

EXHIBIT 1

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RECEIVER MANUFACTURING - N/C MACHINES VS. STANDARD MACHINES
MODELS 1100 & 870 - 2B, 430, 20 GA. L.N.

An evaluation of expanding the present N/C Machining line vs. converting to a Standard Machining Process has been completed.

This study indicates that it is more advantageous to develop a standard machine line, based on the forecasted production volumes for both 1971 and 1973.

1971 Forecast - 44,000 Receivers

An investment of \$315,000 for two (2) N/C machines would be required versus an expenditure of \$125,000 for standard machines. A savings in investment of \$189,500 could be realized in addition to a gross annual savings in operating cost of \$66,440.

1973 Forecast - 95,000 Receivers

This schedule would require an investment of \$1,102,000 for seven (7) N/C machines. The expenditure for a standard machine line would be the same as for 1971 due to available capacity.

A savings in investment of \$776,500 could be realized in addition to a gross annual savings in operating cost of \$152,020.

This evaluation has included a depreciation credit of \$31,510 which would be realized by releasing the present (4) N/C machines for other work.

The original 1969 forecast schedule of 25,000 Receivers did not require any additional N/C machines. Therefore, an indicated savings in operating cost of approximately \$10,000 would not justify replacing the present N/C equipment with standard machines, at that time.

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