

Product costs:	
Value of originating materials	\$1.00
Value of non-originating materials	7.50
Other product costs	1.50
Period costs: (including \$0.20 in excluded costs)	0.50
Other costs	0.10
Total cost of Material A	\$10.60

Additional costs to produce Good B are the following:

Product costs:	
Value of originating materials	\$0.00
Value of non-originating materials	5.50
Other product costs	6.50
Period costs: (including \$0.20 in excluded costs)	0.50
Other costs	0.10
Total additional costs	\$12.60

The producer does not designate Material A as an intermediate material under subsection 7(4). The net cost of Good B is calculated as follows:

	Costs of Material A (not designated as an intermediate material)	Additional Costs to Produce Good B	Total
Product costs:			
Value of originating materials	\$1.00	\$0.00	\$1.00
Value of non-originating materials	7.50	5.50	13.00
Other product costs	1.50	6.50	8.00
Period costs (including \$0.20 in excluded costs)	0.50	0.50	1.00
Other costs	0.10	0.10	0.20
Total cost of Good B	\$10.60	\$12.60	\$23.20
Excluded costs (in period costs)	0.20	0.20	- 0.40
Net cost of Good B (total cost minus excluded costs)			\$22.80