

XC:EA Burdick
11-9-81

REMINGTON ARMS COMPANY, INC.

INTER-DEPARTMENTAL CORRESPONDENCE

Remington
OUTPORT**PETERS**
OUTPORT

"CONFINE YOUR LETTER TO ONE SUBJECT ONLY" _____

xc: D.J. Anderson
H.K. Boyle
J.C. Hutton
J.P. Linde
R.A. Morris
J.H. SweeneyIlion, New York
October 28, 1981R.L. HALL) In
E. HOOTON, JR.)
E.F. BARRETT) TurnADVANCE AUTHORIZATION FOR DESIGN AND CANCELLATION
CHARGES TO PRODUCE A NEW BOLT ACTION CARBINE CENTERFIRE RIFLE

A new Bolt Action Carbine Centerfire Rifle is proposed for introduction in 1983. In order to begin warehousing guns in 1982, Production must begin upon design release to:

1. Design tooling;
2. Specify and order standard and special machines; and
3. Order vendor tooling for purchased components.

Advance authorization in the amount of \$170,000 is required to accomplish these tasks. A project to cover the anticipated \$573,000 investment will be prepared upon completion of an economic estimate. Project authorization is expected to take about four months.

J. P. Linde
J. P. Linde, Superintendent
R & C Section

Approved

R. L. Hall 10/30
R. L. Hall
Plant Manager

R. W. Steele
R. W. Steele
Treasurer

Approved

E. Hooton, Jr. 10/31
E. Hooton, Jr.
Vice President

J. P. Glas
J. P. Glas
Director of Research

Approved

E. F. Barrett 10/30/81
E. F. Barrett
Executive Vice President

J. G. Williams
J. G. Williams
Vice President and
Director of Marketing

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BOLT ACTION CARBINE
ESTIMATE OF PROJECT EXPENDITURES

<u>COMPONENT</u>	<u>CAPITAL</u>		<u>OPERATIONS</u>		<u>Total</u>
	<u>Machines</u>	<u>Tooling</u>	<u>Tooling</u>	<u>Other</u>	
Stock	\$ 207M	\$ 160M	\$ 74M	\$ 51M	\$492M
Receiver	6M	35M	9M	9M	59M
Trigger Guard Assembly	-	103M	63M	22M	188M
Trigger Assembly	-	4M	13M	3M	20M
Magazine Followers	-	4M	5M	2M	11M
Final Assembly	<u>-</u>	<u>1M</u>	<u>11M</u>	<u>7M</u>	<u>19M</u>
Subtotal	\$ 213M	\$ 307M	\$ 175M	\$ 94M	\$ 789M
Total	\$ 520M		\$ 269M		
Contingencies	<u>53M</u>		<u>27M</u>		
Grand Total	\$ 573M		+	\$ 296M	\$ 869M
Construction Forecast					
- Original	\$ 403M		+	\$ 580M	\$ 983M
- Revised	\$ 950M		+	\$ 1,363M	\$2,313M

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**BOLT ACTION CARBINE
ESTIMATED UNIT PRICES, COSTS, AND PRE-TAX EARNINGS
FIRST YEAR OF OPERATION (1983)**

SALES QUANTITY	28,500
RETAIL SELLING PRICE	\$ 440.00
NET SELLING PRICE	\$ 235.95
Less: TOTAL COST	\$ 208.44
PRE-TAX EARNINGS	\$ 27.51
% OF NET SELLING	11.7%

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BOLT ACTION CARBINE
ESTIMATED EARNINGS AND NET RETURN ON INVESTMENT
FIRST YEAR OF OPERATION (1983)
(Dollars in Thousands)

	RESULTS FROM THIS PROJECT	
	<u>FULL ALLOCATION</u>	<u>INCREMENTAL BASIS</u>
SALES QUANTITY	28,500	28,500
NET SALES	\$ 6,725	\$ 6,725
Less: Mill Cost	\$ 5,267	\$ 3,873
Distribution Expense	128	81
Selling & Admin. Expense	<u>546</u>	<u>312</u>
Total Cost	\$ 5,941	\$ 4,266
PRE-TAX EARNINGS	\$ 784	\$ 2,459
NET EARNINGS	\$ 410	\$ 1,272
INVESTMENT		
PROJECT EXPENDITURES	\$ 573	\$ 573
ALLOCATED GENERAL FACILITIES	101	34
WORKING CAPITAL	<u>5,196</u>	<u>4,716</u>
TOTAL INVESTMENT	\$ 5,870	\$ 5,323
NET RETURN ON INVESTMENT	7.0%	23.9%

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BOLT ACTION CARBINE

CRITICAL COMPONENTS

COMPONENT

- o Stock

- o Bolt Handle

CRITICAL ASPECT

- o Former requires development
- o Long delivery of machines
 - NC Router with toolchanger
 - Richardson Copy Lathe
 - Remington Special Machine (8-9 Month Delivery)

- o Development Required
- o Long Delivery of Production Parts

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