ESTIMATE # __3738__

ESTIMATED SAVINGS & RETURN ON INVESTMENT

XP-100 BARREL - REPLACE DRAW RIFLE WITH GFM PROCESS

ENGINEER: C. P. VALLABHANENI

DATE: 4-21-77

	PRESENT DRAW RIFLE PROCESS	PROPOSED GFM PROCESS		
Forecast Year	1977			
Quantity Forecast	3300			

OPERATING COSTS

	PRESENT $	PROPOSED $	$	$
Purchased Parts				
Raw Material OVERTIME	)	700		
Standard Labor	) 20,640	4130		
Labor Variance @ ACTUAL /20 %	)	830		
Industrial Relations @ ACTUAL /42%	)	2190		
Supplies	440	440		
Tool Replacement	1,560	1520		
Cutter Grind	350	390		
Tool Maintenance	30	80		
Maintenance EQUIPMENT	460	890		
Energy				
Equipment Depreciation @				

	PRESENT		PROPOSED			
Sub Totals	$23,480	A	$ 11,170	$	A	$
Gross Savings Before Admin. Exp.			$ 12,310			$
Admin. Exp. @ 4.5% Gross Savings		B	$ 550		B	$
Sub Totals	$ 23,480	A+B	$ 11,720	$	A+B	$

SAVINGS IN OPERATING COST	$ 11,760	$
Less: Income Tax @ 50.5%	($ 5,940)	($
Plus: Amortization of Investment Tax Credit	$ —	$
NET SAVINGS	$ 5,820	$

INVESTMENT

	PRESENT	PROPOSED
Project Expenditures	$ —	$
Manufacturing & Working Facilities	$ —	$
Net Change in Working Capital	$ (3360)	$
Total Capital Required for this Project	$ (3360)	$

RETURN ON INVESTMENT - THIS PROJECT ∞ %

Net Savings - After Amortization of Operation Charges	$ 5,550	$
Project Operation Charges	$ 5,700	$
Less: Administration Expense @ 4.5% & Income Taxes @ 50.5% (Factor .5273)	($ 3,000)	($
Total Capital Required Including Research & Development & Other Charges	$ (660)	$

RETURN ON TOTAL CAPITAL REQUIRED ∞ %

Equipment to be Released	—	
Increased Space Requirements (Decrease)	—	
Production Capacity		
Forecast Burdening	%	