

CENTER FIRE RIFLESMODELS 7400, 7600, FOUR AND SIX - Contd.

Exhibit 7 charts Model 7400 gallery performance versus Model 742 in 30-06 Caliber. Production noted that due to the high reject rate, the audit sample size has been doubled for the new guns. In the Fourth Quarter, 1980, the Demerits Per Unit (DPU) for Model 7400 and Model Four closely tracked that of the Model 742. Production noted that out of 259 guns audited to date, only one fifty-demerit item (Stems Bottom Barrel Extension) has been observed. Audit results are summarized in Exhibit 8.

On January 12, a limited audit of the new guns was conducted by Marketing and Production personnel and the Quality Manager. Five guns each of Models 7400, Four, 7600 and Six were randomly selected from the warehouse and judged for visual quality. The Quality Manager presented the audit results, noting that the general appearance of the guns was impressive. Only minor defects in visual appearance were recorded. He noted, however, that three Model 7400's were considered unacceptable due to a "Blind on Opening" defect. The cause of this defect is being investigated. It was also noted that Model 7600 and Model Six Fore-ends exhibited excessive play. The Quality Manager feels that this is inherent in the guns' design. 83

The Chairman asked for a functional comparison between Model 7400's that have passed Gallery testing, and Model 742. Research reported that data for such a comparison is still being gathered. A formal report will be published.

Research reported that work to reduce gallery reject rates continues. J.F. Snedeker, Chairman of the joint Model 7400 Task Force, reported on the objectives and status of the Task Force programs. (Exhibit 9).

Marketing reported that the order position as of January 14 is over 10,000 guns. Presently Models Four and Six account for approximately 45% of total orders. Marketing expects this percentage to decline after mass merchant orders are entered for Models 7400 and 7600.

Response from dealers attending last week's SHOT Show was extremely favorable. They were especially enthusiastic about Models Four and Six. Reports from the field of results achieved at various distributor shows are also encouraging. From all indications, trade reaction to the new rifles is quite positive, and Marketing is confident of a successful introduction.