

- **Rough Rifling** – Similar to rough chambers, rough rifling refers to tool marks and in some extreme cases, gouges in the lands within the bore of the barrel. This issue appears to be more prevalent on stainless steel barrels and has been an issue with the high end Model 700 Titanium rifle.
- **Crowns** – Ilion is currently targeting 100% of all centerfire rifles for accuracy. It appears that poor crowns contribute to a large percentage of rifles that fall out due to unacceptable accuracy in the gallery.

It is paramount to understand and uphold the fact that **Remington rifles set the standard for the rest of the industry.** Being “as good as” or “nearly as good as” the rest of the industry is a mindset that can not be tolerated.

Pricing Considerations – The key elements in pricing strategy for the Model 700 are to remain positioned competitively with respect to other product offerings within the category and to maintain margin positions. Internal factors taken into consideration for the upcoming year’s pricing scenario are:

- Changes in raw material costs
- Changes in labor and overhead rates
- Capacity restraints/availability

External considerations are:

- Overall strength of the market
- General condition of the domestic economy
- Competitors strategies and past practices
- Inventory positions within the trade

While market conditions for bolt-action centerfire rifles have softened somewhat, the overall market for Remington rifles is still such that manufacturing is challenged capacity wise to fulfill order positions. No changes of significance are anticipated with respect to raw material or other variable costs that may negatively impact margin positions. It should be noted however, that at the time this document was written, these figures were not yet available for budgetary purposes, so they are somewhat speculative and will be revisited in August 2002 once budgets are submitted. Based on this, there are no overwhelming issues from an internal perspective that require a price increase to maintain current margin positions.

Externally, however there are factors at play which make logical sense to take a price increase for 2003. Although trade inventory levels are high with respect to long action Ultra Mag sku’s, demand for core offerings appears stable. The upcoming release of SAAMI 2002 Q1 share figures will confirm or raise question to this hypothesis.