

Miller's, Inc. is considering a new 4-year expansion project that requires an initial fixed asset investment of \$3.6 million. The fixed asset will be depreciated straight-line to zero over its 4-year life, after which time it will be worthless. The project is estimated to generate \$3.9 million in annual sales, with costs of \$2.6 million. If the tax rate is 34 percent, what is the OCF for this project?

\$1,164,000

\$997,720

\$684,280

\$858,000

\$911,760

		1	2	3	4
I	-3,6				
D		0,9	0,9	0,9	0,9
sales		3,9	3,9	3,9	3,9
costs		2,6	2,6	2,6	2,6
Inc After tax		0,858	0,858	0,858	0,858