Remington Arms Company, Inc.
2006 Estimated Costs

Ilion, NY

	Description		(A) 2005 Standard	(B) 2005 Variance	(A+B=C) 2005 Actual	(D) 2005 Annualized	(D-C) Calculated Difference	(E) Expected Inc/Dec in 2006
	MATERIALS							
	Steel	(1)	3,600,000	500,000	4,100,000	4,225,000	125,000	
	Synthetic Long Stocks	(2)	1,400,000	50,000	1,450,000	1,462,500	12,500	105,000
	S & K		6,800,000		6,800,000	6,800,000	-	
	Surcharge		800,000	200,000	1,000,000	1,000,000	-	(200,000)
	SPL Trigger Assembly		-	-	-	-	-	1,100,000
			$12,600,000	**$ 750,000**	**$ 13,350,000**	**$ 13,487,500**	**$ 137,500**	**$ 1,005,000**
	LABOR							
2.75%	Hourly Wage Increase 9/13/05	(3)	27,689,063	-	27,689,063	27,689,063	-	567,188
$500 per	Lump Sum Increase 9/10/06			-	-		-	125,563
	Salaries	(4)	8,800,000	-	8,800,000	8,800,000	-	264,000
			$ 36,489,063	**$ -**	**$ 36,489,063**	**$ 36,489,063**	**$ -**	**$ 956,750**
	OVERHEAD							
	Tooling & Operating Supplies		6,868,000	1,000,000	7,868,000	7,868,000	-	
	Overtime Premium		1,400,000	300,000	1,700,000	1,700,000	-	
	Healthcare Costs (+11%)		6,800,000	(300,000)	6,500,000	6,500,000	-	715,000
	Worker's Compensation		1,600,000	600,000	2,200,000	2,200,000	-	
	Freight (Non Raw Material)		300,000	200,000	500,000	600,000	100,000	200,000
	Steam	(5)	1,900,000	350,000	2,250,000	2,250,000	-	1,050,000
	Match Change - 401k							
	Electricity		2,100,000	1,000,000	3,100,000	3,320,000	220,000	498,000
	Gases (including hydrogen/nitrogen)		450,000	150,000	600,000	600,000	-	120,000
	Maintenance		7,200,000	700,000	7,900,000	7,900,000	-	
	Depreciation		3,300,000	(200,000)	3,100,000	3,100,000	-	300,000
			$ 31,918,000	**$ 3,800,000**	**$ 35,718,000**	**$ 36,038,000**	**$ 320,000**	**$ 2,883,000**
	Total Standard Costs		**$ 81,007,063**	**$ 4,550,000**	**$ 85,557,063**	**$ 86,014,563**	**$ 457,500**	**$ 4,844,750**
	PERIOD EXPENSE							
	Scrap		2,300,000	(400,000)	1,900,000	1,900,000	-	
+17%	Worker's Comp 2nd Injury Fund		200,000		200,000	200,000	-	34,000
	Excess/Obsolete Reserve	(6)	100,000	750,000	850,000	850,000	-	(350,000)
	Steam Costs (Temp. Boiler & O&M)			550,000	550,000	550,000		650,000
	Project Operations Charges	(7)	650,000	650,000	1,300,000	1,300,000	-	(450,000)
			$ 3,250,000	**$ 1,550,000**	**$ 4,800,000**	**$ 4,800,000**	**$ -**	**$ (116,000)**

VARIANCE HOLDBACK							
Previous Year Variances Released	(8)		1,200,000	1,200,000	1,200,000	-	1,600,000
Total Standard/Period/Holdback		$ 84,257,063	$ 7,300,000	$ 91,557,063	$ 92,014,563	$ 457,500	$ 6,328,750

Assumes Volume/Mix are the same for 2005 & 2006.

(1) Assume $125M is incremental to '05 "actual"
(2) Cost increase reflects change in design of existing component; new recoil pad ($2 premium per stock)
(3) Assume that approx. 25% ($183M) of total impact was included in '05 standards; with remaining impact in '06 ($567M)
(4) Assume full impact of 3% increase
(5) Updated to reflect analysis provided by Bruce Firman on 10/13 (reflects impact of fule price only; see Period Expense section for temporary boiler & O8
(6) '05 includes additional reserve for O/U; allowance for S&K transition (partial); assume '06 will still need amount for S&K
(7) '05 included continuation of 105CTi project which was not budgeted; '06 budget not yet developed (assume some carryover of 105CTi & SPL)
(8) assume impact in '06 is difference between ($1.6MM & $1.2MM) carryforwards of '05 & '06
(9) Assume 50% of raw variances & 75% of WIP variances are released to P&L in current year (except for lump sum which occurs in Q4 & will remain capi

Note: Analysis includes labor and utility related costs for entire Ilion site (i.e. Firearms/Arms Service/PMPd/Custom Shop

(D+E=F) Expected 2006 Cost	(F-C=G) Cost Inc/Dec Over 2005	( ) = Favorable EBITDA Change (9)
4,225,000	125,000	62,500
1,567,500	117,500	58,750
6,800,000	-	-
800,000	(200,000)	(100,000)
1,100,000	1,100,000	550,000
$ 14,492,500	**$ 1,142,500**	**$ 571,250**
28,256,250	567,188	425,391
125,563	125,563	-
9,064,000	264,000	198,000
$ 37,445,813	**$ 956,750**	**$ 623,391**
7,868,000	-	-
1,700,000	-	-
7,215,000	715,000	536,250
2,200,000	-	-
800,000	300,000	250,000
3,300,000	1,050,000	787,500
88,000	88,000	66,000
3,818,000	718,000	593,500
720,000	120,000	90,000
7,900,000	-	-
3,400,000	300,000	-
$ 39,009,000	**$ 3,291,000**	**$ 2,323,250**
$ 90,947,313	**$ 5,390,250**	**$ 3,517,891**
1,900,000	-	-
234,000	34,000	34,000
500,000	(350,000)	(350,000)
1,200,000	650,000	650,000
850,000	(450,000)	(450,000)
$ 4,684,000	**$ (116,000)**	**$ (116,000)**

1,600,000		400,000
$ 97,231,313	$ 5,274,250	$ 3,801,891

&M costs)

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