

- Investing in new manufacturing equipment which will lower cost and improve quality.
- Exploring alternative sourcing of raw materials and sub assemblies in the global marketplace.

*Our primary business objective is to provide the company with sustained growth in sales and earnings. This will be achieved by identifying opportunistic markets with innovative new products that support premium margins.*

Our 1998 business objectives by major product categories are as follows:

|                       | Sales<br>\$(MM) | Std Gross<br>Margin<br>\$(MM) | Std Gross<br>Margin<br>% Sales | Gross Margin<br>Var. vs<br>1997 % |
|-----------------------|-----------------|-------------------------------|--------------------------------|-----------------------------------|
| Shotguns              | \$93.1          | \$27.9                        | 29.9%                          | 3.0%                              |
| Rimfire               |                 |                               |                                |                                   |
| Ilion                 | 1.9             | 0.6                           | 32.9                           | 0.4                               |
| Mayfield              | 17.7            | 6.2                           | 35.0                           | 1.0                               |
| Centerfire            | 75.5            | 32.6                          | 43.2                           | (1.5)                             |
| Black Powder          | 17.0            | 7.1                           | 41.8                           | 4.0                               |
| Custom Guns           | 2.2             | 0.2                           | 9.3                            | (8.2)                             |
| Extra Barrels         | 5.4             | 2.5                           | 46.5                           | 2.3                               |
| <b>Total Firearms</b> | <b>\$218.8</b>  | <b>\$77.1</b>                 | <b>36.2%</b>                   | <b>(0.4)%</b>                     |