

Competitive Outlook

H&R/NEF is still the market leader in the single shot shotgun category. The vast majority of single shot products are low priced, high volume guns whose average retail price is under \$100. Browning is the exception with its BT-99, which is a single shot trap gun whose market sector is clearly small in comparison to the lower end product. Small volumes and high cost of manufacture caused Remington to discontinue its own single shot trap gun, the 90-T, in 1999.

It's interesting to note that H&R/NEF's share has eroded in recent years as lower cost imports from China and the former USSR are making inroads domestically. After many years of 85%+ share for H&R/NEF, the imports have doubled their market share since 1997, leaving H&R/NEF with only 75% in 2002.

Remington does not compete in this category, and there are no firm plans to do so in the near future. However, there may be opportunities to enter this market if a product can be introduced that is low enough cost and can be positioned properly. Most likely this would be a heavily outsourced product to keep overhead low. The design would have to be simple and safe. One possibility is to build a single shot shotgun based on the very simple Rolling Block action. This was last done in 1891 with the Model 1 and Model 2 Rolling Block Shotgun. Marketing will work with R&D and Manufacturing to determine if such a product fits into Remington's strategic framework.

A Remington single shot shotgun would have to come with a cost of no more than \$40 and a net price of less than \$75 to achieve a profit margin of 34-35%. This would yield around \$20 gross profit per gun. First year volumes could be expected at 30M units.