

BUSINESS MEETINGMARKETING - Contd.

By actively seeking entry into these add-use markets, Marketing hopes to provide a substantial base for incremental volume and bottom line profit.

Marketing is currently working with Research in the development of a bolt action centerfire rifle carbine. This carbine will basically add-use much of an existent center fire rifle, providing the advantages of light weight (6-1/4 lbs.), fast handling, and the ability to handle high velocity calibers.

(Key Strategy #8)

In the rim fire rifle product line, Marketing supports an aggressive cost reduction program, as well as a non-aggressive product development strategy.

FIVE YEAR FORECAST

Marketing's five year sales forecast is outlined by product type in Exhibits 2, 3, and 4. Annual increases by product category reflect estimates of market conditions and the effect of anticipated new products.

Shotguns - (Exhibit 2)

The first year, 1981, shows total company shotguns at 382M, down slightly from an estimated 395M for 1980. The economic conditions that adversely affected shotgun sales this year will probably be present throughout most of 1981. However, plans and programs for 1981 are designed to encourage early orders and Marketing expects to attain the 382M level.

During 1982, more favorable economic conditions should result in substantially higher shotgun sales. Shotgun sales for 1982 are forecast at 421M, or 10.2% above 1981. This growth is expected to continue, but by declining percentages for 1983 through 1985. The increase in shotgun sales between 1984 and 1985 is only 1.7%. The 470M level for 1985 is 2.5% below 1977, our highest shotgun sales year.

This conservative forecast for the final three years takes into account the possibility that Models 1100 and 870 may be approaching a decline in their product life cycles. Should this be the case, the introduction of the XSG/XPG in 1986 would be quite timely.

83