

I. Stainless steel actions and barrels and corrosion resistant fire control and magazine components.

II. Flush mounted detachable magazine boxes.

- o Browning's Stainless Stalker and Hunter A-Bolt rifles have benchmarked the features mentioned above and leveraged Browning's ability to increase marketshare in this product segment.

Should Remington decide to redirect developmental efforts toward another N.B.A.R., best estimates project a minimum two year program would be required before a warehouse position of a new product would be feasible. In addition, projects such as the new autoloading rimfire rifle and the O/U shotgun could be saddled with delays because of the availability of finite resources.

It is clear that the Model 700's product life cycle has approached maturity and that a N.B.A.R. effort is necessary long term to ensure Remington's future success in this market. Concerns were expressed that a short term strategy which upgrades existing products with key features previously covered, would detract from a major new product introduction. (i.e. What would be left to advertise and promote with a entirely new product offering?) Research and Development explained that there are, in fact, many more key opportunities that can be explored in the long term to differentiate and enhance the performance of a new product. One key area which was briefly discussed is a potential significant improvement in accuracy.

Given this scenario, probing was directed toward a short term strategy which would make the Model 700 offering more competitive. It was discovered that if work was started immediately both a stainless steel and box magazine product could be available for a 1992 Shot Show introduction. This effort would require little if any capital investment and is doable without sacrificing other major developmental efforts currently underway.

PRODUCT PLAN:

In concept the following proposal is offered for 1992 introduction.

- o The Model 700 AS becomes the Model 700 SS. Product enhancements of both stainless steel and detachable magazine boxes are offered in a synthetic stocked product. Initial developmental efforts are with magnum and long action calibers -- 338 Win Mag, 300 Weatherby or 300 Win Mag (not both), 7MM Remington Mag, 30-06 Springfield, 280 Remington, 270 Winchester.
- o The Model 700 Mountain Rifle is upgraded with a detachable magazine box. All current caliber offerings remain the same.

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REMINGTON ARMS

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CC: A. W. Wheaton

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Wilmington, Delaware
February 15, 1991

TO: V. M. ROMANO

FROM: ~~J. M. BUNTING~~ Jm

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EXECUTIVE SUMMARY
CENTERFIRE BOLT ACTION RIFLE
PRODUCT PLANNING BRIEF

On February 27 a bolt action centerfire rifle meeting was held in Ilion. It's purpose was to obtain a status update on the NBAR project and provide timing of options to enhance the current 700 product line.

Attendees at the meeting were:

Bill Coleman
Hal Munson
Jay Bunting

Dick Jackson
Fred Martin
Jim Ronkainen

After some discussion it was apparent that efforts have been shelved on the N.B.A.R. project since it's major setback in early 1988.

Current market conditions for this product segment were reviewed. Key points were highlighted as follows:

- o On the surface, current information suggests that Remington is losing marketshare in the centerfire bolt action rifle segment.
- o It is believed that the core of this market erosion is taking place in magnum and long action calibers.
- o There are two primary, all inclusive product features which Remington is lacking and that competition is successfully exploiting.

Immediate market opportunities for the Model 700 SS would be in Alaska and North America. It is projected that the first year sales of the Model 700 SS would exceed that of the Model 700 AS by a factor of 4X, i.e. approximately 12,000 units. This would represent an additional 9,000 units in sales of which 80% are estimated to be incremental.

Shipments of the Model 700 Mountain Rifle have been declining at an average rate of 26% a year since a shipment peak of 16,000 units in 1988. It is estimated that an upgraded Model 700 Mountain Rifle with a detachable magazine box would boost first year volumes to prior 1988 levels.

Your approval of this product strategy is requested to proceed immediately with project plans for the Model 700 SS and Model 700 MT upgrade.

APPROVAL:

V. M. ROMANO

INITIAL:

DATE:

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EXHIBIT III

28-Jan-91

MARKETING PROJECT DATA

1. PROJECT NAME: M700 MTM (MOUNTAIN MAGAZINE)

2. TIMING:

A

QTR/YR

STARTUP
YEAR

1ST/92

1ST
FULL YEAR

92

3RD
FULL YEAR

94

LIFE EXPECTANCY OF PRODUCT:

5 YEARS

3. VOLUME:

B

INCREMENTAL
REPLACEMENTSTARTUP
YEAR

8,000

8,500

1ST
FULL YEAR

8,000

8,500

3RD
FULL YEAR

14,000

TOTAL

16,500

16,500

14,000

REPLACEMENT VOLUME DETAIL:

T

MODEL

700

DESCRIPTIVE
SUFFIX

MT

GAUGE/
CALIBER

ALL

(DECLINE)

VOLUME GROWTH AFTER 3RD YR NONE

4. PRICING:

STARTUP
YEAR

419.00

1ST
FULL YEAR

419.00

3RD
FULL YEAR

436.00

MSP

NSP

ADVERTISING/MARKETING EXPENSE: 20,000

5. COMPETITION:

MANUFACTURER

BROWNING

MODEL

A-BOLT

Micro-Medallion

MSP

428.95

NSP

6. BRIEF EXPLANATION OF WHY THIS PRODUCT IS NECESSARY:

SEE ATTACHMENT

7. MARKETING APPROVAL: