

Bridgeport, Connecticut  
June 4, 1957

TO: P. H. BURDETT (30)  
FROM: N. F. LARSEN  
SUBJECT: ECONOMICS - REVISED FORE-END FOR MODEL 870 AP

The following is a tabulation showing the effect of the increased cost for the revised fore-end for the Model 870 AP:

	Present AP Round Fore-end	Proposed ADL Type Fore-End	
		Plain Surface	Vertical Grooved
List price	\$85.95	\$85.95	\$85.95
Net selling price	46.48	46.48	46.48
Factory cost (No. 2 forecast)	26.91	26.91	26.91
Increase in factory cost for revised fore-end	-	.57	.66
	26.91	27.48	27.57
Research @ 2-1/2%	1.16	1.16	1.16
Mill cost	28.07	28.64	28.73
Factory profit	18.41	17.84	17.75
Selling and administrative @ 8%	3.72	3.72	3.72
Operative earnings	\$14.69	\$14.12	\$14.03
% of net selling price	31.6%	30.4%	30.2%
Decrease in operative earnings based on 1957 volume of 51,000 M/870 AP shotguns	-	\$29,070	\$33,660
Additional volume necessary to offset increased cost		2,050 guns	2,400 guns

NFL/ld

*N. F. Larsen*  
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