CENTER FIRE RIFLES - contd.

MODEL 744-766 CENTER FIRE RIFLES - contd.

machines. This could be submitted for General Management approval within the next month. After development has been completed and the expenditures and product costs reviewed, funds to complete the program could be requested.

Treasury and Production have completed a review of the economics which would be used for a Part I project preparation. Based on the change in calculation to include a spread of depreciation for the center fire manufacturing equipment, the operative earnings for each new model presented at the February meeting were reduced from $.42 to $.48 per rifle and the percent of net sales approximately .5%. The effect on the cash or project result is a reduction on return on investment from 28.2% to 25.3% and on return on total investment including operating costs from 15.4% to 13.3%. These figures are for the third year (1974). Based on the first year where the increase in sales is seventy-five hundred (7500) rifles, the return on investment is 5.1%. These are the figures that would be shown in a project. A calculation for the third year net return for the line after project results based on full factory costs is 15.1%. This is higher than the overall figure for firearms in 1969.

Committee Action:

R & D is to determine the steps to be taken so that the program can continue.

Marketing is to resolve the objectives with R & D as outlined in Exhibit 2. Also, Marketing is to determine if any of the calibers offered in the Models 742-760 can be deleted for the proposed Models 744-766.

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