

BUSINESS MEETING - contd.ECONOMIC AND FINANCIAL FORECAST - contd.

- . Labor is expected to increase 9%.
- . Operations charges from projects will be feeding into costs at a faster rate later in the year.

These reasons apply to all products except the additional problems with the Model 3200 shotgun which are covered in detail later in the meeting.

Marketing would like to have a weighted average cost projection for 1976 for use in determining selling prices. Treasury, at present, suggests that September, 1975 pricing be based upon June or September, 1976 cost forecasts. Treasury will continue toward developing cost information to assist in setting 1976 selling prices.

MARKETING PERFORMANCE

Shipments versus #1 Forecast - Exhibits 6, 7 and 8.

Order position versus #1 Forecast - Exhibits 9, 10, 11 and 12. In summary, it is expected that forecasts will be met. Rim fire shows the greatest softening in orders versus forecast sales.

Reaction to announced promotion versus forecast - Exhibit 13.

Additional promotions under consideration for 1975 - Exhibit 14.

Significant competitive disadvantages in 1975 - Exhibit 14. The Ruger 10/22 has been the best selling in the U.S.A. since 1969 at a current price of \$73.50 versus \$74.95 for the Nylon 66, and \$89.95 for the Model 552. The rotary clip magazine of the 10/22 appeals to customers and the price is right.

Marketing believes that the Ruger 10/22 is on a "sort of" allocation program. This rifle is in short supply.

Product deficiencies known or suspected in 1975 - Exhibit 15.