

SUB DIVISION #5

MODEL XP-100 7MM-08 CALIBER - WITHOUT SIGHTS

1ST YEAR ESTIMATED EARNINGS AND RETURN ON INVESTMENT

(1986 COST VOLUME ± REVISED PRICING)

	1980 MODEL		PROJECT	RESULTS		1980 Model
(DOLLARS IN THOUSANDS)	XP-100 LINE					XP-100 LI
	BEFORE		BOOK	INCREMENTAL		AFTER
PRESENT : .221 FIREBALL	58445		- 450	- 450		53995
PROPOSED: 7MM-08			+1500	+1500		1500
TOTAL	58445		1050	1050		6895
NET SALES	\$ 796		\$ 160	\$ 160		\$ 956
LESS:						
FACTORY COST	\$ 531		90	65		621
SELLING + ADMIN.	60		12	5		72
TECHNICAL EXPENSE	12		3	1		15
DISTRIBUTION EXPENSE	17		3	2		20
TOTAL COST	\$ 620		\$ 108	\$ 73		\$ 728
PRE TAX EARNINGS	\$ 176		\$ 52	\$ 87		\$ 228
PRE TAX EARNINGS ADJUSTED FOR ADMIN. EXPENSE	\$ 168		\$ 50	\$ 83		\$ 218
NET EARNINGS	\$ 87		\$ 26	\$ 43		\$ 113
EARNINGS ADJ. FOR F. OF INVEST. TAX CREDIT	\$ 87		\$ 26	\$ 43		\$ 113
INVESTMENT						
PROJECT EXPENDITURES			\$ 1	\$ 1		\$ 1
EXISTING FACILITIES USED	\$ 317					317
DIRECTLY IN OPERATIONS						
ADJUSTED GENERAL FACILITIES	12		2	1		14
WORKING CAPITAL	480		91	84		571
TOTAL	\$ 809		\$ 94	\$ 86		\$ 903
RETURN ON INVESTMENT	10.7 %		27.7 %	50.0 %		12.5
ADDITIONAL CALCULATION						
NET EARNINGS AFTER AMORTIZING (OVER 10 YEARS) OPERATION CHGS.			\$ 21	\$ 39		
TOTAL CAPITAL INCLUDING OFFG.			\$ 146	\$ 135		
CHARGES LESS ADMIN. EXPENSE + TAXES						
RETURN ON TOTAL CAPITAL			14.4 %	28.9 %		
OPERATION CHARGES						S. M. Models