**Production Capacity**

Year 2005 2006 2007 2008 2009 2010

Production Volume (000units)

1 Market Size 10,000 10,500 11,025 11,576 12,155 12,763

2 Market Share 10% 11.0% 12.0% 13.0% 14.0% 15.0%

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3 Production Volume 1,000 1,155 1,323 1,505 1,702 1,914

*Based on this forecast, production volume will exceed its current level by 50% by 2008, necessitating an expansion then.*

**Sources and Uses of funds**

Acquisition Financing ($000)

Sources Users

1 New Term Loan 10,000 Purchase Kathy’s equality 15,000

2 Excess Kathy’s Cash 6,500 Repay existing Kathy debt 4,500

3 PKK Equity Investments 53,000 Advisory and other fees 5,000

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4 Total Sources of Funds 159,500 Total uses of funds 159,500