

SUMMARY - PLANT COST AND EARNINGS COMPARISON
CURRENT FIREARMS LINE LESS MODEL 550 RIFLE

	#2 PLANT FORECAST (SALES)	RESULT #1 DELETE 8000 M/550's ADD 3600 M/552's ADD 2400 M/66's	#2 PLANT FORECAST ADJUSTED
VOLUME	616,580	(2000)	614,580
NET SALES	\$47,921,410	(\$ 61,000)	\$47,860,410
<u>FACTORY COSTS</u>			
FIREARMS	\$29,911,230	(\$ 69,660)	\$29,841,570
POWDER METAL	\$ 733,970	-	\$ 733,970
NEW GUN	\$ 1,054,000	-	\$ 1,054,000
TOTAL	\$31,699,200	(\$ 69,660)	\$31,629,540
FACTORY PROFIT	\$16,222,210	-	\$16,230,870
% OF NET SALES	33.86%	-	33.91%
SELLING, ADMIN. & RESEARCH	\$ 5,223,530	-	\$ 5,223,530
TOTAL COST	\$36,922,730	(\$69,660)	\$36,853,070
OPER. EARNINGS (GROSS)	\$10,998,680	-	\$11,007,340
LESS 5% & 48%	\$ 5,599,650	-	\$ 5,604,060
NET EARNINGS	\$ 5,399,030	-	\$ 5,403,280
<u>PLANT INVESTMENT</u>			
MFG. EQUIPMENT, BLDGS., ETC.	\$21,235,000	(\$78,000)	\$21,157,000
OTHER ALLOCATED FACILITIES	\$ 1,085,000	-	\$ 1,085,000
WORKING CAPITAL	\$28,316,000	(\$48,100)	\$28,267,900
TOTAL	\$50,636,000	(\$126,100)	\$50,509,900
<u>RETURN ON INVESTMENT</u>			
ON GROSS EARNINGS	21.72%		21.79%
ON NET EARNINGS	10.66%		10.70%
<u>CASH RESULTS OF DROPPING THE MODEL 550 RIFLE:</u>			
	FACTORY PROFIT	\$ 8,660	INCREASE
	NET EARNINGS	\$ 4,150	

VGD:I

EXHIBIT 7