

**Scott Franz**

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**From:** Franz, Scott  
**Sent:** 02/01/2005 12:11:59 PM  
**To:** Millner, Tommy  
**CC:**  
**BCC:**  
**Subject:** R&T Status

Tommy,

It was good seeing you at the SHOT Show. I know it's a hectic time for everyone. Based on the attendance and enthusiasm I hope this translates into a good year for Remington.

I've enclosed a brief status report since we didn't get to touch bases at the show. I have not communicated any 2005 budget information to you up until now because initially our 2005 budget was to be the same as our 2004. As you know we're still kind of massaging the 2005 budget. We have been asked recently to reduce our board approved budget by 5%. This is in addition to a previous reduction from 2004 budget levels. This coupled with increases in salaries and benefits further reduces available project funds. As a result there is a lot of attention focused on the Project Budgets for Ammunition, Firearms, and R&T. As of now I have the Project budget for R&T down to \$190K, from up over \$300 the last three years. With a major emphasis on Ammo and Firearm support activities we have not been able to spend anywhere near previous budget levels on Research. I think a number in this range will still allow us to focus on finishing some open initiatives and also help in support of other areas of the business such as Accessories, MPD, and the Target business. I am concerned however that Ammo or Firearms may try to use additional funds (further reduce me from \$190K) from R&T for their own projects. I obviously will do what's right for the business and if that's to support our major businesses at the expense of Research I'll do that. Take a look at what I have scoped out and let me know your thoughts? Am I on track with the level of funding, or is this not in line with your thinking? In addition to the Project budget I have looked at and reduced my operating line budget by about \$35K from 2004. This is mostly in the computer hardware, software maintenance and supplies budgets.

Thanks for your time.

Scott Franz

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