C6 RELOCATION PLAN

21 March 1996

BOE-C6-0113025

C6 RELOCATION PLAN

OBJECTIVE:

- RELOCATE/REMOVE ALL MATERIAL, CUT SHEAR, RECEIVING AND WAREHOUSE OPERATIONS BY 12/97.

STRATEGIES:

- RELOCATE TO LEASED FACILITY
- IMPLEMENT JIT AND CUT TO SIZE CONTRACTS
- OUTSOURCE

BOE-C6-0113026

LEASED FACILITY BUILDING REQUIREMENTS

- MUST BE ZONED FOR MANUFACTURING SITE.
- MUST BE LOCATED WITHIN 20 MILES OF DAC TO CONTINUE PRODUCTION AND FABRICATION SUPPORT.
- MUST HAVE EXTERIOR FENCING WITH BARBED WIRE AND APPLICABLE SECURITY AND FIRE PROTECTION.
- MUST HAVE SHIPPING AND RECEIVING DOCK CAPACITY WITH APPROPRIATE FACILITY REQUIREMENTS.
- BUILDING STRUCTURE MUST BE ABLE TO SUPPORT A MINIMUM OF FOUR OVERHEAD CRANES WHICH HAVE SIX TON CAPACITY.

BOE-C6-0113027

CURRENT C6 ACTIVITY

- THIRTEEN STOCKROOMS
  - COMMODITIES INCLUDE:

	($ IN MILLIONS)
• BAR	.6
• CASTINGS	6.8
• SHEET/PLATE	6.1
• TUBE	2.1
• WIRE	3.0
• PRODUCTION STOCK ITEMS	6.2
• OPERATING SUPPLIES/STATIONARY	.6
• MISC. RAW MATERIAL	3.3
• MISC. PARTS	1.4

- RECEIVING DOCK
- SHIPPING DOCK
- CUT OPERATIONS
- BONDROOM

BOE-C6-0113028

RELOCATION COST

TOTAL COST FOR 15 STOCKROOMS AND THE RECEIVING DOCK:

• TRUCK LOADS AT $300 PER LOAD	$201,600
• ADDITIONAL LABOR TO MOVE AND SET UP AT $29 PER HOUR	367,200
• ADPE	100,000
• DISRUPTION / DUPLICATE OPERATIONS 90 DAYS	835,200
• CAPITAL EQUIPMENT AND RENTAL DURING MOVE	154,935
• BREAK DOWN / BUILD RACKS	632,756
• FENCING	100,747
• MATERIAL FOR MOVE -- PALLETS, SKIDS, PIG PENS, WOOD, BOXES	85,900
TOTAL	$2,478,338

* This cost figure does not include site upgrade needs, system adaptations, transportation costs after move, or any other cost which may have been excluded for daily operations.

BOE-C6-0113029

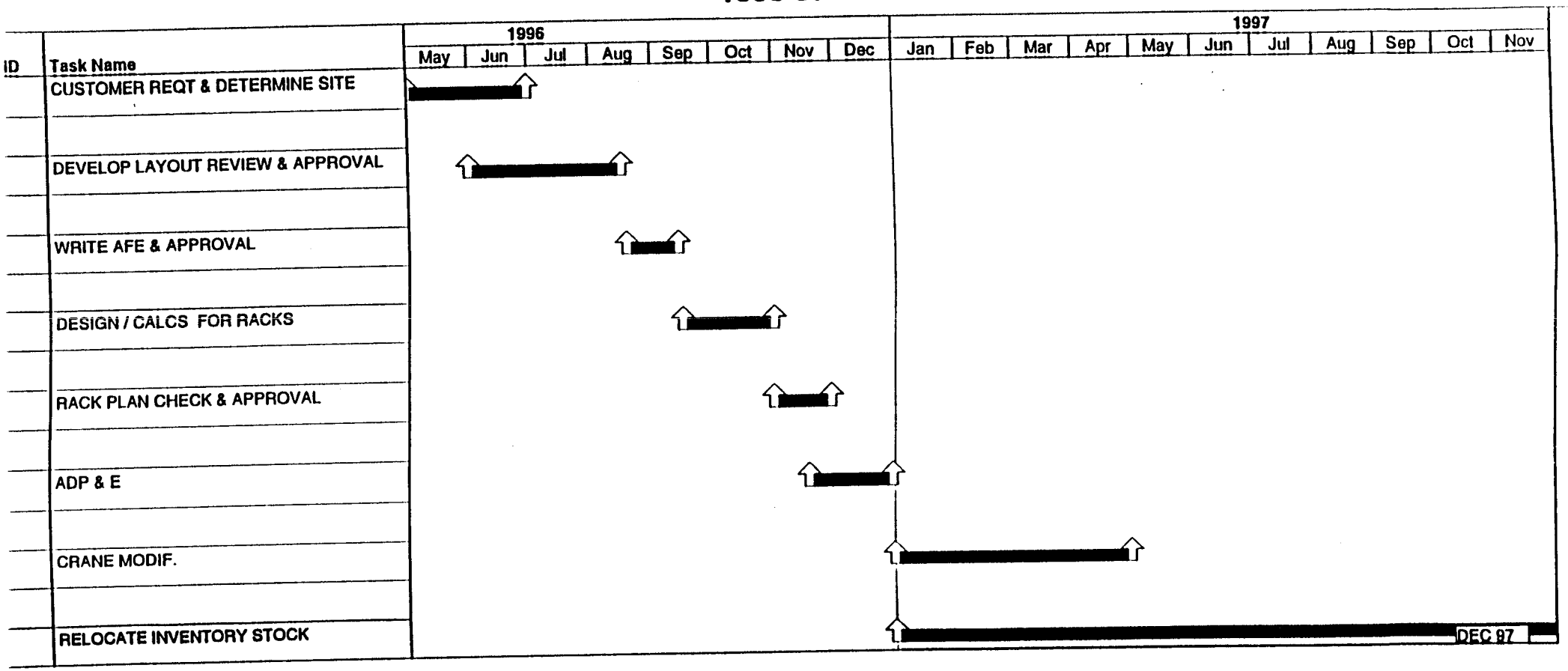
C6 TORRANCE STOCKROOMS

21 March 1996

	MRO EQUIP. & AVIONICS (6338) (323M) (323S)	CASTINGS FORGINGS (6324F) (6324Y)	RECEIVING (6327)	BOND ROOM (6326)	MATERIAL (324W) (324E) (324C)	CUT OPERA-TIONS (6401)	PACK AND CRATE (6328)	CHINA AND STOCK ROOMS (6554, 6303)	MAKE AND USE (324M)	PREMIUM SHEET (6A)	OFFICE	PSI	TOTAL
TRUCK AT $300 PER LOAD	$8,000	$12,200	$6,500	$2,000	$120,00	$5,000	$1,800	$1,800	$5,000	$22,500	$1,800	$15,000	$201,600
LABOR AT $25.00 HR. ADDITONAL HEADCOUNT	$22,200	$41,000	$14,000	$11,600	$175,800	$14,000	$14,000	$4,000	$16,400	$21,200	$9,200	$23,800	367,200
SPACE AT $.40 PER SQ. FOOT	$18,880	$13,750	$13,040	$12,800	$23,040	$15,600	$4,320	$9,200	$5,160	$11,840	$800	$8,278	$136,628
ADPE	$9,870	$6,780	$15,480	$6,750	$10,840	$6,560	$6,310	$7,360	$6,750	$5,340	$12,850	$5,350	$100,240
DISRUPTION (DUAL SHOPS 90 DAYS)													$835,200
CAPITOL EQUIPMENT (RENTAL)													$154,93
BREAKDOWN/ BUILD RACKS AT 12 FEET	N/A	$202,500	$16,250	N/A	$322,700	N/A	$3,250	N/A	$39,000	$48,750	N/A	$306,000	$632,75
FENCING $13.50 PER FOOT	$13,770	$12,501	N/A	N/A	$19,170	N/A	$4,590	$13,554	$14,590	$9,990	N/A	$12,582	$100,74
MATERIAL													$85,90
												TOTAL	2,478,33

BOE-C6-0113030

C6 - TORRANCE
RAW STOCK OPERATION MOVE SCHEDULE
1996-97



Project:
Date: 3/20/96

Task		Rolled Up Task	
Progress		Rolled Up Milestone	◆
Baseline		Baseline Summary	
Milestone	◆	Rolled Up Baseline	
Baseline Milestone	◇	Rolled Up Baseline Milestone	◇
Summary		Rolled Up Progress	

BOE-C6-0113031

OUTSOURCING STRATEGY

LOCATE AN OUTSOURCING FACILITY, IN PROXIMITY TO DAC , TO TAKE ON THE RESPONSIBILITIES OF THE INVENTORY, CUT OPERATIONS AND RECEIVING FUNCTION TO REDUCE LABOR COSTS.

BOE-C6-0113032

COST BENEFITS
(ANNUAL)

C6 LABOR COSTS *(79 EMPLOYEES @ $29 HR, 50 WK)*	$4,582,000
OUTSOURCING LABOR COST *(HISTORICALLY 30% LESS HEADCOUNT)* *(55 EMPLOYEES @ $12 HR, 50 WK)*	$1,320,000
LABOR SAVINGS	$3,262,000
C6 SQ FT CHARGE *(330,287 TOTAL SQ FT x .30)*	$1,189,033
TYPICALLY PROPOSED SQ FT *(AT GREENFIELD SITE @ .45)*	$1,783,548
SPACE SAVINGS	($ 594,515)
RELOCATION COST	$2,478,338
COST SAVINGS	*

* This cost savings figure does not include site upgrade needs, system adaptations, transportation costs after move, or any other cost which may have been excluded for daily operations.

BOE-C6-0113033

JIT STUDY

OBJECTIVE:

TO COMPLETE A COST/BENEFIT ANALYSIS ON FULL IMPLEMENTATION OF THE "JUST IN TIME PROCESS," A FULL COST STUDY ON APPROPRIATE SYSTEMS SUPPORT (I.E. ON-LINE ORDER PROCESSING AND REQUEST FOR PARTS) WILL BE INCLUDED IN THIS STUDY AS WELL.

TEAM:

THE COST/BENEFIT STUDY TEAM WILL CONSIST OF: INVENTORY, MRP, SUPPLIER MANAGEMENT, CONTRACTS, SHOP FLOOR CONTROL AND FINANCE. COST BENEFIT STUDY COMPLETE 3 MAY 1996.

BOE-C6-0113034