

MARKETING COMMENTS ON NEW INTRODUCTIONS AND 5-YEAR FORECAST - contd.

The 5-year forecast is based on certain assumptions, such as the economy not reaching a chaotic condition, no significant restrictive legislation and no revolutionary technical breakthrough on the part of competition.

The forecast is an ambitious one. It is based on the premise that in order to obtain this growth we cannot rely on market growth alone, but must continue to increase our share of the market. To accomplish this, we ask for R & D and Production's support in the development of "New Generation" guns in our key model lines. Unlike the "X" family gun line, these "New Generation" guns will not incorporate completely new concepts, but are based on current models supplemented by concepts presently considered feasible, such as captive gas systems and "tossed" action bars as well as cosmetic improvements.

It appears at this time that this "New Generation" program is the best path for us to follow in order to develop and market a line of guns that will serve as major replacements for current models and enable us to establish a new level of competitive advantage.

It also appears that it is the only path that will enable us to price the line in the range necessary to maintain the business volume growth rate yet provide earnings and returns on investment acceptable to management.

The forecast also calls for introduction of the Mohawk 1100 which will be the current Model 1100 with possible cost saving features marketed as a Mohawk line gun.

In addition, we foresee the future need for cut checkering in a number of versions of our current line. Primarily, these needs are in target grade shotguns and BDL versions of the Models 742-760. These requirements have been transmitted to Production.