

TRQ
2/5/82

Bolt Action Carbine
Estimated Earnings and Net Return on Investment
(Dollars in Thousands)

	First Year of Operation (1983)			
	PRESENT OPERATION	FULL ALLOCATION	INCREMENTAL BASIS	OPERATION AFTER THIS PROJECT
<u>GENERAL DATA</u>				
<u>Sales</u>				
Shotguns	341,500	-	-	341,500
Rim Fire Rifles	137,080	-	-	137,080
Center Fire Rifles	293,160	28,800	28,800	320,660
Shotgun Barrels Total	770,740	28,800	28,800	799,340
<u>SALES</u>	\$ 168,442	\$ 6,676	\$ 6,676	\$ 175,118
Less: Mill Cost	\$ 123,023	\$ 5,412	\$ 3,988	\$ 128,425
Finished Product Distribution Expense	3,200	127	80	3,327
Selling & Administrative Expense	14,067	584	304	14,601
Total Cost	\$ 140,290	\$ 6,093	\$ 4,372	\$ 146,363
<u>PRETAX EARNINGS</u>	\$ 28,152	\$ 603	\$ 2,304	\$ 28,755
<u>NET EARNINGS</u>	\$ 14,498	\$ 317	\$ 1,193	\$ 14,815
<u>INVESTMENT</u>				
Project Expenditures	\$ -	\$ 570	\$ 570	\$ 570
Existing Facilities used directly in Operations	65,648	-	-	65,648
Allocated General Facilities	3,537	100	33	3,627
Working Capital	129,190	5,227	4,738	134,417
Total	\$ 197,365	\$ 5,897	\$ 5,341	\$ 203,262
<u>NET RETURN ON INVESTMENT</u>	7.3%	5.4%	22.3%	7.3%
<u>SUPPLEMENTAL CALCULATIONS</u>				
Net earnings after amortizing (over 18 years) operations charges		\$ 301	\$ 1,180	
Total capital required including operations charges - net		\$ 6,074	\$ 5,518	
Return on total capital required including operations charges		5.0%	21.4%	

Bolt Action Carbine
Estimated Earnings and Net Return on Investment
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Third Year of Operation (1985)

	<u>RESULTS FROM THIS PROJECT</u>			
	<u>PRESENT OPERATION</u>	<u>FULL ALLOCATION</u>	<u>INCREMENTAL BASIS</u>	<u>OPERATION AFTER THIS PROJECT</u>
<u>GENERAL DATA</u>				
<u>Sales</u>				
Shotguns	397,500	-	-	397,500
Rim Fire Rifles	143,450	-	-	143,450
Center Fire Rifles	267,655	34,700	34,700	403,355
Shotgun Barrels Total	908,605	34,700	34,700	943,305
<u>SALES</u>	\$ 236,994	\$ 9,070	\$ 9,070	\$ 236,054
Less: Mill Cost	\$ 167,051	\$ 7,091	\$ 5,515	\$ 174,142
Finished Product Distribution Expense	4,313	172	109	4,485
Selling & Administrative Expense	18,201	737	408	19,638
Total Cost	\$ 190,265	\$ 8,000	\$ 6,032	\$ 198,265
<u>PRETAX EARNINGS</u>	\$ 36,719	\$ 1,070	\$ 3,038	\$ 37,789
<u>NET EARNINGS</u>	\$ 18,910	\$ 557	\$ 1,571	\$ 19,467
<u>INVESTMENT</u>				
Project Expenditures	\$ -	\$ 570	\$ 570	\$ 570
Existing Facilities used directly in Operations	67,723	-	-	67,723
Allocated General Facilities	3,405	136	45	3,541
Working Capital	154,226	6,293	5,067	160,521
Total	\$ 225,354	\$ 6,999	\$ 6,482	\$ 232,355
<u>NET RETURN ON INVESTMENT</u>	8.4%	8.0%	24.2%	8.4%

SUPPLEMENTAL CALCULATIONS

Net earnings after amortizing (over 10 years) operations charges

\$ 544 \$ 1,557

Total capital required including operations charges - net

\$ 7,176 \$ 6,659

Return on total capital required including operations charges

7.6% 23.4%