

FIREARMSGENERALCUSTOM CHECKERING

The progress was reported on the four (4) point program set up by the Committee last month to extend Custom Checkering to existing lines. The program recognized that project funds are expended. It was designed to provide appropriate means around this, where such would accelerate the program, while the Part 3 of the project is being prepared.

Economics - The project economics assembled by the Production Department were reviewed and are shown in the second column of the Table 1 attached. These are based on checkering on a grade and all currently machine checkered grades of the Models 870, 11-48, 700, 742, and 760. The economics indicate additional net earnings of \$43,000 from the sale of 5,400 additional firearms, and a 20% return on \$222,000 Total Capital Required. This is less than the net earnings and return on Total Capital Required for the Part 2 shown in Column 1. This is due to the estimated cost of Custom Checkering now being higher, based on operating experience.

The economics shown in Column 3 of Table 1 were high spotted by the Secretary immediately following the meeting, on an alternative basis defined by the Committee. The difference from Column 2 is that the field grade Model 870 would be offered in a single grade rather than two (A and ADL), its sales volume would be 44,000 instead of 42,000 per year and the basic retail price would be \$94.95 instead of \$89.95. The economics on this basis show \$75,000 net annual earnings, providing a 28% return on \$264,000 Total Capital Required.

Schedule - The schedule cooperatively prepared by Sales, Production, and Research indicated the Model 870 could be Custom Checkered for January, 1963 introduction. This presumed that General Management would approve the overall plan and authorize interim funds to complete facilities for the Model 870 while the Part 3 of the project is being completed. The balance of the models to be Custom Checkered, (Models 742, 760, and 11-48) would be completed for January, 1964 introduction. The latter date is predicated on Sales desire for a first of the year introduction rather than doing so during the course of 1963.

Checkering Patterns - A Model 870A and 870 ADL, hand checkered according to the proposed patterns, were displayed to the Committee. These had been prepared through the cooperation of