

Remington Arms Company, Inc.
Consolidated Balance Sheets
(Dollars in Millions, Except Per Share Data)

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 45.9	\$ 66.7
Accounts Receivable Trade - net	79.8	93.1
Inventories - net	81.5	102.0
Supply Inventory	6.5	6.5
Prepaid Expenses and Other Current Assets	33.0	17.8
Assets Held for Sale	1.9	1.9
Deferred Tax Assets	11.3	9.9
Total Current Assets	<u>259.9</u>	<u>297.9</u>
Property, Plant and Equipment - net	118.2	117.0
Goodwill	34.2	24.0
Intangible Assets - net	76.3	77.0
Debt Issuance Costs - net	-	3.1
Noncurrent Deferred Tax Assets	-	-
Other Noncurrent Assets	14.4	15.1
Total Assets	<u>\$ 503.0</u>	<u>\$ 534.1</u>
<u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 48.4	\$ 35.3
Book Overdraft	-	-
Short-Term Debt	-	3.2
Current Portion of Long-Term Debt	0.6	6.7
Current Portion of Product Liability	2.8	2.8
Income Taxes Payable	-	-
Deferred Tax Liabilities	-	-
Other Accrued Liabilities	266.3	46.6
Total Current Liabilities	<u>318.1</u>	<u>94.6</u>
Long-Term Debt, net of Current Portion	1.2	269.1
Retiree Benefits, net of Current Portion	46.8	85.0
Product Liability, net of Current Portion	10.4	10.6
Deferred Tax Liabilities	27.8	9.7
Other Long-Term Liabilities	11.6	13.0
Total Liabilities	<u>415.9</u>	<u>482.0</u>
Commitments and Contingencies		
<u>Stockholder's Equity</u>		
Class A Common Stock, par value \$.01; 1,000 shares authorized and outstanding at September 30, 2009, December 31, 2008 and September 30, 2008, respectively	-	-
Paid in Capital	144.2	143.6
Accumulated Other Comprehensive Loss	(38.3)	(41.6)
Accumulated Deficit	(18.5)	(49.9)
Total Parent's Equity	<u>87.4</u>	<u>52.1</u>
Noncontrolling Interest	(0.3)	-
Total Stockholder's Equity	<u>87.1</u>	<u>52.1</u>
Total Liabilities and Stockholder's Equity	<u>\$ 503.0</u>	<u>\$ 534.1</u>

The accompanying notes are an integral part of these consolidated financial statements.

Remington Arms Company, Inc.
Consolidated Balance Sheets
(Dollars in Millions, Except Per Share Data)

	<i>Successor</i> December 31, 2007	<i>Predecessor</i> December 31, 2006
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 23.4	\$ 0.5
Accounts Receivable Trade - net	72.8	92.8
Inventories - net	116.9	110.8
Supplies	6.3	7.7
Prepaid Expenses and Other Current Assets	18.2	13.0
Deferred Tax Assets	11.1	0.9
Total Current Assets	248.7	225.7
Property, Plant and Equipment - net	102.7	69.3
Goodwill and Intangibles - net	132.6	59.1
Debt Issuance Costs - net	4.7	5.7
Other Noncurrent Assets	13.4	11.5
Total Assets	\$ 502.1	\$ 371.3
<u>LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 30.4	\$ 30.8
Book Overdraft	5.3	4.5
Short-Term Debt	3.5	3.1
Current Portion of Long-Term Debt	0.6	0.4
Current Portion of Long-Term Term Loan	4.2	-
Current Portion of Product Liability	3.1	2.9
Income Taxes Payable	0.1	1.5
Other Accrued Liabilities	34.9	52.3
Total Current Liabilities	82.1	95.5
Long-Term Debt, net of Current Portion	225.0	221.0
Retiree Benefits, net of Current Portion	42.8	45.2
Product Liability, net of Current Portion	9.3	7.6
Deferred Tax Liabilities	28.4	10.0
Other Long-Term Liabilities	6.5	2.2
Total Liabilities	394.1	381.5
Commitments and Contingencies		
<u>Stockholder's Equity (Deficit)</u>		
Total Stockholder's Equity (Deficit)	108.0	(10.2)
Total Liabilities and Stockholder's Equity (Deficit)	\$ 502.1	\$ 371.3

The accompanying notes are an integral part of these consolidated financial statements.

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

OMB No. 1545-0123

For calendar year 2006 or tax year beginning _____, ending _____

2006

▶ See separate instructions.

Check if:

- 1 Consolidated return
(attach Form 851)
- 2 Personal holding co.
(attach Sch. PH)
- 3 Personal service corp.
(see instructions)
- 4 Schedule M-3 required
(attach Sch. M-3)

**Use IRS
label.
Otherwise,
print or
type.**

Name	Number, street, and room or suite no. If a P.O. box, see instructions.	City or town, state, and ZIP code
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REMINGTON ARMS COMPANY, INC.

870 REMINGTON DRIVE, PO BOX 700

MADISON NC 27025-0700

B Employer identification number
51-0350935

C Date Incorporated
10/21/1993

D Total assets (see instructions)

E Check II: (1)	Initial return (2)	Final return (3)	Name change (4)	Address change	\$ 431,470,079
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1 a	Gross receipts or sales	523,272,235	b Less returns and allowances	24,934,417	c Bal ▶	1c	498,337,818
2	Cost of goods sold (Schedule A, line 8)					2	342,528,238
3	Gross profit. Subtract line 2 from line 1c					3	155,809,580
4	Dividends (Schedule C, line 19)					4	140
5	Interest					5	91,716
6	Gross rents					6	
7	Gross royalties					7	
8	Capital gain net income (attach Schedule D (Form 1120))					8	37,867
9	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)					9	-524,262
10	Other income (see Instructions-attach schedule)				See Stmt 1	10	1,311,691
11	Total income. Add lines 3 through 10					11	156,726,732

income

Deductions (See instructions for limitations on deductions.)

12	Compensation of officers (Schedule E, line 4)		12	2,308,180
13	Salaries and wages (less employment credits)		13	8,990,954
14	Repairs and maintenance		14	2,129
15	Bad debts		15	223,329
16	Rents		16	191,348
17	Taxes and licenses		17	38,272,752
18	Interest		18	26,503,060
19	Charitable contributions	See Stmt 2	19	0
20	Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)		20	1,162,560
21	Depletion		21	
22	Advertising		22	6,269,759
23	Pension, profit-sharing, etc., plans		23	1,835,520
24	Employee benefit programs		24	3,371,701
25	Domestic production activities deduction (attach Form 8903)		25	
26	Other deductions (attach schedule)	See Stmt 3	26	92,616,185
27	Total deductions. Add lines 12 through 26		27	181,747,477
28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11		28	-25,020,745
29	Less: a Net operating loss deduction (see instructions)	29a		
	b Special deductions (Schedule C, line 20)	29b	98	29c 98

Tax and Payments

30	Taxable Income. Subtract line 29c from line 28 (see instructions)				30	-25,020,843
31	Total tax (Schedule J, line 10)				31	0
32a	2005 overpayment credited to 2006	32a				
b	2006 estimated tax payments	32b				
c	2006 refund applied for on Form 4466	32c				
d	Tax deposited with Form 7004	32d				
e	Credits:	32e				
f	(1) Form 2439 (2) Form 4136	32f				
g	Credit for federal telephone excise tax paid (attach Form 8913)	32g	24,945		32h	24,945
33	Estimated tax penalty (see instructions). Check if Form 2220 is attached				33	
34	Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed				34	
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid				35	24,945
36	Enter amount of line 35 you want: Credited to 2007 estimated tax Refunded				36	24,945

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see Instr.)? ☐ Yes ☒ No

SVP, CFO

Signature of officer **STEPHEN JACKSON, JR.**

Date _____

Time

Preparer's
signature

Date _____

Check if
self-employed

Preparer's SSN or PTIN

**Preparer's
Use Only**

Firm's name (or yours if self-employed), address, and ZIP code **GRANT THORNTON, LLP**
300 N GREENE ST., SUITE 800
GREENSBORO, NC 27408

EIN **36-6055558**

Phone no.
336-271-3900

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 1120 (2006)

**CONFIDENTIAL-SUBJECT TO PROTECTIVE ORDER
KINZER V. REMINGTON**

BLE 0197

PRO FORMA

Form 1120		U.S. Corporation Income Tax Return		OMB No. 1545-0123	
Department of the Treasury Internal Revenue Service (77)		For calendar year 2007 or tax year beginning , ending		2007	
Check if:		Name Number, street, and room or suite no. City or town, state, and ZIP code If a P.O. box, see instructions.		B Employer identification number	
1a Consolidated return (attach Form 951) <input type="checkbox"/>		REMINGTON ARMS COMPANY, INC.		51-0350935	
b Life/nonlife consolidated return <input type="checkbox"/>		870 REMINGTON DR., PO BOX 700		C Date incorporated	
2 Personal holding co. (attach Sch. PH) <input type="checkbox"/>		MADISON NC 27025-0700		10/21/1993	
3 Personal service corp. (see instructions) <input type="checkbox"/>		E Check if: (1) Initial return (2) Final return (3) Name change (4) Address change \$		D Total assets (see instructions)	
4 Schedule M-3 attached <input checked="" type="checkbox"/>				568,443,817	
1a Gross receipts or sales		572,545,437		b Less returns and allowances	
2 Cost of goods sold (Schedule A, line 8)				25,385,078	
3 Gross profit. Subtract line 2 from line 1c				c Bal	
4 Dividends (Schedule C, line 18)				1c 547,160,359	
5 Interest				2 362,782,608	
6 Gross rents				3 184,377,751	
7 Gross royalties				4 48	
8 Capital gain net income (attach Schedule D (Form 1120))				5 92,656	
9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				6	
10 Other income (see instructions-attach schedule)		See Stmt 1		7	
11 Total income. Add lines 3 through 10				8 2,314,846	
12 Compensation of officers (Schedule E, line 4)				9 104,529	
13 Salaries and wages (less employment credits)				10 2,692,680	
14 Repairs and maintenance				11 189,582,510	
15 Bad debts				12 11,219,999	
16 Rents				13 5,540,959	
17 Taxes and licenses				14 9,019	
18 Interest				15 505,168	
19 Charitable contributions		See Stmt 2		16 192,476	
20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)				17 40,949,039	
21 Depletion				18 24,603,719	
22 Advertising				19 0	
23 Pension, profit-sharing, etc., plans				20 787,608	
24 Employee benefit programs				21	
25 Domestic production activities deduction (attach Form 8903)				22 6,757,443	
26 Other deductions (attach schedule)		See Stmt 3		23 3,006,189	
27 Total deductions. Add lines 12 through 26				24 13,654,771	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				25	
29 Less: a Net operating loss deduction (see instructions)		29a		26 91,371,724	
b Special deductions (Schedule C, line 20)		29b		27 198,598,114	
		34		28 -9,015,604	
30 Taxable income. Subtract line 29c from line 28 (see instructions)				29c 34	
31 Total tax (Schedule J, line 10)				30 -9,015,638	
32a 2006 overpayment credited to 2007		32a		31 0	
b 2007 estimated tax payments		32b			
c 2007 refund applied for on Form 4466		32c		d Bal	
e Tax deposited with Form 7004		32e		32d	
f Credits: (1) Form 2439 (2) Form 4136		32f		32e	
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached				32f	
34 Amount owed. If line 32g is smaller than the total of lines 31 and 33, enter amount owed				32g	
35 Overpayment. If line 32g is larger than the total of lines 31 and 33, enter amount overpaid				33	
36 Enter amount from line 35 you want: Credited to 2008 estimated tax		Refunded		34	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		May the IRS discuss this return with the preparer shown below (see instr.)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Sign Here		CFO			
Signature of officer STEPHEN JACKSON, JR		Date		Title	
Preparer's signature		Date 8/28/08		Check if self-employed <input type="checkbox"/>	
Firm's name (or yours if self-employed), address, and ZIP code		Preparer's SSN or PTIN		EIN 36-6055558	
GRANT THORNTON, LLP		300 N GREENE ST., SUITE 800		Phone no. 336-271-3900	
GREENSBORO, NC 27408					

PRO FORMA

OMB No. 1545-0123

Form 1120
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 2008 or tax year beginning _____, ending _____
See separate instructions.

2008

A Check if: 1a Consolidated return (attach Form 951) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input checked="" type="checkbox"/>		Use IRS label. Otherwise, print or type.	Name Number, street, and room or suite no. City or town, state, and ZIP code If a P.O. box, see instructions. REMINGTON ARMS COMPANY, INC. 870 REMINGTON DR., PO BOX 700 MADISON NC 27025-0700	B Employer identification number 51-0350935	C Date incorporated 10/21/1993	D Total assets (see instructions) \$ 617,378,692
E Check if: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change						

Income	1a Gross receipts or sales	616,827,026	b Less returns and allowances	27,465,484	c Bal	1c	589,361,542
	2 Cost of goods sold (Schedule A, line 8)				2	389,924,239	
	3 Gross profit. Subtract line 2 from line 1c				3	199,437,303	
	4 Dividends (Schedule C, line 19)				4	19	
	5 Interest				5	229,651	
	6 Gross rents				6		
	7 Gross royalties				7		
	8 Capital gain net income (attach Schedule D (Form 1120))				8	104,145	
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				9	9,302	
	10 Other income (see instructions—attach schedule)	See Stmt 1, 2			10	1,085,489	
	11 Total income. Add lines 3 through 10				11	200,865,909	
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (Schedule E, line 4)				12	10,888,726	
	13 Salaries and wages (less employment credits)				13	7,633,206	
	14 Repairs and maintenance				14	11,446	
	15 Bad debts				15	526,248	
	16 Rents				16	150,871	
	17 Taxes and licenses				17	43,399,550	
	18 Interest				18	24,226,277	
	19 Charitable contributions	See Stmt 3			19	0	
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562)				20	1,451,213	
	21 Depletion				21		
	22 Advertising				22	7,111,884	
	23 Pension, profit-sharing, etc., plans				23	8,665,340	
	24 Employee benefit programs				24	3,864,714	
	25 Domestic production activities deduction (attach Form 8903)				25	683,716	
	26 Other deductions (attach schedule)	See Stmt 4			26	93,883,921	
	27 Total deductions. Add lines 12 through 26				27	202,497,112	
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				28	-1,631,203	
	29 Less: a Net operating loss deduction (see instructions)	29a			29c		
b Special deductions (Schedule C, line 20)	29b						
30 Taxable income. Subtract line 29c from line 28 (see instructions)				30	-1,631,203		
31 Total tax (Schedule J, line 10)				31	0		
Tax, Refundable Credits, and Payments	32a 2007 overpayment credited to 2008	32a					
	b 2008 estimated tax payments	32b					
	c 2008 refund applied for on Form 4466	32c			d Bal	32d	
	e Tax deposited with Form 7004				32e		
	f Credits: (1) Form 2439 (2) Form 4136				32f		
	g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c				32g		
	33 Estimated tax penalty (see instructions). Check if Form 2220 is attached				33		
	34 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed				34		
	35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid				35		
	36 Enter amount from line 35 you want: Credited to 2009 estimated tax Refunded				36		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☒ No

Sign Here

Signature of officer **JULIE SEARS** Date _____ Title **TAX DIRECTOR**

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed ☐ Preparer's SSN or PTIN _____

Firm's name (or yours if self-employed), address, and ZIP code **GRANT THORNTON, LLP**
300 N GREENE ST., SUITE 800
GREENSBORO, NC 27408 EIN **36-6055558**
 Phone no. **336-271-3900**

**Remington Arms Company
Safety Program for M 700**

<u>Description of Expense</u>	<u>3/31/2010 Actual to date</u>	<u>Additional (estimate)</u>	<u>Total</u>	<u>Original Estimate</u>	<u>Over/(Under)</u>
Rebates to Consumer- fulfillment escrow	20,104	0	20,104	50,000	(29,896)
Ad Campaign	219,820	0	219,820	215,000	4,820
Creative	1,789	0	1,789	15,000	(13,211)
Coupons - printing	5,626	0	5,626	5,000	626
Fulfillment admin fees	8,064	0	8,064	25,000	(16,936)
Meals/Entertainment/Travel	1,143	0	1,143	0	1,143
Overtime	558	0	558	0	558
Legal press release	2,115	0	2,115	0	2,115
Telephone/Miscellaneous	539	0	539	0	539
M 700 Repairs (Order)	665,816	0	665,816	0	665,816
Total	925,574	0	925,574	310,000	615,574

Repairs through March

Total repaired guns thru 3/31/10 at Ilion	3,648
Total repaired guns thru 3/31/10 at RARC	17,090
Total number of repairs	20,738
Total repair cost	665,816
Average cost/repair	\$32

Average number of repairs/month (92 mos) 225

2010 Average number of repairs/month (3 mo)	110
2009 Average number of repairs/month (12 mo)	111
2008 Average number of repairs/month (12 mo)	104
2007 Average number of repairs/month (12 mo)	116
2006 Average number of repairs/month (12 mos)	88
2005 Average number of repairs/month (12 mos)	147
2004 Average number of repairs/month (12 mos)	190
2003 Average number of repairs/month (12 mos)	370
2002 Average number of repairs/month (10 mos)	695

	2006		
	Units	Tax-out Sales	Std GP\$
700	90,383	37,857	15,614
700 Stainless	46,671	24,688	10,768
710	75,319	19,359	8,106

	2007		
	Units	Tax-out Sales	Std GP\$
	98,379	44,328	19,810
	40,931	24,821	11,856
	5,328	1,380	553

	2008		
	Units	Tax-out Sales	Std GP\$
	109,561	51,418	24,181
	32,771	20,509	10,213
	35	48	32

	2009		
	Units	Tax-out Sales	Std GP\$
	100,226	47,704	23,064
	35,312	22,805	11,319
	14	21	12

Remington Arms Company, Inc.
Sales with a ship destination of Georgia

2003	5,104,255
2004	3,632,412
2005	2,672,000
2006	5,605,393
2007	6,722,326
2008	15,155,909
2009	27,860,921