Rev.
SMI: 3-26-79

ESTIMATE # ___________

ESTIMATED SAVINGS & RETURN ON INVESTMENT

ENGINEER: E.L. Morris Jr
DATE: Jan 13 1982 Hein Long Stock Machining (Inleting, Shaping, and Secondary Machining)

	Current Process	Hein Process (Initial Proposal)		
Forecast Year & Reference Dollar	1984			
Quantity Forecast	178960			
OPERATING COSTS				
Purchased Parts	$	$	$	$
~~[illegible]~~ Scrap Labor	9500	4760		
Standard Labor	174,870	38860		
Labor Variance @ Calc	75,300	21660		
Industrial Relations @ 47%?	55,130	22990		
Supplies	4080	750		
Tool Replacement	14110	9830		
Cutter Grind	23210	7330		
Tool Maintenance	4370	3500		
Maintenance	15380	45000		
Energy	Stand Off			
Equipment Depreciation @ 7.5%		56250		
Supervision	21730	4120		
Space Charges	12160	4250		
Sub Totals	$410,650	A $220,880	$	A $
Gross Savings Before Admin. Exp.		$189,770		$
Admin. Exp. @4.3% Gross Savings		B $ 8160		B $
Sub Totals	$410650	A+B $229040	$	A+B $
SAVINGS IN OPERATING COST		$181,610		$
Less: Income Tax @48.5 %		($ 88080)		($
Plus: Amortization of Investment Tax Credit		$ 7500		$
NET SAVINGS		$101,030		$
INVESTMENT				
Project Expenditures		$750,000		$
Manufacturing & Working Facilities		$		$
Net Change in Working Capital		($ 60,790)		$
Total Capital Required for this Project		$689210		$
RETURN ON INVESTMENT - THIS PROJECT		15.0 %		
Net Savings - After Amortization of Operation Charges		$ 100390		$
Project Operation Charges		$ 20,000		$
Less: Administration Expense @4.3 % & Income Taxes @48.5 % (Factor .5072)		($ 10,144)		($
Total Capital Required Including Research & Development & Other Charges		$ 699066		$
RETURN ON TOTAL CAPITAL REQUIRED		14.0 %		
Equipment to be Released				
Increased Space Requirements (Decrease)				
Production Capacity				
Forecast Burdening		77.0 %		

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CASH FLOW SUMMARY WORKSHEET

CASH FLOW YEAR	INVESTMENT CASH FLOW: CAPITALIZABLE PROJECT EXPENDITURES	PROJECT EXPENDITURES CHARGEABLE TO OPERATIONS (NET)	NET CHANGE IN WORKING CAPITAL	TOTAL INVESTMENT CASH FLOW	CASH FLOW FROM OPERATIONS: OPERATING EARNINGS	FED. INCOME TAXES & ALL OTHER TAXES	NET EARNINGS (7)	ITC	DEPRECIATION ON PROJECT EXPENDITURE (TAX BASIS)	TOTAL CASH FLOW FROM OPERATIONS (9)	NET CASH FLOW
	(1)	(2)	(3)	(4) (1)(2)(3)	(5)	(6)	(5)-(6)		(8)	(7)(8)	(4)+(9)
0 83	$ (750)	$ (9.9)		(759.9)							(759.9)
1 84	-0-	-0-	53.7	53.7	158.9	72.1	86.8	75	72.8	235.4	289.3
2 85			(4.4)	(4.4)	144.5	42.1	73.4	0	141.2	214.6	210.2
3 86			25.7	25.7	221.7	107.5	114.2	0	117.8	232.0	257.7
4 87			13.8	13.8	264.1	128.1	136.2	0	102.8	[illegible]	252.6
5 88			19.3	19.3	322.7	157.0	166.1	0	82.5	255.5	274.5
6			19.3	19.3	382.9	185.7	197.2	0	73.5	270.7	290.0
7			20.3	20.3	445.3	216.0	227.3	0	58.3	288.6	308.9
8			21.1	21.9	512.6	248.6	264.0	0	44.3	308.3	330.2
9			23.2	23.2	584.1	283.3	300.8	0	21.3	322.1	353.4
10			25.4	25.4	661.9	321.0	340.9	0	15.0	355.9	381.3

I.M.R. = 33.5%

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