

SHOTGUNS - contd. -MODEL 1100, 20 GAUGE LIGHTWEIGHT SHOTGUN - contd.

- . If the lightweight is improved, the regular 20 gauge would be dropped the second year.
- . Also on the second year, the \$10 selling price above 12 gauge would be eliminated.
- . On the third year, Model 870 lightweight volume would increase 4,000 guns per year and Model 1100 lightweight 5,000 over the total 20 gauge volume without this program.
- . These three assumptions give us the "Line After" - all 20 gauge lightweight with more volume than today for total 20 gauge.

Economics were shown for these conditions - Exhibits 2 and 3.

This program decreases unit operative earnings for the present combined average of \$36.80 to \$31.14. However, the difference in before and after volume produces a \$25,700 net earnings increase resulting in a 20.3% ROI. Estimated project expenditures are:

| | |
|------------|----------------|
| Capital | \$364,040 |
| Operations | <u>515,790</u> |
| | \$879,830 |

Several points were discussed as follows:

- . 20 gauge shotguns would be lightweights only in the proposed plan. This would match the 20, 28 and 410 gauge skeet guns; the 12 gauge being the only one with the large Receiver.
- . Left hand guns would be dropped.
- . 28 and 410 gauge guns would maintain the premium retail price. They would get the advantage of a press formed Stock.