

Table Add-On Sales -2
Retention and Add-On Selling Equity Computation Using Historical and Extrapolated Data

Year	Year from Acquisition	Sales Per Customer	Manufacturer Margin	Marketing and Servicing Costs per Customer	Actual Retention Rate	Model's Estimated Retention Rate	Survival Rate (100-Retention Rate)	Expected Number of Active Customers	Number of Offers	Probability of Response to Each Offer	Sales per Offer	Expected Add-on Sales	Total Sales per Customer per Period	Profit per Customer per Period to Manufacturer*	Discounted Profit per Customer per Period	Total Discounted Profit per Period
1995	1	2000	0.35	500	0.429		0.429	429	4	0.1	300	120	2120	\$ 242	\$ 202	\$ 86,434
1996	2	2500	0.38	200	0.617		0.265	265	7	0.15	500	525	3025	\$ 950	\$ 659	\$ 174,482
1997	3	2800	0.4	200	0.778		0.206	206	10	0.2	700	1400	4200	\$ 1,480	\$ 856	\$ 176,326
1998	4	3000	0.4	200	0.864		0.178	178	12	0.25	700	2100	5100	\$ 1,840	\$ 887	\$ 157,799
1999	5	3000	0.4	200	0.883		0.157	157	12	0.3	700	2520	5520	\$ 2,008	\$ 807	\$ 126,730
2000	6	3000	0.4	200	0.875		0.137	137	12	0.3	700	2520	5520	\$ 2,008	\$ 672	\$ 92,449
2001	7	3000	0.4	200	0.887		0.122	122	12	0.3	700	2520	5520	\$ 2,008	\$ 560	\$ 68,297
2002	8	3000	0.4	200		0.893	0.109	109	12	0.3	700	2520	5520	\$ 2,008	\$ 467	\$ 50,801
2003	9	3000	0.4	200		0.896	0.097	97	12	0.3	700	2520	5520	\$ 2,008	\$ 389	\$ 37,929
2004	10	3000	0.4	200		0.898	0.087	87	12	0.3	700	2520	5520	\$ 2,008	\$ 324	\$ 28,376
2005	11	3000	0.4	200		0.899	0.079	79	12	0.3	700	2520	5520	\$ 2,008	\$ 270	\$ 21,253
2006	12	3000	0.4	200		0.899	0.071	71	12	0.3	700	2520	5520	\$ 2,008	\$ 225	\$ 15,928
2007	13	3000	0.4	200		0.900	0.064	64	12	0.3	700	2520	5520	\$ 2,008	\$ 188	\$ 11,941
2008	14	3000	0.4	200		0.900	0.057	57	12	0.3	700	2520	5520	\$ 2,008	\$ 156	\$ 8,954

* We assume that the manufacturer's margin is the same for all products.

Data in Blue is Historical Data

Discount Rate	0.2
Total Retention and Add-on Selling Customer Equity	\$ 1,057,700
Total Add-On Selling Customer Equity	\$ 422,667
Add-on Customer Equity per Customer	\$ 423