ESTIMATED SAVINGS & RETURN ON INVESTMENT

TEFLON COATED COMPONENTS - M/742

	1968 Year of Operation			
	PRESENT TESTING COST 100% (ALT. PROC.)	PROPOSED TEFLON COAT (EFFECT ON REJECT RATE)		
Quantity Forecast #3-68	62,680			
OPERATING COSTS				
Purchased Parts	$	$	$	$
Raw Material				
Standard Labor	8,190	13,000		
Labor Variance @	820	2,040		
Industrial Relations @34.0%	3,060	5,110		
Supplies				
Tool Replacement				
Cutter Grind	100,580	63,710		
Tool Maintenance				
Maintenance				
Electricity				
Equipment Depreciation @10.0%		1,700		
Franchise Tax @ 3.1%		840		
	$112,650	$86,400	$	$
SAVINGS IN OPERATING COST		$26,250		$
Less: All other expenses				
All Other 5.8 %: Federal Tax 52.8 %		$14,570		$
NET SAVINGS		$11,680		$
INVESTMENT				
Project expenditures		$17,000		$
Manufacturing and working facilities				
Net change in working capital		(10,720)		
Total capital required for this project		$6,280		$
RETURN ON INVESTMENT - THIS PROJECT		185.9 %		
NET SAVINGS - After Amortization of Operation Charges		$11,550		$
Project Operation Charges		$3,000		$
Less: Federal Tax ___ %		$1,580		$
Total capital required including research and development and other operation charges		$7,700		$
Return on total capital required		150.0 %		
Return on total additional investment after completion of this project		%		

(Subdivision 5)

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