CBWorkman

DON'T SAY IT—*WRITE IT*

Bolt Action Safety

To E. F. BARRETT Location

From W. J. THRESHER, SR. Location Phone No.

Subject Date 10/27/81

Per your request, the following incremental costs for the Model 700 restyle and the Model 700 carbine have been developed with the cooperation of the Production Department, using 1983 forecast year as a base.

Included in the incremental costs for the new style gun is the additional cost ($567M) associated with the restyling of 72,195 ADL and BDL guns included in the present operation column. If you have any questions, please contact the writer.

WJT:mrp

REMINGTON ARMS CO.
RECEIVED
NOV 3 1981
ILION RESEARCH DIVISION

cc: J. G. Williams
J. P. Glas
E. Hooton, Jr.
E. B. Beattie
R. W. Steele

RD 779

STOP, LOOK, AND LIVE

	Initials	Date
Prepared By		
Approved By		

REMINGTON ARMS COMPANY, INC.

ECONOMIC EVALUATION OF MODEL 700 RESTYLING AND BOLT ACTION CARBINE FIREARMS

(Dollars in thousands)

	FIRST YEAR OF OPERATION (1983)			
	TOTAL FIREARMS PRESENT OPERATION	INCREMENTAL RESULTS NEW STYLE 700	INCREMENTAL RESULTS CARBINE	TOTAL FIREARMS OPERATION AFTER PROJECT
SALES QUANTITY (GUNS ONLY)	770340	33500	28500	832740
		@$239.47	@$235.95	
NET SALES (INCL BBL'S AND P&R)	$ 171120	$ 8118	$ 6725	$ 185963
LESS:				
FACTORY COST	120705	5568	3846	130119
NEW GUN COST	500	—	—	500
RESEARCH	3320	—	—	3320
LIFO	7003	347	294	7644
PENSION ADJ.	73	4	3	80
TOTAL MILL COST	131601	5919	4143	141663
FINISHED PROD. DIST.	2991	77	65	3133
SELLING EXPENSE	8991			8991
ADMIN EXPENSE	5619			5619
INCENTIVE COMP.	1233	58	48	1339
TOTAL COST OF SALES (EXCLUDING INTEREST EXPENSE)	150435	6054	4256	160745
PRETAX EARNINGS	$ 21685	$ 2064	$ 2469	$ 26218
NET EARNINGS	$ 12144	$ 1156	$ 1383	$ 14683
INVESTMENT				
PROJECT EXPENDITURES	$ —	$ 650	$ 650	$ 1300
ALLOCATED FACILITIES (AVG)				
• MANUFACTURING	70657			70657
• SERVICE & GENERAL	2974			2974
PERMANENT INVESTMENT	73631	650	650	74931
WORKING CAPITAL	90743	4889	4074	99706
TOTAL CAPITAL REQUIRED	$ 164374	$ 5539	$ 4724	$ 174637
NET RETURN ON INVESTMENT	7.4%	20.9%	29.3%	8.4%

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