	\$0	\$0
Less Accumulated Amort.	\$0	\$0	\$0	\$0	\$0
Net Intangible Assets	\$0	\$0	\$0	\$0	\$0
Other Assets	\$13,589	\$17,096	\$13,589	\$13,689	\$13,689
Total Fixed Assets	\$512,725	\$488,880	\$458,021	\$538,566	\$498,634
TOTAL ASSETS	\$2,879,618	\$3,078,149	\$3,482,178	\$2,655,989	\$2,387,882
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts Payable	\$36,465	\$48,893	\$92,321	\$79,881	\$91,621
Mort., Notes, Bonds Due	\$501,180	\$214,725	\$114,725	\$114,725	\$114,725
Other Current Liabilities	\$106,226	\$113,264	\$140,295	\$381,407	\$366,555
Total Current Liabilities	\$643,871	\$376,882	\$347,341	\$576,013	\$572,901
Long-Term Liabilities					
Loans from Stockholders	\$527,633	\$588,250	\$1,013,250	\$656,173	\$606,173
Mort., Notes, Bonds	\$681,751	\$1,071,205	\$1,042,724	\$1,015,274	\$523,604
Other Liabilities	\$0	\$0	\$0	\$0	\$0
Total Long-Term Liabilities	\$1,209,384	\$1,659,455	\$2,055,974	\$1,671,447	\$1,129,777
Stockholders' Equity					
Capital Stock	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000
Paid-In Capital	\$0	\$0	\$0	\$0	\$0
Retained Earnings	\$1,436,968	\$1,452,417	\$1,489,468	\$819,134	\$1,095,809
Less Cost of Treasury Share	(\$443,605)	(\$443,605)	(\$443,605)	(\$443,605)	(\$443,605)
Total Stockholders' Equity	\$1,026,363	\$1,041,812	\$1,078,863	\$408,529	\$685,204
Total Liab. and Stk. Equity	\$2,879,618	\$3,078,149	\$3,482,178	\$2,655,989	\$2,387,882

Table 2: Schedule Showing the Balance Sheets of XYZ Company, for the Years 2004 through 2008 by Percent of Total Assets.

ASSETS	2004	2005	2006	2007	2008
Current Assets					
Cash	1.88%	0.94%	0.75%	1.58%	0.78%
Trade Notes and Acc. Rec. (net)	6.61%	4.10%	4.57%	5.29%	6.57%
Inventories	73.70%	79.08%	81.52%	71.65%	71.77%
Other Current Assets	0.00%	0.00%	0.00%	1.20%	0.00%
Loans to Stockholders	0.00%	0.00%	0.00%	0.00%	0.00%
Total Current Assets	82.19%	84.12%	86.85%	79.72%	79.12%
Fixed Assets					
Other Investments	0.00%	0.00%	0.00%	0.00%	0.00%
Buildings and Equipment	47.48%	40.92%	36.18%	45.27%	50.81%
Less Accumulated Dep.	-34.48%	-29.66%	-27.00%	-30.21%	-35.73%
Net Buildings and Equipment	12.99%	11.27%	9.17%	15.06%	15.07%
Land	4.34%	4.06%	3.59%	4.71%	5.23%
Intangible Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Less Accumulated Amort.	0.00%	0.00%	0.00%	0.00%	0.00%
Net Intangible Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Other Assets	0.47%	0.56%	0.39%	0.52%	0.57%
Total Fixed Assets	17.81%	15.88%	13.15%	20.28%	20.88%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Accounts Payable	1.27%	1.59%	2.65%	3.01%	3.84%
Mort., Notes, Bonds Due	17.40%	6.98%	3.29%	4.32%	4.80%
Other Current Liabilities	3.69%	3.68%	4.03%	14.36%	15.35%
Total Current Liabilities	22.36%	12.24%	9.97%	21.69%	23.99%
Long-Term Liabilities					
Loans from Stockholders	18.32%	19.11%	29.10%	24.71%	25.39%
Mort., Notes, Bonds	23.68%	34.80%	29.94%	38.23%	21.93%
Other Liabilities	0.00%	0.00%	0.00%	0.00%	0.00%
Total Long-Term Liabilities	42.00%	53.91%	59.04%	62.93%	47.31%
Stockholders' Equity					
Capital Stock	1.15%	1.07%	0.95%	1.24%	1.38%
Paid-In Capital	0.00%	0.00%	0.00%	0.00%	0.00%
Retained Earnings	49.90%	47.18%	42.77%	30.84%	45.89%
Less Cost of Treasury Share	-15.40%	-14.41%	-12.74%	-16.70%	-18.58%
Total Stockholders' Equity	35.64%	33.85%	30.98%	15.38%	28.70%
Total Liab. and Stk. Equity	100.00%	100.00%	100.00%	100.00%	100.00%

Table 3: Schedule Showing the Income Statements of XYZ Company, for the Years 2004 through 2008.

	2004	2005	2006	2007	2008
Gross Sales	\$1,396,712	\$1,471,778	\$1,537,641	\$1,183,188	\$2,130,810
Returns and Allowances	\$0	\$0	\$0	\$0	\$0
Cost of Goods Sold	\$815,154	\$846,751	\$817,540	\$769,662	\$1,067,256
Gross Profit	\$581,558	\$625,027	\$720,101	\$413,526	\$1,063,554
Interest	\$0	\$0	\$0	\$254	\$0
Dividends	\$0	\$0	\$0	\$0	\$254
Other Income (loss)	\$0	\$0	\$0	\$0	\$0
Total Income	\$581,558	\$625,027	\$720,101	\$413,780	\$1,063,808
DEDUCTIONS					
Compensation of Officers	\$0	\$0	\$8,972	\$112,261	\$110,231
Salaries and Wages	\$155,427	\$200,661	\$177,493	\$177,334	\$140,291
Repairs	\$0	\$0	\$0	\$0	\$0
Bad Debts	\$0	\$0	\$0	\$30,241	\$0
Rents	\$0	\$0	\$0	\$0	\$0
Taxes & Licenses	\$108,316	\$107,430	\$106,993	\$114,701	\$83,904
Interest	\$54,432	\$83,676	\$113,512	\$124,269	\$82,357
Charitable Contributions	\$0	\$0	\$0	\$0	\$0
Depreciation	\$31,123	\$27,352	\$29,127	\$39,673	\$50,932
Advertising	\$5,244	\$4,689	\$2,491	\$2,171	\$2,590
Pension, Profit-Sharing	\$0	\$0	\$0	\$0	\$0
Employee Benefit Programs	\$0	\$0	\$0	\$0	\$0
Domestic Production Act. Deduct.	\$0	\$0	\$2,370	\$0	\$0
OTHER DEDUCTIONS					
Commission Expense	\$24,981	\$30,654	\$22,818	\$21,241	\$33,189
Consulting Fees	\$0	\$11,050	\$6,117	\$4,204	\$3,080
Traveling & Selling Expense	\$13,271	\$13,793	\$11,224	\$16,978	\$28,916
Meals & Entertainment	\$2,445	\$2,028	\$1,932	\$1,152	\$623
Vehicle Expense	\$13,548	\$15,855	\$16,727	\$18,116	\$14,081
Gasoline & Oil	\$16,547	\$15,179	\$17,336	\$35,710	\$35,648
Telephone	\$7,265	\$6,008	\$5,958	\$5,305	\$4,936
Legal & Auditing	\$7,904	\$937	\$7,933	\$74,564	\$33,022
Flood Clean Up Expense	\$0	\$0	\$0	\$184,065	\$0
Insurance Expense	\$36,300	\$37,934	\$42,107	\$74,544	\$73,704
Office Supplies & Postage	\$10,414	\$3,898	\$7,589	\$13,600	\$8,626
Printing Expense	\$0	\$0	\$13,068	\$1,715	\$4,026
Hospitalization/Life Insurance	\$46,889	\$50,875	\$60,032	\$83,726	\$88,164
Dues & Subscriptions	\$4,617	\$1,660	\$3,030	\$2,775	\$2,716
Trade Show Expense	\$13,689	\$15,065	\$13,681	\$14,990	\$9,436
Misc	\$595	\$886	\$839	\$932	\$876
Less - 263 Costs Capitalized	(\$16,708)	(\$26,554)	(\$27,881)	(\$28,578)	(\$26,017)
Total Expenses	\$536,299	\$603,076	\$643,468	\$1,125,689	\$785,331
Taxable Income	\$45,259	\$21,951	\$76,633	(\$711,909)	\$278,477

Note: The 2008 Taxable Income is the taxable income before special deduction. See Line 28 of the tax return.

Table 4: Schedule Showing the Income Statements of XYZ Company, for the Years 2004 through 2008 by Percent of Gross Sales.

	2004	2005	2006	2007	2008
Gross Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Returns and Allowances	0.00%	0.00%	0.00%	0.00%	0.00%
Cost of Goods Sold	58.36%	57.53%	53.17%	65.05%	50.09%
Gross Profit	41.64%	42.47%	46.83%	34.95%	49.91%
Interest	0.00%	0.00%	0.00%	0.02%	0.00%
Dividends	0.00%	0.00%	0.00%	0.00%	0.01%
Other Income (loss)	0.00%	0.00%	0.00%	0.00%	0.00%
Total Income	41.64%	42.47%	46.83%	34.97%	49.93%
DEDUCTIONS					
Compensation of Officers	0.00%	0.00%	0.58%	9.49%	5.17%
Salaries and Wages	11.13%	13.63%	11.54%	14.99%	6.58%
Repairs	0.00%	0.00%	0.00%	0.00%	0.00%
Bad Debts	0.00%	0.00%	0.00%	2.56%	0.00%
Rents	0.00%	0.00%	0.00%	0.00%	0.00%
Taxes & Licenses	7.76%	7.30%	6.96%	9.69%	3.94%
Interest	3.90%	5.69%	7.38%	10.50%	3.87%
Charitable Contributions	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation	2.23%	1.86%	1.89%	3.35%	2.39%
Advertising	0.38%	0.32%	0.16%	0.18%	0.12%
Pension, Profit-Sharing	0.00%	0.00%	0.00%	0.00%	0.00%
Employee Benefit Programs	0.00%	0.00%	0.00%	0.00%	0.00%
Domestic Production Act. Deduct.	0.00%	0.00%	0.15%	0.00%	0.00%
OTHER DEDUCTIONS	0.00%	0.00%	0.00%	0.00%	0.00%
Commission Expense	1.79%	2.08%	1.48%	1.80%	1.56%
Consulting Fees	0.00%	0.75%	0.40%	0.36%	0.14%
Traveling & Selling Expense	0.95%	0.94%	0.73%	1.43%	1.36%
Meals & Entertainment	0.18%	0.14%	0.13%	0.10%	0.03%
Vehicle Expense	0.97%	1.08%	1.09%	1.53%	0.66%
Gasoline & Oil	1.18%	1.03%	1.13%	3.02%	1.67%
Telephone	0.52%	0.41%	0.39%	0.45%	0.23%
Legal & Auditing	0.57%	0.06%	0.52%	6.30%	1.55%
Flood Clean Up Expense	0.00%	0.00%	0.00%	15.56%	0.00%
Insurance Expense	2.60%	2.58%	2.74%	6.30%	3.46%
Office Supplies & Postage	0.75%	0.26%	0.49%	1.15%	0.40%
Printing Expense	0.00%	0.00%	0.85%	0.14%	0.19%
Hospitalization/Life Insurance	3.36%	3.46%	3.90%	7.08%	4.14%
Dues & Subscriptions	0.33%	0.11%	0.20%	0.23%	0.13%
Trade Show Expense	0.98%	1.02%	0.89%	1.27%	0.44%
Misc	0.04%	0.06%	0.05%	0.08%	0.04%
Less - 263 Costs Capitalized	-1.20%	-1.80%	-1.81%	-2.42%	-1.22%
Total Expenses	38.40%	40.98%	41.85%	95.14%	36.86%
Taxable Income	3.24%	1.49%	4.98%	-60.17%	13.07%

Table 5: Schedule Showing the 100% Fixed Expenses of XYZ Company, for the Years 2004 through 2008.

	2004	2005	2006	2007	2008
Compensation of Officers	\$0	\$0	\$8,972	\$112,261	\$110,231
Salaries and Wages	\$155,427	\$200,661	\$177,493	\$177,334	\$140,291
Repairs	\$0	\$0	\$0	\$0	\$0
Rents	\$0	\$0	\$0	\$0	\$0
Taxes & Licenses	\$108,316	\$107,430	\$106,993	\$114,701	\$83,904
Interest	\$54,432	\$83,676	\$113,512	\$124,269	\$82,357
Charitable Contributions	\$0	\$0	\$0	\$0	\$0
Depreciation	\$31,123	\$27,352	\$29,127	\$39,673	\$50,932
Advertising	\$5,244	\$4,689	\$2,491	\$2,171	\$2,590
Pension, Profit-Sharing	\$0	\$0	\$0	\$0	\$0
Employee Benefit Programs	\$0	\$0	\$0	\$0	\$0
Domestic Production Act. Deduct.	\$0	\$0	\$2,370	\$0	\$0
Commission Expense	\$24,981	\$30,654	\$22,818	\$21,241	\$33,189
Consulting Fees	\$0	\$11,050	\$6,117	\$4,204	\$3,080
Traveling & Selling Expense	\$13,271	\$13,793	\$11,224	\$16,978	\$28,916
Meals & Entertainment	\$2,445	\$2,028	\$1,932	\$1,152	\$623
Vehicle Expense	\$13,548	\$15,855	\$16,727	\$18,116	\$14,081
Gasoline & Oil	\$16,547	\$15,179	\$17,336	\$35,710	\$35,648
Telephone	\$7,265	\$6,008	\$5,958	\$5,305	\$4,936
Legal & Auditing	\$7,904	\$937	\$7,933	\$74,564	\$33,022
Flood Clean Up Expense	\$0	\$0	\$0	\$184,065	\$0
Insurance Expense	\$36,300	\$37,934	\$42,107	\$74,544	\$73,704
Office Supplies & Postage	\$10,414	\$3,898	\$7,589	\$13,600	\$8,626
Printing Expense	\$0	\$0	\$13,068	\$1,715	\$4,026
Hospitalization/Life Insurance	\$46,889	\$50,875	\$60,032	\$83,726	\$88,164
Dues & Subscriptions	\$4,617	\$1,660	\$3,030	\$2,775	\$2,716
Trade Show Expense	\$13,689	\$15,065	\$13,681	\$14,990	\$9,436
Misc	\$595	\$886	\$839	\$932	\$876
Less - 263 Costs Capitalized (a)	\$16,708	\$26,554	\$27,881	\$28,578	\$26,017
Total Fixed Expenses	\$569,715	\$656,184	\$699,230	\$1,152,604	\$837,365

Note: As Calculated by Author.

(a) The "Less - 263 Costs Capitalized" items are taken from Table 3 & are listed here as positive figures.

Table 6: Schedule Showing the Allocation of Known Fixed Expenses, Profits, and Variable & Mixed Residual Expenses of XYZ Company for the Years 2004 through 2008.

Year	(a) Gross Sales	(b) 100% Fixed Expenses	(c) Taxable Income	(d) Residual Mixed + Variable Expenses
2004	\$1,396,712	\$569,715	\$45,259	\$781,738
2005	\$1,471,778	\$656,184	\$21,951	\$793,643
2006	\$1,537,641	\$699,230	\$76,633	\$761,778
2007	\$1,183,188	\$1,152,604	(\$527,844)	\$558,428
2008	\$2,130,810	\$837,365	\$278,477	\$1,014,968

(a) As contained on Table 3.

(b) As contained on Table 5.

(c) As contained on Table 3. Please note that the expense of 2007 was added back to the taxable income, as it is a one time expense that occurred in 2007.

(d) Column a - Column b - Column c.

Table 7: Schedule Showing the Constant 2008 Dollar Allocation of Known Fixed Expenses, Profits, and Variable & Mixed Residual Expenses of XYZ Company for the Years 2004 through 2008.

Period Ending	CPI (a)	2008 Constant \$ Gross Sales	2008 Constant \$ 100% Fixed Expenses	2008 Constant \$ Income	2008 Constant \$ Residual Mixed + Variable Expenses
2004	188.9	\$1,591,934	\$649,345	\$51,585	\$891,003
2005	195.3	\$1,622,520	\$723,392	\$24,199	\$874,929
2006	201.6	\$1,642,156	\$746,758	\$81,842	\$813,557
2007	207.3	\$1,228,617	\$1,196,859	(\$548,111)	\$579,869
2008	215.3	\$2,130,810	\$837,365	\$278,477	\$1,014,968

(a) Consumer Price Index All Urban Consumers, 1982-84 = 100 for January of each year.

Table 8: Schedule Showing the Simple Regression Results of the Constant 2008 Dollar Allocation of Variable & Mixed Residual Expenses vs. Gross Sales of XYZ Company, for the Years 2004 through 2008.

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.922309123
R Square	0.850654118
Adjusted R Square	0.800872158
Standard Error	71492.29668
Observations	5

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Gross Sales Constant	78946.46927	185640.7059	0.425264863	0.699304559
Mixed & Variable Expenses	0.46002645	0.111286452	4.133714767	0.025689875

Contribution Margin on Sales*

54.0%

* 1 - the X coefficient.

Note: The independent variable is the Constant \$ Gross Sales, the dependent variable is the Constant \$ Mixed and Variable Residual Expenses.

Table 9: Schedule Showing the Contracted Unit Sales of XYZ Company with Contract Customer ABC, for the Years 2004, thereafter.

<u>Time Period (a)</u>	<u>Product A (a)</u>	<u>Other Product B (a)</u>
6/1/2004 to 5/31/2005	60	50
6/1/2005 to 5/31/2006	120	75
6/1/2006 to 5/31/2007	180	75
6/1/2007 to 5/31/2008	240	75
6/1/2008 to 5/31/2009	360	75
Thereafter	540	75

(a) Taken from the 7/7/2004 contract between the XYZ Company & Contract Customer ABC

Table 10: Schedule Showing the Actual Unit Sales of XYZ Company through Contract Customer ABC, for the Years 2004 through 2009.

<u>Year</u>	<u>Product A (a)</u>	<u>COGS (a)</u>	<u>Average Price (b)</u>
2004	22	\$45,933	\$2,088
2005	68	\$148,541	\$2,184
2006	30	\$62,726	\$2,091
2007	40	\$83,776	\$2,094
2008	18	\$34,055	\$1,892
2009	9	\$22,202	\$2,467

<u>Year</u>	<u>Other Product B or Product AFurnaces (a)</u>	<u>COGS (a)</u>	<u>Average Price (b)</u>
2004	10	\$14,297	\$1,430
2005	10	\$13,457	\$1,346
2006	6	\$5,538	\$923
2007	1	\$2,223	\$2,223
2008	4	\$29,819	\$7,455
2009	3	\$20,497	\$6,832

<u>Year</u>	<u>Total Units (c)</u>	<u>Total COGS (c)</u>
2004	32	\$60,229
2005	78	\$161,997
2006	36	\$68,264
2007	41	\$85,999
2008	22	\$63,875
2009	12	\$42,699

(a) Taken from the Contract Customer ABC Sales by Item Summary sheets from 2004 through 2009. Note that the COGS are in U.S. dollars. The COGS is the price that Contract Customer ABC paid XYZ Company for the furnaces.

(b) The average prices by year are calculated as the COGS divided by the number of units sold each year.

(c) The total units & the total COGS are calculated as the sum of the two types of furnaces listed above.

Table 11: Schedule Showing the Forecasted Gross Sales of XYZ Company, for the Years 2006 through 2009.

Based on Contracted Unit Sales

<u>Year</u>	<u>Contracted Product A (a)</u>	<u>Average Unit Price (b)</u>	<u>Forecasted Sales (c)</u>	<u>Contracted Other Product B (a)</u>	<u>Average Unit Price (b)</u>	<u>Forecasted Sales (c)</u>
2006	180	\$2,091	\$376,356	75	\$923	\$69,224
2007	240	\$2,094	\$502,656	75	\$2,223	\$166,709
2008	360	\$1,892	\$681,108	75	\$7,455	\$559,109
2009	540	\$2,467	\$1,332,130	75	\$6,832	\$512,413

<u>Year</u>	<u>Total Forecasted Sales (all products) (d)</u>
2006	\$445,580
2007	\$669,366
2008	\$1,240,217
2009	\$1,844,543

(a) The contracted units are from Table 9.

(b) The average unit prices by year are from Table 10.

(c) The forecasted sales are calculated as the number of units multiplied by the average price for each year.

(d) The total forecasted sales is calculated as the sum of the Product A & the other Product B or Product Afumaces. A

Table 12: Schedule Showing the Forecasted Gross Sales, Offsetting Sales, and Lost Contribution Margin of XYZ Company, for the Years 2006 through 2015.

<u>Year</u>	<u>Total Forecasted Sales (a)</u>	<u>Offsetting Sales (b)</u>	<u>Lost Sales (c)</u>	<u>Contribution Margin on Lost Sales (d)</u>	<u>Present Value of the Lost Contribution Margin (e)</u>
2006	\$445,580	\$68,264	\$377,316	\$203,741	\$203,741
2007	\$669,366	\$85,999	\$583,367	\$315,003	\$315,003
2008	\$1,240,217	\$63,875	\$1,176,342	\$635,194	\$635,194
2009	\$1,844,543	\$42,699	\$1,801,844	\$972,948	\$972,948
2010	\$1,844,543	\$60,229	\$1,784,314	\$963,482	\$963,482
2011	\$1,844,543	\$161,997	\$1,682,545	\$908,530	\$790,026
2012	\$1,844,543	\$445,580	\$1,398,963	\$755,403	\$571,193
2013	\$1,844,543	\$669,366	\$1,175,177	\$634,565	\$417,237
2014	\$1,844,543	\$1,240,217	\$604,326	\$326,320	\$186,574
2015	\$1,844,543	\$1,844,543	\$0	\$0	\$0
			\$10,584,194	\$5,715,185	\$5,055,397

(a) The 2006-2008 forecasted total sales from Table 11 are the sums of both the Product A and Product B for each year. The 2009 forecasted sales figures held constant from 2010 to 2015.

(b) The 2006 - 2009 offsetting sales actual sales from Table 10. The 2011 - 2012 offsetting sales are taken as the 2004 & 2005 respective actual sales from Table 10. The 2012 - 2015 offsetting sales are taken as the forecasted 2006 - 2009 forecasted sales from columns (a) of this Table.

(c) The lost sales are calculated as the forecasted sales minus the offsetting sales for each year.

(d) The contribution margin is equal to 54% of the lost sales. The 54% contribution margin is calculated on Table 8.

(e) The present value of the lost contribution margin are based on columns (d). Years after 2010 are grown at 0.0% & discounted at 15.0% annually.



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