BUSINESS MEETING

RESEARCH - Contd.

Process Research Programs - Contd.

The first observation I wish to make about this list is, there are not enough programs or programs of sufficient magnitude, to achieve the cost savings we need to achieve a 26% (pre tax) ROI. We need three or four more projects with earnings like those expected from the auto drill line. The search for such undefined projects is one of the major efforts of our "new initiatives" program.

A second observation is that with the auto drill line nearing start-up, we will soon have additional manpower for the search.

Items 5 and 6 on the list are new. Item 5 will involve the development of a prototype machine employing the motion and programming concepts developed for the N/C cut checkering machines. We expect to develop a project proposal in 1981.

Finally, I'm pleased to report that the new initiatives search program is in place at Ilion. Ilion Research now has a list of over 100 ideas. As these are analyzed and developed, I would expect this list to grow.

Product Research Programs

Most of you are familiar with the product development plan, as it is reviewed twice per year for this committee. I wish to comment on just a few of the programs as listed in Exhibit 10.

Safety is our first priority, and we are developing product improvements responding to four safety related issues. We are forecasting product design acceptance next year.

There is a very large list of product add-use options available for the new 7400-7600 series, and here are listed just the first two. I expect that we will be adding one or two each year for the next several years.