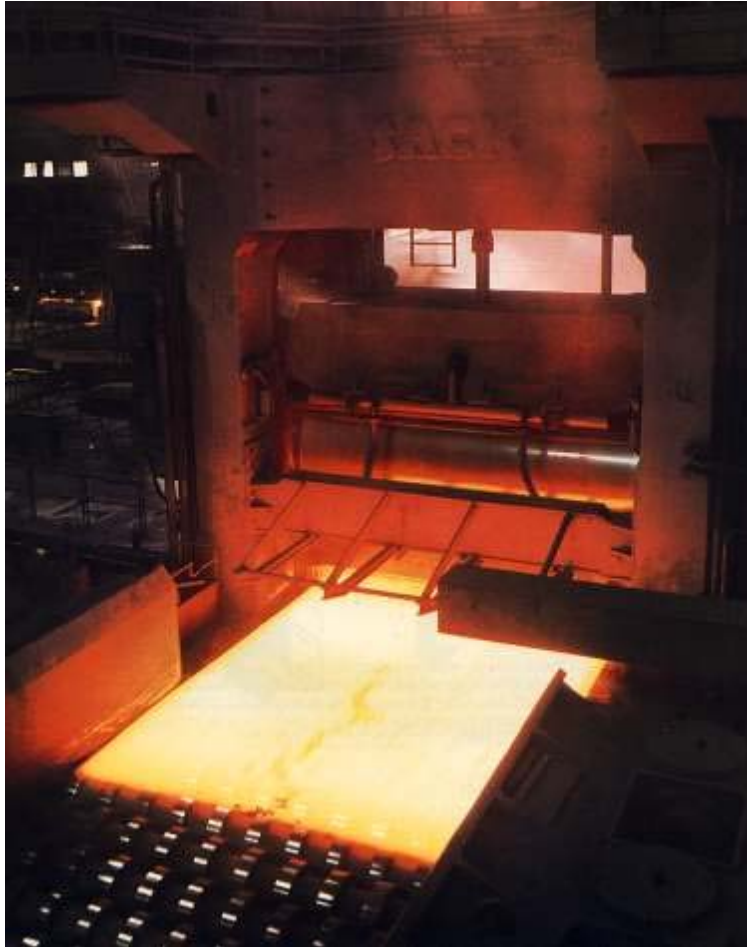


Ferryman Example 2 (Revenue Project AW)



In 2004, Ferryman Company, a titanium producer in Pennsylvania, expanded its operations with the purchase of a rolling mill for \$10 million. The mill produced 4 million pounds of output per year for the next 10 years. The mill was then sold for scrap for \$500,000. Assume that operating and maintenance (O&M) costs were \$10 million the first year and grew by \$1 million per year after that. Assume, too, that each pound of titanium output generated \$9.00 in revenue while costing \$4.00 to produce. **Calculate the annual worth assuming a 15% MARR.**