

Pricing & Sales Programs Objectives

■ Pricing Overview

Remington has regularly raised prices on its firearms with an eye towards profitability. *The business unit has not negotiated price down with our resellers during periods of market softness which has helped build a position of strength for Remington brand firearms.* Several of our competitors, principally Browning and USRAC, have cut prices in 1997 to move bloated inventories of slow moving product. Most of these efforts have been directed toward centerfire rifles equipped with the B.O.S.S. system.

With intense pressure on earnings, *the challenge of the last several years has been to maximize the profit potential of Remington firearms without overpricing them.* Value maintenance with the end user has been our focus.

Historical pricing of Remington firearms by major product category follows:

Historical Firearms Pricing Model
(% Price Increase, Gross Sales)²⁴

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Shotguns	3.36%	2.92%	.79%	1.63%	.68%
Rimfire Rifles	2.57%	4.49%	1.96%	2.97%	N/C
Centerfire Rifles	.38%	1.72%	2.46%	3.49%	1.84%
Extra Barrels	2.78%	2.90%	3.28%	3.71%	N/C
Average	2.26%	2.56%	1.55%	2.58%	1.37%

²⁴ Average annual price increase is based on sales mix and revenue by major product category.