

REMINGTON ARMS COMPANY, INC.

INTER-DEPARTMENTAL CORRESPONDENCE

Remington
RIFLE

PETERS
RIFLE

"CONFINE YOUR LETTER TO ONE SUBJECT ONLY" _____

XC:EA Burdick
11-9-81

xc: D.J. Anderson
H.K. Boyle
J.C. Hutton
J.P. Linde
R.A. Morris
J.H. Sweeney

Ilion, New York
October 28, 1981

~~R.L. Hall~~) In
~~E. Hooton, Jr.~~)
~~E.F. Barrett~~) Turn

ADVANCE AUTHORIZATION FOR DESIGN AND CANCELLATION
CHARGES TO PRODUCE A NEW BOLT ACTION CARBINE CENTERFIRE RIFLE

A new Bolt Action Carbine Centerfire Rifle is proposed for introduction in 1983. In order to begin warehousing guns in 1982, Production must begin upon design release to:

1. Design tooling;
2. Specify and order standard and special machines; and
3. Order vendor tooling for purchased components.

Advance authorization in the amount of \$170,000 is required to accomplish these tasks. A project to cover the anticipated \$573,000 investment will be prepared upon completion of an economic estimate. Project authorization is expected to take about four months.

Approved

R.L. Hall 10/30
R.L. Hall
Plant Manager

Approved

E. Hooton, Jr. 10/30/81
E. Hooton, Jr.
Vice President

Approved

E.F. Barrett 10/30/81
E.F. Barrett
Executive Vice President

J.P. Linde
J.P. Linde, Superintendent
R & C Section

R.W. Steele
R. W. Steele
Treasurer

J.P. Glas
J. P. Glas
Director of Research

J.G. Williams
J. G. Williams
Vice President and
Director of Marketing

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BOLT ACTION CARBINE

ESTIMATE OF PROJECT EXPENDITURES

<u>COMPONENT</u>	<u>CAPITAL</u>		<u>OPERATIONS</u>		<u>Total</u>
	<u>Machines</u>	<u>Tooling</u>	<u>Tooling</u>	<u>Other</u>	
Stock	\$ 207M	\$ 160M	\$ 74M	\$ 51M	\$492M
Receiver	6M	35M	9M	9M	59M
Trigger Guard Assembly	-	103M	63M	22M	188M
Trigger Assembly	-	4M	13M	3M	20M
Magazine Followers	-	4M	5M	2M	11M
Final Assembly	-	1M	11M	7M	19M
Subtotal	\$ 213M	\$ 307M	\$ 175M	\$ 94M	\$ 789M
Total	\$ 520M		\$ 269M		
Contingencies	53M		27M		
Grand Total	\$ 573M		\$ 296M		\$ 869M
Construction Forecast					
- Original	\$ 403M		\$ 580M		\$ 983M
- Revised	\$ 950M		\$ 1,363M		\$2,313M

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**BOLT ACTION CARBINE
ESTIMATED UNIT PRICES, COSTS, AND PRE-TAX EARNINGS
FIRST YEAR OF OPERATION (1983)**

SALES QUANTITY	28,500
RETAIL SELLING PRICE	\$ 440.00
NET SELLING PRICE	\$ 235.95
Less: TOTAL COST	\$ 208.44
PRE-TAX EARNINGS	\$ 27.51
% OF NET SELLING	11.7%

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**BOLT ACTION CARBINE
ESTIMATED EARNINGS AND NET RETURN ON INVESTMENT
FIRST YEAR OF OPERATION (1983)
(Dollars in Thousands)**

	RESULTS FROM THIS PROJECT	
	<u>FULL ALLOCATION</u>	<u>INCREMENTAL BASIS</u>
SALES QUANTITY	28,500	28,500
NET SALES	\$ 6,725	\$ 6,725
Less: Mill Cost	\$ 5,267	\$ 3,873
Distribution Expense	128	81
Selling & Admin. Expense	<u>546</u>	<u>312</u>
Total Cost	\$ 5,941	\$ 4,266
PRE-TAX EARNINGS	\$ 784	\$ 2,459
NET EARNINGS	\$ 410	\$ 1,272
INVESTMENT		
PROJECT EXPENDITURES	\$ 573	\$ 573
ALLOCATED GENERAL FACILITIES	101	34
WORKING CAPITAL	<u>5,196</u>	<u>4,716</u>
TOTAL INVESTMENT	\$ 5,870	\$ 5,323
NET RETURN ON INVESTMENT	7.0%	23.9%

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BOLT ACTION CARBINE

CRITICAL COMPONENTS

COMPONENT

- o Stock

- o Bolt Handle

CRITICAL ASPECT

- o Former requires development
- o Long delivery of machines
 - NC Router with toolchanger
 - Richardson Copy Lathe
 - Remington Special Machine (8-9 Month Delivery)

- o Development Required
- o Long Delivery of Production Parts

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