

Our committee, which was appointed February 8 to study the "X"-family guns, has met formally on a biweekly basis at Ilion beginning on February 16. Our third meeting was held last Friday, March 16. This study is complex because it has a very large number of possible alternatives. We're making progress, however. The significant variables and the viable alternatives are beginning to come into focus, and we anticipate meeting the objective of having firm recommendations for the May Operations Committee meeting.

We began with the premise that the "X"-family of guns would (initially at least) be additive to our current line and that we would not try to force obsolescence of the current models based on the market place being the test for obsolescence.

We have and are making economic analyses of many alternatives while taking into account Marketing's priorities and analyses of intangibles. We're also taking into account R&D capabilities as well as the time and cost penalties should we change the current R&D schedules. And, obviously, we're taking into account Production's ability to absorb the new lines into what will be the then-current production.