

## CENTERFIRE RIFLE MARKET SUMMARY

Market estimates placed the 2001 U.S. total market for centerfire rifles at 960M units.<sup>7</sup> Given an average retail price of \$350 per unit, this places the market value at \$336MM.

SAAMI's 2001 report of factory shipments shows an industry wide decline in centerfire rifles of approximately 2%. It should be noted however that the SAAMI data is not a comprehensive view of the total market as it does not include figures from some key players such as Marlin Firearms. In stark contrast, the **Remington Arms Company showed a 25% increase in centerfire rifles shipments in 2001 over 2000 figures.** This increase was attributed primarily to the introduction of the new Model 710 bolt-action rifle, produced in the Mayfield Kentucky factory. In a manner similar to that of the introduction of the Model 700 ADE Synthetic in 1995, the new Model 710 grew Remington's centerfire rifle business by nearly 40M units in 2001. 2002 order positions for the Model 710 mirror those of 2001. Ilion factory shipments increased 2.5% over 2000 levels.

Centerfire rifle sales have been extremely strong over the last three years across the industry. The same holds true for the Remington Arms Company. With the introduction of the new Remington Ultra Mag beltless magnum cartridges beginning in 1999, category growth has been extremely strong. Additionally, high levels of demand for high margin all weather stainless steel rifles with synthetic stocks have resulted in healthy profit margins.

Market momentum has slowed for 2002. Order positions exceeding plant capacity have normalized somewhat. **While order positions remain solid, it appears that the centerfire rifle category has reached a plateau; at least as far as the near term outlook is concerned.** The pipeline for Remington Ultra Mag calibers has been filled and demand for these products has declined drastically.

The centerfire rifle segment is essentially composed of three product categories. 2001 volume estimates by category are as follows:

| Category               | Units (M)  |
|------------------------|------------|
| Bolt Action            | 560        |
| Repeating <sup>8</sup> | 361        |
| Single Shot            | 42         |
| <b>Total</b>           | <b>963</b> |

<sup>7</sup> Combined analysis of BATF production figures, SAAMI Industry Shipments Report, NSGA retail sales study and Remington Sales Distribution analysis

<sup>8</sup> Includes Autoloading Pump & Lever Action