

BUSINESS MEETINGBUSINESS SERVICES - Contd.Departmental Plans Analysis - Contd.

Exhibit 13 compares with the three elements of our firearms objective with their projected values in the fifth year of the forecast. PROI, as reported, is forecasted to reach 21%. Contribution from the additional cost reduction programs outlined earlier by Production have the potential of providing the additional \$12.3MM which is needed to reach the 26% PROI level. Cumulative cash flow is estimated at \$37MM as compared to \$57MM reported in our last five year forecast. Our dollar share of market objective of 36%, based on estimated growth rates, will be exceeded by 1985.

Exhibit 14 is a productivity index in 1980 constant dollar cost. The unit cost is based on a weighted average cost of all guns. A LIFO inflation index is used for conversion to 1980 dollars. The 1980 cost of \$111.81 in constant \$ rises above the trend line mainly because of lower unit volume. 83

REGULAR AGENDAPROCESS DEVELOPMENTBARREL DRILLING

Research reported that the southside of the Auto-Drill Line is completed and test runs have been made in the fully automatic mode. Production personnel are being trained to operate the line. A plant safety evaluation conducted on the southside while in operation revealed a few minor items for modification and those deficiencies have been corrected. No major deficiencies were identified. Work is in progress to replace electrical relays damaged by water seepage on the northside and to correct binding in the chip wringer system. Barring unforeseen problems, work on the northside should be completed by November 24, 1980.

A preliminary cost analysis, prepared by Research, indicates that the project should under-run authorized expenditures by approximately \$15,000. The analysis, summarized below, is based on actual charges against the project through September 30, 1980, known commitments through October 30, 1980, and projected needs to date. Items needed include an events recorder, flow meter, air heater, oil holding tank, hydraulic oil heaters, and an overhead screen to protect against water damage. If projections are accurate, the under-run will be well within 10% of the Part 2 authorization.