CONFIDERTIAL

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
E. M. STOESSEL
G. M. CALHOUN

FROM:

H. A. BROWN

SUBJECT:

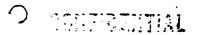
New 222 Remington Magnum Cartridge and

Model 722 Rifle in 222 Remincton 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> Added		Average Year	
Unit Volume	Volume	Total	Added Volume	Total
222 Remington Magnum Model 722 Rifle	300,000 600	500,000 1,000	240,000 450	400,000 750
Sales 222 Remington Magnum Model 722 Rifle	\$25,982 30,910	\$40,680 51,510	\$20, 786 23, 180	\$32,544 38,630
TOTAL	ಫ56 , 892	\$92,190	\$ 43, 966	\$71,174



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·	First Year		Average Year	
Operative Earnings	Added Volume	Total	Added Volume	- Total
222 Remington Magnum % of sales	\$ (695 (2.7)%		\$ 4,841 23.3%	\$ 6,899 21.1%
Model 722 Rifle % of sales	(6,000 (<u>19.4)%</u>		3, 490 15. 1%	6,690 17.3%
% of sales	\$ (6,695 (11.8)%		\$ 8,331 19.0%	\$13,589 19.1%
NET EARNINGS	\$ (2,956))	\$ 3,679	
Appropriation Required 222 Remington Magnum	9 A 750		A A B C	
Model 722 Rifle	\$ 6,750 10,400	·	\$ 6,750 <u>10.400</u>	
TOTAL	\$17,150		\$17,150	
Less: Charges included in cost	(14, 490)		(\$14, 490)	
Investment Required Tooling	\$ 2,660		\$ 2 860	
Working Capital - Ammunition	15,000	÷	\$ 2,660 12,000	
" - Arms <u>TOTAL</u>	9,000 \$26,660		7,000 \$21,660	
Net Return on Investment	(11.0)%		17.0%	
		Prese	nt Product	
		222 Reminqton	M/722	Total
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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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

Chairman Operations Committee

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