

this line of O/U's. The Citori Hunting competes most closely with the Peerless and is priced \$188 higher (after sales programs and discounts). Their Model 425 Sporting Clays competes with Remington's Model 396 Sporting and sells for \$241 less (after sales programs and discounts).

The Beretta product line is comprised of the S686 and S687 series. These guns are basically the same with the S687 series featuring higher grade wood and engraving. The S686 Silver Essential and the S686 Onyx compete with the Peerless. The Essential is a no-frills, 12 gauge shotgun that offers the basic O/U features. The S686 Onyx features cosmetic upgrades from the Essential and is available in both 12 and 20 gauge. The Essential is priced \$66 less than the Peerless and the Onyx is priced \$207 higher than the Peerless (after sales programs and discounts).

The Beretta S687 Silver Pigeon, offered in both 12 and 20 gauge, features a highly embellished, coined finish receiver and select wood. It is comparable to the Model 396 and sells for \$66 less (after sales programs and discounts).

Ruger competes in this market with the Red Label family of O/U's. The Red Label, featuring stainless steel receivers, is offered in 12, 20 and 28 gauges. The Standard Red Label sells for \$17 less than the Peerless (after sales programs and discounts). The Red Label Sporting Clays does not offer the same features as the Model 396 and actually competes more directly with the Peerless, selling for only \$62 more (after sales programs and discounts).

Remington competes in this market with the Peerless Field Grade O/U and the Target Grade Model 396. The Peerless has developed a reputation as a good shooting gun that points well. The Achilles heel of the Peerless is that it is not very attractive. Cosmetically, the Peerless is not competitive with the Citori or the S686. As a result, market demand has declined. A reduction in price in 1997 has renewed interest in the Peerless; however, ***high manufacturing costs make the Peerless unprofitable.***

The introduction of the Model 396 Target Grade guns has helped sustain Remington's presence in the O/U market. Based on the Peerless action, the Model 396 offers improved fit and finish, as well as additional features such as upgraded wood, coined receiver finish and enhanced scroll work. The Model 396 is quickly gaining market acceptance. A price reduction in 1997 generated an improved order position as compared to 1996. ***As with the Peerless, the Model 396 also generates negative earnings.***