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**FISHING AND HUNTING IS A MEAN BUSINESS AS STORES EXPAND
BUT SPORTS PARTICIPANTS DECLINE, SAYS MERCANTI GROUP REPORT**

One Bright Spot: Wildlife Watching, Dominated by Women

MINNEAPOLIS, MN, December 18, 2007 – While the ranks of the nation’s fishing and hunting enthusiasts continue to decline, as they have for the past decade, expansion of major outdoor lifestyle retailers has continued apace, says The Mercanti Group, a boutique investment bank, in its latest monthly research publication, the Chronicle.

“The ongoing decline in participation in the sports of fishing and hunting suggests that the recent rapid store rollout within the outdoor lifestyle retail sector may not be warranted,” observes Dave Remick, a Mercanti Director, who authored the latest report. “It is more likely that an over capacity of retail space has now developed, especially in certain markets.”

Mr. Remick notes that the market nonetheless remains large, with 87.5 million wildlife enthusiasts spending \$122 billion annually for hunting, fishing and wildlife watching, including \$76.6 billion for equipment of all sorts.

Citing the latest 2006 annual statistics published by the U.S. Fish & Wildlife Service, Mr. Remick notes that the number of anglers since 1996 has declined 15%, to 30 million, and that the number of hunters has dropped 10.5%, to 12.5 million (both categories only count participants 16 years or older).

The one sector to show any growth during this 10-year time-span consisted of wildlife watchers who observe, feed or photograph wildlife, a group that in 2006 was estimated to number 71.1 million individuals. The report notes that while hunting and fishing tend to be male dominated, over half of the wildlife watchers are women. “The positive developments in wildlife watching are in stark contrast with the recent trends occurring in the hunting and fishing markets tracked by the Survey,” the Mercanti Chronicle says.

Focusing on the outdoor lifestyle retailers – Bass Pro Shops, Cabela’s (NYSE: CAB), Gander Mountain (Nasdaq: GMTN) and Sportsman’s Warehouse, specifically, and as opposed to general sporting goods retailers, specialty outdoor adventure retailers (REI, Moosejaw Mountaineering and Eastern Mountain Sports), along with farm and agricultural supply outlets, marine and clothing retailers, and small independents – the report finds a different trend taking place among key chains, which are adding outlets as they angle for market share.

- Bass Pro Shops now operates 47 stores in 26 states and Canada, up from 33 in 2005, an almost 50% increase.
- Cabela’s has seven new store locations under construction and slated to open in 2008, that will increase its chain to 33. Three years ago it only had 10 stores.
- Gander Mountain has been on a “rapid store rollout”, opening 55 new stores (including relocations) since 2004, and now operates 115 outlets.
- Sportsman’s Warehouse has been expanding from its base west of the Rockies to more national coverage, currently operating 67 stores in 29 states, up from 15 in 2003.

Besides merchandising, these chains vary in the size of the stores they operate, with some providing a variety of services and the more lucrative business of direct retails via catalogs and e-commerce. The target is to capture budgets that include \$42.2 billion spent on fishing equipment, \$22.9 billion on hunting and another \$11.6 billion on gear used for both sports.

The Chronicle study, however, comments that a significant portion of a sector's core customers are economically sensitive, having discretionary income that is limited and that fluctuates with the current state of the macroeconomic environment. "In other words," it says, "the Outdoor Lifestyle retail sector is facing considerable challenges as the larger players continue to open new stores on an accelerated basis."

A full copy of this report can be obtained at www.mercantigroup.com.

About The Mercanti Group

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