

All of the present Model 400 guns can be modified to embody the Model 401 improvements. Sales considers modification of present guns to Model 401 specifications a necessity. If guns in the field are not modified, Sales believes that cement shell sales will be 3200M with a further decline in 1960. If guns in the field are modified, Sales foresees the forecast increased to 3500M as shown in the No. 1 forecast for 1959, and 4000M in 1960. The No. 1 forecast was based on modification of guns to Model 401 specifications.

Research & Development presented economics defining the cost of converting present guns to Model 401 specifications, as well as cost of incorporating design changes in new production. Cost of alteration of current guns to Model 401 specifications is estimated at \$137.11 each, provided that alteration is accomplished at the time the gun is returned to the plant for normal service. If guns are returned to the plant for alteration only, there will be an additional cost of \$82.00 for receiving, inspection, disassembly, assembly and shipping, since these functions are duplications of normal gun service procedure. Based on a production rate of 15 guns per year, incorporation of Model 401 specifications in new guns will cost an additional \$60.52 each, as compared to the present Model 400 cost. The Sales Department stated that it will be necessary to call in a number of guns in the field before normal service return, if greatest benefits of the modification are to be realized in increased shell sales. Since economics will be affected by the number of guns returned for alteration only, the Sales Department will estimate the number of guns to be brought in and prepare revised economics based thereon for approval.

The Operations Committee recognizes the necessity of modifying current guns to Model 401 specifications as a means of increasing cement shell sales, and reluctantly approves, in principle, the proposed modification of guns in the field. Sales will estimate the number of Industrial Guns to be returned for alterations only, out of normal service return, and will present revised economics for approval.

The Committee discussed possibilities of improving financial return on Industrial Guns in the field. Sales will review the possibility of increasing Industrial Gun rental rates as a means of increasing return.