

REMINGTON ARMS COMPANY, INC.

Product Team Meeting Minutes

Wednesday June 21st, 2006 7:30 am – 12:00 pm EST – Ilion

State of Business Review

- Overall Centerfire rifle sales down approx. 20,000 over '05 (Wal-Mart 710 order expected later this month)
- 870 Express Shotguns Rebate this fall should boost sales—expected \$2M in rebates
- Current trend towards Wholesalers/Distributors not ordering inventory until it is absolutely needed and will sell quickly. They do not want to have the holding/carrying costs, this presents a challenge to manufacturing.

Future Meetings

July 12th – Ilion (Conference Call)

August 16th – Ilion

September 12th – Ilion

Future Important Dates

2007 Writer's Seminar, Primland Preserve

2007 Sales Meeting, Greensboro, NC

2007 SHOT Show, Orlando FL

Oct. 16th - 18th

Nov. 1st – 3rd

Jan. 11th – 14th

2006 New Products (Perniciaro/Mead/Kast)

- **750 Woodsmaster**
 - Status of Writer's guns received (Towsley/Sundra)
 - Feeding concerns—rifle was dis-assembled and re-assembled incorrectly, improper shoulder mount "flinching" with one writer's gun
 - Scope base hole alignment
 - Vendor issues with magazine box—working to correct this issue with vendor
 - **6.8mm Rem SPC**—On Hold pending testing of 105 CTi
 - **1100 G3**—Vendor supplying cases 2 weeks behind
 - Suggested that vendor pick up shipping charges
 - Production Status – 20 GA
- 80 guns built for T&P
Anticipate production on 26" in July, 28" August. Orders clear by end of August.

105 CTi Update (Perniciaro, Orf, Morris, Diaz)

- Update on Current Status—Ejection issues
- Winchester "XU" shells steel heads out of spec. (standard 0.015" – Winchester shells 0.030") causes extractor to drop the shell--EDS failure.

- Federal "Medium Brass" HT shells don't eject and are hanging causing a—DEH malfunction where spent casing head hangs on bolt stop release
- Sometimes our "light 8" loads "Don't trip bolt stop" causing a DTBS malfunction

Corrections—

- Raise height of bolt stop release from 0.700" to 0.740"—but with a 0.030" range, may only yield a 0.010" difference with current tooling.
- Modify extractor—"Under-Cut Extractor" to remedy EDS issues with the XU loads

Other Issues—

- **Problem**--Fore-Ends cracking w/insert separation on some
- **Solution**—redesign venting system in fore-end—shape like vents in vent rib design
- **Problem**—Cam pin cracking when shooting magnum loads broken extrusion causes bolt to lock open
- **Solution**—Re-design/reinforce pin
- **Problem**—(4) 3" rounds fit a little tight in magazine tube
- **Solution**—Varying shell lengths, not a big issue

DVD Corrections—(1,000) copies

- No need to say "*Remove all lubricates from gun prior to shooting*" as guns will be "*wiped down*" with RemOil and shot 50 times prior to being packed.

Production Issues—

- 57 guns produced—30 guns in "lab"—27 in gallery test (packed) status
- On track for 130 guns to be built for June
- On track for 75 guns to be produced per day in July
- Barrel Vent Rib vendor—Issues with 50% of bbls being rejected
- Concerns over whether or not process is repeatable over a period of time

New Pump Action Shotgun (Diaz/Murphy/Perniciaro)

- Update & Review Drawing Package—about 90% complete in process of designing action bar release (new location in front of trigger guard).

- Review over molded barrel concept—Investigate Patent issues with Henry “U.S. Survival” overmolded bbls. Expect to have overmolding results by mid July.
- Review Timeline – Still on track for 2007 SHOT Intro—Looking to be on track for '07 SHOT Show intro. Prototypes should be done by end of July. EET target for next 4-6 weeks.
- Review current cost estimates

Review of cosmetic renderings with Zunda on 6/22/06 at Ilion—

- Rib on top and bottom of bbl, more masculine design concept agreed upon
- Recoil reducing butt stock discussed
- Use the “roots” of the 870's success to tie into new pump gun, with similar receiver design.
- Camo versions, and Tactical models available in future—20 ga.?
- Offset cannibalization of 870 sales with higher margins, and reduction of SKU's in current line

Synthetic Short Stock Program (Mead)

- Current Status – confirm timeline still holds
- Timeline-Reconvened 11/11. Will pursue in five phases;
 - Phase I-12 ga Exp, 20 ga Express, Express Super Mag Fore End
Mid August
 - Phase II Express Youth, Jr, & Monte Carlo
End of January 2007
 - Phase III 750 Woodsmaster Fore End
August/September
 - Phase IV 1187 Fore End
August/September
 - Phase V Overmold
Not yet planned.

The first IV phases to be complete by end of 2006.

Project on track as stated above.

Box Inserts/Packaging (Shumway)

- Confirm use now of higher density insert across entire line—in progress
- Review egg carton principle (pricing/options)
- Packaging (Environmental Sustainability) is becoming a major focus with Wal Mart—addressing this issue, looking at viable alternatives to current Styrofoam inserts.

New Autoloading Rifle (Diaz/Stone/Perniciaro)

- Current Status—E-town looking to get parts in within 2-weeks
- Evaluate Resource Allocation and Timing—may “phase-out” 7400 and 750 within next 3 years, position “New” auto as premier centerfire auto in the line

- Review design cosmetics in Ilion on 6/22/06—reviewed cosmetic renderings of “New” auto, awaiting a non-functioning prototype model.

NXS Slug System (Diaz)

- In holding pattern waiting on additional direction from Ammo

SPL Conversion (Mead/Diaz)

- Status of phase in—Currently phasing in on all stainless rifles (150-200 per day)
- Review final cost impact
- Currently working with a 2 lb. pull range from 3.5 to 5.5 lbs. (previously 4.75-6.75 lbs) Trigger feels clean, breaks crisply.
- Working toward a 1 lb range—also, a black oxide model
- Box end labels will be marked with a # sign to designate new trigger guns
- Status of phase in to Model 710—\$44K tooling costs, will assemble in Mayfield
- 40-X Externally Adjustable Version—may offer in Varmint models

New Extractor Design (Mead/Kast/Perniciaro)

- Status of design and testing—Awaiting prototype parts now. NEED TO MOVE QUICKLY IF THIS IS A VIABLE FEATURE FOR THE NEAR FUTURE
- Looking at “Sako style” claw extractors, which are already being fitted to custom model 700’s by many
- Retrofittable to Model 710
- Discuss implementation strategy

New Recoil Pad (Diaz/Franz)

- Status of first prototypes
- Status of Ilion’s contact with vendor for evaluation and qualification

Vendor visit scheduled for mid July with Purchasing. Target cost around \$2.25 ea. Early results promising at R&D but future is highly dependent upon vendor visit. If vendor is not viable, project will need to be redirected.

R3 Recoil Pad (Aiello)

- Pricing for 2007
- Long Term plan with vendor R3 vs. new pad – Establish direction- Trull and Evie need to discuss week of June 26th.

New Custom Shop Initiatives (Trull/Butler/Perniciaro)

- **2007 Product Plan (Trull)**
 - Trull to present draft of 2007 product plan—**See John’s Custom shop 3-year plan document (e-mailed 6-21-2006)**

- Involves entire re-vamping of current Custom shop business model
- Reform focus from High Grade Wood and Scroll work—to High Performance
- **Model 547 Rimfire**
 - RAMAC's and NPP issued for Sporter version. NPP forth coming for Heavy Barrel version
 - Status of transferring from Mayfield to Ilion
 - Production strategy at Ilion
 - Status of S&K stock
 - Status of new bolt handle
 - Confirm specifications.

Ilion is assigning a NPP engineer to assist with the transition. Mayfield has 2500 of current 22LR stock on hand. Will investigate possible outlet for these.
- **Model 40-XH Hunter**
 - Review Status
- **Model 40-XTi**
 - Review Status
- **Model 700 AWR Overhaul – TriNyte Black Coating**—Prototype model available and looks good
- **Establishing Safety Stock Levels on Core Items**
 - AWR's
 - Model 40-XS
 - New Model 40-XH

2007 New Products – First Cut Review (Trull)

- **750 Synthetic (Mead)**
 - NPP Submitted
 - Status

On track as planned. Working through dimensions on stock for drops and LOP.
- **870 SPS & Express SYN – Monitor phase in closely**
- **700 CDL SF (Mead)**
 - NPP Submitted
 - Status

No issues.
- **New “Super Turkey” 870 with Knoxx Spec Ops camo stock and Hi Viz “Tri Vis” sight. (Leskovar)**
 - NPP Submitted
 - Williams sights, Camo or Black sling (whichever is available to suit timeline of a February '07 intro)
 - Status

Ilion needs to contact Brad Schorr at Realtree to fast track photo samples. Brad's contact info to be forwarded to Mead, Wilks, Doolittle, Leskovar.

- **700 Titanium Enhancement**
 - NPP in process. Waiting on sku's from Charlene
- **.17 Remington Fireball Ammunition Development (Haskin)**
 - Gun Models include:
 - 700 CDL SF LTD – commemorative edition with fine line engraved floorplate for cartridge introduction
 - Seven CDL
 - 700 SPS
 - 700 VSF
 - NPP's Submitted
 - Status

Floorplate design finalized. Project on track pending ammo development.
- **700 XCR RMEF LTD ED 2007 (Leskovar)**
 - .300 Remington Ultra Mag
 - Change camo from Realtree Hardwoods HD to new Realtree AP HD—in progress
 - NPP Submitted
 - Status

No issues to report.
- **Model Seven XCR Camo Fluted (Mead)**
 - NPP Submitted
 - Status

No issues to report.
- **Refinements to tactical shotgun line**
 - Same configurations as now – drop green paint
 - Feature on Spring program
 - Need to write NPP's and issue RAMAC requests (Trull)

Trull/Lasley to put NPP's together this week.

2007 Deletions – First Cut Review (Trull)

- 7400 Synthetic
- New Short Stock Transition Plan to Avoid Stranding Inventory
- 1187 Premier Line—Plan to drop line, going towards 11-87 Sportsman
- 1100 Classic Field Line—Plan to drop line, 1100 G3 takes place
- Consider Narrowing Focus of Turkey Line?

Ilion Manufacturing Topics

- **870 Commonality – Barrel/Receiver (Pugliese)**
 - Status—Roll mark bbls with a common designation such as, “**For use with 2 ¾” and 3” Magnums--*3.5” Only when used with Super Magnum receivers”

- **Fluting Capacity**
 - Discuss capacity concerns

New equipment ordered. Narrow flutes should not pose a problem. LTR style fluting may be an issue ongoing.
- **Serial Number Process for Special Runs – Consecutive Serial Numbers**
 - Confirm we can do this with Laser

Topic not reviewed.

Sendero/Varmint Stocks (Mead/Balio/Trull)

- Discuss long-term strategy with H.S. and potential to relieve some dependency
 - Identify possible alternative sources—in progress, currently awaiting for approval for new stock tool for varmint style stock for 700 SPS-V series of rifles
 - Review sample stock Trull sent to Mead as alternative design
- Stock reviewed favorably at PTM, particularly as a Tactical style stock. Trull/Lasley to issue NPP for tactical rifle and Ilion will pursue quotation from B&C for full length bedding block version of sample stock.

Mayfield Topics

504-T LS HB 17 HMR (Diaz/Lance)

- Current status with Shilen Barrels
- 150 bbls in house now. Planning run for July. Plan to build out of back orders on all 504's at Mayfield.

Model 710 Modular Stock Project (Lance/Diaz/Trull)

- **Design confirmed**—Approved final design
- **Status of tooling**—up and running by December '07
- **Estimated time line**-- December '07 production
- **Sample strategy for writers**--Prototype model to be made up by writers' conference (Oct. '07)
- **Model change/RAMAC change strategy**—Need to come up with a new name for 710

Model 710 Performance Improvements (Trull/Diaz/Lance/Vicars)

Now that we are on track to create a modern look for the gun with a new stock, is it possible to address other issues we experience with consumers. Issues that continue to haunt, although not on a huge scale are:

- **Difficult to open/close bolt**—Working on easier to cam bolt, Prototypes this week—reduced surface area by 10%—need to pressure test with magnum loads
- **Magazine latches breaking**--Current magazine latch materials change

Use of Old 710 Stock Tool for Dealer Only Gun (Lance/Trull)

- Could use old tool to create price point offering for Premier Dealer line to address competitive issues with Stevens 200 and Mossberg ATR 100
- Non-Scoped – scope rail only
- Target Pricing – MSP \$229-\$249
- Do we have capacity to address in addition to current production? (6k -10k units)
- Add .308 and 7mm-08 to Premier Dealer line

798-799 Issues—

- Zastava reps in Mayfield, will correct some issues with fire control trigger block issues, and different (varying) length screws
- 500-600 stocks due in this week