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ANNUAL REPORT TO STOCKHOLDERS

"CONFIDENTIAL by Stipulation and
order entered inTsachalis v. Remington Arms,Inc., et al., Supreme Court ofthe State of New York, County ofWestchester, Index No. 9344/95"

J. P. Glas: "We will demonstrate improved fire control for bolt action rifles. ...under the heading of Fire Control Bolt Action Fire Controls, our objective was to enable the shooter to load and unload his gun with the safety switch in the on position and prevent him from adjusting himself into trouble. This work has been pursued in two ways:

- 1) Make the present fire control more tamper-proof;
- 2) Design a new fire control.

Working with production, the legal department and DuPont consultants; a number of possible improvements to the present fire control have been identified:

- A) Warning - Do not adjust trigger assembly;
- B) Special screw heads - discourage adjustment by any but factory gunsmith;
- *C) New sealant - to enable to prove conclusively that seal on adjusting screws has been broken;
- D) \$5,000 work order - DuPont Engineering Department to assist in developing a cleaning and lubricating procedure for inclusion in instruction book.

J. P. Glas: "...This is the first time [June 29, 1981] we have split off a dedicated portion of our resources to legal services. This service is usually provided on a call-up basis, many times on short notice with limited time to prepare for our defense. People have been called on to interrupt assignments for as much as two or three weeks at a time.

In the last 12 months alone, Remington has been hit in judgments and settlements on Ilion plant products for \$1,447,800.

In the past, because of the non-assigned nature of our support, each settlement or judgment closed the books on that particular situation. We understand that plaintiff's attorneys are pooling their experience against us. To combat that actively and to put us in a better position to defend ourselves in future cases, we plan to dedicate three more years of effort to:

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First: Prepare more effectively to defend our product in current cases.

Second: Do detailed post-mortems on all cases, won and lost, to build an organized fund of defense strategies for future cases of a similar nature.

Third: Analyze those areas of our product line that seem to be most susceptible to court action, in an effort to recommend changes to process or product that will make us less vulnerable to legal action.

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