1. Prepare a table indicating whether the costs identified in Exhibit 2 are fixed or variable, using cows as the definition of volume. Assume each cow births one calf each year, so that one cow = one calf.

2. Assuming that 1,100 pounds is the optimal cow size, how many calves must Black River Farms sell

3. Based on the current herd size and assuming that the herd only has cows of the optimal size, what is Black River Farms’ expected profit (assume the calves will be sold at the most recent price per cwt)?

4. Assuming that Donna and Jim want a 10% profit margin, how many head of cattle should they have in a herd of optimal sized cows (assume the calves will be sold at the most recent price per cwt)?