

At the present time Sales plans to use the first 4,000 guns for extensive testing in two districts, with no announcement.

On June 19, N. F. Larsen sent to J. D. Mitchell estimated operative earnings and expenditures for the first lot of 10,000 rifles, showing total operations charges of \$43,400, and operative earnings of \$21,300, or 6.3 per cent of net sales. Figures for the first, third and fifth year under normal production conditions are not yet available. W. H. Foster stated that the 15,000 first year shown in the recently approved No. 4 Forecast should be used, but that the 10,000 figure shown in the five-year rim fire forecast should be used for later years. As soon as N. F. Larsen has economics based on this information, they will be distributed to committee members.

The Ilion Plant pointed out that the present lot of rifles is being produced on a minimum expenditure basis, and that they cannot continue to produce at the rate of 10,000 rifles per year without additional facilities. As of June 10, they estimated that, in addition to the \$43,400 shown in N. F. Larsen's report, \$55,000 and six months' time would be required to establish proper facilities for the manufacture of 10,000 rifles per year. Of this total of \$98,400, \$60,200 would be charged to Plant increase and \$38,200 to Operations. Since two and a half months have passed, it would be necessary to review these figures before they could be used for project purposes.

GENERAL

DEVELOPMENT SCHEDULE

The semiannual Arms Development Schedule, submitted by Research and Development, was reviewed in the light of the discussions reported above. After appropriate alteration, it was recommended to Management for approval.

*Philip H. Burdett*  
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Secretary, Operations Committee

PHB:ND  
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