

<u>Model</u>	<u>MSP</u>	<u>NSP</u>	<u>1st Year Volume</u>
710 w/scope 7mm Rem Mag	\$329	\$300	6.75M Units
710 w/scope .300 Win Mag	\$329	\$300	8.25M Units

Capacity Expansion - Due to current capacity constraints, a capital project has been issued to purchase and install additional machinery in order to increase Model 710 production. This new equipment will be in place and operational by the 4th quarter of 2002 and is expected to increase overall Model 710 capacities by an additional 10M units annually.

Production/Quality Control - An essential criteria required in maintaining the competitive position of the Model 710 is to monitor and insure that the price/value relationship remains in favor of the consumer and above the competition. A key element involved in this strategy is to monitor and understand the accuracy performance of the Model 710 in a manner of statistical significance. Manufacturing is implementing quality control procedures to monitor, record, and interpret the accuracy performance of the Model 710 off of the production line.

Pricing Considerations - No price increase is recommended for the Model 710 in 2003. In response to the Model 710, Savage Arms was forced to decrease pricing by 6.5% for 2002 on select Model 110 Scoped guns in order to remain competitive. It is the belief of this writer that this resulted in a significant blow to Savage's overall margin position. From margin/profitability perspective, Savage may be forced to increase price for 2003, but will likely hold price in order to protect their market share. **By holding price on the Model 710, Remington should be able to further entrench their position in the entry level scoped combo market.**

Product Deletions - No deletions are planned for 2003.

Product Strategy 2004 & Beyond - Model 710 Sportsman

The overall long-term strategy for the Model 710 will be to continue to deliver exceptional value at an affordable price.