

**Remington Brand Management – Firearms
Developmental Business Brief**

CONFIDENTIAL

New Bolt Action Rifle (N.B.A.R.)

Background

It is with little question that the Remington Model 700 is the most popular and widely utilized bolt action rifle in the U.S. Market to date. Legendary accuracy, strength and reliability are the pillars upon which this reputation is built upon. The Model 700 features a cylindrical receiver design that has been widely accepted by custom rifle makers. Advancements in machining capabilities have reached a level that has lowered barriers to entry in the bolt action rifle market. Competitors such as Smith & Wesson and Thompson Center Arms have entered into the premium bolt-action centerfire rifle market while players such as O.F. Mossberg have entered the entry level portion of the market. In addition to new entrants to the market, existing players have enhanced and improved their offerings. Manufacturers such as Sako/Fikka, U.S. Repeating Arms (Winchester) and Browning are all making strides to capture market share from the Remington Model 700 by offering new features in their products which appeal to the bolt-action rifle customers. Further compounding the issue, due to the age of the Model 700, there are no intellectual property barriers surrounding the Model 700 which have resulted in the basic design of the rifle to be easily copied and exploited by players of all levels within the category. While the Remington Model 700 is an iconic product with tremendous brand horsepower, the basic design for the Model 700 emerged in the late 1940's with the Model 721 and evolved into the Model 700 by 1962. Therefore, the current design is nearly 50 years old and exhibits some characteristics that could stand to be improved from the consumer perspective such as the extraction system and the lack of a bolt locking mechanism. While it is not Brand Management's intent to replace the Model 700 outright with a new model, it is reasonable to build a case for a new product design for a high performance, upper end bolt action rifle line to establish a baseline for the future of the highly profitable Remington bolt action rifle business.

Strategic Developmental Need

New bolt-action centerfire rifle from Remington that builds upon and strengthens Remington's presence in the category through the use of new technology to produce a new standard in bolt action rifles. New design should overcome perceived shortcomings with current product from a market perspective as well as lend itself to favorable manufacturing practices to provide greater flexibility to our factories. The new rifle platform must result in a solid, robust design that is expected from a high performance, upper end product.

Primary Product Attributes

- Rifle must be capable of delivering sub moa accuracy from the factory.
- Rifle must be equipped with an extraction system that provides the benefit of a “controlled round feed” design without sacrificing the strength of the Model 700 action, i.e. maintains “three rings of steel.”
- Rifle must have a means to lock the bolt down when in the “safe” position to eliminate the bolt handle from opening when the rifle is carried yet still allow the rifle to be unloaded or the action opened in a safe manner.
- Rifle must be equipped with a fire control capable of external adjustment by the consumer for weight of pull and must be capable of being set at the factory between 3lbs-4lbs consistently. Trigger should be adjustable to 2lbs by the consumer. Single set trigger should be considered as an option as well.
- Rifle must be designed to eliminate concerns with bedding issues either through use of an integrated bedding system such as the TC Icon, or through the use of a new concept receiver design such as the Sauer 202.
- Rifle should feature a bolt to barrel lock up system to eliminate stresses between barrel and receiver and to ensure consistent headspace from rifle to rifle and ensure proper cartridge alignment relative to the bolt face and the bore.
- Barrel to receiver union should be designed for strength, rigidity, and to minimize movement, yet should be designed for manufacturability and barrel replacement with barrel interchangeability by the consumer being a design characteristic for consideration. See Mauser 03 and Sauer 202.
- Bolt head must be removable/interchangeable depending upon cartridge head size. See Mauser 03 and current Remington 770 platform for concepts.
- Bolt should feature 60 degree throw, but must be designed to translate smoothly through the action without any binding and should be designed to cock and cam into battery with equal or less force than is required in the current Model 700.
- Bolt body should be designed for jewelling and bolt handle should be designed for interchangeability and elimination of brazing. Bolt handle on base model to feature similarities to current Model 700 look.
- Product should utilize a magazine design that provides the flexibility of a detachable system, exhibits the clean lines of a hinged floor plate design and the infallible reliability of a blind magazine for dangerous game applications with the capability to “lock down” the magazine box, especially for dangerous game models.
- Rifle should be capable of reliably single loading a round from the ejection port as well as loading the magazine through the ejection port.
- Rifle should be designed for a “compact” platform capable of handling cartridges ranging from .17 Remington Fireball up through short magnums and a long action platform designed to handle cartridges based off of the .30-06 Sprg case up through the Remington Ultra Magnum family as well as a Dangerous Game action length capable of handling cartridges such as the .458 Lott and .338 Lapua Magnum with appropriate consideration given to recoil dynamics of dangerous game cartridges.

- Long action platform should have capability of expanding into a takedown model with the capability to accommodate cartridges down to the 308 Winchester family on the long receiver in the take down model.
- Receiver should incorporate integral scope mounting capability which is innovative and cosmetically pleasing without sacrificing the ability to configure the rifle with rifle sights if necessary. Scope mounts should maintain focus on rigidity and ensuring perpendicularity of scope rings to scope tube and parallelism to the receiver and barrel.
- Rifle should be designed with plans for expansion for barrel contours ranging from mountain, standard (up to .300 Win Mag family), magnum and tactical/varmint contours.
- Rifle should be designed for ultimate in corrosion/wear resistance with all models crafted from stainless steel with black TriNyte coating. Polished or satin look will be achieved through base level metal finish.
- Rifle will feature both wood stock and synthetic stocks with over molding. Synthetic stock tool should be designed for modularity.
- Rifle should be designed to contain features to reduce felt recoil through SuperCell technology at minimum with consideration given to ways to further reduce overall felt recoil without compromising accuracy, reliability and functionality.

Current Remington Product Offerings

Model 700 XCR

MSP	NSP (After FET)	COST	MARGIN	MARGIN %	ANNUAL VOL.	NET SALES	STD GROSS PROFIT
\$ 819.00	\$ 665.60	\$ 314.00	\$ 351.60	52.8%	7000	\$ 4,659,225	\$ 2,461,224.59

Model 700 CDL SF

MSP	NSP (After FET)	COST	MARGIN	MARGIN %	ANNUAL VOL.	NET SALES	STD GROSS PROFIT
\$ 819.00	\$ 665.60	\$ 357.00	\$ 308.60	46.4%	5000	\$ 3,328,018	\$ 1,543,017.57

Estimated Cannibalization of Current Offering

Year 1 30%

Year 2 50%

Competitive Product Offerings

Winchester Model 70 Extreme Weather SS

Net Selling Price = \$795.00

Average Retail (Street) = \$975.00

Est. Worldwide Volume = TBD

Back from a 2 year leave, the Model 70 returns for 2008. Now manufactured in FN Herstal's Columbia, SC manufacturing facility, the Model 70 has returned as a premium priced rifle. Configured with a new MOA fire control boasting 3 1/2lb trigger pull weights from the factory, the "New" Model 70 rifles all feature the original pre-64 style controlled round feed action with non-rotating claw extractor. The Model 70 Extreme Weather SS features a stainless steel barreled action bedded in a Bell & Carlson composite stock. It should be noted that Winchester firearms are produced and sold by U.S. Repeating Arms Company (Browning as well) under license from Olin Corporation.

Browning X-Bolt Stainless Stalker

Net Selling Price = \$695.00

Average Retail (Street) = \$899.00

Est. Worldwide Volume = Projected 10000 units

Announced in conjunction with the new Winchester Model 70, the new Browning X-Bolt is likely the heir apparent to the Browning bolt-action centerfire rifle line. Like the Browning A-Bolt, the X-Bolt features a three lug, 60 degree bolt throw push feed action. Unlike the A-Bolt, the new X-Bolt features new cosmetics, a sleek streamlined detachable magazine box and the new Feather Trigger with a 3 3/4 lb pull weight from the factory. While the A-Bolt remains in the product line for 2008, it is assumed that this is a result of being tied to the manufacturing scale up of the Winchester Model 70. It is expected that in 2009 the A-Bolt will either undergo drastic scale back or deletion from the line all together.

Sako 85

Net Selling Price = \$1000.00

Average Retail (Street) = \$1200.00

Est. Worldwide Volume = NA (new release in 2008)

Proposed Project Details

Remington NBAR

Financial Projections

	MSP (Target)	NSP (After FET)	COST (Target)	MARGIN	MARGIN %	Year 1 Vol.	STD GROSS PROFIT
2011	\$ 1,049	\$ 852.53	\$ 389.00	\$ 463.53	54.4%	5000	\$ 2,317,625.68
2012	\$ 1,080	\$ 878.10	\$ 400.67	\$ 477.43	54.4%	6000	\$ 2,864,585.34
2013	\$ 1,113	\$ 904.44	\$ 412.69	\$ 491.75	54.4%	7500	\$ 3,688,153.62

Projected product life expectancy 7-10 years

Year of Introduction – 2011