

Threats

- General Softening of Market Could Result in Negative Impact to High Margin Specialized Products
- Manufacturers that are Dependent on Entry Level Business Could Begin to Make Price Concessions in Order to Regain Volume Required to Cover Manufacturing Overhead
- Changes in State Hunting Laws that Limit Use of Centerfire Rifles in the Eastern United States or Other Densely Populated Areas
- Strong U.S. Dollar Continuing to Create Favorable Conditions for Imported Firearms and for Major Participants Such as Winchester and Browning Who Rely Heavily on Imported Goods
- Environmental Conditions Such as Chronic Wasting Disease Threatening Game Populations

Product Strategy 2003 – Model 710 Sportsman

No new catalog introductions are planned for 2003. Sales predictions indicate that sufficient demand remains to exceed current plant capacities in .270 Win and .30-06 configurations only.

Model 710 Magnum - A current development project is currently in place for magnum caliber versions of the Model 710. All development and testing will be complete in the summer of 2002. Equipped with a 24" barrel, calibers will be 7mm Rem. Mag and .300 Win. Mag. Both will utilize the current scope configuration of the .270 and .30-06 versions. **While the magnums are not intended for catalog introduction in 2003, Marketing and Manufacturing will be prepared to announce and launch the magnum variants should business soften in 2003.** Otherwise, the magnum calibers will be a 2004 product introduction.

<u>Model</u>	<u>MSP</u>	<u>NSP</u>	<u>1st Year Volume</u>
710 w/scope 7mm Rem Mag	\$329	\$300	6.75M Units
710 w/scope 300 Win Mag	\$329	\$300	8.25M Units

Capacity Expansion - Due to current capacity constraints, a capital project has been issued to purchase and install additional machinery in order to increase Model 710 production. This new equipment will be in place and operational by the 4th quarter of 2002 and is expected to increase overall Model 710 capacities by an additional 10M units annually.