

BUSINESS MEETINGMARKETING - Contd.FIVE YEAR FORECAST - Contd.Rim Fire Rifles - (Exhibit 3)

For 1981, total company rimfire rifle shipments are 106M units, or approximately 15% below the current 1980 estimate. This conservative forecast is predicated on a continuation of adverse economic conditions. Marketing is confident this forecast will be met and most likely exceeded. Improved economic conditions in 1982 should reverse this downward trend with rimfire rifle sales above 120M units. From this level, steady growth is forecast for 1983-1985.

Center Fire Rifles - (Exhibit 4)

The 1981 centerfire rifle forecast is 309M, or about 5% above estimated 1980 sales. The introduction of the New Generation Rifles and promotion of obsolete products will have a substantial impact on total centerfire rifle sales.

A more favorable economy in 1982 should cause centerfire rifle sales to increase by 11% over 1981. In 1983, the Bolt Action Carbine will provide incremental volume which equates to a 10.6% increase, to 380M units. Moderate growth rates, below 5% per year, are forecast for 1984 and 1985.

PRODUCTIONFIVE YEAR PRODUCTION PLANS

Production's five year plans were presented as individual responses to the Key Strategies (Exhibit 1).

Quality  
(Key Strategy #1)

The plans and direction of the Quality Department were discussed in some detail at September's Quality Meeting. Last month Quality Control's response to Marketing's issues list was presented. In 1981 a bi-annual quality meeting format will be adopted, to provide improved communication on quality activity.

Prof. Ken Case, Quality Consultant, has submitted his analysis of the Ilion Quality Program. Following his analysis of the Ammunition Plants, a 3-year plan for phase in of Quality Program changes will be developed. The anticipated changes respond directly to quality improvement and cost reduction objectives.