

NYLON STOCK, BOLT ACTION SINGLE SHOT RIM FIRE RIFLEECONOMICS OF NYLON 10 REPLACING MODEL 510

| | <u>M-510</u> | <u>N-10</u> |
|------------------------------------|--------------|---------------------|
| Cost To Put In Line | \$ - | \$ 4600. |
| Selling Price | | |
| Retail | \$ 25.75 | \$ 25.75 |
| Net After Excise Tax and Discounts | 14.36 | 14.36 |
| Unit Cost, Based On: | | |
| Full Book | 17.70 | 18.02 |
| Out of Pocket | 11.52 | 11.65 |
| Unit Operative Earnings, Based On: | | |
| Full Book Costs | (3.34) | (3.66) |
| Out Of Pocket Costs | 2.84 | 2.71 |
| Annual Volume | 5,000 | 5,000 10,000 15,000 |
| Increased Operative Earnings Over | | |
| M-510 Based On Out of Pocket Costs | - | \$13,000 \$26,000 |

83

The unit cost to produce the Nylon 10 would be essentially the same as the Model 510. It would be processed over the same equipment as the Nylon 11 and 12. The indicated \$4600 to put the Nylon 10 into production covers additional gauges and fixtures, and drawing revisions. The time required to get into production would be approximately two to three months.

After Committee discussions the Sales Department indicated that a Nylon 10 would be forecast to sell 10,000 a year. This would provide \$13,000 additional operative earnings and would recover the cost to put the model into the line in four months of sales.

With the introduction of the Nylon 10, the line of nylon stock bolt action rifles would be complete and would duplicate the present line of wood stock bolt action rifles, Models 510, 511 and 512. The production requirements for Models 511 and 512 in 1962 will be completed by June or before. The date by which the 1962 production requirement for the Model 510 could be completed remains to be resolved. The date depends upon the in-process and finished inventories, and future Sales commitments.

COMMITTEE ACTION - The Committee recommends for General Management approval that the Nylon 10 be produced and sold, replacing the Model 510. The sales of the Nylon 10 are forecast at 10,000, with increased operative earnings of \$13,000 a year and one time start-up cost of \$4600. It is recommended that the Model 510 be dropped from the line at a date to be determined