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Addition of 7MM-08 Caliber to
M/700 BDL Line

The attached evaluation shows the economic effects of adding the 7MM-08 caliber to the M/700 BDL (regular) line in 1981. Marketing indicates this caliber will generate 3,000 additional sales units at the same pricing as other regular caliber M/700 BDL's. No expenditures are required to implement this proposal.

The results of this evaluation indicate additional net earnings of \$58M and a 13.5% net return on investment on a full allocation basis. Incremental results are \$130M additional net earnings and a 33.6% net return on investment.

On a unit basis, pretax earnings for the 7MM-08 caliber will be 17.4% of the net selling price which is the same percentage as other regular caliber M/700 BDL's. Unit pretax earnings for the total M/700 BDL line (which includes regular, Magnum, Varmint and Left-hand) would be increased from 13.6% to 13.7% of net selling price by this proposal.

J. C. Hutton
J.C. Hutton, Superintendent
Industrial Engineering Section

By: T.R. Andrews

TRA/kc
Attached