

November 20, 1974

TO: P. H. Burdett  
J. P. McAndrews  
R. A. Partnoy  
E. Sparre - E. Hooton, Jr.  
G. M. Calhoun  
H. M. Pierce, Jr.  
J. G. Williams  
E. F. Barrett

L. J. Scott  
F. E. Morgan  
R. L. Hall  
J. H. Hodgson  
W. E. Leek  
D. S. Foote  
T. J. Sharpe  
J. H. Sweeney

FROM: H. M. Stoessel

OPERATIONS COMMITTEE MEETING - FIREARMS  
NOVEMBER 26, 1974  
High Spot Comments on Major Profit Problem Areas

Firearms profitability, unlike ammunition, has generally been maintained in the period since 1968, the Company's most profitable year. A comparison of year-to-date September 30, 1974 results with 1968 shows that total shotgun and rim fire rifle margins (when adjusted for cost of bonus Nylon 66's) have improved and center fire rifle margin has eroded as follows:

	Operative Earnings as % of Sales	
	To Date - September 30, 1974 Sales (Dollars in thousands)	1968
<b>Firearms</b>		
Shotguns	\$33,562	32.1%
Rim fire rifles	4,963	18.4 *
Center fire rifles	21,791	24.4
Sub-Total	60,315	28.0
Barrels	1,218	48.5 **
Parts and repairs	852	24.6
All other (discontinued models and traps)	130	(22.1)
Total Excluding LIFO***	\$62,518	28.2
Total Including LIFO***	\$62,516	25.2

Note: Data are for domestic business only which fairly reflect the Company's consolidated (domestic, export and Remington Arms of Canada) situation. Source is "Statement of Operative Earnings from Sales - Domestic" which excludes the effect of LIFO from product line earnings for 1974.

\*Does not include cost of bonus Nylon 66 - \$249  
\*\*Does not include cost of bonus barrels - \$133  
\*\*\*Does not include powder-metal