



## Memorandum

**DATE:** JULY 20, 2004  
**TO:** Distribution List  
**FROM:** David Chafin  
**RE:** Status of Capital Expenditures as of June 30, 2004

For the month ended June 30, 2004, year to date capital expenditures totaled \$1,761M compared to an annual budget of \$8,036M. Projects totaling \$3,913M have been authorized for spending in 2004. Shown below are projects authorized in the month of June.

June 2004 Authorized Projects		
Location	Project	\$
Ilion	Purchases from Carrier Auction	\$160,000
Ilion	Water tank roof	98,800
Ilion	Turnkey Laser Based Measurement System	96,403
Ilion	M/870 Exp 410/20 IC/RS	37,000
Ilion	M/870 Barrel Guide Ring	29,400
Ilion	Refurbish Waste Water Tank	14,160
Ilion	M/700 GDL Left Hand	4,500
	Total Ilion	\$440,263
Lonoke	Modify Primer Mixing Bowl Lifting Mechanism	\$40,000
Lonoke	Overhaul Shotshell Rotary Cam Machine 973	20,000
Lonoke	Centerfire Lead Kettle	15,000
Lonoke	Shotshell Component Electronic Gauging	9,500
	Total Lonoke	\$84,500
Etowah	Instron 8500 System Upgrade (5yr)	\$35,956
	Total Etowah	\$35,956
Madison	Home Security/Safe Basics Course	\$24,000
	Total Madison	\$24,000
	Total June Authorizations	\$584,719

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

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

2005 Carryovers		
Location	Project	\$
Ilion	M/700 SPL Trigger Assembly Project	\$366,000
	Total Ilion	\$366,000
Lonoke	Shotshell Buckshot Loader and Packer	\$384,300
Lonoke	Centerfire Unprimed Shell Inspection	251,700
Lonoke	Explosives Pilot Plant Facilities	86,000
	Total Lonoke	\$722,000
	Total 2005 Carryover	\$1,088,000

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	\$5,451,229	\$728,261	\$4,722,967
Mayfield	300,000	300,801	45,980	254,821
Ada/Findlay	74,000	74,000	0	74,000
Lonoke	2,500,000	2,985,098	799,073	2,186,025
PMpD	150,000	147,728	-2,272	150,000
E-Town	126,000	121,459	12,100	109,359
Corp.	486,000	631,617	177,793	453,824
<b>Total Company</b>	<b>\$8,036,000</b>	<b>\$9,711,932</b>	<b>\$1,760,935</b>	<b>\$7,950,996</b>

Ilion's anticipated expenditures of \$5,451M includes \$1,791M for the model 105CTi project and \$1,521M for the M/700 SPL trigger assembly project. Remaining expenditures in 2004 for the model 105CTi project and the M/700 trigger assembly project are \$1,472M and \$1,521M respectively.

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

Corporate's anticipated expenditures exceeds budget by \$146M. The Sox Security Software project, the Spartan gun works project, and the John Galt forecast system project anticipate unbudgeted expenditures of \$95M, \$40M, and \$55M, respectively. These overages are partially offset by reductions in e-commerce anticipated expenditures.

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Total company budgeted ROIC for 2004 projects is 10.9%. Through June, total company authorized ROIC for 2004 projects is 90.0%. 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	\$669M	125%	Sales
Shotshell Buckshot Loader & Packer	Lonoke	\$1,074M	185%	Sales

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

**Ilion**

For the month of June, capital expenditures were \$324M. The model 105CTi project and the Purchases from Carrier Auction project incurred expenditures of \$114M and \$141M, respectively.

**Mayfield**

For June, there were no expenditures.

**Ada/Findlay**

For June, there were no expenditures.

**Lonoke**

For Lonoke, expenditures totaled \$151M. Projects with major expenditures include the Shotshell Buckshot Loader and Packer for \$73M, the Spare Rimfire Cupping Die Set for \$20M, the Centerfire #728 Wash Drain Lines for \$12M, and the Overhaul #49 Centerfire Priming Press for \$12M.

**Ilion – PMPd**

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

**Elizabethtown**

For June there were no expenditures.

**Corporate**

For June expenditures were \$6M. The Job Description Software incurred expenditures of \$6M.

**Remington Arms Company, Inc.**  
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Shown in the below table are projects with post audits currently due and their status.

Location	Year Approved	Project	Capital Expenditures	Operating Expenses	% Complete	Status
Ilion	2002	M/1100 16 Gage	136,606	40,663	821.0%	Due August 2004.
Ilion	2001	New 16 Gage	25,840	134,940	835.0%	Submitted being reviewed by Corporate
Ilion	2001	New Caliber Ultra Mag	32,670	117,873	962.0%	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	5,959,171	1,659,401	34.0%	Pending, to be completed 3rd Qtr
Ilion	1999	Q/U Project	578,890	189,219	170.0%	Due July 2004
Ilion	1999	M/1187 3 1/2 Inch Super Mag	561,428	317,280	249.0%	Submitted being reviewed by Corporate
Ilion	2000	Replace Miyano Lathe	733,734	15,362	31.0%	Due August 2004.
Lonoke	2001	Centerfire Rifle Pack Automation	2,223,200	204,000	27.0%	Pending, to be completed 3rd Qtr
Lonoke	2001	Centerfire 6 Cone Bullet Wash Equip.	145,000	5,000	55.0%	Complete; awaiting signature at plant.
Lonoke	2000	Centerfire Pistol Packing Automation	3,190,000	190,000	38.0%	Pending, to be completed 3rd Qtr
Lonoke	1999	Centerfire 9MM Manurhin Loader	160,000	25,000	52.0%	Complete; awaiting signature at plant.
Lonoke	2001	Centerfire 9MM Case Packing Equip.	167,600	0	17.0%	Pending, to be completed 3rd Qtr
PMPd	2000	Cincinnati Molding Machine	187,647	25,438	227.8%	Pending, to be completed 3rd Qtr