

In summary, the trend of improvements in standard material and labor in Figure 1 represents the day to day actual improvements that are being made and will reduce plant costs. The trend of the total material and labor cost in Figure 2 show the result of these improvements in the Model 1100 cost sheets.

The projected improvement in total factory cost to \$58.00 at 310,000 firearms a year very nearly equals the first year project estimate of \$57.55 which was based on the same volume. Projecting this improvement to the third year Project forecast of 360,000 firearms a year indicates a \$56.00 factory cost. The gap between this and the estimated third year Project cost of \$53.75 represents the additional improvement to be accomplished.

Production Status

Production through May 13 was approximately 16,800 shotguns which is approximately 25% ahead of forecast. Gallery rejects due to failure to blow back on light loads have been reduced from the 50% reported last, to the current range of 3 to 8%.

SC Grade Checkering

The SC grade with Custom instead of hand checkering is in the line for assembly to the warehouse shortly. The joint recommendation between Sales and Production on the long term checkering of the SC grade remains to be made.

12 Gauge Magnum

A desired goal of the Magnum shotgun was to perform satisfactorily on either Magnum or Express loads. Research testing indicates this will not be attained. Sizing the orifice for the Magnum loads results in only approximately 10% of the shotguns performing satisfactorily on Express loads. Sizing the orifice for the Express loads will reduce the endurance on Magnum loads an estimated 75%.

The Committee concluded the Magnum shotgun should be confined to Magnum loads, with the orifice sized accordingly. The Sales Department has not made specific claim that the Magnum shotgun will perform satisfactorily with Express loads. However, they will take any necessary steps to insure there is no misunderstanding by the customer.

16 AND 20 GAUGE

Start-Up Status

Research reported no significant changes to the 16 and 20 gauge design that will affect the January introduction date. Minor