

■ Remington Segment Performance

Remington markets the Peerless, 396 Target O/U and the 90-T Super Single Trap gun in the Break Action segment. *Profitability has been negative for the Ilion produced Peerless and 396 because the designs are too labor intensive.* Quality and cosmetic concerns have also hindered the sales of Remington's O/U products.

The 90-T is a sourced product that has faced strong competitive pressure from Browning in the last several years. The gun is over priced and only moves if promoted which yields no profit from these sales. Longer term, a write off will be required to completely clear inventory.

Category Performance is dismal as shown below:

	1995 <u>Actual</u>	1996 <u>Actual</u>	1997 <u>Rev. 1F</u>	1997 <u>P.O.</u>
Unit Sales	1740	3273	1365	1516
Sales Dollars (\$MM)	1.4	2.4	1.4	1.5
Standard Margin (\$MM)	(0.2)	(0.1)	(0.3)	(0.5)
Standard Margin % Sales	(16.2)	(5.5)	(23.7)	(30.8)

■ Competitive Analysis

Over and Under Shotguns:

Remington's principal competitors in the O/U market are Browning, Beretta and Ruger. USRAC has withdrawn from this market. As noted earlier, Browning is the current share leader in the domestic O/U market. However, market intelligence indicates Browning's margins on the Citori line are substandard. *Beretta has gained share in recent years and this trend is expected to continue with the completion of their new US manufacturing and assembly facility.*

Browning's entry in the O/U market is the Citori which is offered in four gauges and a variety of configurations from light weight upland guns to high grade target offerings. The Citori line features back-boring on 12 and 20 gauges, interchangeable chokes on all gauges, and smaller frames on the small gauge guns. Browning has developed an excellent reputation of quality, durability and value with