

**EXHIBIT 1  
ACTIVITY HIERARCHY**

	Sample Activities		
	Production (cost driver: units of output)	Hospital (cost driver: patient-days)	Accounting firm (cost driver: billable hours)
Facility-level	Plant management Central accounting Occupancy	Top administration Central accounting Occupancy	Managing partner Occupancy
Product-sustaining	Product design Logistics Engineering	Medical directors Special facilities Laboratories/x-ray	Staff training Office support Specialty partner
Batch-level	Setup Inspection Work scheduling	Nursing Admissions	Client travel Tax research Software
Unit-level	Power Machine maintenance Materials	Food, linens Medications	Professional staff Office supplies