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cc: P. H. Burdett
Gail Evans
J. D. Mitchell

Bridgeport, Connecticut
December 10, 1957

TO: M. R. WARDEN
R. H. COLEMAN
H. K. FAULKNER
DEWEY GODFREY
H. M. STOESEL
G. M. CALHOUN

FROM: H. A. BROWN

SUBJECT: New 222 Remington Magnum Cartridge and
Model 722 Rifle in 222 Remington Magnum Caliber

A new 222 Remington higher power cartridge, like 10,000 made experimentally for Springfield Armory, is considered to have sales potential in the commercial line. Comparable muzzle velocities are 3300 f.p.s. for a 55-grain bullet in the new Magnum load and 3200 f.p.s. for a 50-grain bullet in the present 222 Remington Hi-Speed load.

The following earnings estimate has been made, based upon a list price of \$155.00 per M for the new cartridge (present 222 Remington is \$140.00 per M) and \$95.25 each for the Model 722 Rifle (same as present price).

	<u>First Year</u>		<u>Average Year</u>	
	<u>Added</u>		<u>Added</u>	
<u>Unit Volume</u>	<u>Volume</u>	<u>Total</u>	<u>Volume</u>	<u>Total</u>
222 Remington Magnum	300,000	500,000	240,000	400,000
Model 722 Rifle	600	1,000	450	750
<u>Sales</u>				
222 Remington Magnum	\$25,982	\$40,680	\$20,786	\$32,544
Model 722 Rifle	<u>30,910</u>	<u>51,510</u>	<u>23,180</u>	<u>38,630</u>
<u>TOTAL</u>	\$56,892	\$92,190	\$43,966	\$71,174

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	<u>First Year</u>		<u>Average Year</u>	
	<u>Added Volume</u>	<u>Total</u>	<u>Added Volume</u>	<u>Total</u>
<u>Operative Earnings</u>				
222 Remington Magnum	\$ (695)	\$ 1,884	\$ 4,841	\$ 6,899
% of sales	(2.7)%	4.6%	23.3%	21.1%
Model 722 Rifle	(6,000)	(1,600)	3,490	6,690
% of sales	(19.4)%	(3.1)%	15.1%	17.3%
<u>TOTAL</u>	<u>\$ (6,695)</u>	<u>\$ 284</u>	<u>\$ 8,331</u>	<u>\$13,589</u>
% of sales	(11.8)%	0.3%	19.0%	19.1%
<u>NET EARNINGS</u>	<u>\$ (2,956)</u>		<u>\$ 3,679</u>	
<u>Appropriation Required</u>				
222 Remington Magnum	\$ 6,750		\$ 6,750	
Model 722 Rifle	10,400		10,400	
<u>TOTAL</u>	<u>\$17,150</u>		<u>\$17,150</u>	
<u>Less: Charges included in cost</u>	<u>(14,490)</u>		<u>(\$14,490)</u>	
<u>Investment Required</u>				
Tooling	\$ 2,660		\$ 2,660	
Working Capital - Ammunition	15,000		12,000	
" " - Arms	9,000		7,000	
<u>TOTAL</u>	<u>\$26,660</u>		<u>\$21,660</u>	
<u>Net Return on Investment</u>	<u>(11.0)%</u>		<u>17.0%</u>	
		<u>Present Product</u>		
		<u>222 Remington</u>	<u>M/722</u>	<u>Total</u>
Relative Oper. Earnings as % of Sales		17.5%	20.7%	19.2%

It is estimated that delivery of rifles could commence 3 months after approval to proceed and ammunition could be available for gun testing in about 6 weeks.

The Sales Department recommends the above additions to our ammunition and firearms line and the Operations Committee - Arms Division concurs, on the premise that added volume is indicated for a relatively low expenditure and at a net return on added investment of 17% after the first year.

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M/722 Rifle in 222 Rem. Mag. Caliber

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Your approval is requested. The Sales Department feels that the competitive advantage we seek can best be obtained if these new items were announced at an early date and included in the 1958 price lists.

hab/heh


H. A. Brown
Chairman Operations Committee

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