

REMINGTON ARMS COMPANY, INC.

INTER-DEPARTMENTAL CORRESPONDENCE

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Ilion, New York
August 22, 1978

E. HOOTON, JR.

M/700 PRODUCTION VS. DEMAND-1979
#3 FORECAST

The original #3 Sales Forecast, as submitted to the Plant, showed a total demand for M/700 rifles of 143,000 units for 1979 (Exhibit I). The forecast sheet was returned to Bridgeport showing a production schedule of 136,080 units, with a negative inventory position in the 3rd quarter of 2,871 guns. Neither the sales demand nor the resultant production schedules detailed M/700 by BDL, ADL and Classic. It was noted, however, in an attached memo (Exhibit II) that production of the cut checkered models (BDL and Classic) was limited to Plant capacity of 100,000 guns. The remaining units would therefore be of ADL design. This information was confirmed with Marketing in the monthly meeting of June 2, 1978 (Exhibit III). It was anticipated that the forecast demand would be modified to correct the negative inventory situation as well as adjust, if necessary, for any mix availability problems.

At the July 24, 1978, Production/Marketing meeting the Plant was asked by Marketing to reassess the 1979 production and inventory position based on an 80% BDL and Classic, 20% ADL split (Exhibit IV). Based on the original forecast of 143,000 units, the BDL/Classic inventory in the 2nd quarter would become negative and progressively deteriorate to about (16,150) guns during the 3rd quarter. The inventory would remain in a negative position throughout the remainder of 1979. During that time, ADL availability would be adequate (Exhibit V). A second analysis of production and inventory was made based on Marketing's verbal instructions that the total M/700 forecast had been reduced to 131,000 guns. The results (Exhibit VI) showed a negative inventory of approximately 7,400 BDL and Classic guns in the 3rd quarter. Fourth quarter position was adequate with a positive ending position of 9,200 units. This projection is based on an estimated 1979 year beginning inventory of 14,000 BDL/Classic guns which, based on current Marketing Department outlook for 1978, could be significantly reduced. This information was verbally communicated to Marketing in August. As yet, no response or comments have been received.

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