

### Remington Pump Action Shotguns – Threats

- Mossberg continues to threaten Remington's pump action shotgun business by undercutting Remington's Express line prices, particularly with its low-end Maverick line. In this market segment, cost can matter more than looks or reliability, as evidenced by Mossberg's high sales volumes of a product that is marginal in terms of looks and handling. The same can be said of the ultra-low cost imports such as the Charles Daly pump action shotgun.
- The Nova has the potential to gain share if Benelli can improve the fragility of the design and lower its price.

### Pump Action Shotgun Product Strategy – Overview

- Because it is already a solid, well-established design, the emphasis for improving the 870 will revolve around cost reduction and cosmetics.
- **Express/Special Purpose:** In the short term, pump action shotgun strategy will be to hold market share while lowering the cost of manufacturing, particularly on Express guns. Recognizing the magnitude of this challenge, the integrity of the Model 870 must be preserved throughout the cost reduction process.
- **Wingmaster:** Improvements to the Wingmaster will be implemented to help rebuild its aesthetic appeal. This will primarily take the form of finer embellishments and better cosmetics in checkering.

### Pump Action Shotgun Product Strategy – 2003

- **Model 870 Express** – For 2003, Remington engineering staff will begin the process of incorporating material and process changes that will lower the cost of manufacture. Initially, the use of MIM parts where they make sense will help in this regard. An improvement in Express wood stain and a new camouflage pattern, Skyline®, will replace the current camo guns at a significant cost savings. *New Express camouflage cost savings are estimated at \$28M annually.*
- **Model 870 SPS Camo** – Remington will renegotiate our royalty agreements with our major camouflage suppliers for 2003. Significant reduction of our current camouflage royalties is possible if focus is applied to the process. *Renegotiated SPS camouflage savings are estimated at \$20M annually.* Additionally, a new 20 gauge camo turkey shotgun will be introduced. This will be an adult turkey gun, and will be a collaborative effort that dovetails with the introduction of 20 gauge Hevi-Shot® turkey loads in 2003 by Remington's Ammunition Group.

Model	MSP	NSP	1 <sup>st</sup> Year Volume	Margin
870 SPS 20 ga. Turkey Gun	\$432	\$335	2000	37%