

COST AND ECONOMICS
FOR

PROPOSED MODEL 581 TEN (10) SHOT MAGAZINE BOX FOR PART SALES
(NET SALES DOLLARS ARE BASED ON THE ASSUMPTION THAT SIXTY PER CENT (60%) OF SALES WILL BE DISCOUNTED (JOBGING) AND FORTY PER CENT (40%) AT FULL RETAIL PRICE.)

FACTORY COSTS

RETAIL SELLING PRICE	\$ 3.10 ea.
NET SELLING PRICE	2.50 "
FACTORY COST	\$.33 "
SELLING, ADMIN. & RESEARCH	\$.27 "
TOTAL COST	\$.60 ea.
UNIT OPERATIVE EARNINGS	\$ 1.90
% OF NET SELLING	76.0%

CASH BASIS

	<u>Capital</u>		<u>Total Expenditures</u>	
	<u>Third Year</u>	<u>Fifth Year</u>	<u>Third Year</u>	<u>Fifth Year</u>
VOLUME	3000	5000	3000	5000
NET SALES	\$ 7,500	\$12,500	\$ 7,500	\$12,500
FACTORY COST	2,650	3,400	4,450	5,190
OPERATIVE EARNINGS	4,840	9,100	3,050	7,310
LESS 5.8% AND FEDERAL TAX @ 48%	2,470	4,640	1,560	3,730
NET EARNINGS	\$ 2,370	\$ 4,460	\$ 1,490	\$ 3,580
<u>INVESTMENT</u>				
CONSTRUCTION (PERMANENT INVESTMENT)	\$18,700	\$18,700	\$18,700	\$18,700
WORKING CAPITAL	1,900	2,900	1,900	2,900
R & D - OPERATING CHARGES (LESS FEDERAL TAX)	0	0	\$10,970	\$10,970
RETURN ON INVESTMENT	11.5%	20.6%	4.7%	11.0%
<u>PROJECT COSTS</u>				
DEVELOPMENT (R & D)	\$ 5,700			
CONSTRUCTION	\$18,700			
OPERATIONS	\$15,400			
TOTAL	\$39,800			