

Bridgeport, Connecticut
July 28, 1955

TO: P. H. BURDETT (30)

FROM: N. F. LARSEN

SUBJECT: 244 CALIBER M/722 CENTER FIRE RIFLE AND CARTRIDGES

Attached is a schedule showing sales and operative earnings for the 244 caliber M/722 center fire rifle and cartridge. This schedule reflects the increase in selling price of the rifle from \$82.80 to \$89.95 each. Forecast indicates that the additional sales volume will amount to \$169,498 and operative earnings, to \$37,001, equivalent to 21.8% of sales.

The operative earnings on the M/722 rifle are \$.91 each greater than originally estimated due to:

- (1) Increase in retail selling price from \$82.80 to \$89.95, partially offset by
- (2) Increase of \$2.10 in the cost of the basic M/722 rifle based on more recent estimates.
- (3) Increase of \$.45 in additional costs to manufacture the 244 caliber type over standard calibers due to the following operations not originally contemplated:
 - (a) Inletting of stock to fit magnum size barrel
 - (b) Cleaning of barrel after test firing
 - (c) Test firing of 10 rounds instead of 8 rounds.

Operative earnings on the 244 caliber PSP center fire cartridge, 75 and 90 grain bullet combined, are \$5.18 greater than originally estimated due to:

- (1) Elimination of two operations on the shell and improved labor efficiency
- (2) Reduction in center fire burden rates, partially offset by
- (3) Increase in purchase cost of brass.

Summary of sales and earnings based on current estimates is as follows:

	<u>244 Cal. Ctge.</u>	<u>M/722 Rifle</u>	<u>Total</u>
Annual quantity	500M	2,500	
Retail selling price	\$182.50	\$ 89.95	
Net sales value	\$ 95.79	\$ 48.64	
Annual sales	\$47,896	\$121,600	\$169,496
Annual operative earnings	\$11,126	\$ 25,875	\$ 37,001
Operative earnings as % of sales	23.2%	21.3%	21.8%

N. F. Larsen
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NFL:dmg
Attach.

REMINGTON ARMS COMPANY, INC.

244 CALIBER M/722 CENTER FIRE RIFLE AND CARTRIDGES
SALES AND OPERATIVE EARNINGS

<u>M/722 - 244 Caliber</u> <u>(Project RI-664)</u>	<u>Current</u> <u>Estimate</u>	<u>Original</u> <u>Estimate</u>	<u>Comparable</u> <u>Item</u> <u>(Current Est.)</u> <u>M/722</u> <u>300 Savage</u>
Annual quantity	2,500	2,500	
Retail selling price	\$ 89.95	\$ 82.80	\$ 82.80
Net selling price	\$ 49.08	\$ 45.23	
Less - Freight and delivery	.44		
Net sales value	\$ 48.64		\$ 44.82
Operative earnings	\$ 10.35	\$ 9.44	\$ 8.15
Annual sales	\$121,800	\$113,075	
Annual operative earnings	\$ 25,875	\$ 23,590	
Operative earnings as % of sales	21.3%	20.9%	18.2%
 <u>244 Caliber PSP Center Fire</u> <u>Cartridge</u>			
<u>75 Grain Bullet</u>			
Annual quantity	350M	350M	
Retail selling price	\$ 182.50	\$ 182.50	
Net selling price	\$ 97.05	\$ 97.05	
Less - Freight and delivery	1.26		
Net sales value	\$ 95.79		
Operative earnings	\$ 22.56	\$ 18.07	
Annual sales	\$ 33,527	\$ 33,968	
Annual operative earnings	\$ 7,897	\$ 6,328	
Operative earnings as % of sales	23.6%	18.6%	
 <u>90 Grain Bullet</u>			
Annual quantity	150M	150M	
Retail selling price	\$ 182.50	\$ 182.50	
Net selling price	\$ 97.05	\$ 97.05	
Less - Freight and delivery	1.26		
Net sales value	\$ 95.79		
Operative earnings	\$ 21.53	\$ 16.74	
Annual sales	\$ 14,369	\$ 14,558	
Annual operative earnings	\$ 3,229	\$ 2,512	
Operative earnings as % of sales	22.5%	17.3%	

244 Caliber M/722 Center Fire Rifle and Cartridges
Sales and Operative Earnings (Continued)

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	<u>Current Estimate</u>	<u>Original Estimate</u>	<u>Comparable Item (Current Est.)</u>
<u>244 Caliber PSP Center Fire Cartridge (Continued)</u>			
<u>75 and 90 Grain Bullet Combined</u>			
Annual quantity	500M	500M	
Retail selling price	\$ 182.50	\$ 182.50	\$ 182.50
Net selling price	\$ 97.05	\$ 97.05	
Less - Freight and delivery	1.26		
Net sales value	\$ 95.79		\$ 95.79
Operative earnings	\$ 22.25*	\$ 17.07*	\$ 15.13
Annual sales	\$ 47,896	\$ 48,528	
Annual operative earnings	\$ 11,126*	\$ 8,840*	
Operative earnings as % of sales	23.2%	18.2%	15.8%
<u>Rifle and Cartridges Combined</u>			
Annual sales	\$169,496	\$161,601	
Annual operative earnings	\$ 37,001	\$ 32,430	
Operative earnings as % of sales	21.8%	20.1%	

*Excludes amortization of approximately \$3,000 for initial tools and gauges,
equivalent to \$.60 per M, charged to operations.

NFL:dmg
7/28/55