

**Threats**

- General Softening of Market Could Result in Negative Impact to High Margin Specialized Products
- Manufacturers that are Dependent on Entry Level Business Could Begin to Make Price Concessions in Order to Regain Volume Required to Cover Manufacturing Overhead
- Changes in State Hunting Laws that Limit Use of Centerfire Rifles in the Eastern United States or Other Densely Populated Areas
- Strong U.S. Dollar Continuing to Create Favorable Conditions for Imported Firearms and for Major Participants Such as Winchester and Browning Who Rely Heavily on Imported Goods
- Environmental Conditions Such as Chronic Wasting Disease Threatening Game Populations

**Product Strategy 2003 – Model 710 Sportsman**

No new catalog introductions are planned for 2003. Sales predictions indicate that sufficient demand remains to exceed current plant capacities in .270 Win and .30-06 configurations only.

**Model 710 Magnum** - A current development project is currently in place for magnum caliber versions of the Model 710. All development and testing will be complete in the summer of 2002. Equipped with a 24" barrel, calibers will be 7mm Rem. Mag and .300 Win. Mag. Both will utilize the current scope configuration of the .270 and .30-06 versions. **While the magnums are not intended for catalog introduction in 2003, Marketing and Manufacturing will be prepared to announce and launch the magnum variants should business soften in 2003.** Otherwise, the magnum calibers will be a 2004 product introduction.

<u>Model</u>	<u>MSP</u>	<u>NSP</u>	<u>1<sup>st</sup> 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 4<sup>th</sup> quarter of 2002 and is expected to increase overall Model 710 capacities by an additional 10M units annually.