

- The in-line muzzleloading rifle market has shifted from a high end product to more of a commodity approach with the market for entry level priced rifles and “grab and go” starter kits becoming the driving factor in the market.

Remington had very good reason for not further exploiting the in-line muzzleloading market. The Model 700 ML rifle consumed regular Model 700 centerfire capacity which is relatively fixed in nature. In addition, the Model 700ML line cost essentially the same to manufacture as its centerfire counterpart while earning nearly \$100 less per unit. These factors when weighed against an expanding bolt-action centerfire rifle category resulted in the sound decision to utilize the Ilion plant's rifle capacity to build bolt-action centerfire rifles at the expense of the muzzleloading line. As a result the Model 700 ML is perceived as a higher end, specialty product that is simply not competitive by today's standards.

Remington Segment Performance

In 2002, Remington shipped 5.7M units at a total value of \$1.7MM. This was an 22% decrease in units and a 20% decrease in sales dollars. Competitive pressures from low-price offerings and late shipments are the primary contributors to this decrease in performance. Historical performance is as follows:

<u>Model 700 ML</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2003</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>FCST</u>	<u>Budget</u>
Unit Sales (M)	9.2	6.6	7.3	5.7	4.4	8.2
Sales Dollars (\$MM)	\$2.4	\$1.6	\$2.1	\$1.7	\$1.4	\$2.5
Standard Margin (\$MM)	\$1.0	\$0.6	\$0.9	\$0.6	\$0.5	\$0.9
Standard Margin (%)	40.9%	36.5%	41.0%	38%	36.3%	35.7%

*Includes carbon and stainless steel models

Competitive Outlook

Thompson Center

The **Black Diamond** series represents the core of T/C's in-line offerings. Equipped with a patented “**Flame Thrower**” ignition system, the Black Diamond offers the shooter the advantage of using 209 shotshell primers as an ignition source. Also featured on the Black Diamond is a 26” standard length barrel for greater velocities. The Black Diamond is offered in nine different configurations varying by carbon or stainless steel, camouflaged stocks and fiber optic sights. The Black Diamond is also offered in a clam pack starter kit and in a .45 caliber configuration. All other offerings are .50 caliber. The Black Diamond is positioned as a “middle of the road” in-line muzzleloader. A new introduction from T/C that has sparked great interest in the premium muzzleloading line is the **Omega** muzzleloading rifle. The Omega features a falling-block type design which fully encloses a 209 shotshell primer for a sealed ignition and further promotes easy loading and extraction of spent primers.