

EXHIBIT 7 - contd.

- Improved Combustion - Black Oxide Gas Burner

We have recently reduced the gas useage on our black oxide system by about 20%. This saves about \$200 per month in gas. It was accomplished by revising the system for delivering air to the combustion chamber.

- Separate Water from Soluble Oil

An ultrafiltration membrane unit is in the process of installation that will separate the water from the scrap soluble oil that has to be burned in the boiler. The removal of the water should reduce our oil consumption by 30,000 gal./yr. at a cost of .25/gal. or \$7500.

EXHIBIT 8

- Reduce Overtime - Expanded Facilities

Estimated \$235,000/year savings - approx. 40% of present cost.

- Continued methods reviews to improve labor utilization.
- Maintenance Improvement Program - Plant Engineering feels that our maintenance system can be improved by using a work measurement and planning system similar to the one used at Lake City. A program for tailoring this type plan to Ilion's needs is in progress.
- Straight line Stock manufacturing operations - Recent study of Model 700 Stock manufacture indicates a 40% reduction in distance traveled by rearranging the process to a straight line concept. Presently travels about one mile.
- Improved Metal Chip Handling - A revised chip handling system is under consideration that will improve house-keeping, safety and capacity. A potential \$25,000 labor savings and an additional \$25,000 in improved scrap value could be realized.