

The charts presented show that the poor profit performance of the Model 572 to date has been caused in part by high production costs due to start-up difficulties, and in part by lack of adequate volume to bring the unit costs down to the projected figure. It was apparent that to attain the project earnings it will be necessary to take advantage of the cost reduction program now under way, and also to attain the additional volume represented by the Sales Forecast for the Model 552. It is now estimated that, if these goals are achieved, the annual operative earnings, based on the selling price used in the project, would be \$165,000 for the Model 572 and \$215,000 for the Model 552, or a total of \$380,000. On the basis of the present price, this would rise to \$405,000.

DEED presented a sample gun for approval. They reported that in April, 1956, an endurance gun was fired 26,650 rounds with the following breakages: extractor spring, after 9,350 rounds; firing pin, after 22,000 rounds; extractor claw and extractor spring, after 23,700 rounds; recoil shoulder, after 26,650 rounds. The reason for the wash-out of the recoil shoulder has been determined and a correction made. It is believed, therefore, that guns produced by the Plant will have an even longer life.

In functioning tests, two guns have been fired 2,500 rounds each. The first gun gave a malfunction rate of 0.72 per cent, and the second gun 1.8 per cent. The details are as follows:

No. 1 gun (2500 rounds)

- 2 failures to feed up
- 6 failures to eject
- 7 stems
- 3 failures to fire (2 ammunition misfires)

No. 2 gun (2550 rounds)

- 3 failures to feed from magazine
- 8 failures to feed up
- 6 failures to eject
- 16 stems
- 4 failures to lock up
- 10 failures to blow back

One peculiarity of this test was that the two guns showed an average of 7 per cent blown heads with Western and Winchester Long Rifle Hollow Point. The sample gun was accepted by the committee for appearance and was forwarded to Management, where it was approved for production on September 7.