

After the above adjustments are made there would still be a total of 36 items with the M/721-722-725 combination. In this connection, Sales has proposed to eliminate the caliber 300 Savage completely and also eliminate the 300 Magnum from the M/721 line, being available in the proposed M/725 only. All of the ADL and BDL grades would be deleted from the M/721 and 722 line.

The volume forecast shown on the attached tabulations were supplied by Sales and distributed over the various calibers. However, no estimates were given to show distribution expected between high comb and low comb stocks. The present normal year forecast for the M/721 and 722 totals 35,000 rifles; however, it is understood that this forecast is to be reduced to a normal year of 20,000 rifles. Sales anticipates recovering a total normal year sales of some 7,500 rifles with the addition of the proposed M/725 together with the new caliber 375 Magnum. A larger quantity is of course forecast for the first year. Specifications for the proposed new model were reported in the minutes of the November meeting, and it is understood that the selling price for the M/725 will be approximately \$120, which is about the same as the competing M/70.

Although sufficient deletions were made to the M/721 and 722 line so that in net effect we would be carrying only 36 rifle items between these models, there will be quite a significant adverse effect on parts interchangeability. The total variations as to stocks will remain virtually the same. At the present time there are 12 different stocks required for the various calibers and grades and also to take care of both high comb and low comb sizes. This, of course, is based on the fact that the ADL grade stock is the same as the A grade until after it has been withdrawn from stores for checkering and addition of sling swivels. The proposed new combination of models will still require 12 stock types.

In barrels the situation becomes more adverse. At the present time there are 8 barrels; namely, one for each caliber. However, in order to accomplish the proposed new specification involving weight and length for the M/725, changes will have to be made so that we would then have a total of 14 different barrels. As indicated in the M/725 specifications, additions of new parts items will be required for front sights, front sight ramps, rear sights, trigger guards, bolt handles, and butt plates.

The above situation will undoubtedly be included in economics for required working capital. No attempt has been made to prepare an exhibit to show "competition" and price information since, if desired, we believe the Sales Department will be in better position to supply this.