

LIMITED DISTRIBUTION

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Bridgeport, Connecticut
June 1, 1965

TO: OPERATIONS COMMITTEE

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PROPOSED 6.5mm REMINGTON MAGNUM CARTRIDGE AND M/600 RIFLE

As requested by the Committee, a preliminary estimate of results expected from development of a 6.5mm magnum cartridge and a version of the M/600 chambered for this caliber has been made. The following summary is submitted, based on data prepared by Marketing and by the Ilion and Bridgeport plants:

I. EXPECTED CASH RESULTS

	<u>Rifle</u>	<u>Ammo</u>	<u>Combined</u>
Volume (Additional)	4,000	100,000	-
Net Sales (Additional)	\$328,560	\$16,130	\$344,690
Cost (")	<u>163,580</u>	<u>8,120</u>	<u>171,700</u>
Operative Earnings	\$164,980	\$ 8,010	\$172,990
Net Earnings	\$ 79,950	\$ 3,930	\$ 83,880
Permanent Investment	\$ -	\$ -	\$ -
Working Capital	<u>169,800</u>	<u>7,980</u>	<u>177,780</u>
Total Investment	\$169,800	\$ 7,980	\$177,780
Return: On Investment	47.1%	49.2%	47.2%
*On Total Capital	44.3%	17.1%	41.3%

*Includes Plant and Research charges of \$10,500 at Ilion and \$15,000 at Bridgeport

Proposed 6.5mm Remington Magnum
Cartridge and M/600 Rifle

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II. EXPECTED BOOK RESULTS

	<u>Rifle</u>	<u>Ammo</u>
Annual Volume	5,000	300,000
Retail Selling Price	\$144.95 ea.	\$307.50 per M
Net Selling Price.	\$ 78.10 ea.	\$161.28 per M
Mill Cost (Full Book)	\$ 61.97 ea.	\$131.45 per M
Operative Earnings	\$ 16.13 ea.	\$ 29.83 per M
% of Net Selling	20.7%	18.5%

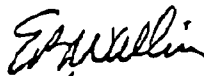
III. BASES OF EVALUATIONS

a. M/600 Rifle

Rifle evaluation is based upon estimated volume of 5,000 per year furnished by Marketing, 4,000 of which would be additional business. The remaining 1,000 would come out of sales of M/700 ADL's and other calibers of the M/600.

b. Ammunition

Evaluation is based upon estimated volume of 300,000 per year furnished by Marketing, 100,000 of which would be new business. The balance of 200,000 would come out of sales of other center fire calibers. The proposed retail selling price of \$307.50 per M is the same as that of the 350, 7mm and 264 Magnum cartridges.


E.B. WALLIN
Secretary

EBW/ab