

For reference in reviewing the following comparisons, during the period January 1, 1969 to September 30, 1974, the Consumer Price Index has risen at the rate of approximately 6% per year for a total increase of approximately 40%.

#### Shotguns

Model 870 - average price up 43%; average cost up 25%. This relatively low increase in cost in a period of inflation is an excellent commentary on our improvement in manufacturing efficiency and cost reduction program. (Operative margin 35.1% in 1974 vs. 28.7% in 1968)

Model 1100 - average price up 28%; average cost up only 19%. (Operative margin 37.6% in 1974 vs. 35.7% in 1968)

The only earnings negatives in the shotgun line at this point are the current loss position on the Model 3200 and the pricing on the promotional Mohawk-48. This latter gun when compared with the Model 11-48 in 1968 shows average price down 6%, average cost up 2%. (Operative margin 11.5% in 1974 vs. 30.2% in 1968). Here again the relatively small increase in cost during this inflationary period reflects our achievements in improving manufacturing efficiency.

#### Rim Fire Rifles

Selected guns that have been around for the 6 years, 1968 to 1974, show the following comparisons:

Nylon 66 - average price up 36%; average cost up 46%. (Operative margin 29.2% in 1974 vs. 33.5% in 1968). If the cost of \$249M for bonus guns is included, the average price would be up only 3% and cost would be up 44% resulting in a significantly lower margin on sales of 10.8% at September 30, 1974. This points up to the continuing need for periodic re-evaluation of the promotional program to make sure that it is economically justified.

Model 552 - This gun was a major sales and earnings contributor in both periods - average price up 38%; average cost up 31%; essentially an earnings status-quo situation. (Operative margin 18.5% in 1974 vs. 15.0% in 1968)

Model 572 - average price up 37%; average cost up 30%, about the same situation as with the Model 552. These two models are most responsible for some improvement in consolidated rim fire margin in the last 6 years. (Model 572 operative margin 17.3% in 1974 vs. 13.6% in 1968)