

File #54

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G.D. Campbell

M/700 Classic, .257 Roberts

The estimated costs and economic results for the special "one-time" offering of M/700 Classic rifles in .257 Roberts caliber have been revised per updated information received from Marketing. These changes include increasing the volume from 3,000 to 4,000 units and including scope mounts (machined by R&D NC Model Shop) in the package. Pricing remains unchanged from the standard M/700 Classic.

As shown in the attached economics, these revisions yield essentially breakeven results (0.4% margin and 0.2% net return on investment) on a full allocation basis. However, the estimated incremental results show net earnings of \$115M and a 20.9% net return on investment.

Estimated costs for the M/700 Classic, .257 Roberts are based on the cost experience of producing a limited run of 7mm Mauser M/700 Classics in 1981. The cost of the proposed scope mounts are based on data supplied by R&D. As the .257 Roberts is a "one-time" venture, the estimated operations charges of \$18,200 required to produce this caliber have been amortized into the unit cost. However, the \$4,700 operations charges required to tool production operations for the scope mounts are assumed to be applicable to future scope mount production.

J.C. Hutton

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Attached