

2. Auburn Concrete Inc. is considering the purchase of a new concrete mixer to replace an inefficient older model that is completely worn out. If purchased, the new machine will cost \$90,000 and is expected to generate savings of \$40,000 per year for five years at the end of which it will be sold for \$20,000. The mixer will be depreciated to a zero salvage value over three years using the straight-line method. Develop a five-year cash flow estimate for the proposal. Auburn's marginal tax rate is 30%. Work to the nearest thousand dollars.