

and a forecast of 2,800,000 studs comprising seven different types, manufacture by Remington shows net earnings of \$2,010 and a return on investment of 1.5% in the first year. Purchase of the same forecasted amount of tools and studs would result in a net loss of \$5,480 and consequently no return on investment. Third-year figures based on manufacture of the tool and studs by Remington, with 4,500 tools and 7,000,000 studs forecasted, result in net earnings of \$44,040 and a 20% return on investment. Purchase of the tool and studs would result in net earnings of \$10,740 and 8.8% return on investment in the third year. Manufacture of the Model 430 tool and studs at Ilion thus appears to be more desirable than purchase of these items from outside vendors.

The Committee discussed the sales and distribution factors affecting decision to adopt the Model 430 tool and studs therefor. 83 These factors are set forth in J. E. Dickey's letter of February 27, 1959 to the Secretary, which letter requests Committee approval of the subject Model 430 tool and studs. Copy of this letter is attached to these minutes.

After discussion the Committee approved the proposed Model 430 Hammer Drive tool and the line of seven studs for use therewith, and agreed to recommend to Management approval of manufacture of the Model 430 tool and studs at Ilion on the basis of the preliminary economics presented.

(Subsequent to the Committee meeting, and after complete economics became available, the Committee was no longer unanimously agreed on the desirability of adding the Model 430 Hammer Drive tool and studs to the line. The Committee is consequently unable to recommend Management approval of the Model 430 Hammer Drive tool and proposed studs.)

STUDS

MODEL 430 HAMMER DRIVE STUDS

This item was discussed in conjunction with the previous item on the agenda and the Committee approval relative to the Model 430 Hammer Drive Tool included recommendation to Management that the subject studs be added to the line by manufacture at Ilion.

(As reported under the previous item, review of complete economics on the Model 430 Hammer Drive tool and studs subsequent to the Committee meeting resulted in the Committee failing to unanimously agree on desirability of adding this tool and the proposed studs to the line. The Committee is consequently unable to recommend Management approval of either the Model 430 tool or the studs therefor.