

BUSINESS MEETINGRESEARCH - Contd.FIVE YEAR RESEARCH PLANS - Contd.

The five year program (Exhibit 7) consists of: (1) the comprehensive 1981 Research program, together with the supporting product and process development plans; (2) the continuing effort to take programs to commercialization; and (3) expected new initiatives programs which have yet to be imagined.

Rather than discuss the 1981 programs in detail again, I will summarize with the key 1981 Firearms program objectives which were presented at the July meeting. (Exhibit 8)

Note the emphasis on the definition of plans rather than completion of projects in 1981. The implication is that significant continuing research support will be required to commercialize these programs through product acceptance, production start up and market introduction. Full implementation of the new XSG and XPG design concepts for example may require an 8-year Research program.

Exhibits 9 and 10 will give you a snapshot view of the process and product development schedules.

Process Research Programs

Process research will receive increasing Research attention (Exhibit 9). The firearms business is competing in an environment where cost reduction efforts will have to be escalated if we are to achieve our earnings and return goals. Much of the cost savings will be realized by employing off-the-shelf technology, which approach however, our competitors can also employ. The future process research programs in support of cost reduction will focus on process technologies which require development for proof of principle, either for the process itself, or in the adaptation of a process to the production of a firearms component. A second process effort will involve the inter-related component design, production process development. The XSG design program will interact with the process development programs listed, and others yet to be defined.