



## Memorandum

**DATE:** AUGUST 16, 2005  
**TO:** Distribution List  
**FROM:** David Chafin  
**RE:** Status of Capital Expenditures as of July 31, 2005.

For the month ended July 31, 2005, year to date capital expenditures totaled \$3,925M compared to an annual budget of \$10,144M. Projects totaling \$6,507M have been authorized for spending in 2005. Shown below are projects authorized in July.

July 2005 Authorized Projects		
Location	Project	\$
Mayfield	710 Short Action Introduction	\$120,820
Mayfield	New 710 Fire Control	68,308
Mayfield	Quality Area Racks	16,087
Mayfield	Gauge Recall & Rehab	15,900
Mayfield	Security Upgrade	14,320
Mayfield	Carbon Bolt Pallet Fixture	8,640
Mayfield	Drill Sharper	8,198
Mayfield	Office Air Conditioner	5,608
	Total Mayfield	\$257,881
Ilion	M7, 700, SPS & XCR Recoil Pad	\$13,100
Ilion	Third Floor 49 New/Refinish Balance	10,800
Ilion	Test Jack Design Modification-Gallery	9,350
	Total Ilion	\$33,250
Lonoke	Lonoke Waste Treatment Facility	\$800,000
Lonoke	Replace Conical Wash Drums	80,000
Lonoke	Rebuild #132 Centerfire Heading Press	35,000
Lonoke	Rebuild #144 Centerfire Heading Press	35,000
Lonoke	Rebuild #149 Centerfire Heading Press	35,000
Lonoke	Rebuild Centerfire #86 Taper Press	30,000
Lonoke	Replace Damaged Utility Poles	25,000
Lonoke	Rebuild Shotshell Packing Machine	21,000
Lonoke	Shotshell Rotary Cam Body Slug Bowl Feeder	18,000
Lonoke	Modify Ballistics Calibration Unit	10,000
Lonoke	Lead Styphnate Weigh Scale	2,600
	Total Lonoke	\$1,091,600
PMPd.	Rep AC/Heating Unit in 72-3 Office	\$4,100
PMPd.	Refurbish Comparator	3,800
	Total PMPd.	\$7,900
Madison	Itanium Server and Disk	\$91,371
Madison	Internet Server Upgrades	31,000
	Total Madison	\$122,371
	Total July Authorizations	\$1,513,002

**Remington Arms Company, Inc.**  
**Status of Capital Expenditures as of July 31, 2005**

For the current month, there are no projects with expected carryovers into 2006.

Shown below is a comparison of budgeted expenditures, anticipated expenditures, and year-to-date actual expenditures by location.

	<b>Budgeted \$</b>	<b>Anticipated \$</b>	<b>YTD YTD Actual \$</b>	<b>Remaining Anticipated</b>
Ilion	\$3,586,300	\$5,155,590	\$1,916,290	\$3,239,300
Mayfield	600,000	600,000	84,580	515,420
Ada/Findlay	103,000	80,000	0	80,000
Lonoke	4,782,900	4,868,030	1,005,830	3,862,200
PMPd	236,000	235,260	95,614	139,646
E-Town	196,000	9,500	9,500	0
Corp.	640,000	1,915,331	811,572	1,103,759
<b>Total Company</b>	<b>\$10,144,200</b>	<b>\$12,863,711</b>	<b>\$3,923,385</b>	<b>\$8,940,325</b>

Ilion's anticipated expenditures of \$5.156M include \$899M for the M/700 & 7 New Fire Control project, \$532M for Replace GFM #9, \$490M for the Lighting Refurbishment project, \$367M for the 105CTI project, \$248M for Roof Replacement, \$121M for the Triordinate Retrofit project and \$103M for the Water Tank Roof. The Lighting Refurbishment project is a capital lease, with payments extending over a five-year period.

Mayfield's anticipated expenditures of \$600M include \$121M for the 710 Short Action Introduction, \$75M for the .977 Trigger Housing LR/Mag project, \$75M for Move Auburn Investment Casting Tools, \$72M for Supplier Tools and \$68M for the New 710 Fire Control project.

Lonoke's anticipated expenditures of \$4.868M include the Lonoke Wastewater Treatment Process for \$800M, the Shotshell Cap Progressive Forming Operation for \$546M, Amortized Shotshell Wad Mold for \$500M, Shotshell Buckshot Loader and Packer for \$389M and West Centerfire Building Roof Replacement for \$374M.

Target plants anticipated expenditures of \$80M include the Rebuild Findlay Spare Mixer Screw for \$40M and the Findlay Air Compressor for \$30M.

PMPd's anticipated expenditures of \$235M include the New Large Oven for \$69M and Furnace Rebuild for \$60M.

Corporate anticipated expenditures of \$1.915M include EMC Renegotiation #6 capital lease for \$626M, additional SAP Licenses for \$379M, Parker project for \$226M and the Wal-Mart RFID project totaling \$204M. EMC Renegotiation #6 is a capital lease with payments extending over a three-year period.

Total company budgeted ROIC for 2005 is 17.3%. Through July, total company authorized ROIC for 2005 projects is 44.9%. Below are listed projects with substantial authorized returns.

**Remington Arms Company, Inc.**  
**Status of Capital Expenditures as of July 31, 2005**

Project	Location	Annualized Savings/ Earnings	ROIC %	Basis for Savings/Earnings
M700 XCR	Ilion	2,505,860	3561.0%	Sales
M700 Tactical 6.8MM 27505-26449 NP32/35	Ilion	451,258	3233.0%	Sales
M700 SPS Stainless Steel (NPP #2005-15)	Ilion	412,419	1849.0%	Sales
M700P Ltr 6.8 MM SPC NPP2005-01 5677	Ilion	151,526	220.0%	Sales

The following information has been adapted from narratives provided by management at the various manufacturing sites.

**Ilion**

For the month of July, capital expenditures were \$211M. Projects with major expenditures include M700 & Seven New Fire Control for \$60M, Model 105 CTI 12/26" & 12/28" RC VR Premier project for \$32M and the Sprinkler Compliance Upgrade for \$30M

**Mayfield**

For July, capital expenditures totaled \$23M. Projects with major expenditures include Office Renovations for \$11M and Gauge Recall & Rehab for \$11M.

**Ada/Findlay**

For July, there were no capital expenditures for Targets.

**Lonoke**

For July, expenditures totaled \$178M. Projects with major expenditures include Rebuild Centerfire Lead Elevator for \$51M, 5.56MM Linked Frangible Capability for \$23M and Centerfire 727 Anneal Furnace Belt for \$15M.

**Ilion – PMPd**

For July, expenditures totaled \$45M. Projects with major expenditures include Air Conditioner for PMPd press room for \$28 and New Large Oven for \$17M.

**Elizabethtown**

For July, there were no capital expenditures for Elizabethtown.

**Corporate**

For July, expenditures totaled \$64M. Projects with major expenditures include Wal-Mart RFID project for \$53M and Stretchwrap Machine for \$11M.

Listed below is a payment stream summary for projects approved in July that have expenditures greater than \$25M and do not require CFO authorization.

Includes projects approved in the month of July

Description	Site	(1) Budget \$	(1) Approved CAR \$	Terms/ Payment Stream
Rebuild Centerfire #92A Taper Press	Lonoke	\$0	\$30,000	In-house Labor and Parts
Rebuild Centerfire #132 Heading Press	Lonoke	\$0	\$35,000	In-house Labor and Parts
Rebuild Centerfire #144 Heading Press	Lonoke	\$0	\$35,000	In-house Labor and Parts
Rebuild Centerfire #149 Heading Press	Lonoke	\$0	\$35,000	In-house Labor and Parts
		\$0	\$135,000	

(1) Includes total project dollars

**Remington Arms Company, Inc.**  
**Status of Capital Expenditures as of July 31, 2005**

Shown in the below table are projects with post audits currently due and their status.

Remington Arms Company, Inc.  
Post Audit Schedule

Location	Year Approved	Project	Capital Expenditures	Operating Expenses	ROI %	Status
Ilion	2003	Barrel Cold Forging Machine #6	953,160	49,749	33.0%	Being Reviewed at Plant - Comp Sept '05
Ilion	2003	Robotic Flat Receiver Polish	284,228	5,743	38.0%	Being Reviewed at Plant - Comp Sept '05
Ilion	2002	M/1100 16 Gauge	138,805	41,653	321.0%	Completed; awaiting report at Corporate
Ilion	2001	New 16 Gauge	25,840	111,940	835.0%	Completed; being reviewed by Corporate
Ilion	1999	Barrel Machining Project	5,969,171	1,629,451	34.0%	Being Reviewed at Plant
Ilion	1999	O/U Project	578,600	106,310	179.0%	Being Reviewed at Plant - Comp Aug '05
Ilion	1999	M/1187 3 1/2 Inch Super Mag	581,428	117,350	246.0%	Submitted being reviewed by Corporate
Ilion	2000	Replace Miyano Lathe	732,734	18,362	31.0%	Being Reviewed at Plant - Comp Aug '05
Lonoke	2002	Shotshell Premier Sabot Slug Equip.	56,300	97,800	244.0%	Pending, to be completed 3rd Qtr '05
Lonoke	2001	Centerfire Rifle Pack Automation	2,223,200	264,000	27.0%	Pending, to be completed 3rd Qtr '05
Lonoke	2001	Centerfire 5 Cone Bullet Wash Equip.	145,000	5,000	55.0%	Being updated, to be completed 3rd Qtr '05
Lonoke	2000	Centerfire Pistol Packing Automation	3,100,695	350,000	38.0%	Pending, to be completed 3rd Qtr '05
Lonoke	1999	Centerfire 9MM Manurhin Loader	160,000	25,000	52.0%	Being updated, to be completed 3rd Qtr '05
Lonoke	1999	Shotshell Plastic Body Extrusion	1,775,000	50,000	30.0%	Process not currently in use; PA delayed
Lonoke	2001	Centerfire 9MM Case Packing Equip.	165,800	0	17.0%	Pending, to be completed 3rd Qtr '05
Mayfield	2003	504 Product Line Expansion	807,376	342,314	54.0%	Being Reviewed at Plant
PMPd	2000	Cincinnati Molding Machine	167,647	25,498	22.9%	Pending, to be completed 3rd Qtr '05

The following table lists completed post audits for 2005

Remington Arms Company, Inc.  
Post Audits Completed 2005

Location	Year Approved	Project	Total Project Commitment \$			Return on Invested Capital %			Comments
			Original Project	Actual Project	Over (Under)	Original Project	Actual Project	Over (Under)	
Ilion	2001	New Caliber Ultra Mag	\$150,543	\$170,327	\$20,424	982%	848%	-116%	Project performance primarily due to higher than forecasted operations expenditures.
Ilion	2000	Rotary Machine Syn T-Plates	200,050	187,996	(\$12,052)	46%	48%	1%	Project achieved savings authorized.