

appraisal indicated that the economics of manufacturing a single model pneumatic pellet rifle, similar to the Sheridan, showed on the order of 5-10% operative earnings (pretax) on net sales on a full book basis. However, there would only be a sub-marginal return on an investment that might run in the range of \$350M-450M. It is for this reason that we need to find ways to make guns that are simpler than the Sheridan, to broaden our line and increase our overall sales volume and to find opportunities to share common components in order to justify the required investment in manufacturing equipment.

Accordingly, the objectives of the Ilion Research and Development investigation should focus on development of concepts for spring-actuated and CO₂ rifles and handguns, preferably all in .22 caliber (although 5mm or .20 caliber should be equally acceptable) with predicted quantities as shown in the table below.

	Approx. Retail Price (± \$5)	Estimated Annual Volume Units
<u>RIFLES</u>		
Spring-actuated		
a) Single-shot	\$30	14,000
b) Magazine repeater (10-shot)	35	20,000
CO ₂		
a) Single-shot		
Standard grade	25	15,000
Target grade	40	7,000
b) Magazine repeater (10-shot)	35	<u>30,000</u>
<u>Total Rifles</u>		86,000
<u>HANDGUNS</u>		
Spring-actuated		
Single shot	\$26	6,000
CO ₂		
a) Automatic (10-shot)	30	14,000
b) Revolver (6-shot)	30	<u>8,000</u>
<u>Total Handguns</u>		28,000
<u>TOTAL GUNS</u>		<u>114,000</u>