



Memorandum

DATE: May 17, 2004
TO: Distribution List
FROM: Jason Sizemore
RE: Status of Capital Expenditures as of April 30, 2004

For the month ended April 30, 2004, year to date capital expenditures totaled \$818M compared to an annual budget of \$8,036M. Projects totaling \$1,968M have been authorized for spending in 2004. Shown below are projects authorized in the month of April.

April 2004 Authorized Projects		
Location	Project	\$
Ilion	Addition of a No Bleed Step - BO Process	\$52,699
Ilion	Rotoclane for 48-3	28,015
Ilion	M700 CDL	15,975
Ilion	Tooling for 7400/7600 Barrel Extensions	14,800
Ilion	Napco Load/Unload Station	14,544
Ilion	Tooling for Drill Jigs in 18574	9,625
	Total Ilion	\$135,658
Mayfield	Magazine Box Alteration	\$40,202
	Total Mayfield	\$40,202
Lonoke	5.56MM Linked Frangible Ammo Capability	\$485,000
Lonoke	Centerfire Manurin Loader Powder Detects	45,000
Lonoke	Centerfire 6.8MM Bullet Transfer Press	26,000
Lonoke	Rimfire Shellmaker Electrical Upgrade	19,000
Lonoke	Overhaul Rimfire Cupping Press #1002	18,700
Lonoke	Shotshell Simplex AH&P Electrical Upgrade	18,000
Lonoke	Rimfire "C" Packer Electrical Upgrade	18,000
Lonoke	Replace Primer Bldg 712 Cubicle Roof & Wall	16,000
Lonoke	Shotshell Single Station Cam Electrical Upgrade	13,000
Lonoke	Centerfire #727 Anneal Oven Belt	12,000
Lonoke	Centerfire #728 Wash Drain Lines	11,700
Lonoke	Plant Flag Poles	7,000
Lonoke	Primer Bldg #709 Metal Awning	7,000
	Total Lonoke	\$696,400
Madison	SAP Netweaver Installation	\$18,500
	Total Madison	\$18,500
	Total April Authorizations	\$890,760

Remington Arms Company, Inc.
Status of Capital Expenditures as of April 30, 2004.

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

2005 Carryovers		
Location	Project	\$
Ilion	M/700 SPL Trigger Assembly Project	\$671,000
	Total Ilion	\$671,000
Lonoke	Shotshell Buckshot Loader and Packer	\$384,300
Lonoke	Explosives Pilot Plant Facilities	82,000
	Total Lonoke	\$466,300
	Total 2005 Carryover	\$1,137,300

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

	Budgeted \$	Anticipated \$	YTD Actual \$	Remaining Anticipated
Ilion	\$4,400,000	\$4,348,224	\$239,467	\$4,108,757
Mayfield	300,000	300,801	29,144	271,657
Ada/Findlay	74,000	74,000	0	74,000
Lonoke	2,500,000	2,985,291	411,125	2,574,166
PMpD	150,000	147,728	2,272	150,000
E-Town	126,000	122,119	12,100	110,019
Corp.	486,000	585,636	128,323	457,312
Total Company	\$8,036,000	\$8,563,799	\$817,888	\$7,745,911

Ilion's anticipated expenditures of \$4,348M includes \$1,791M for the model 2100 project and \$617M for the M/700 SPL trigger assembly project.

Lonoke's anticipated expenditures exceeds budget by \$485M. The overage is due to the 5.56MM linked frangible ammo capability project.

Corporate's anticipated expenditures exceeds budget by \$100M. The cold sky project and the John Galt forecast system project anticipate unbudgeted expenditures of \$50M and \$55M, respectively.

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Total company budgeted ROIC for 2004 projects is 10.9%. Through April, total company authorized ROIC for 2004 projects is 127.5%. Shown below is a list of projects with substantial authorized returns.

Project	Location	Annualized Savings/ Earnings	ROIC %	Basis for Savings/Earnings
M/700 Light Varmint Rifle Stock	Ilion	\$184M	721%	Lower material cost
SIMS (R3) Recoil Pad Conversion	Ilion	\$37M	25%	Higher gun price
M/700 CDL	Ilion	\$1,672M	4573%	Sales
5.56MM Linked Frang. Ammo Cap.	Lonoke	\$88M	125%	Sales

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

Ilion

For the month of April, capital expenditures were \$135M. The model 2100 project and the high pressure coolant system for Okumas project incurred expenditures of \$79M and \$38M, respectively.

Mayfield

For April expenditures were \$8M for the 504 project.

Ada/Findlay

For April, there were no expenditures.

Lonoke

For Lonoke, expenditures totaled \$153M. Projects with major expenditures include the plant access control system for \$50M, the centerfire manurhin loader powder detects for \$19M, the rebuild centerfire shell heading machine for \$15M, the overhaul centerfire bullet assembly machine for \$15M, and the centerfire bullet transfer press for \$10M.

Ilion – PMPd

For April, there were no expenditures. Materials were returned to C.I. Hayes in January creating a year-to-date credit of \$2M.

Elizabethtown

For April there were no expenditures.

Corporate

For April expenditures were \$59M. The cold sky project and the SAP Netweaver installation project incurred expenditures of \$34M and \$16M, respectively.

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

Location	Project	Capital Expenditures	Operating Expenses	ROIC %	Status
Ilion	M/1100 18 Gage	138,805	40,883	321.0%	Complete being reviewed.
Ilion	New 16 Gage	25,840	111,940	835.0%	Complete being reviewed
Ilion	New Caliber Ultra Mag	32,670	117,873	862.0%	Complete being reviewed
Ilion	Rotary Machine Syn T-Plates	175,200	24,850	45.0%	Complete being reviewed
Ilion	Bore Ream Equipment	182,800	10,500	28.0%	Will be completed in May.
Ilion	Barrel Machining Project	5,969,171	1,678,451	34.0%	To be reviewed 2nd quarter.
Ilion	O/U Project	578,800	166,310	170.0%	Will be completed in May.
Ilion	M/1187 3 1/2 Inch Super Mag	581,428	317,360	240.0%	Complete being reviewed
Ilion	Replace Miyano Lathe	732,734	18,362	31.0%	Will be completed in May.
Lonoke	Centerfire Rifle Pack Automation	2,223,200	204,000	27.0%	Projected complete during 2nd quarter.
Lonoke	Centerfire 6 Cone Bullet Wash Equip.	145,000	5,000	55.0%	Complete; awaiting signature at plant.
Lonoke	Centerfire Pistol Packing Automation	3,100,000	180,000	38.0%	Projected complete during 2nd quarter.
Lonoke	Centerfire 9MM Manurhin Loader	160,000	25,000	52.0%	Complete; awaiting signature at plant.
Lonoke	Centerfire 9MM Case Packing Equip.	186,900	0	17.0%	Projected complete during 2nd quarter.
PMPd	Cincinnati Molding Machine	167,647	25,496	227.8%	Will be completed during 2nd quarter.