

RIM FIRE RIFLES - contd.RIM FIRE TARGET RIFLES - contd.

The new target rifle would release \$121,572.71 capital equipment used for the production of the present Models 513T and 521T. The plant proposes to retain \$47,949.65 of standard machines for use on other models and the equipment maintenance program. If requested, the balance of \$73,623.06 could be transferred to Canada or CBC for rim fire rifle manufacture. This write-off is only reflected in the calculations as a reduction in depreciation.

There is no increase in volume indicated for the new target rifle. The economics are based on using birch for the Stock.

In addition to the project estimate of \$266,400 to produce the commercial target rifle, there is an expenditure of \$33,000 for a military rifle as shown in Exhibit V. It has been assumed that the return on the military target rifle would be approximately the same for the new and old models. The available costs are shown as Exhibit V.

Marketing stated that to be competitive, Remington should add the new target rifle to the line.

Committee Action:

The Committee recommends Management authorization to release to production of the commercial and military versions of the Model 580 target rifles.

Although the return is marginal, the plant is to submit a project for the funds required. The writeup is to indicate the equipment that will be retired and the contemplated added use of the N/C machine.

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