

Model	MSP	NSP	1 <sup>st</sup> Year Volume	Margin
Model 2100, New Gas Auto	\$749	\$669	15000	34%/\$204

*Second year volumes are forecast at 20M units, third year forecast is 25M units. It is expected that manufacturing costs will be reduced in the 2<sup>nd</sup> and 3<sup>d</sup> year, thus improving margin significantly.*

**Pricing Considerations** - Pricing changes for 2004 and beyond will be closely tied to two factors; internal cost fluctuations and external market pressures. The guiding strategy for all Remington shotguns will continue to be holding or increasing margins without pricing the product out of the market.

Internally, production costs including operating overhead can change dramatically and in relatively short order. Obstacles to production can compound the problem if inefficient manufacturing and high scrap rates spiral out of control. Because of this, changes in price on Remington shotguns are somewhat speculative.

In terms of external influences, thoughtful product comparisons with competitive offerings will be an ongoing process. As benefits and features are compared between Remington autoloading shotguns and the rest of the market, pricing changes will become clear depending on the market climate at that time.

Despite these cautions, it's important to attempt to anticipate changes in the Consumer Price Index and factor inflation into a planned pricing strategy for autoloading shotguns.

## Market Category Summary

### PUMP ACTION SHOTGUNS

The domestic pump action shotgun market is estimated to be 620-650M units annually with a retail sales value of \$120-130MM.

Sales volumes and market share as estimated for the last three years of the domestic market are: