Current Annual Volume	12,000
Maximum Loss Risked	$20,000/year
Additional Volume Necessary To: (1)	
Breakeven —	470
Maintain Current Overall Profit Margin On Firearms Line (2) —	930
Justify Additional Investment Required (3) —	970

Operative Earnings and Profit Margin	
Retail Selling Price	$124.95
Net Selling Price	70.00
Present Operative Earnings	20.50
Present Profit Margin	29%
With RK-W:	
Operative Earnings	17.50
Profit Margin	25%

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(1) Volumes stated for a model are not additive to each other.

(2) Based on #1 Forecast for calendar year 1964.

(3) Additional investment confined to working capital to support new volume. Justification based on 20% return.

The Sales Department estimated the RK-W finish will increase sales about 1,000 rifles a year which will both justify the additional working capital required as well as maintain the profit margin on the firearms line at a higher dollar sales.

The Treasurer suggested we consider increasing the price on the Model 760 to restore its profit margin with the higher cost of RK-W finish. An approximate estimate made at the meeting indicates that the price would have to be increased to $140 retail to maintain a 29% profit margin. Sales will review the Model 760 price in October in line with their annual review of the firearms price structure.

Committee Action

The Committee approved and recommends General Management approve replacing lacquer with RK-W on the Model 760 in 1965.