

cc: D.E. Miller A.J. Seckner) In
 M.H. Walker J.J. Phillips) turn
 H.J. Hackman A.J. Brown) In
 A.D. Kerr) turn
 Estimate File #2193

April 26, 1961

S.M. ALVIS

ECONOMIC INVESTIGATION FOR PROPOSED M/721-722 CARBINE

Reference: Letter SMAlvis to RAMorris 4-7-61
 PE&C's Revised Estimate 4-11-61

At your request, a hi-spot evaluation has been made to determine any economic advantages that might result in developing and marketing a carbine version of M/721 (30-06) Center Fire Rifle.

Estimated factory costs are predicated on the feasibility of the following assumptions:

1. Carbine stock to be produced from M/510 stock blank.
2. Carbine length barrel (20").
3. Replace present Center Fire common sight line, rear sight with one similar to M/510 but with different sight projection.
4. Replace present aluminum butt plate with one from molded rubber phenolic material.
5. Replace present front sight and front sight ramp with ones from our current gun line suitable for correct alignment.

Comparisons indicate that the sum total of these assumptions results in lower costs than the M/721 (30-06) Cal. The results of these replacements on material and labor costs are reflected below.

Standard Material - \$1.35 per gun
 Standard Labor - .27 " "

The following items were used as a base for developing the first and third year economics listed on the attached sheet:

1. Retail selling price - \$83.95 (same as M/94-Winchester).
2. Proposed Volume - Four (4) yearly quantities of 5,000, 10,000, 15,000, and 20,000 were selected to determine the effect of volume on cost.
3. Plant volumes - For first and third years same gun line volumes were used as projected for developing costs for the "N-11, N-12, N-14" and the "700-700 ADL" projects.
4. Initial Gun Costs - First year economics reflect PE&C's estimated charges for engineering, tooling and start-up, totaling \$13,000.
5. Development Costs - Assuming that any R&D development costs would be a project charge, the estimated \$5,000 mentioned in your letter has not been injected into this economic investigation.

R. A. Morris, Supervisor
 Methods & Standards Section

By: R. F. Kerr

Att.
 RFKerr:sm

PROPOSED M/721-722 CARBINE - ESTIMATE #2193

	<u>First Year Economics - Full Book</u>				<u>Third Year Economics - Full Book</u>			
Sales Quantity	<u>5,000</u>	<u>10,000</u>	<u>15,000</u>	<u>20,000</u>	<u>5,000</u>	<u>10,000</u>	<u>15,000</u>	<u>20,000</u>
Retail Selling	\$83.95	\$83.95	\$83.95	\$83.95	\$83.95	\$83.95	\$83.95	\$83.95
Net Selling	45.17	45.17	45.17	45.17	45.17	45.17	45.17	45.17
Factory Cost	34.42	32.91	32.33	31.96	30.14	30.05	29.93	29.83
Selling, Administration, Technical	5.42	5.42	5.42	5.42	5.42	5.42	5.42	5.42
Total Cost	39.84	38.33	37.75	37.38	35.56	35.47	35.35	35.25
Operative Earnings	5.33	6.84	7.42	7.79	9.61	9.70	9.82	9.92
% of Net Selling	11.8%	15.1%	16.4%	17.2%	17.2%	21.3%	21.5%	22.0%

4-26-61
RFLerr:am