

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)

336-548-7715 (Fax)

charlotte.nations@remington.com

Subject to Protective Order - Williams v. Remington



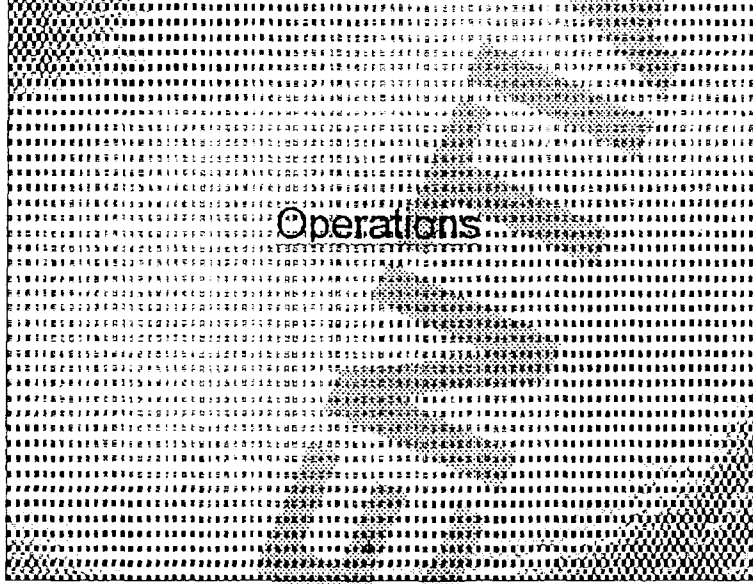
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Remington Arms Company, Inc.
Board of Directors Meeting
Wednesday, August 17, 2005

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Remington International

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Lasava
• 153 year old company near Belgrade
• ISO 9001 certified
• 3,000 employees
• Modern machine centers and forging operations
• Currently sell through an agent in the US, Charles Daly
• Product lines include: Maasa, Accorn, Ceram, etc.
• Bolt Action Rimfires for the wild to the
• Also make O/U's and S&S Bull Head W/ etc.
Ardessa
• 50 years old
• Bilbao, Spain
• Currently sell as a tradition in USA
Put us in the Blackpowder 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 airguns and air rifle
Mexico City
Give us an OPP. Price \$69.00 Retail

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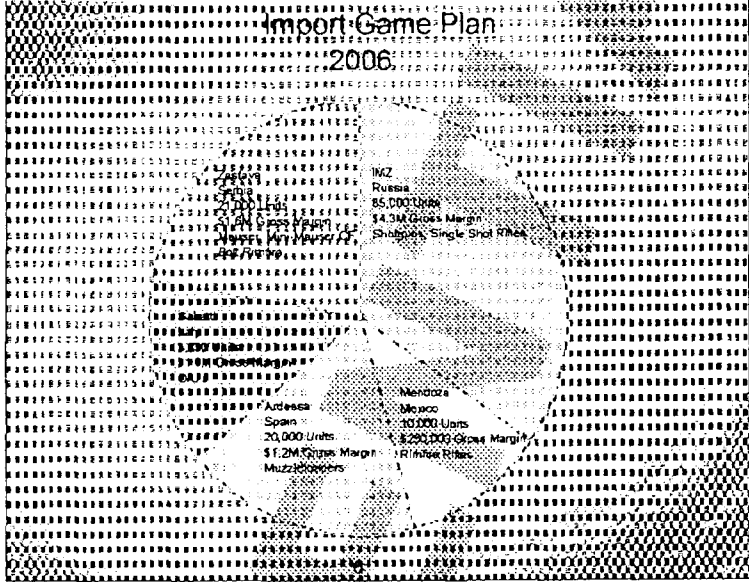
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Testing Requirements

- 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

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Manufacturer	Volume	Avg. Mfg. Price Unit	Avg. Mfg. Price per Unit	Gross Mfg. Cost
JMZ (2005 Forecast)	84,933	\$50.47	28.5	\$4,278,000
Sabatu	3,350	\$332.88	28.7	\$961,500
Zastava	21,000	\$82.81	27.6	\$1,654,000
Artesa	20,000	\$66.90	26.4	\$1,338,000
Mendoza	10,000	\$25.00	29.4	\$290,000
Totals	139,283	\$56.24	26.02%	\$8,320,000

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Sabatt
Field Grade Over and Under
Coin Nickel Plated Frame
Scribble Embellishment On Frame And Hinge Pin
Embellished "R" On Underbody 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

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Sabatti
Upland Grade Over Under
 Y Satin Finish, Straight Grip, Scribble F/A Case
 Receiver
 Y Upland Game Scene Embellishment with Gold Inlays
 Embellished "R" on underbelly of frame
 Y Gold Trigger
 Y Hard Case
 Y 5 Flush Mounted Choke Tubes
 Y Recoil Pad TBD
 Y Wavy Front Bead, Steel Mid Bead
 X Configurations:
 12 Gauge, 26" Barrel
 20 Gauge, 26" Barrel
 28 Gauge, 26" Barrel

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Sabatti
Target/Sporting Over Under
Gloss Walnut Target Stock, Schabel F/E, Nickel Receiver
Jewelled Frame, Satin Side Plates
Embellished Script "R" On Underbelly 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" Barrel
12 Gauge 30" Barrel

Sabatti

Pricing Strategy

- ▼ **Field Grade O/U – 1,800 Units**
 - Net Acquisition Cost – \$999.00
 - Net Distributor Sell Price – \$1,249.00
 - Suggested Retail – \$1,599.00
- ▼ **Upland Grade O/U – 550 Units**
 - Net Acquisition Cost – \$1,049.00
 - Net Distributor Sell Price – \$1,399.00
 - Suggested Retail – \$1,799.00
- ▼ **Target/Sporting O/U – 1,000 Units**
 - Net Acquisition Cost – \$1,049.00
 - Net Distributor Sell Price – \$1,469.00
 - Suggested Retail – \$1,859.00

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Sabatti
Pricing Strategy Cont.
Over Under Shotguns

Configuration	Volume	Margin %	Margin %	Gross Marg
Field Grade	1,800	\$250	20%	\$351,800
Upland Grade	550	\$350	25%	\$177,500
Target Grade	1,000	\$400	25%	\$400,000

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Zastava, Serbia
Model 798, 799, Model Five

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Model 798 Long Action
Product Review

- 98 square bridge Mauser style action
- Controlled Round Feed
- Non Rotating Claw Extractor
- 22 bolt Standard Calibers; 24 bolt On Magnum Calibers
- Blued Plain bolt Receiver, Lapped & Lapped
- Hinged Floor Plate
- Adjustable Trigger
- 1" Recoil Pad
- S&K produced Laminated Stock
- Suggested Calibers
- 243Win, 308Win, 25-06Rem, 30-06BRG, 270Win, 7mm Mag, 300Win

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Model 799 Short Action
Product Review

- Mini 98 Mauser style action
- Controlled Round 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

22 Rem, 24 Rem, 28 Rem, 30 Rem, 35 Rem, 44 Rem, 45 Rem, 47 Rem, 48 Rem, 50 Rem, 56 Rem, 60 Rem, 66 Rem, 70 Rem, 76 Rem, 80 Rem, 86 Rem, 90 Rem, 96 Rem, 100 Rem

Model Five Rimfire
Product Review
• Bolt Action Rimfire
• Blued .22" bbl And Receiver
• Grooved Receiver w/ Mechanical Sights
• 5 Shot Magazine Box
• Simple Trigger
• Hard Recoil Pad
• S&K Produced Laminated Stock Express Finish
• Suggested Calibers
• .22LR, .22Mag, .17HMR, TBD

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Configuration	Volume	Margin \$	Margin %	Gross Margin
3006 Proposed Volume	5,500 Units			
Model 798 Long Action				
4,500 Standard Caliber				
1,000 Magnum Caliber				
Net Acquisition Cost				
\$299.00 Standard Caliber				
\$375.00 Magnum Calibers				
Net Distributor Sell Price				
\$395.00 Standard Calibers				
\$425.00 Magnum Calibers				
Suggested Retail Price				
\$550.00 Std. Calibers				
\$570.00 Mag. Calibers				
3006 Proposed Volume	5,500 Units	\$1,100.00	20.0%	\$2,200.00
Mag. Calibers	1,000 Units	\$165.00	29.0%	\$495.00

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Zastava Pricing Strategy			
Model 799 Short Action			
2008 Proposed Volume			
5,500 Units			
Net Acquisition Cost			
\$299.00 Standard Caliber			
Net Distributor Sell Price			
\$999.00 Standard Caliber			
Suggested Retail Price			
\$590.00			
Volume	Margin \$	Margin %	Gross Margin \$
5,500 Units	\$100.00	28%	\$550,000

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Zastava Pricing Strategy			
Model: Five Rimfire			
2006 Proposed Volume	2006 Proposed Volume	2006 Proposed Volume	2006 Proposed Volume
10,000 Units	9,000 Units	10,000 Units	10,000 Units
Net Acquisition Cost	Net Acquisition Cost	Net Acquisition Cost	Net Acquisition Cost
\$180.00 for '22LR	\$172.00 for '22Mag	\$175.00 for '22LR	\$225.00 for '22Mag
Net Distributor Sell Price	Net Distributor Sell Price	Net Distributor Sell Price	Net Distributor Sell Price
\$299.00 for '22LR	\$299.00 for '22LR	\$299.00 for '22LR	\$299.00 for '22LR
Suggested Retail Price	Suggested Retail Price	Suggested Retail Price	Suggested Retail Price
\$399.00 for '22LR	\$399.00 for '22LR	\$399.00 for '22LR	\$399.00 for '22LR
Contracted Volume	Margin %	Margin %	Margin %
'22LR 9,000 Units	25.00%	25.6%	25.00%
'22Mag 9,000 Units	25.00%	25.6%	25.00%

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Genesis Black Powder Rifle

Product Review

- Pivot 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

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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

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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
Camouflage Synthetic Volume	5,000 Units
Net Acquisition Cost	\$169.00
Net Distributor Sell Price	\$229.00
Suggested Retail	\$329.00
Camouflage Thumbhole Volume	1,500 Units
Net Acquisition Cost	\$192.00
Net Distributor Sell Price	\$269.00
Suggested Retail	\$369.00
Laminate Thumbhole Volume	1,500 Units
Net Acquisition Cost	\$299.00
Net Distributor Sell Price	\$389.00
Suggested Retail	\$549.00
Black Synthetic Overmold Volume	2,000 Units
Net Acquisition Cost	\$182.00
Net Distributor Sell Price	\$279.00
Suggested Retail	\$399.00

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Ardesa Pricing Strategy Cont.

Genesis Blackpowder Muzzleloader

Combination	Volume	Margin %	Margin %	Gross Mfg A
Black-Syn	10,000	\$50	28.5	\$500,000
Camo-Syn	5,000	\$80	28.2	\$300,000
Camo-Thumb	1,500	\$67	25.8	\$400,500
Lam-Syn	1,500	\$100	25.7	\$160,000
Black-Syn	7,000	\$50	28.5	\$350,000

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Mendoza, Mexico

Model: AT2 Bolt Action Rifle RIDE

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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

22LR
2006 Proposed Volume
10,000 Units
10,000 22LR Caliber
Net Acquisition Cost
\$60.00 22LR Caliber
Net Distributor Sell Price
\$65.00 22LR Caliber
Suggested Retail Price
\$75.00 22LR Caliber

Configuration	Volume	Margin \$	Margin %	Gross Margin
22LR	10,000	\$15.00	23.1%	75.0%

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llion

When the Company makes a decision to move llion, 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 plans
- > Wage rates
- > State incentives (outside New York)
- > Exploratory surgery
- > Quasi secret
- > PAC with is possible

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illion

- 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

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Sales Force Reorganization

Current Status

- Multi bag Rep. group
- Salesmen are salaried. Principal is commissioned
- Largely unfocused due to multiple lines
- 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 — 7/2/06

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 be made in place

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Walmart

- Trends are as strong as reported in May
- Up double digits in all segments
- Solid Fall on tap

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Other Critical Issues

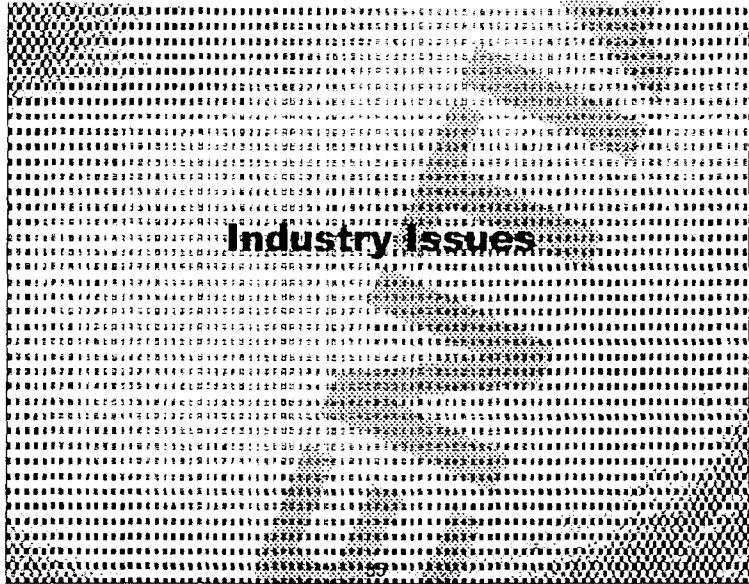
Firearms (cost - pricing)
 May 1, 2005 increase has held value \$1.3M
 Lead softened only
 2006 increases to customers under review

Ammunition
 Two price increases in 2005 have held
 Total value versus Budget + \$3.4M
 Part B increase in 2004 value \$11.4M
 Across the board

Materials
 Lead softened
 Copper still strong
 Resins still strong

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Industry Issues

- July 29, 2005 - Senate passed S. 397, the Protection of Lawful Commerce in Arms Act (PLCAA), H.R. 5132. Provides for immunity from prosecution or civil 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.

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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	\$300K

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Industry Sales and Marketing Issues

- **Reger**
 - Stock up to \$70.89 from mid 50.00 range on news of S 397 passage
 - Quarter ending June 30, 2005
 - 7 Sales up 4%
 - Net loss of \$2,000 versus loss of \$481,000
- **Marlin**
 - Currently for sale
 - \$60M Revenues
 - 2004 Gross Margins 18.8% (LSM 3/31/06 16%)
 - 2004 EBITDA 0.3% (LSM 3/31/05 4.4%)
 - Produce 406,000 units
 - 52,000 4-yr files 112,000 SMD, SMD Shingles
 - 54,000 Servo and Files 98,000 Hot Rivets
 - 16,000 Spoke Shafts

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Industry Sales and Marketing Issues

Of note - Main notes:

- Increased offshore competition
- Increased seasonal compression
- Increased inventory pressure on manufacturers
- Import strategy from China, etc. with 20% increase in revenue, growing to 8% in 2005
- China
- Turkey
- Italy
- Winchester - Federal
- Winchester remains price disciplined
- Federal less so

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Winchester Second Quarter

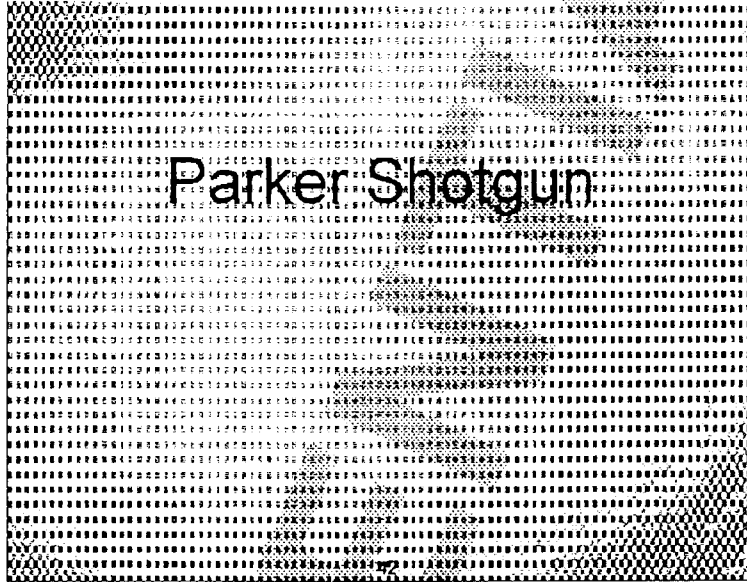
Winchester 2005 second quarter sales were \$80.4M versus \$70.5M in the second quarter of 2004. The increase reflects higher Law Enforcement and Military sales. Commercial sales in the quarter were below 2004 levels. Winchester generated breakeven results in the quarter versus a profit of \$8.0M in the 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

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Parker Gun Specifications

- 28 Gauge AAHE Grade 7 Gun
- Custom Built to Consumers Specifications
- 26", 28", or 30" Barrels Choked to Customer's Request
- Solid Rib with Twin Beads
- Exhibition Grade Circassian Walnut, American Walnut, Choptal
- Oil Finish with 26 LPI Checkering
- Splinter or Beavertail Fore End
- Equise, Half Pistol, or Full Pistol with Inquisitor Grip Plate
- Stock Dimensions Specified by Customer
- Fleur-de-lis Checkering Pattern
- Engraving Customer's Request
- High Double Trigger or Single Trigger
- Oak and Leather Case

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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

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**Parker Gun
Launch Strategy**

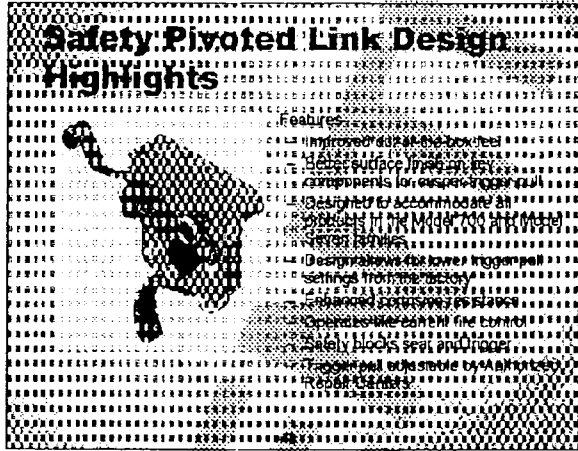
- Produce Quality Catalog \$25 Retail
- Includes Options and Order Information
- Press Relations and Product Announcement
- Display at SCI, FNAWS, and SHOT SHOW
- Write Orders at SCI and FNAWS Shows

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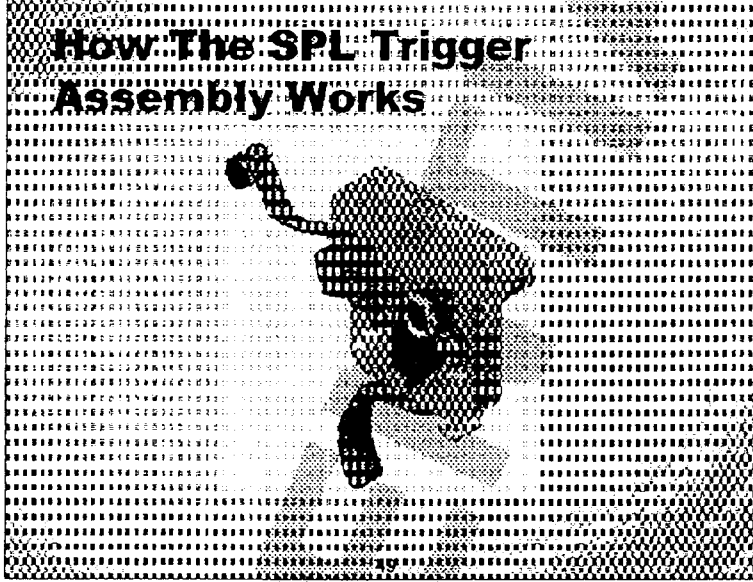
**Parker Gun
Order Process**

- 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 FFL
- All Inquiries over 12 Months Placed on List Customer Service

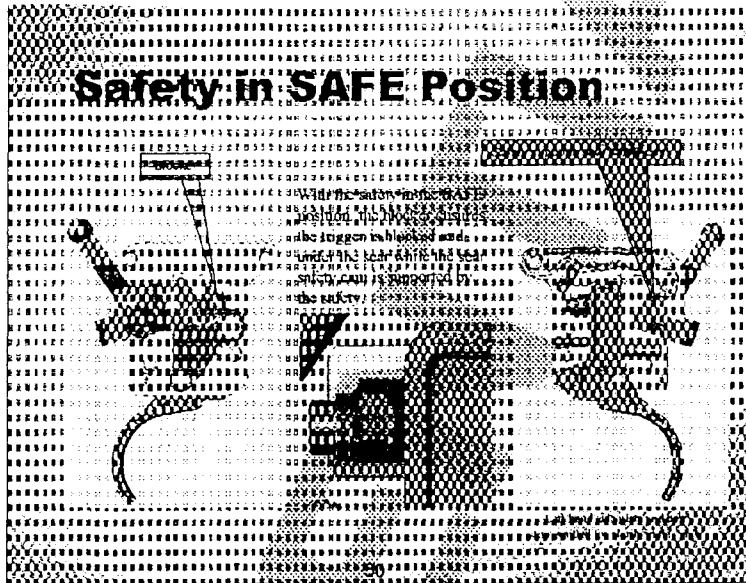
**Model 700/Model Seven
Trigger Assembly Review
(Safety Pivoted Link Design)**

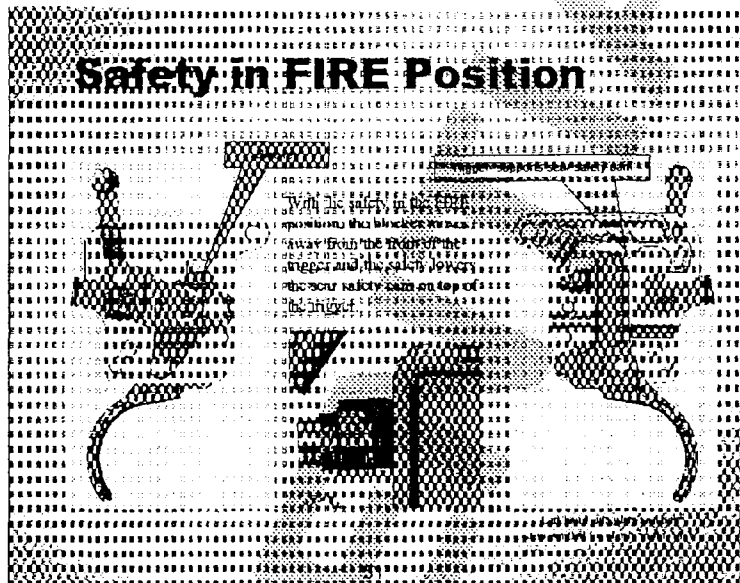


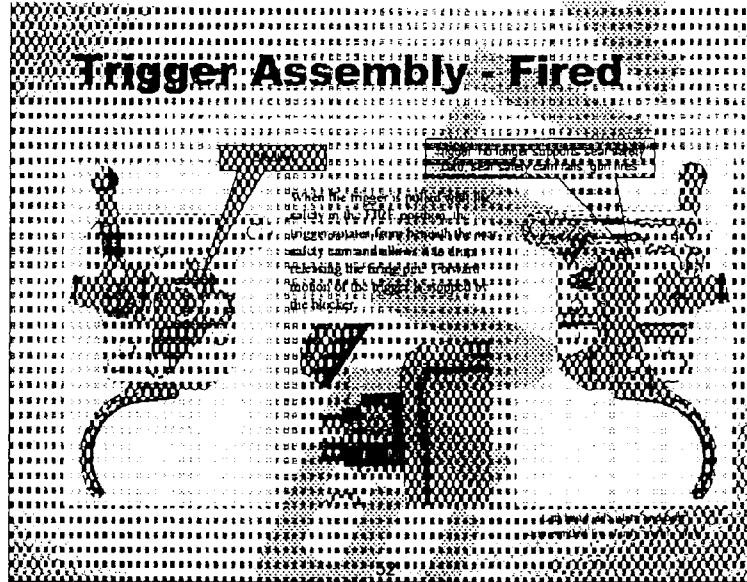
**How The SPL Trigger
Assembly Works**



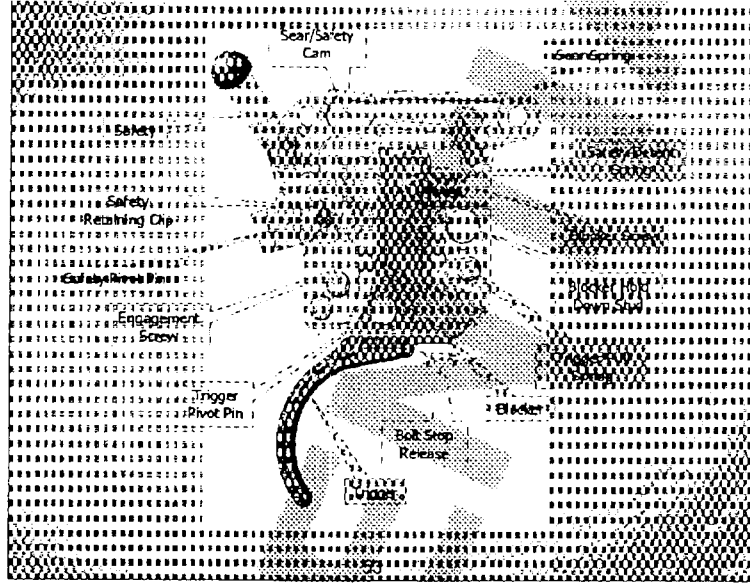
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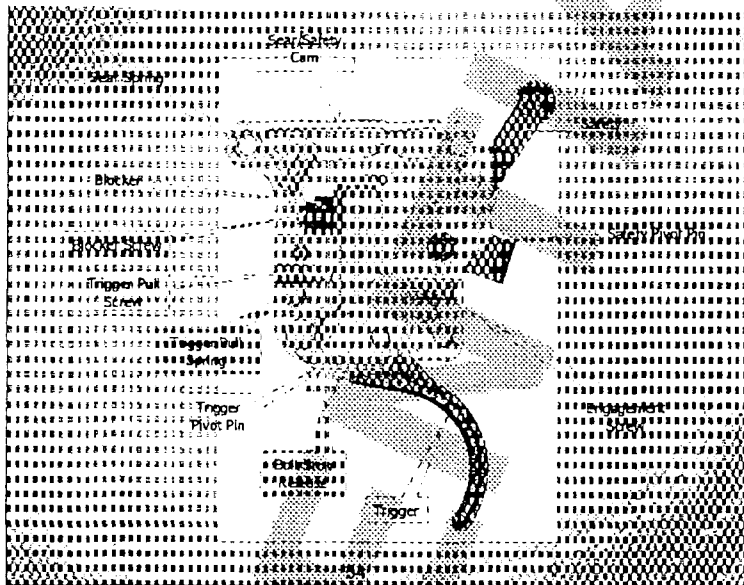




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Model 105 CTI
Product Review

- Bottom Feed and Eject
- Ambidextrous with Top Personal Discharge
- Cast Titanium and Carbon Fiber Receiver
- Over 1 lb. Lighter than M187
- Rotary Bolt Lock Up with Fixed Bolt Face
- Steep and Highly Efficient
- Target Grade Trigger
- Roller Sear Breaks Consistently Clean at 3 1/2 lbs
- Convex R3 Recoil Pad
- Functional Visual Indicator of Bolts Remaining in Gun

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Model 105 CTi
Product Review
Overbored (.735") Barrel
Offers Enhanced Pattern Performance and Reduced Recoil
New ProBore Choke Tubes
Optimized for Use With Overbite Barrel
Rate Reducer
Factor in Recoil Reduction

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Model 105 CTi
Specifications
2 Gauge 2 1/4" and 3" Shells
26" and 28" Barrels
Gun Weight - 7 Pounds
Length of Pull - 14 1/2" Drop at Comb - 1 1/2" Drop at Heel - 2 1/4"
Bore Diameter - .785"
5 Shot Capacity
Magazine Plug
IC, Mod; Full Extended Choke Tubes
FAA Approved Hard Case
CA DOJ 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 Streets
- SHOT Show Shooting Demo
- Writers and Customers



870 Express

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870: Express

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

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Summary

- S-397 clears the air
- Jfrport program has grown from \$0 to \$30M in 2006 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** **New**

- Italian OLTs
- 105 cm
- New 870 Express
- New 1100
- New 700 Fire Control
- New 700 AT
- New 700 Controller

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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-1992 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*.

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Remington Arms Company,
Inc.
Accessories
Law Enforcement and Military Products
Remington Technologies Division
Remington Esag Law Enforcement Systems, LLC
Board of Directors
August, 2005

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Accessory Business Status

Staffing has been reduced as forecasted

2005 SGA costs have been reduced

Budget \$1,356,000

Forecast 712,000

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

Eye and Hearing \$300,000

Sales \$260,000

Soft Goods \$350,000

Game Calls \$200,000

Excess and Obsq reduction \$120,000

Refr. Buying & packaging \$180,000

Categories Licensed

Eye & Hearing

Licenses in place, all inventory sold

Sales

Licenses selected, transition to occur by 4th quarter 2005

Out and Sew

Potential candidates identified for purchase and B&B market

Response to be shut down

Elect. Game calls

Inventory will be sold out by end of year

Categories Keep

Eye and Hearing

Method with Parts and will become part of upstream business

YVES & CURCUSA will remain with accessories & upstream business

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Law Enforcement and Military Products

- 870 MCS
 - Completed delivery of Anforce variant of MCS in 2nd Quarter of 2005 25,000
 - Bidding on 460 to 1,000 more units for US Marine Military operations for
 delivery in 4th 2005
 - US Military procurement has been put on hold by the Pentagon pending S&S
 outcome
 - Repair and parts business should be down for 2005
 - Have developed a model M24 A2 version to improve the repair of 600
 repair business
 - Expect to upgrade a few versions in 2006
 - Major FMS orders on the horizon
 - Various countries 268 units
 - Signed 3000 units between April 2006 and August 2006
 - SASS - US Military Sniper Wrapper Program
 - Entrants still remain
 - Supposed to be awarded in June
 - No update from Military on timeline
 - Business volume is similar to last year
 - Plants has installed lighting capability for 220,000 ammunitions and we are
 looking to market the capability
 - We will raise warehouse plants ability to load 12
 - We will be able to handle 230,000 M107A1C and M107A1

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Law Enforcement and Military Products

... Division & Federal Agency ...

... Firearms ...

17615 ...

Business is strong

Plant started delivering in May

Forecast for 2005 8,000 units

Shipped to date 2004 1,500

1870 Business is steady with local customers

Slow migration away from the business to ...

As usual several big contracts are expected to be let in 2005

Ammunition

Pricing continues to be supporting pre Sporting increases

Margins continue to hold, however for ...

Back ordered on most major items

9mm

223

Ammunition quality problems plague us at ...

Over \$1,500,000 in lost business in 2005

Firearms shipments are at ...

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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 met
 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 schedule
 Financing Arrangement
 Split gross profit 50/50

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REFLEX, LLC

Orders Received

7 different Departments

20 units

76% of top agencies have either tested product or had sales presentation

Final projects, sweeps and demonstrations have resulted in great valuation of system effectiveness

Business is starting to show promise - Request for RFP from 8 of top 10 agencies in America

NYPD and NYSHJ

Capital Police

LAPD, GHP 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 3 months to 20

are expected before end of the month

Negotiated a lower price from Elcan so as to remain at the top of the market by price competitiveness

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Charlotte Nations

From: Nations, Charlotte
Sent: 08/15/2005 02:56:10 PM
To: Jackson, Steve P.
CC:
BCC:
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

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