

The economics of test marketing 250 of the rifles in 1964 were reviewed and are shown in Table 2. Sales believes the earnings can be increased by treating the rifle as a special case similar to the Model 40X, and selling it at a special discount of 15% and 10% instead of the regular 25% and 17½%. The economics are shown for the regular and special discounts and for selling prices of \$259.95 and \$274.95. The earnings from the high grade rifle may be compared with that from the Model 700 BDL which are also shown in Table 2. The indicated profit margin of 14% of Net Selling at the \$274.95 selling price and special discount compares favorably with the 15% profit margin of the Model 700 BDL.

Sales indicated the high grade rifle should not affect Model 700 BDL sales since the high grade rifle is a very special one in a different price class. The Model 700 BDL sells for half the assumed price of the Model 700 High Grade. 83

The Chairman indicated that the proposal outlined by Sales and Research will be reviewed by Management to determine the course of action.

#### GENERAL

#### 1965 FIREARMS LINE

The Chairman stated that the major objective of the meeting was to discuss recommendations for the 1965 firearms line.

The recommendations from Sales, Research, and Production are contained in Table 3 attached. The Chairman requested Sales, Research, and Production to establish from the proposals in the attached table their unified recommendations for the 1965 firearms line for discussion at the January meeting. The recommendations should include so far as possible the development expense, project or start-up expenditure and timing, and economics.

The Chairman asked two additional items be considered upon which Remington might capitalize:

- . Federal legislation is being considered to restrict the sale of firearms through the mail. This may create a product void for the purchasers of such rifles. The Sales Department was asked to consider if Remington can offer a product to profitably supply this market.
- . Management has information that Winchester will manufacture brand name firearms for mail order houses in 1964. This indicates Winchester's firearms business is in a serious situation and they are resorting to extreme measures. Brand name manufacture is of no interest to Remington. Therefore, the Chairman requested the emphasis continue to improve our quality in order to exploit the favorable market situation we have created.