

ESTIMATED SAVINGS & RETURN ON INVESTMENT

ENGINEER: ED DRILL (2) HOLES TO REDUCE WEIGHT OF
M-700.5 STOCKS
DATE: 11/10/80

Forecast Year #1
Quantity Forecast

PRESENT WEIGH STOCKS ONLY	PROPOSED DRILL (2) HOLES & WEIGH STOCKS
1785	
1800	

OPERATING COSTS

	\$	\$	\$	\$
Purchased Parts				
Raw Material				
Standard Labor	80.	260.		
Labor Variances @	10.	70.		
Industrial Relations @	50.	160.		
Supplies	-	-		
Tool Replacement	-	30.		
Cutter Grind	-	10.		
Tool Maintenance	-	-		
Maintenance	-	-		
Energy	-	10.		
Equipment Depreciation @ 7.5%	-	1590.		

Sub Totals	\$ 150	A	\$ 2150	\$	A	\$
Gross Savings Before Admin. Exp.			\$ (2000)			\$
Admin. Exp. @ 4.3% Gross Savings		B	\$		B	\$
Sub Totals	\$ 150	A+B	\$ 3150	\$	A+B	\$

SAVINGS IN OPERATING COST

Less: Income Tax @ 48.5 %	\$ (960)	(\$	
Plus: Amortization of Investment Tax Credit	\$ 320	\$	
NET SAVINGS	\$ (820)	\$	

INVESTMENT

Project Expenditures	\$ 21,250	\$	
Manufacturing & Working Facilities	\$	\$	
Net Change in Working Capital	\$ (700)	\$	
Total Capital Required for this Project	\$ 21,950	\$	

RETURN ON INVESTMENT - THIS PROJECT

Net Savings - After Amortization of Operation Charges	\$	\$	
Project Operation Charges	\$	\$	
Less: Administration Expense @ 4.3 % & Income Taxes @ 48.5 % (Factor .5072)	(\$)	(\$	
Total Capital Required Including Research & Development & Other Charges	\$	\$	

RETURN ON TOTAL CAPITAL REQUIRED

Equipment to be Released			
Increased Space Requirements (Decrease)	40%		
Production Capacity			
Forecast Burdening	%		