

Bridgeport, Connecticut
July 28, 1955

TO: P. H. BURDETT (30)

FROM: N. F. LARSEN

SUBJECT: 244 CALIBER M/722 CENTER FIRE RIFLE AND CARTRIDGES

Attached is a schedule showing sales and operative earnings for the 244 caliber M/722 center fire rifle and cartridge. This schedule reflects the increase in selling price of the rifle from \$82.80 to \$89.95 each. Forecast indicates that the additional sales volume will amount to \$169,498 and operative earnings, to \$37,001, equivalent to 21.8% of sales.

The operative earnings on the M/722 rifle are \$.91 each greater than originally estimated due to:

- (1) Increase in retail selling price from \$82.80 to \$89.95, partially offset by
- (2) Increase of \$2.10 in the cost of the basic M/722 rifle based on more recent estimates.
- (3) Increase of \$.45 in additional costs to manufacture the 244 caliber type over standard calibers due to the following operations not originally contemplated:
 - (a) Inletting of stock to fit magnum size barrel
 - (b) Cleaning of barrel after test firing
 - (c) Test firing of 10 rounds instead of 8 rounds.

Operative earnings on the 244 caliber PSP center fire cartridge, 75 and 90 grain bullet combined, are \$5.18 greater than originally estimated due to:

- (1) Elimination of two operations on the shell and improved labor efficiency
- (2) Reduction in center fire burden rates, partially offset by
- (3) Increase in purchase cost of brass.

Summary of sales and earnings based on current estimates is as follows:

| | <u>244 Cal. Ctge.</u> | <u>M/722 Rifle</u> | <u>Total</u> |
|----------------------------------|-----------------------|--------------------|--------------|
| Annual quantity | 500M | 2,500 | |
| Retail selling price | \$182.50 | \$ 89.95 | |
| Net sales value | \$ 95.79 | \$ 48.64 | |
| Annual sales | \$47,896 | \$121,600 | \$169,496 |
| Annual operative earnings | \$11,126 | \$ 25,875 | \$ 37,001 |
| Operative earnings as % of sales | 23.2% | 21.3% | 21.8% |

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NFL:dmg
Attach.

REMINGTON ARMS COMPANY, INC.

244 CALIBER M/722 CENTER FIRE RIFLE AND CARTRIDGES
SALES AND OPERATIVE EARNINGS

| <u>M/722 - 244 Caliber</u> (Project RI-664) | <u>Current</u> <u>Estimate</u> | <u>Original</u> <u>Estimate</u> | Comparable Item (Current Est.) <u>M/722</u> <u>300 Savage</u> |
|--|-----------------------------------|------------------------------------|---|
| Annual quantity | 2,500 | 2,500 | |
| Retail selling price | \$ 89.95 | \$ 82.80 | \$ 82.80 |
| Net selling price | \$ 49.08 | \$ 45.23 | |
| Less - Freight and delivery | .44 | | |
| Net sales value | \$ 48.64 | | \$ 44.82 |
| Operative earnings | \$ 10.35 | \$ 9.44 | \$ 8.15 |
| Annual sales | \$121,800 | \$113,075 | |
| Annual operative earnings | \$ 25,875 | \$ 23,590 | |
| Operative earnings as % of sales | 21.3% | 20.9% | 18.2% |
| <u>244 Caliber PSP Center Fire</u> <u>Cartridge</u> | | | |
| <u>75 Grain Bullet</u> | | | |
| Annual quantity | 350M | 350M | |
| Retail selling price | \$ 182.50 | \$ 182.50 | |
| Net selling price | \$ 97.05 | \$ 97.05 | |
| Less - Freight and delivery | 1.26 | | |
| Net sales value | \$ 95.79 | | |
| Operative earnings | \$ 22.56 | \$ 18.07 | |
| Annual sales | \$ 33,527 | \$ 33,968 | |
| Annual operative earnings | \$ 7,897 | \$ 6,328 | |
| Operative earnings as % of sales | 23.6% | 18.6% | |
| <u>90 Grain Bullet</u> | | | |
| Annual quantity | 150M | 150M | |
| Retail selling price | \$ 182.50 | \$ 182.50 | |
| Net selling price | \$ 97.05 | \$ 97.05 | |
| Less - Freight and delivery | 1.26 | | |
| Net sales value | \$ 95.79 | | |
| Operative earnings | \$ 21.53 | \$ 16.74 | |
| Annual sales | \$ 14,369 | \$ 14,558 | |
| Annual operative earnings | \$ 3,229 | \$ 2,512 | |
| Operative earnings as % of sales | 22.5% | 17.3% | |

244 Caliber M/722 Center Fire Rifle and Cartridges
Sales and Operative Earnings (Continued)

| | <u>Current</u> <u>Estimate</u> | <u>Original</u> <u>Estimate</u> | <u>Comparable</u> <u>Item</u> <u>(Current Est.)</u> |
|--|-----------------------------------|------------------------------------|---|
| <u>244 Caliber PSP Center Fire Cartridge (Continued)</u> | | | |
| <u>75 and 90 Grain Bullet Combined</u> | | | |
| Annual quantity | 500M | 500M | |
| Retail selling price | \$ 182.50 | \$ 182.50 | \$ 182.50 |
| Net selling price | \$ 97.05 | \$ 97.05 | |
| Less - Freight and delivery | 1.26 | | |
| Net sales value | \$ 95.79 | | \$ 95.79 |
| Operative earnings | \$ 22.25* | \$ 17.07* | \$ 15.13 |
| Annual sales | \$ 47,896 | \$ 48,528 | |
| Annual operative earnings | \$ 11,126* | \$ 8,840* | |
| Operative earnings as % of sales | 23.2% | 18.2% | 15.8% |
| <u>Rifle and Cartridges Combined</u> | | | |
| Annual sales | \$169,496 | \$181,601 | |
| Annual operative earnings | \$ 37,001 | \$ 32,430 | |
| Operative earnings as % of sales | 21.8% | 20.1% | |

*Excludes amortization of approximately \$3,000 for initial tools and gauges, equivalent to \$.60 per M, charged to operations.

NFL:dmg
7/28/55