

REMINGTON ARMS COMPANY, INC.

INTER-DEPARTMENTAL CORRESPONDENCE



"CONFINE YOUR LETTER TO ONE SUBJECT ONLY" November 12, 1985

TO: J.W. Bower
FROM: F.E. Martin/R.S. Murphy
RE: Centerfire "Kit Gun"

The Remington Arms Company is mistakenly known by some of us as a "shotgun" company. When these misconceptions are corrected a common argument claims that the profit from the shotgun business accounts for the bulk of our earnings. Although presently a large portion of our earnings does come from our shotgun business, we also make and sell rifles and there are avenues that we can investigate to make our centerfire business more profitable.

We are increasingly becoming niche-oriented as marketing is willing to pursue smaller market segments. Manufacturing is following suit with its trend toward flexible machining centers, flexible assembly, N/C inletting, etc. As an example of Research's commitment to this effort, we would like to propose the centerfire "Kit Gun."

Our objective is to offer completely tested barreled action assembled in a machined unfinished stock. Every centerfire model could be offered in this configuration as a special order item. There are several advantages from a customers point of view. Among them:

- Stock can be shaped as desired
 - o thin fore-end
 - o thin grip
 - o cheekpiece, comb, etc.
- Can be finished as desired
 - o polyurethane
 - o lacquer
 - o oil
 - o camouflage, etc.
- Less costly action available
 - o for alteration
 - o re-barreling
 - o customizing
- Can choose between checkering patterns supplied
- Simple wood tools used to finish
- Can use "as is" as utility rifle

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- BDL cost about \$75 less retail (\$30 less factory cost)
 - o Sportsman 78 cost about \$50 less retail (\$20 less factory)

There are potential problem areas that must be addressed however, before we can implement this type of program. Among them:

- o What is Remington's product liability exposure to finishing operations?
- o What shaping, sanding and finishing instructions should we supply?
- o Would customer dissatisfaction result from possible accuracy problems? How many?
- o What handling and packing is required?

RSM:sps