Remington Segment Performance

Remington's autoloading shotgun line includes the Model 1100, Model 11-87 and the SP-10. 2002 sales totaled nearly 53M units, or $24.7MM in revenue. This represents a 3.3% decrease in units and an 11.1% decrease in revenue from 2001 actuals. Worldwide Remington performance for the autoloading category follows:

Autoloading Shotguns	1998 Actual	2000 Act.	2001 Act.	2002 Act.	2003 Fcst.	2003 P.O.
Units Sales (M)	62.3	79.3	54.6	52.8	56.3	55.5
Sales Dollars ($MM)	26.7	36.9	27.8	24.7	26.7	26.5
Standard Margin ($MM)	11.4	18.3	11.5	10.5	11.0	10.9
Standard Margin % Sales	42.5%	49.5%	41.4%	42.3%	41.2%	40.9%

Competitive Outlook

- The domestic autoloading shotgun market has undergone significant recent changes. During the last two decades, an overseas manufacturer (Beretta Group) has managed to climb to the top in terms of share and hold a dominant position for several years. As recently as 10 years ago, Remington enjoyed that dominant position, staying steady at 35-40% share of units. Unfortunately, the most reliable data from the past 3 years reveals a steady decline in Remington autoloader share to 25% in 2002.
- Data also reveals that the autoloader percentage of the total domestic shotgun market is holding when viewed against a 5 year history. In other words, when the overall shotgun market fluctuates, the percentage that is in the autoloading category has remained steady at 18-20% of the total. Remington's piece of the pie, however, has continued to shrink.
- This loss of share in autoloaders is the result of several factors:
  - Products that are perceived to be in the declining stage of their life cycles.
  - Relatively high manufacturing cost, which limits the flexibility to cut prices and gain share.
  - Shortfalls in product performance and features when compared to the competition in the same price range.

Remington's major competitors in the domestic autoloading shotgun market are Browning/USRAC, Beretta and Benelli. These three manufacturers, together with Remington, make up over 90% of all units sold in the U.S.

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