



Memorandum

DATE: NOVEMBER 22, 2004
TO: Distribution List
FROM: David Chafin
RE: Status of Capital Expenditures as of October 31, 2004

For the month ended October 31, 2004, year to date capital expenditures totaled \$5,630 compared to an annual budget of \$8,036M. Projects totaling \$9,373M have been authorized for spending in 2004. Shown below are projects authorized in October.

October 2004 Authorized Projects		
Location	Project	\$
Ilion	Rep Custom Checkering Tooling - S&K	34,380
Ilion	Sullier Exhaust for Bldg 53	\$ 22,100
	Total Ilion	\$ 56,480
Targets	Findlay Trap Machine	7,200
	Total Targets	7,200
Lonoke	Amortized Shotshell Wad Mold/Conversion	666,700
Lonoke	Amortized Shotshell GL 12 S Wad Mold	290,000
Lonoke	Waste Treatment Design Specifications	75,000
Lonoke	Overhaul Shotshell 486 Triplex AH&P	74,000
Lonoke	Centerfire Lead Extruder Closed Loop Cooling	27,500
Lonoke	Overhaul and Modify Water Well #1	19,000
Lonoke	Shotshell Load Network Server	11,500
Lonoke	Core-Lock Ultra Bonded Rifle Extension	5,800
Lonoke	Modify Scrap Shot Separator Vacuum System	\$ 4,500
	Total Lonoke	\$ 1,174,000
Madison	Vehicle for Reles	\$ 17,258
	Total Madison	\$ 17,258
	Total October Authorizations	\$ 1,254,938

Remington Arms Company, Inc.
Status of Capital Expenditures as of October 31, 2004

Detailed in the following chart are expected carryovers into year 2005.

2005 Carryovers		
Location	Project	\$
Ilion	M/700 SPL Trigger Assembly Project	\$897,000
Ilion	Model 105 CTI 12/26" & 12/26" RC VR Premier	\$200,000
	Total Ilion	\$1,097,000
Lonoke	Shotshell Buckshot Loader and Packer	\$384,300
Lonoke	Centerfire Unprimed Shell Inspection	252,000
Lonoke	Amortized Shotshell GL 12 S Wad Mold	174,000
Lonoke	Phase 2, R&D Pilot Plant Facility	86,000
Lonoke	Waste Treatment Design Specifications	38,000
Lonoke	Automate 8 Primer Charging Knock Out Fixtures	20,000
	Total Lonoke	\$954,300
Madison	Parker	\$50,000
	Total Madison	\$50,000
	Total 2005 Carryover	\$2,101,300

Shown below is a comparison of budgeted expenditures, anticipated expenditures, and year-to-date actual expenditures by location.

	Budgeted \$	Anticipated \$	YTD YTD Actual \$	Remaining Anticipated
Ilion	\$4,400,000	\$5,081,248	2,155,076	\$2,926,172
Mayfield	300,000	\$300,000	\$156,217	143,784
Ada/Findlay	74,000	\$40,173	\$36,771	3,402
Lonoke	2,500,000	\$3,892,753	2,476,887	1,415,866
PMPd	150,000	\$109,892	\$46,820	63,072
E-Town	126,000	\$139,051	\$42,018	97,033
Corp.	486,000	\$900,688	\$715,962	184,725
Total Company	\$8,036,000	\$10,463,805	\$5,629,751	\$4,834,054

Ilion's anticipated expenditures of \$5,081M exceed budget by \$681M. Projects with significant expenditures include \$1,571M for the model 105CTi project and \$849M for the M/700 & 7 New Fire Control project. Remaining expenditures in 2004 for the model 105CTi project and the M/700 & 7 trigger assembly project are \$678M and \$701M respectively.

Lonoke's anticipated expenditures exceeds budget by \$1,393M. Projects significantly impacting this number include the Amortized Shotshell Wad Mold Conversion project for \$667M, the 5.56mm linked frangible ammo capability project for \$485M and the Amortized Shotshell GL 12 S Wad Mold project for \$116M.

Remington Arms Company, Inc.
Status of Capital Expenditures as of October 31, 2004

Corporate anticipated expenditures exceeds budget by \$415M. Projects with major impact include the Parker Project for \$250M, Sox Security Software for \$95M, John Galt Forecast System for \$44M, PBX Upgrade for \$44M, and Spartan Gun Works for \$40M. These overages are partially offset by reductions in E-commerce and IT anticipated expenditures.

Total company budgeted ROIC for 2004 projects is 10.9%. Through October, total company authorized ROIC for 2004 projects is 62.1%. Shown below is a list of projects with substantial authorized returns.

Project	Location	Annualized Savings/ Earnings	ROIC %	Basis for Savings/Earnings
M700 CDL	Ilion	\$1,672M	4573%	Sales
M700 SPS Stainless Steel	Ilion	\$2,961M	2149%	Sales
M7615P Patrol Rifle .223 Rem	Ilion	\$307M	277%	Sales
M700 Light Varmint Rifle Stock	Ilion	\$184M	721%	Lower material cost
Shotshell Buckshot Loader & Packer	Lonoke	\$1,074M	185%	Sales
5.56MM Linked Frang. Ammo Cap.	Lonoke	\$669M	125%	Sales
Centerfire Unprimed Shell Inspection	Lonoke	\$127M	27%	Labor Reduction

The following information has been adapted from narratives provided by management at the various manufacturing sites.

Ilion

For the month of October, capital expenditures were \$462M. Projects with major expenditures include the Model 105CTi project for \$229M, Bridge repairs for \$68M and the M/700 & 7 New Fire Control for \$51M.

Mayfield

For October, capital expenditures totaled \$34M. Projects with major expenditures include the New Model 710 Receiver Tool for Extruded Receiver for \$21M and the 504 project for \$6M.

Ada/Findlay

For October, capital expenditures totaled \$33M. The Ada Water Chiller project had expenditures totaling \$26M and the Findlay Trap Machine project had expenditures totaling \$7M.

Lonoke

For October, expenditures totaled \$1,037M. Projects with major expenditures include the Amortized Shotshell Wad Mold/Conversion project for \$667, the Centerfire Unprimed Shell Inspection project for \$200M, and the 5.56mm Frangible Ammo Capability for \$41M.

Remington Arms Company, Inc.
Status of Capital Expenditures as of October 31, 2004

Ilion – PMPd

For October, expenditures totaled \$28M for the Hayes #4 Furnace Hot Zone Rebuild project.

Elizabethtown

For October, expenditures totaled \$5K for the Digital Voicemail System project.

Corporate

For October, capital expenditures totaled \$54M. Projects with major expenditures include Server Replacements project for \$19M, the Vehicle for Reles project for \$18M and the Sox Security project for \$17M.

Listed below is a payment stream summary for projects approved in October that have expenditures greater than \$25M and do not require CFO authorization.

Description	Site	(1) Budget \$	(1) Approved CAR \$	Terms/ Payment Stream
Rep Custom Checkering Tooling - S&K	Ilion	\$0	\$34,380	Net 30
Centerfire Lead Extruder Closed Loop Cooling	Lanoke	\$18,200	\$27,500	Net 30
		\$18,200	\$81,880	

(1) Includes total project dollars

Shown in the below table are projects with post audits currently due and their status.

Remington Arms Company, Inc.
Post Audit Schedule

Location	Year Approved	Project	Capital Expenditures	Operating Expenses	ROI %	Status
Ilion	2003	Barrel Cold Forging Machine #6	943,790	48,740	33.0%	Due November 2004
Ilion	2003	Robotic Flat Receiver Polish	284,238	5,741	36.0%	Due November 2004
Ilion	2003	Gun Drill	382,184	34,488	34.0%	Due November 2004
Ilion	2002	M1100 19 Gauge	136,805	40,683	321.0%	Completed; awaiting report at Corporate
Ilion	2001	New 18 Gauge	25,840	111,840	835.0%	Submitted being reviewed by Corporate
Ilion	2001	New Caliber Ultra Mag	32,670	117,873	862.0%	Submitted being reviewed by Corporate
Ilion	2000	Rotary Machine Syn T-Plates	175,200	24,850	45.0%	Submitted being reviewed by Corporate
Ilion	1999	Barrel Machining Project	5,969,171	1,678,451	34.0%	Pending, to be completed 4th Qtr
Ilion	1999	CRU Project	578,600	166,310	170.0%	Due November 2004
Ilion	1999	M1100 3 1/2 Inch Super Mag	581,428	317,360	240.0%	Submitted being reviewed by Corporate
Ilion	2000	Replace Myron Lathe	732,794	18,362	31.0%	Due November 2004
Lanoke	2001	Centerfire Rifle Pack Automation	2,229,200	204,000	27.0%	Pending, to be completed 4th Qtr
Lanoke	2001	Centerfire 6 Cone Bolt Water Equip.	145,000	5,000	55.0%	Complete; awaiting signature at plant.
Lanoke	2000	Centerfire Pistol Packing Automation	3,100,000	190,000	36.0%	Pending, to be completed 4th Qtr
Lanoke	1999	Centerfire Bulb Manurhin Loader	160,000	25,000	52.0%	Complete; awaiting signature at plant.
Lanoke	2001	Centerfire Rifle Case Packing Equip.	165,600	0	17.0%	Pending, to be completed 4th Qtr
PMPd	2000	Cincinnati Milling Machine	187,647	25,498	227.8%	Pending, to be completed 4th Qtr