

REQUEST AND AUTHORITY FOR CAPITAL EXPENDITURES / RETIREMENTS

REPORTING CLASSIFICATION C1	DATE APPROVED 11/24/80	JOB ORDER NO. OC-5206 R1
SUMMARY OF AMOUNTS		
DESCRIPTION	LOCAL CURRENCY	U.S. DOLLARS
ESTIMATED PROJECT COST		\$7611
DISMANTLEMENT EXPENSE		
TRANSFER EQUIPMENT		
GROSS AMOUNT FOR APPROVAL		\$7611
LESS TRANSFER EQUIPMENT		
LESS SALVAGE OR TRADE-IN ALLOW.		1000
NET CASH REQUIRED (GOF-3027)		\$6611

DIVISION OR COMPANY
Organic Chemical Division

LOCATION
Chicago, Ill.

J.O. CONTROL POINT
097

JOB TITLE
Purchase company station wagon

RETIREMENT DATA		ECONOMIC JUSTIFICATION		REVISION DETAIL (GROSS AMTS.)			
	AMOUNT		6-YEAR AVG.	REV. #	DATE	AMOUNT	CUM. AUTHORIZATION
COST	5,579	NET SALES		1		(6611)	0
DISMANTLEMENT		NET SAVINGS BEFORE TAXES		2			
LESS SALVAGE	1,000	NET AFTER TAXES		3			
		% ROI (ON TOTAL INVEST.)		4			
		PAYOUT YRS.		5			
TOTAL - CHARGE RESERVE	4,579			6			

DESCRIPTION AND REASONS REQUIRED

Funds of -----\$6611 are requested to purchase a 1980 Chevrolet Malibu station wagon for the Chicago Plant's transportation requirements.

Description	Acq. Cost	Acq. Date	Disposition
Chevrolet Station Wagon	5,579	6/76	To be sold

SUMMARY OF ESTIMATED COST - Details on GOF-3027		ESTIMATE NO.	STARTING DATE	COMPLETION DATE	
			When approved		
ITEM NO.	DESCRIPTION	MATERIALS	LABOR	ENGINEERING	TOTAL
1	Chevrolet station wagon	7,180			7,180
	Illinois Sales & Use Tax	431			431
	Less Salvage	1,000			1,000
	NET CASH REQUIRED	6,611			6,611

ACCOUNTING TREATMENT		RECOMMENDATIONS AND APPROVALS (CHECK BOX)		
ITEM NO.	DEPR. RATE	NAME	REC.	DATE
Dr. \$7,180 P. P. & E (2A800)	20%	PC Jaffrey		10/20/80
Dr. \$ 431 Expense as incurred		MAF		11/10/80
Cr. \$5,579 P. P. & E (61800)		JA Robert Kline		11/24/80
Dr. \$5,579 Res. for Depr. (61800)				
Cr. \$1,000 Res. for Depr. (67800)				
ACCOUNTING TREATMENT / ECONOMICS APPROVED BY DIV. CONTROLLER (CHECK BOXES)		GENERAL MANAGER		
POST AUDIT PERIOD	POST AUDIT DUE DATE	VICE-PRESIDENT		
	DATE 11/14/80			11/24/80
DISTRIBUTION				

NOV 12 1980

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Description and Reasons Required

Funds of -----\$7611
are requested for the purchase of a 1980 Chevrolet Malibu station wagon to be utilized for all the Chicago Plant's transportation requirements.

Present Situation

The only company vehicle at this location, a 1976 Chevrolet Malibu station wagon has been driven 81,000 miles and is in need of extensive maintenance and new tires.

Justification

The vehicle to be replaced, the only one at the Chicago Plant, is used for all transportation needs which include:

- A. All medical requirements for the 30 plant employees at the Falk Clinic located eight miles from the plant. *1 trip/week*
- B. Pick up of maintenance materials from supply houses 3 to 7 times a week. One way distances range from four to twenty miles.
- C. Banking and postal requirements. *1/week*
- D. Company authorized business meetings.
- E. Pick-up and transports of plant visitors to and from the airport and/or motels.

Use of personal vehicles at a mileage allowance of 17¢/mile would cost \$2000/year and be inconvenient to the employees involved.

Mr. C.P. Woehrle, corporate transportation, has developed the data for purchase or lease from Z Frank Chevrolet of Chicago.

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Details of Proposal

Purchase one Chevrolet Malibu station wagon equipped with:

- Automatic transmission
- Power steering
- Power brakes
- Tinted windows
- AM Radio
- Air conditioning
- Radial tires
- Side view mirrors

Present company station wagon will be sold separately. \$1,000.

Alternatives Considered

- A. Continued use of the existing vehicle - the car in service is no longer reliable and the plant must have transportation available at all times. Maintenance cost will be high.
- B. Lease rather than purchase - economics favor purchase.

Risks

No operating risks are involved.

Concise Summary

This is a replacement of a physically exhausted company station wagon.

Commercial Factors

This order supports a plant budget for lead stabilizers as follows:

	<u>Sales</u>		<u>Marginal Income</u>		<u>POS</u>	
	<u>(K\$/Lbs.)</u>	<u>\$</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Actual all stabilizers 1979	8,276	5,594	2,241	37.7	1,553	26.2
Budget all stabilizers 1980	7,850	6,968	2,939	42.2	2,277	32.7
Actual first three-quarter all stabilizers	5,142	3,972	1,281	32.0	1,183	30.0

ECONOMIC JUSTIFICATION
PURCHASE VERSUS LEASE
AUTOMOBILE

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Purchase</u>						
Sales Tax	431					
Annual Cost - Tax Basis Depreciation (Auto)		1,436	2,298	1,508	1,077	646
Maintenance		700	760	820	890	960
Total Cost Before Taxes	(431)	(2,136)	(3,058)	(2,328)	(1,967)	(1,821)
Less Tax 50%	216	1,068	1,529	1,164	984	910
Investment Tax Credit	479					
Net After Tax	264	(1,068)	(1,529)	(1,164)	(983)	(911)
Purchase Cost	(7,180)					
Salvage Value						1,300
Tax on (Over/Under New Capital Cost)						(543)
Less Depreciation		1,436	2,298	1,508	1,077	646
Net Cash Flow	(6,916)	368	769	344	94	492
<u>Lease</u>						
Rental		2,859	2,608	2,358	2,160	360
Maintenance		700	760	820	890	960
Total Cost Before Tax		(3,559)	(3,368)	(3,178)	(3,050)	(1,320)
Less Tax 50%		1,780	1,684	1,589	1,525	660
Investment Tax Credit	479					
Net After Taxes	479	(1,779)	(1,684)	(1,589)	(1,525)	(660)
Purchase Cost						(1)
Salvage Value less Tax						650
Net Cash Flow	479	(1,779)	(1,684)	(1,589)	(1,525)	(11)
Differential Cash Flow	(7,395)	2,147	2,453	1,933	1,619	503

READY
RUN

OC-5206
11/24/80
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DISCT\$ 15:28EST 11/14/80

NAME OF DATA FILE (OR 'NONE')?NONE

DATA TYPE (OR 'END')?EY

DATA?-7395,2147,2453,1933,1619,503

DATA TYPE (OR 'END')?END

DISCT\$ SUPPLIED & SUPPORTED

BY GE MANAGEMENT EDUCATION

CROTONVILLE, NEW YORK.

LIST DSSL:DISCTI FOR INFO OR HELP

YEAR	DURING YR CASH FLOW	END OF YR CASH FLOW	TOTAL CASH FLOW	CUMULATIV CASH FLOW
0	0.0	-7395.0	-7395.0	-7395.0
1	0.0	2147.0	2147.0	-5248.0
2	0.0	2453.0	2453.0	-2795.0
3	0.0	1933.0	1933.0	-862.0
4	0.0	1619.0	1619.0	757.0
5	0.0	503.0	503.0	1260.0

ZERO-INTEREST-BREAK-EVEN POINT: 3.53 YEARS

FIRST CASH FLOW IS AT THE END OF YR 0

EFFECTIVE DCRR: 6.56% (NOMINAL RATE: 6.35%)

ADDITIONAL INPUT DATA (YES,NO)?NO

USED 6.70 UNITS

BYE

00007.25 CRU 0000.04 TCH 0001.17 KC

OFF AT 15:29EST 11/14/80

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