

Sample OCM

OPERATING COST MODEL

Locations:

- 1) Salt Lake City, UT
- 2) Phoenix, AZ
- 3) Las Vegas, NV
- 4) San Diego, CA

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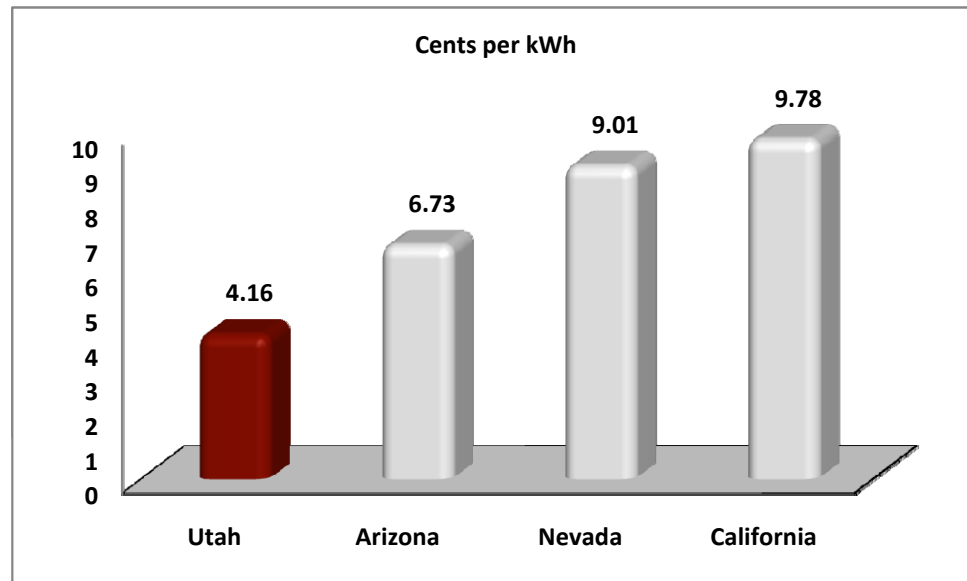
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ASSUMPTIONS

Average Annual Wages (SOC Codes)*	Salt Lake City, UT	Phoenix, AZ	Las Vegas, NV	San Diego, CA
10 Managers of Production & Operating Workers (51-1011)	\$51,950	\$50,770	\$49,140	\$58,320
5 Electrical Engineers (17-2071)	\$79,380	\$82,050	\$80,340	\$94,250
15 Electrical & Electronic Equipment Assemblers (51-2022)	\$30,190	\$36,270	\$29,980	\$27,110
15 Machinists (51-4041)	\$37,370	\$35,390	\$37,390	\$39,590
15 Extruding & Drawing Machine Operators-Metal & Plastic (51-4021)	\$29,860	\$30,230	\$35,300	\$26,980
20 Team Assemblers (51-2092)	\$30,330	\$24,700	\$25,490	\$24,770
20 Helpers, Production Workers (51-9198)	\$21,870	\$21,730	\$22,220	\$21,950
*Assuming 100 employees with 10% management and 90% production positions.	<i>Source: Bureau of Labor Statistics, Salt Lake City-UT</i>	<i>Source: Bureau of Labor Statistics, Phoenix-AZ</i>	<i>Source: Bureau of Labor Statistics, Las Vegas-NV</i>	<i>Source: Bureau of Labor Statistics, San Diego-CA</i>
Workers Compensation Insurance (Code)*	Salt Lake City, UT	Phoenix, AZ	Las Vegas, NV	San Diego, CA
Office Workers (8810)	\$0.19	\$0.23	\$0.63	\$0.56
Medical Device Manufacturers (3685)	\$1.05	\$0.87	\$1.27	\$1.68
*Cost per \$100 of payroll. California codes may differ (3572).	<i>Source: Workers Compensation Fund</i>	<i>Source: Workers Compensation Fund</i>	<i>Source: Workers Compensation Fund</i>	<i>Source: Workers Compensation Fund</i>
Unemployment Insurance	Salt Lake City, UT	Phoenix, AZ	Las Vegas, NV	San Diego, CA
New Employer Rate	1.80%	2.85%	2.95%	3.40%
Taxable Wage Base	\$26,700	\$7,000	\$26,600	\$7,000
	<i>Source: Utah Department of Workforce Services</i>	<i>Source: Arizona Department of Economic Security</i>	<i>Source: Nevada Department of Employment, Training & Rehabilitation</i>	<i>Source: California Employment Development Department</i>
Health Care Insurance	Salt Lake City, UT	Phoenix, AZ	Las Vegas, NV	San Diego, CA
Single Coverage, Employer Cost	\$3,041	\$3,467	\$3,046	\$3,390
Family Coverage, Employer Cost	\$8,341	\$8,315	\$7,602	\$8,390
	<i>Source: Kaiser Family Foundation</i>	<i>Source: Kaiser Family Foundation</i>	<i>Source: Kaiser Family Foundation</i>	<i>Source: Kaiser Family Foundation</i>
Real Estate*	Salt Lake City, UT	Phoenix, AZ	Las Vegas, NV	San Diego, CA
Manufacturing Space, Annual Cost per Square Foot	\$4.80	\$7.50	\$9.80	\$9.24
*Assuming need for 100,000 square feet of medical manufacturing space.	<i>Source: NAI Global, Salt Lake City-UT, Effective Avg.</i>	<i>Source: NAI Global, Phoenix-AZ, Effective Avg.</i>	<i>Source: NAI Global, Las Vegas-NV, Effective Avg.</i>	<i>Source: NAI Global, San Diego-CA, Effective Avg.</i>

ELECTRICITY

Location	Cost / kWh (cents)
Utah	4.16
Arizona	6.73
Nevada	9.01
California	9.78



RESULTS

Year	1	2	3	4	5	6	7	8	9	10	Total	Cume NPV
Wages												
Salt Lake City, UT	\$3,421,700	\$3,524,351	\$3,630,082	\$3,738,984	\$3,851,153	\$3,966,688	\$4,085,689	\$4,208,259	\$4,334,507	\$4,464,542	\$39,225,956	\$23,554,106
Phoenix, AZ	\$3,374,900	\$3,476,147	\$3,580,431	\$3,687,844	\$3,798,480	\$3,912,434	\$4,029,807	\$4,150,701	\$4,275,222	\$4,403,479	\$38,689,446	\$23,231,947
Las Vegas, NV	\$3,387,350	\$3,488,971	\$3,593,640	\$3,701,449	\$3,812,492	\$3,926,867	\$4,044,673	\$4,166,013	\$4,290,994	\$4,419,723	\$38,832,172	\$23,317,649
San Diego, CA	\$3,394,050	\$3,495,872	\$3,600,748	\$3,708,770	\$3,820,033	\$3,934,634	\$4,052,673	\$4,174,253	\$4,299,481	\$4,428,465	\$38,908,980	\$23,363,770
Workers Compensation												
Salt Lake City, UT	\$31,460	\$32,404	\$33,376	\$34,377	\$35,409	\$36,471	\$37,565	\$38,692	\$39,853	\$41,048	\$360,655	\$216,564
Phoenix, AZ	\$26,112	\$26,896	\$27,703	\$28,534	\$29,390	\$30,271	\$31,180	\$32,115	\$33,078	\$34,071	\$299,349	\$179,751
Las Vegas, NV	\$39,874	\$41,071	\$42,303	\$43,572	\$44,879	\$46,225	\$47,612	\$49,040	\$50,512	\$52,027	\$457,115	\$274,485
San Diego, CA	\$50,488	\$52,003	\$53,563	\$55,170	\$56,825	\$58,530	\$60,286	\$62,094	\$63,957	\$65,876	\$578,791	\$347,548
Unemployment Insurance												
Salt Lake City, UT	\$46,321	\$47,711	\$49,142	\$50,616	\$52,135	\$53,699	\$55,310	\$56,969	\$58,678	\$60,439	\$531,021	\$318,863
Phoenix, AZ	\$19,950	\$20,549	\$21,165	\$21,800	\$22,454	\$23,128	\$23,821	\$24,536	\$25,272	\$26,030	\$228,704	\$137,331
Las Vegas, NV	\$75,231	\$77,488	\$79,812	\$82,207	\$84,673	\$87,213	\$89,830	\$92,525	\$95,300	\$98,159	\$862,438	\$517,870
San Diego, CA	\$23,800	\$24,514	\$25,249	\$26,007	\$26,787	\$27,591	\$28,418	\$29,271	\$30,149	\$31,054	\$272,840	\$163,833
Health Care Insurance												
Salt Lake City, UT	\$569,100	\$586,173	\$603,758	\$621,871	\$640,527	\$659,743	\$679,535	\$699,921	\$720,919	\$742,546	\$6,524,094	\$3,917,539
Phoenix, AZ	\$589,100	\$606,773	\$624,976	\$643,725	\$663,037	\$682,928	\$703,416	\$724,519	\$746,254	\$768,642	\$6,753,371	\$4,055,213
Las Vegas, NV	\$532,400	\$548,372	\$564,823	\$581,768	\$599,221	\$617,198	\$635,713	\$654,785	\$674,428	\$694,661	\$6,103,369	\$3,664,905
San Diego, CA	\$589,000	\$606,670	\$624,870	\$643,616	\$662,925	\$682,812	\$703,297	\$724,396	\$746,128	\$768,511	\$6,752,225	\$4,054,525
Real Estate												
Salt Lake City, UT	\$480,000	\$494,400	\$509,232	\$524,509	\$540,244	\$556,452	\$573,145	\$590,339	\$608,050	\$626,291	\$5,502,662	\$3,304,197
Phoenix, AZ	\$750,000	\$772,500	\$795,675	\$819,545	\$844,132	\$869,456	\$895,539	\$922,405	\$950,078	\$978,580	\$8,597,909	\$5,162,808
Las Vegas, NV	\$980,000	\$1,009,400	\$1,039,682	\$1,070,872	\$1,102,999	\$1,136,089	\$1,170,171	\$1,205,276	\$1,241,435	\$1,278,678	\$11,234,602	\$6,746,069
San Diego, CA	\$924,000	\$951,720	\$980,272	\$1,009,680	\$1,039,970	\$1,071,169	\$1,103,304	\$1,136,403	\$1,170,496	\$1,205,610	\$10,592,624	\$6,360,579

Total Costs	Total Costs - Year 1	Total Costs - Years 1-10	Cume NPV
Salt Lake City, UT	\$4,548,581	\$52,144,388	\$31,311,268
Phoenix, AZ	\$4,760,062	\$54,568,780	\$32,767,049
Las Vegas, NV	\$5,014,855	\$57,489,696	\$34,520,978
San Diego, CA	\$4,981,338	\$57,105,460	\$34,290,255

Note: Discount rate of 10% used to calculate NPV; an annual inflation rate of 3.0% is considered.