


Bridgeport, Connecticut
November 29, 1954

TO: W. L. CLAY (30)
FROM: N. F. LARSEN
SUBJECT: ESTIMATED EARNINGS AND RETURN ON INVESTMENT
2,500 MODEL 722 RIFLES - 244 CALIBER - NORMAL YEAR

The attached schedule shows the earnings and return on investment on 2,500 Model 722 244 caliber rifles, in accordance with H. A. Brown's letter of September 28, 1954, on this subject.


N. F. Larsen

NFL:dmg
Enc.

REMINGTON ARMS COMPANY, INC.

ESTIMATED EARNINGS AND RETURN ON INVESTMENT
2,500 MODEL 722 RIFLES - 244 CALIBER - NORMAL YEAR

	<u>Each</u>	<u>Amount</u>	<u>% of Sales</u>
Forecast quantity		2,500	
Retail selling price	\$ 82.80		
<u>Net sales</u>	45.23	\$113,075	100.0%
Factory cost	34.83	87,075	77.0
Research	1.13	2,827	2.5
Total mill cost	<u>35.96</u>	<u>89,902</u>	<u>79.5</u>
Factory profit	9.27	23,173	20.5
Freight and delivery, selling and administrative	<u>4.52</u>	<u>11,308</u>	<u>10.0</u>
<u>Operative earnings</u>	\$ 4.75	\$ 11,865	10.5%
Less: All other expense @ 7%		<u>831</u>	
Net earnings before Federal taxes on income		11,034	
Less: Federal taxes on income @ 50%		<u>5,517</u>	
<u>Net earnings</u>		<u>\$ 5,517</u>	
<u>Investment</u>			
Expenditure required		\$ 10,500	
Allocated production and service facilities		-	
Working capital		<u>49,000</u>	
Total capital required		<u>59,500</u>	
Less: Portion chargeable to operations or depreciation reserve		<u>4,100</u>	
Total investment		<u>\$ 55,400</u>	
<u>Return on investment</u>			
Total capital required		9.3%	
Total investment required		10.0%	

NFL:dmg
11/29/54