

Jan Jones

From: Jackson, Steve P.
Sent: 08/15/2005 03:12:54 PM
To: Jones, Jann
CC:
BCC:
Subject: FW: August 2005 presentation -Tommy

for the files

From: Nations, Charlotte
Sent: Monday, August 15, 2005 2:56 PM
To: Jackson, Steve P.
Subject: FW: August 2005 presentation -Tommy

From: Nations, Charlotte
Sent: Monday, August 15, 2005 2:49 PM
To: Jackson, Steve P.
Subject: August 2005 presentation -Tommy

Hey Steve,

You did get the hard copy as well, correct? Thanks-

Charlotte Nations

Remington Arms Company

870 Remington Drive

Madison, NC 27025

336-548-8518 (Phone)

336-548-7716 (Fax)

charlotte.nations@remington.com

Subject to Protective Order - Williams v. Remington



MAE00010965

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Remington Arms Company Inc.
Board of Directors Meeting
Wednesday, August 17, 2005





Remington International

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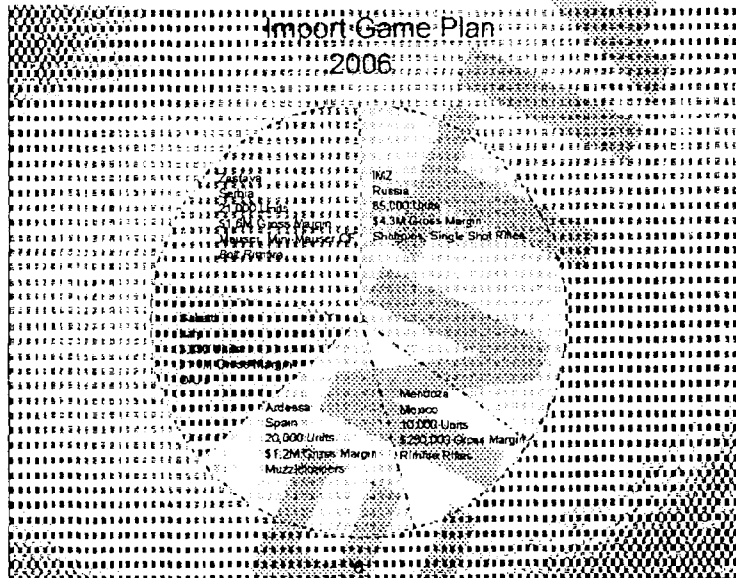
203140
153 year old company near Belgrade
ISO 9001 certified
3,000 employees
Modern machine tools and foreign operations
Currently sell through an importer, Charles Daly
Product lines include Mauser Action, German
Bolt Action Rifles for the military
Also make Q/U's and S&W Silvertips
Ardesa
50 years old
Bilbao, Spain
Currently sell as a tradition in USA
Put us in the Black powder market

Fabarms
Extremely high quality family company in Brescia
Produce O/U's \$500-\$1,500
Produce Semi Auto Shotgun \$1,000
ISO certified state of the art factory
Mendoza
Family Business - 40 years old
Primarily arguans and amercan
Mexico City
Give us an OPP. Rmme. C&D or R&H

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Testing Requirements

- All samples must pass Remington safety, performance, and SAAMI requirements
- All Specs required - steel, trigger pulls, etc
- Contracts to be executed (to include exclusivity)
- In plant QC required (as per Russian model)
- No minimums will be agreed to



Financial Projections				
International Sourced Product				
Manufacturer	Volume	Avg. Mfg. Cost	Avg. Mfg. %	Gross Mfg. %
	Unit		per Unit	
IMZ (2005 Forecast)	84,931	\$50.47	23.5%	\$1,278,000
Sabato	1,350	\$332.68	41.2%	\$5,041,500
Zastava	21,000	\$82.80	23.6%	\$5,654,000
Ardesa	20,000	\$66.90	26.4%	\$7,158,500
Mendoza	10,000	\$25.00	29.4%	\$290,000
Totals	137,281	\$56.24	26.02%	\$8,390,000



Sabatt
Field Grade Over and Under
Coin Nickel Plated Frame
Scribble Embellishment On Frame And Hinge Pin
Embellished "R" On Under Barrel Of Frame
Gold Trigger
Hard Case
5 Flush Mount Choke Tubes
Recoil Pad TBD
Ivory Front Bead Steel Mid Bead
Configurations:
12 Gauge, 28 and 26 Barrels
20 Gauge, 28 and 26 Barrels
28 Gauge, 28 and 26 Barrels

Sabatti
Upland Grade Over Under
✓ Salin Finish, Straight Grip, Smooth E/E Cased
Receiver
✓ Upland Game Scene Embellishment with Gold Inlays
Embellished "R" on underbelly of frame
✓ Gold Trigger
✓ Hard Case
✓ 5 Flush Mounted Choke Tubes
✓ Recoil Pad TBD
✓ Ivory Front Bead, Steel Mid Bead
✓ Configurations:
- 12 Gauge, 26" Barrel
- 20 Gauge, 26" Barrel
- 28 Gauge, 26" Barrel

Sabatti

Target/Sporting Over Under

Gloss Walnut Target Stock, Schabbel F.E. Nocker
Receiver

Jewelled Frame, Salm Side Plates

Embellished Script "R" On Underbar Of Frame

Gold Trigger

Hard Case

5 Extended Choke Tubes

Sporting Recoil Pad

Wide Rib With Ivory Front Bead, Steel Mid Bead

Configurations:

12 Gauge 28" Barrels

12 Gauge 30" Barrels

Sabatti	
Pricing Strategy	
• Field Grade O/U – 1800 Units	
– Net Acquisition Cost	\$599.00
– Net Distributor Sell Price	\$4249.00
– Suggested Retail	\$1599.00
• Upland Grade O/U – 550 Units	
– Net Acquisition Cost	\$1049.00
– Net Distributor Sell Price	\$1399.00
– Suggested Retail	\$1799.00
• Target/Sporting O/U – 1,000 Units	
– Net Acquisition Cost	\$1049.00
– Net Distributor Sell Price	\$1450.00
– Suggested Retail	\$1950.00

Sabatti
Pricing Strategy Cont.
Over Under Shotguns

Configuration	Volume	Margin \$	Margin %	Gross Marg
Field Grade	1,000	\$250	20.0	\$1,250,000
Upland Grade	550	\$750	20.0	\$1,125,000
Target Grade	1,000	\$400	20.0	\$1,400,000



Model 798 Long Action

Product Review

88 square bridge Mauser style action

Controlled Round Feed

Non Rotating Claw Extractor

22 bbl. Standard Calibers; 24 bbl. On Magnum Calibers

Blued Plain bolt & Receiver, Drilled & Lapped

Milled Floor Plate

Adjustable Trigger

1" Recoil Pad

S&W produced Laminated Stock

Suggested Calibers

243Win, 308Win, 25-06Rem, 30-06BRG, 310Win, 7mm Mag,

300Win

Model 799 Short Action

Product Review

Mini 98 Mauser style action

Controlled Rollout Feed

Non Rotating Claw Extractor

20" Plain bbl. Drilled & Tapped

Blued bbl & Receiver

Hinged Floor Plate

Adjustable Trigger

Rubber Butt Plate

S&K produced Laminated Stock

Suggested Calibers

30.06 Rem, 30.06 Win, 243 Rem, 243 Win, 243 Rem, 243 Win

Model Five Rimfire

Product Review

• Bolt Action Rimfire

— Blued .22" bbl And Receiver

— Grooved Receiver w/ Mechanical Stops

— 5 Shot Magazine Box

— Simple Trigger

— Hard Recoil Pad

— S&K Produced Laminated Stock Express Finish

— Suggested Calibers

— 22LR, 22Mag, 17HMR, TBD

Zastava				
Pricing Strategy				
Model 798 Long Action				
2006 Proposed Volume				
5,500 Units				
4,000 Standard Caliber				
1,500 Magnum Caliber				
Net Acquisition Cost				
\$299.00 Standard Caliber				
\$379.00 Magnum Caliber				
Net Distributor Sell Price				
\$399.00 Standard Caliber				
\$425.00 Magnum Caliber				
Suggested Retail Price				
\$550.00 Std. Caliber				
\$570.00 Mag. Caliber				
Configuration	Volume	Margin \$	Margin %	Gross Margin
Std. Caliber	4,000 Units	\$100.00	25.0%	75.0%
Mag. Caliber	1,500 Units	\$105.00	27.0%	73.0%

Zastava			
Pricing Strategy			
Model 799 Short Action			
2008 Proposed Volume			
5,500 Units			
Net Acquisition Cost			
\$299.00 Standard Caliber			
Net Distributor Sell Price			
\$399.00 Standard Caliber			
Suggested Retail Price			
\$590.00			
Volume	Margin \$	Margin %	Gross Margin \$
5,500 Units	\$100.00	28%	\$550.00

Zastava Pricing Strategy				
Model Five Rimfire				
2006 Proposed Volume				
10,000 Units	9,000 22LR			
	1,000 22Mag			
Net Acquisition Cost				
	\$180.00 for 22LR			
	\$172.00 for 22Mag			
Net Distributor Sell Price				
	\$215.00 for 22LR			
	\$225.00 for 22Mag			
Suggested Retail Price				
	\$249.00 for 22LR			
	\$309.00 for 22Mag			
Current Volume	Volume	Margin \$	Margin %	Unit Margin
22LR 9,000 Units	9,000	\$35.00	25.6%	\$4.50
22Mag 1,000 Units	1,000	\$35.00	25.6%	\$4.50



Genesis Black Powder Rifle

Product Review

- Pivotal Breech, with hammer
- Removable Breech Plug
- .50 caliber Black Powder rifle
- Drilled and Tapped for Scope Mounts
- 209 Primer Ignition
- Williams Fiber Optic Sights
- Aluminum Anodized Ramrod with Jag
- Front and Rear Swivel Studs
- Cross Bolt Safety

**Genesis Black Powder Muzzleloader
configurations**

• Black Synthetic Stock, Satin Barrel, Matte Receiver

• Mossy Oak Breakup Camo Synthetic Stock, Mossy Oak Camo Barrel, Matte Receiver

• Mossy Oak Breakup Thumbhole Stock, Stainless Barrel, Matte Receiver

• Black Laminate Thumbhole Stock, Stainless Barrel, Matte Receiver

• Black Synthetic Overmold Stock, Satin Stainless Barrel, Matte Receiver

Remington Genesis

Pricing Strategy

Black Synthetic Volume ~ 10,000 Units
Net Acquisition Cost - \$125.00
Net Distributor Sell Price - \$175.00
Suggested Retail - \$249.00
Camo Synthetic Volume ~ 5,000 Units
Net Acquisition Cost - \$169.00
Net Distributor Sell Price - \$229.00
Suggested Retail - \$329.00
Camo Thumbhole Volume ~ 1,500 Units
Net Acquisition Cost - \$192.00
Net Distributor Sell Price - \$269.00
Suggested Retail - \$359.00
Laminate Thumbhole Volume ~ 1,500 Units
Net Acquisition Cost - \$289.00
Net Distributor Sell Price - \$389.00
Suggested Retail - \$549.00
Black Synthetic Overmold Volume ~ 2,000 Units
Net Acquisition Cost - \$102.00
Net Distributor Sell Price - \$159.00
Suggested Retail - \$219.00

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Ardesa				
Prong Strategy Cont.				
Genesis Blackpowder Muzzleloader				
Configuration	Volume	Margin, %	Margin, %	Gross Mfg X
Black Syn	10,000	\$50	28.5	\$500,000
Camo Syn	5,000	\$80	28.2	\$200,000
Camo Thumb	1,500	\$67	26.8	\$100,500
Lane Syn	1,500	\$109	26.7	\$160,000
Thumb Syn	2,000	\$57	29	\$114,000



Mendoza Bolt Action Rimfire

Product Review

- Single Shot w/second shot holder
- Hardwood Stock
- Polished Blue Receiver & Barrel
- Grooved Receiver for tipoff rings
- Open Sights
- Cocks on close of bolt
- Auto Safety
- Non-Adjustable Simple Trigger
- Swivel Studs

Mendoza				
Pricing Strategy				
A	22LR			
	2006 Proposed Volume			
	10,000 Units			
	10,000 22LR Caliber			
	Net Acquisition Cost			
	\$60.00 22LR Caliber			
	Net Distributor Self Price			
	\$65.00 22LR Caliber			
	Suggested Retail Price			
	\$135.00 22LR Caliber			
Configuration	Volume	Margin \$	Margin %	Gross Margin
22LR	10,000	\$75.00	17.4	16.0%

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flion

When the Company makes a decision to move flion, we are required to notify under Federal Law.

Currently we are in the discovery mode and not subject to notification.

Status:

- Denying the future state
- Benefits
- Workrules
- # of plants
- Wage rates
- State incentives (outside New York)
- Exploratory survey
- Quasi-secret
- What is possible

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11ion

- Define point of indifference
- Stay or 60
- We will stay if we can get X, Y, Z, we will leave if we cannot
- We are not in this process trying to lay out the engineering of a new plant.

Sales Force Reorganization

Current Status

- Multi bag, Rep. group
- Salesmen are salaried. Principal is commissioned
- Largely unfocused due to multiple jobs
- High cost - 2005 \$7.0M

New Structure

- Remington exclusive sales force
- Salary + bonus (margin, volume, MBO) + expenses

Sales Force Reorganization

First region - Northeast - 9/1/05

Pittsburgh next to Dick's

Regional plus four Reps

Current cost \$1.5M, new cost \$700K-\$800K

Second region - Midwest - 4/2/06

Columbia/Missouri based regional manager

4 salesmen

Current cost \$2.0M, future cost \$700K-\$800K

Third region - Southeast - Fall 2006 / Winter 2007

West Coast - Current Rep group to remain in place



Other Critical Issues

Firearms (cost + pricing)

May 1, 2005 increase has held value \$1.3M

Steel softened mildly

2006 increases to customers under review

Ammunition

Two price increases in 2005 have held

Total value versus Budget + \$3.6M

Plan for increase in 2006 (Value \$1.4M)

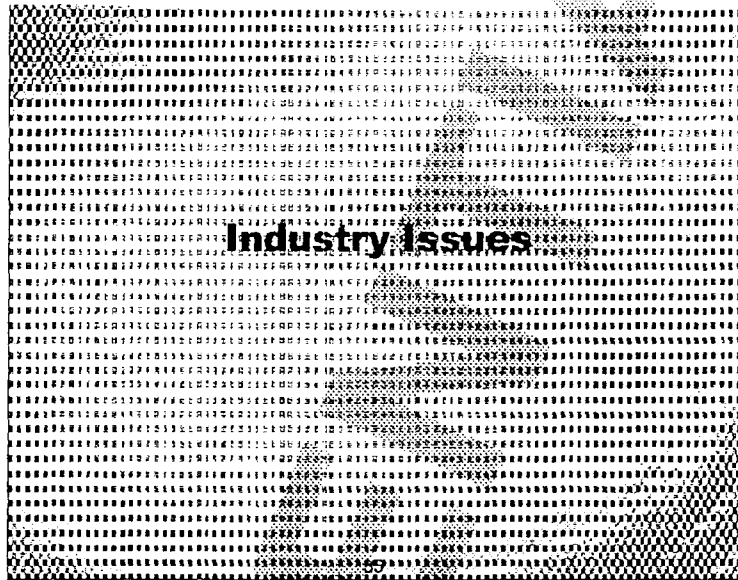
Across the board

Materials

Steel softened

Copper still strong

Resins still strong



Industry Issues

July 29, 2005 - Senate passed S. 397, the Protection of Lawful Commerce in Arms Act, by a vote of 65-32.

Provides for immunity from prosecution or suit in cases alleging liability for the criminal misuse of a firearm.

Goes to conference in September.

Bullet serialization

California Attorney General Bill Lockyer withdrew this initiative in mid July 2005.

Clay Targets

- No progress to report in alternative suppliers

- Plant idling to occur on August 19

- Preliminary view on 2006 (Final only) versus 2005

	Revenues	Earnings (EBITDA)
--	----------	-------------------

2005	\$6MM	\$500K
------	-------	--------

2006	\$3MM	\$500K
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Industry Sales and Marketing Issues

✓ Roger

Stock up to \$10.89 from mid \$6.00 range on news of S-397 passage

Quarter ending June 30, 2005

✓ Sales up 4%

✓ Net loss of \$2,000 versus loss of \$401,000

✓ Marlin

Currently for sale

\$60M Revenues

2004 Gross Margins 18.8% (LTM 3/31/06 16%)

2004 EBITDA 3.3% (LTM 3/31/05 4.4%)

Produce 400,000 units

52,000 lever hammers 112,000 single stud studs

54,000 Servo Holes 98,000 Bolt Holes

76,000 Studs, Stud Holes

Industry Sales and Marketing Issues

Of note, Macin notes:

- Increased offshore competition

- Increased seasonal compression

- Increased inventory pressure on manufacturers

- Import strategy from China, etc. with 20% increase, China 10% of revenue, growing to 8% in 2005

- China

- Turkey

- Italy

- Winchester - Federal

- Winchester remains price disciplined

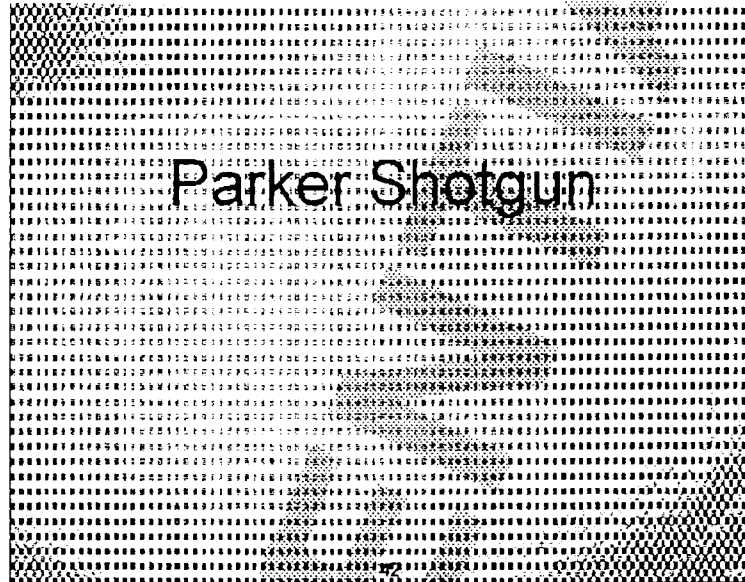
- Federal less so

Winchester Second Quarter

Winchester 2005 second quarter sales were \$80.4M versus \$70.5M in the second quarter of 2004. The increase reflects higher Law Enforcement and Military sales. Commercial sales in the quarter were below 2004 levels. Winchester generated breakeven results in the quarter versus a profit of \$5.0M in the second quarter of 2004 due to higher manufacturing and material cost, including commodity metals, which more than offset the impact of increased volume and increased prices to commercial customers.



New Domestic Projects



Parker Shotgun

**Parker Gun
Specifications**

28 Gauge AAHE Grade 7 Gun

Custom Built to Consumers Specifications

26", 28", or 38" Barrels Choked to Customer's Request

Solid Rib with Twin Beads

Exhibition Grade Circassian Walnut, Ahtu or Walnut Choice

Oil Finish with 26 LPI Checkering

Splinter or Beavertail Fore End

Eglish, Half Pistol, or Full Pistol with Inquisitor Band Plate

Stock Dimensions Specified by Customer

Fleur-de-lis Checkering Pattern

Engraving Customer's Request

Hidden Double Trigger or Single Trigger

Oak and Leather Case

Parker Gun Volume & Price			
	2006	2007	2008
Cost	\$23,500	\$23,500	\$23,500
Selling Price	\$49,000	\$49,000	\$49,000
Volume	10	15	20

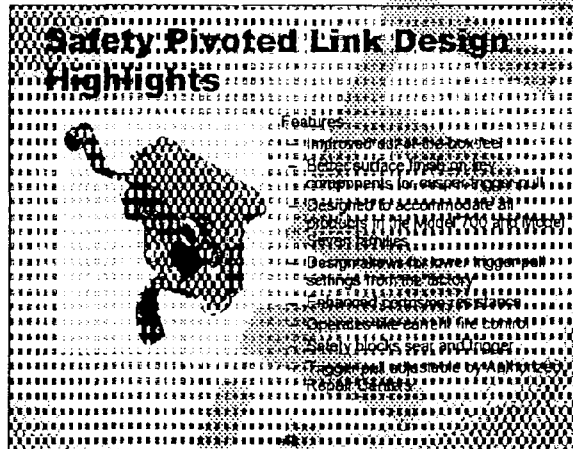
Parker Gun Launch Strategy

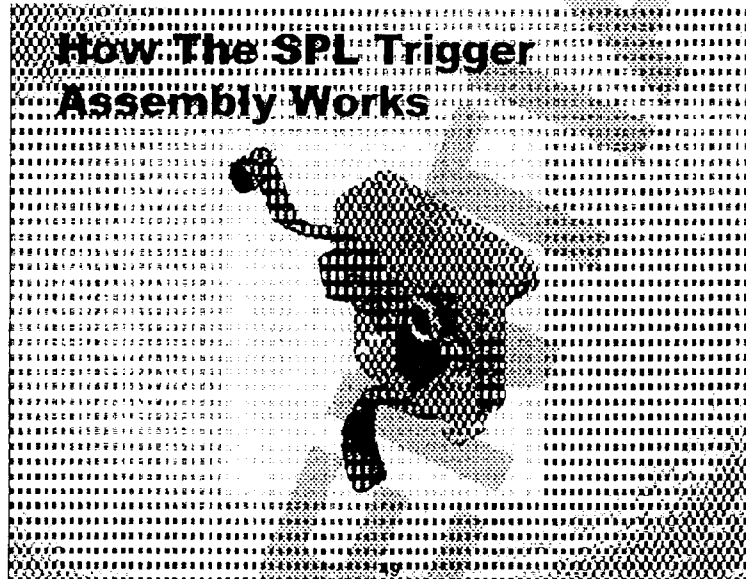
- Produce Quality Catalog \$25 Retail
- Includes Options and Order Information
- Press Relations and Product Announcement
- Display at SCI, FNAWS, and SHOT SHOW
- Write Orders at SCI and FNAWS Shows

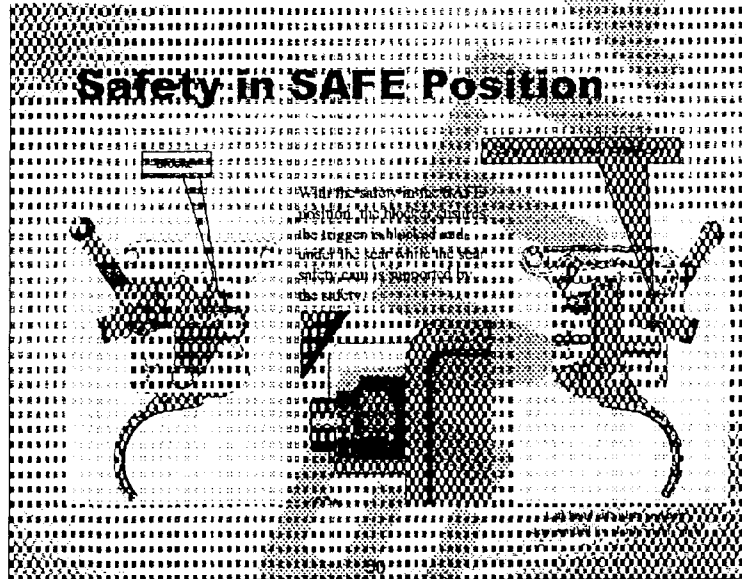
Parker Gun Order Process

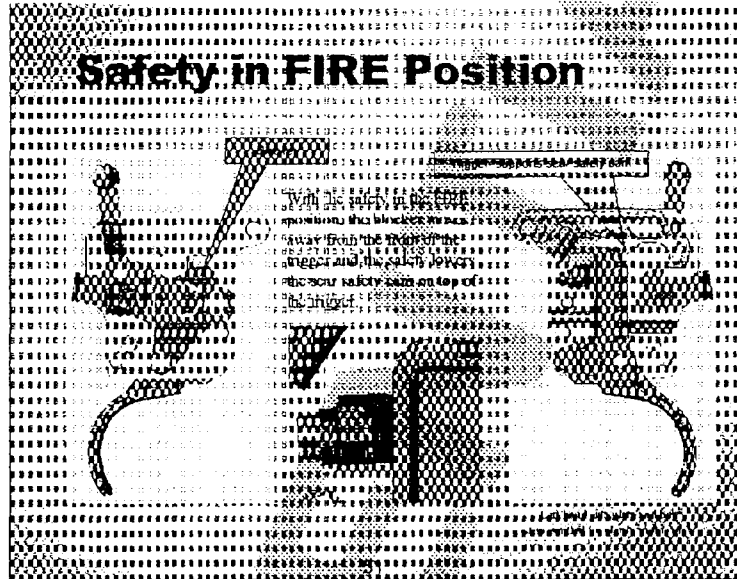
- 50% Deposit Due at Time of Order Approval
- Deposit is Refundable up to Time of Build
- Balance Due 30 Days Before Completion
- Orders will Only Be Accepted for Guns to be Delivered within 12 Months
- Gun Shipped to Customer Supplied F.F.I.
- All Inquiries over 12 Months Placed on List
- Customer Service

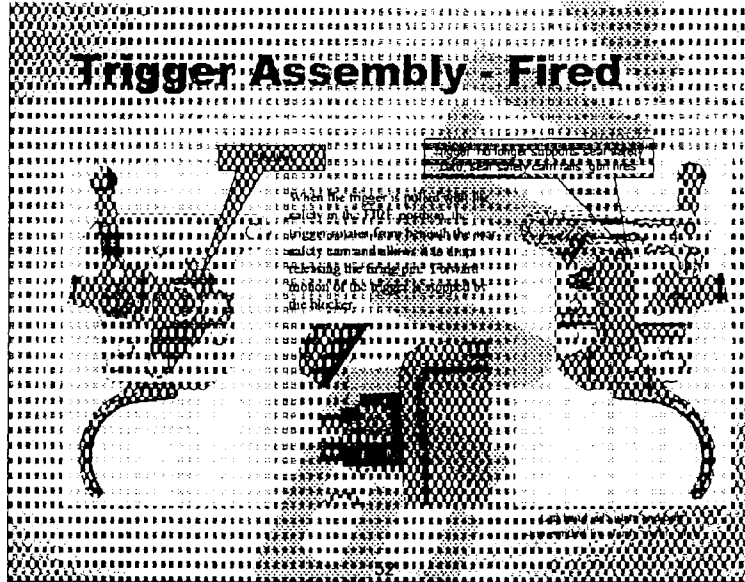
**Model 700/Model Seven
Trigger Assembly Review
(Safety Pivoted Link Design)**

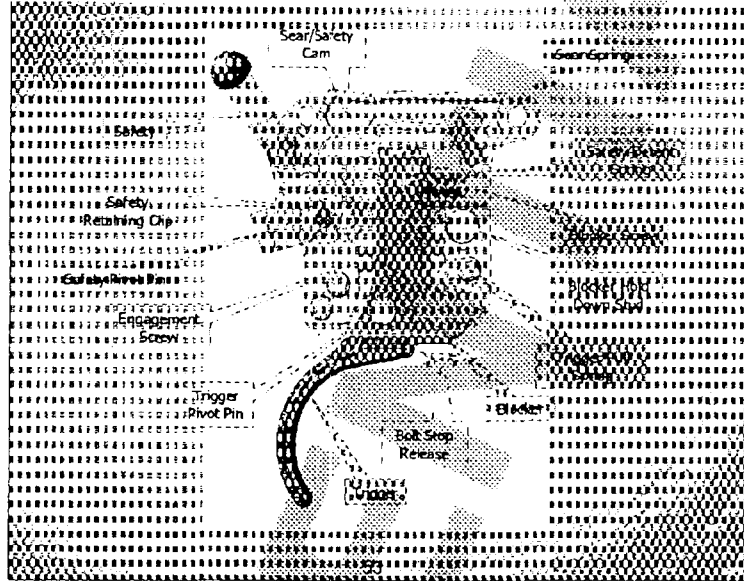


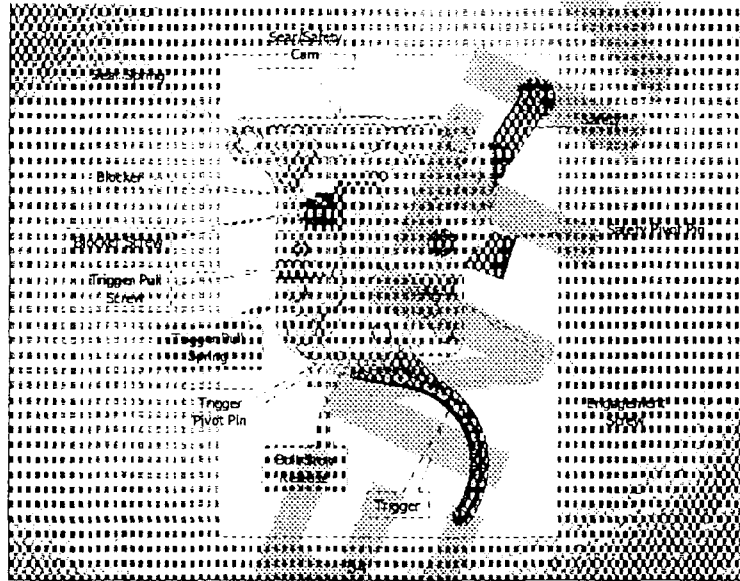












Model 105 CTI

Product Review

Bottom Feed and Eject

Ambidextrous With 90° Perimeter Distraction

Cast Titanium and Carbon Fiber Receiver

Over 1 lb. Lighter Than 11-87

Rotary Bolt Lock-Up with Fixed Bolt Face

Steepest and Highly Efficient

Target Grade Trigger

Roller Sear Breaks Consistently Clean at 3 1/2 lbs

Coryex R3 Recoil Pad

Functional Visual Indicator of Bolts Remaining Slingshot



Model 105 CTI

Product Review

Overbored (.735") Barrel

Offers Enhanced Pattern Performance and Reduced Recoil

New ProBore Choke Tubes

Optimized for Use With Overbore Barrel

Rate Reducer

Factor in Recoil Reduction

Model 105 C.T.
Specifications

12 Gauge 2 3/4" and 3" Shells

26" and 28" Barrels

Gun Weight-7 Pounds

Length of Pull-14 1/2" Drop at Comb-1 1/4" Drop at Heel-2 1/4"

Bore Diameter-.735"

5 Shot Capacity

Magazine Plug

J.C. Mod. F.D.R. Extended Choke Tubes

FAA Approved Hard Case

CA D.O. Approved Trigger Block

105 CTI

Marketing Support

- Product Video and 30 Second TV Spot
- Outdoor Writer Mini-Conference
- New Products Seminar Introduction
- Catalog Cover and Two Page Spread
- Sales Meeting Introduction
- Video Sell Sheets
- SHOT Show Shooting Demo
- Writers and Customers



870 Express

- 2005 Wood Guns Convert to Laminated Stock & Fore End
- Offers Higher Perceived Value and a Nicer Looking Gun
- Also Exploring New Rib Posts and Receiver Panel Artwork
- 2007 New Synthetic Stocks with SPS Look
- Discuss Long Term Strategy for Express Line

Summary

S-397 clears the air

Import program has grown from \$0 to \$30M in

2005 in the span of 18 months

A new 700 Fire Control now exists following 25
years of failed attempts

Exciting new product for 2006. Most in our history

High End

Low

High End

Middle

Italian GAT's

105 cm

New 870 Express

New 1100

New 700 Fire Control

New 1000

New 1000

Summary

Accessories is profitable

Growth initiatives on track but struggling in start up phase. No long term concerns

Litigation Update

Personal Injury Cases

- Less than dozen active pending cases, including discontinued product/pre-1993 matters

- Case mix: Ammo, bolt-action rifle, common fire control

- Recent trial and appellate victories

- *Kensinger* (AK) and *Williams* (TX)

Municipal Cases

- No cases pending against Remington

- Status of Lawful Commerce in Arms Act

- September 6 trial date in *City of New York v. Beretta*

**Remington Arms Company,
Inc.**

Accessories

Law Enforcement and Military Products

Remington Technologies Division

Remington-Elisag Law Enforcement Systems, LLC

Board of Directors

August 2005

Accessory Business Status

Staffing has been reduced as forecasted.

2005 SGA costs have been reduced!

Budget: \$1,356,000

Forecast: 7,12,000

Inventory, on track to be reduced by \$1,400,000 by year end

Eye and Hearing: \$300,000

Sales: \$250,000

Soft Goods: \$350,000

Small Parts: \$200,000

Express and Obsq reduction: \$120,000

Rather Buying & packaging: \$100,000

Categories Licensed

Eye & Hearing

License is in place, all inventory sold

Sales:

License selected, transition to occur by 4th quarter 2005

Cut and Sew:

Potential Candidates' Inventory Data Package being distributed

Response to be shut down

Electronic Game calls

Inventory will be sold out by end of year

Categories kept

Call lists

Met with Harris and 211, discussed part of business

Hyves & Guy, Gals will remain with accessories & licensing business.

LAW ENFORCEMENT and Military Products
Remington-Union Metallic Arms Co., Federal Agency
Firearms
7615
Business is strong.
Plant started delivering in May.
Forecast for 2005: 8,000 units.
Shipped to date 2005: 10,500.
1870: Business is steady with local customers.
Slow migration away from the business is noted with 1870.
As usual several big contracts are expected to be let in 2005.
2005
Ammunition
Pricing continues to be supporting pre sporting season increases.
Margins continue to hold, between 17 and 18 percent uniform.
Backordered on most major sizes.
9mm
223
Ammunition quality problems plague us at times.
Over \$1,500,000 in R&D business in 2005.
Firearms shipments are up 10% over 2004 year.

Remington Technologies
Division
Markets
Have recently negotiated rights to ALL Products developed by ODF for next 10 years
Us & Canada
Military
Law Enforcement
Correctional Institutions
Private Security
Production
Startup problems being experienced by ODF
Next run scheduled for mid september
Governmental Approvals
Last milestones appear to have been cleared
Waiting on final test for FCC approval
Sales
Have booked over \$250,000 in orders
All markets have placed orders
Shipments will depend entirely on FCC approval date and Production materials received
Financial Statement
Gross profit 50.00%

REFLEX, LLC
Orders Received
7 different Departments
20 units
76% of top agencies have either tested product or had sales presentation
trial projects, sweeps and demonstrations have resulted in great valuation
of system effectiveness
Business is starting to show promise - Great interest from
8 of top 10 agencies in America
NYPD and NYSP
Capital Police
LAPD, GHA and LAC Sheriff
Orders are starting to come in from the above
100 to 150 units are expected from these groups in next 1 to 2 months to go
are expected before end of the month
Negotiated a lower price from Elcom by as to remain at the 10 brand price
competitiveness

Charlotte Nations

From: Nations, Charlotte
Sent: 08/15/2005 02:56:10 PM
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Hey Steve,

You did get the hard copy as well, correct? Thanks-

Charlotte Nations

Remington Arms Company

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