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Table 3

November 17, 1965

TO: OPERATIONS COMMITTEE
BRIDGEPORT AND ILION DIVISIONS

FROM: DEVELOPMENT DEPARTMENT

SUBJECT: PELLET GUNS AND AMMUNITION

Supplementing our report of July 22, 1965, to the Ilion Division, on the above subject, we have completed our review of the pellet gun business, and recommend herewith that the Company undertake to enter this field via internal development.

We believe that we have identified opportunities for both pellet ammunition and pellet guns. We can consider entry into pellet ammunition independent of a decision to offer a line of pellet guns, but the reverse situation would not be attractive. In both cases, entry into the field should be predicated on products that offer technological superiority and quality advantages over those presently on the market. Moreover, in both cases it will be necessary to undertake, in the appropriate Research Division, sufficient development work so that proposed products can be defined and costed, and so that the investment for new facilities can be estimated and potential returns appraised.

Pellet Ammunition

Broadly speaking, pellet gun ammunition includes steel and lead air rifle shot or BB's which we consider to fall in the toy category. Specifically, in this report, pellet gun ammunition means caliber .177 and .22 Diablo or "waisted" pellets of approximately 8 and 14.5 grains, respectively, and CO₂ cylinders in two standard sizes. There are also .20 (5mm) caliber lead projectiles having a semi-streamlined profile, weighing 16 grains, which are used with the Sheridan pneumatic rifles.

Of these, the .22 caliber Diablo pellet appears to be displacing the .177 caliber for rifles, and is by far the most popular for the rapidly growing CO₂-powered handguns. Our estimates indicate that domestic pellet sales in 1964 approxi-

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