

difficulties which may be encountered in the course of the test do not prejudice the gallery operator against future acceptance of the model.

DED will transmit the drawings immediately to the Plant where revised economics will be prepared.

Sales will determine promptly the type of markings required on the receiver and the barrel. Consideration will be given to following Winchester practice in marking the barrel with a legend to the effect that best performance can be expected if Remington and Peters ammunition are used exclusively.

#### MODEL 555

Research and Development reported that design testing continues to indicate exceptionally fine performance for this gun. However, as is indicated in S. M. Alvis' letter of February 28 to N. F. Larsen and J. D. Mitchell, changes in material and labor costs have increased the indicated commercial cost of the rifle to such an extent that it would no longer be profitable to sell the gun at the \$39.95 list price. 83

Estimates have been prepared showing the effect of increasing the selling price in increments of \$1.00, and these indicate that to obtain the previously expected return of 14.4 per cent of net selling price would require a list price increase to \$49.00 to \$50.00. Sales will consider whether, in the light of general increases in arms prices since the previous estimate, it will be necessary for them to revise their forecast if the price is raised to give an adequate return.

#### GENERAL

#### DEVELOPMENT SCHEDULE

The draft Development Schedule submitted by Research and Development was considered in detail. Revisions made to it comprise mainly the insertion of up-to-date tentative list prices, and the insertion of goal dates for those developments which have progressed sufficiently to permit establishment of a tentative schedule. The committee took the following action.

#### Decision:

The Operations Committee (Arms Division) recommends to the Management approval of the Arms Development Schedule dated March 6, 1957.

*Philip H. Burdett*  
Philip H. Burdett  
Secretary, Operations Committee

PHE:ND  
3/14/57