In addition to the commitment of labor costs of $380,000, expected capital equipment and related charges will be $500,000. The selling price of the newly developed plastic insert for the center console in a model line for a US auto manufacturer, in the first year is $1.00 per unit with a plan to reduce cost so that the selling price will be reduced 0.5% each year over the 5 year life of this product, e.g. $0.995 in year 2 etc. Expected units to be sold in the first year are projected to be 300,000. Sales growth is estimated to be 10% per year, e.g. 330,000 units in year 2 etc. Cost of goods sold will remain constant at 30% of sales. D & J Plastics requires a rate of return of at least 10% on all new projects. Projections are only valid for the first 5 years of sales, before a replacement product will take its place.