SUB DIVISION #5

MODEL XP-100 7MM-08 CALIBER - WITH SIGHTS

1ST YEAR ESTIMATED EARNINGS AND RETURN ON INVESTMENT

(1980 COST, VOLUME & PRICES)

(DOLLARS IN THOUSANDS)	1980 MODEL XP-100 LINE BEFORE	PROJECT RESULTS BOOK	PROJECT RESULTS INCREMENTAL	1980 MODEL XP-100 LINE AFTER
PRESENT: .221 FIREBALL CALIBER	5845	− 450	− 450	5395
PROPOSED: 7MM-08 CALIBER		+ 1500	+ 1500	1500
TOTAL	5845	1050	1050	6895
NET SALES	$ 796	$ 219	$ 219	$ 1015
LESS:				
FACTORY COST	$ 531	$ 162	$ 126	693
SELLING + ADMIN.	60	17	7	77
TECHNICAL EXPENSE	12	3	1	15
DISTRIBUTION EXPENSE	17	4	3	21
TOTAL COST	$ 620	$ 186	$ 137	$ 806
PRE TAX EARNINGS	$ 176	$ 33	$ 82	$ 209
PRE TAX EARNINGS ADJUSTED FOR ADMIN. EXPENSE	$ 168	$ 32	$ 78	$ 200
NET EARNINGS	$ 87	$ 16	$ 40	$ 103
NET EARNINGS ADJ. FOR AMORT. OF INVEST. TAX CREDIT	$ 87	$ 16	$ 40	$ 103
INVESTMENT				
PROJECT EXPENDITURES		$ 1	$ 1	$ 1
EXSISTING FACILITIES USED DIRECTLY IN OPERATIONS	$ 317			317
ALLOWCATED GENERAL FACILITIES	12	3	1	15
WORKING CAPITAL	480	148	139	628
TOTAL	$ 809	152	141	$ 961
RETURN ON INVESTMENT	10.7%	10.5%	28.4%	10.7%
SUPPLEMENTAL CALCULATION				
NET EARNINGS AFTER AMORTIZING (OVER 10 YEARS) OPERATION CHGS.		$ 12	$ 36	
TOTAL CAPITAL INCLUDING OPER. CHARGES LESS ADMIN EXPENSE + TAXES		$ 201	$ 190	
RETURN ON TOTAL CAPITAL INCL. OPERATION CHARGES		6.0%	18.9%	

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BARBER - PRESALE R 0107417