

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
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REMINGTON OUTDOOR COMPANY, INC., <i>et</i>	:	Case No. 18-10684 ( )
<i>al.</i> <sup>1</sup>	:	
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	:	
Debtors.	:	(Joint Administration Requested)
	X	

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS  
(I) AUTHORIZING DEBTORS TO (A) PAY PREPETITION WAGES,  
SALARIES, OTHER COMPENSATION, AND EMPLOYEE BENEFITS, AND  
(B) CONTINUE EXISTING EMPLOYEE BENEFIT PLANS AND PROGRAMS,  
(II) AUTHORIZING BANKS AND FINANCIAL INSTITUTIONS TO PAY ALL  
CHECKS AND ELECTRONIC PAYMENT REQUESTS RELATING TO  
THE FOREGOING, AND (III) SCHEDULING A FINAL HEARING**

Remington Outdoor Company, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), hereby file this motion (the “Motion”) seeking entry of interim and final orders, pursuant to sections 105, 363, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Remington Outdoor Company, Inc. (4491); FGI Holding Company, LLC (9899); FGI Operating Company, LLC (9774); Remington Arms Company, LLC (0935); Barnes Bullets, LLC (8510); TMRI, Inc. (3522); RA Brands, L.L.C. (1477); FGI Finance, Inc. (0109); Remington Arms Distribution Company, LLC (4655); Huntsville Holdings, LLC (3525); 32E Productions, LLC (2381); Great Outdoors Holdco, LLC (7744); and Outdoor Services, LLC (2405). The principal offices of Debtor Remington Outdoor Company Inc., the top-level holding company, are located at 870 Remington Drive, Madison, NC 27025.

respectively, (i) authorizing the Debtors, in their sole discretion, to (a) pay prepetition wages, salaries, and other compensation, employee business expense allowances and reimbursements, third-party payroll processor expenses, and employee benefits, and (b) continue certain of their existing employee benefit plans and programs, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing, and (iv) granting certain related relief, as described more fully herein. In support of this Motion, the Debtors respectfully state as follows:

### **Jurisdiction**

1. This court (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution. The Debtors confirm their consent pursuant to Rule 9013-1(f) of the Local Rules to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

### **Background**

3. On March 25, 2018 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No party has requested the appointment of a trustee or examiner and no committee has been appointed or designated in these Chapter 11 Cases. The Debtors’ request for joint administration of these Chapter 11 Cases for procedural purposes only is currently pending.

4. The Debtors are one of America's oldest and largest manufacturers of firearms, ammunition and related products for commercial, military, and law enforcement customers throughout the world. The Debtors employ approximately 2,700 full-time employees and operate seven manufacturing facilities located across the United States. The Debtors' principal headquarters are located in Madison, North Carolina.

5. Prior to the Petition Date, the Debtors and a majority in principal amount of each of the Debtors' term loan lenders and third lien noteholders entered into a restructuring support agreement (the "RSA") which set forth the terms of a comprehensive balance sheet restructuring of the Debtors to be implemented through a joint prepackaged chapter 11 plan of reorganization (the "Plan"). The Plan provides for the elimination of approximately \$620 million of the Debtors' prepetition funded debt obligations in exchange for the reorganized Debtors' new equity and certain other consideration. In addition, the Plan provides that substantially all other claims against the Debtors, including all general unsecured claims, will either be paid in full in the ordinary course or otherwise be unimpaired. The Plan thus will enable the Debtors to emerge with a significantly deleveraged capital structure and to obtain the liquidity necessary to operate the Debtors' businesses for the long-term future.

6. The Debtors commenced solicitation of the Plan prior to the Petition Date on March 22, 2018 and have filed the Plan and accompanying disclosure statement concurrently with the commencement of these Chapter 11 Cases. Pursuant to the milestones set forth in the RSA, the Debtors are seeking a joint hearing to consider approval of the disclosure statement and confirmation of the Plan on or around May 3, 2018.

7. Additional information regarding the Debtors' businesses, assets, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the

Declaration of Stephen P. Jackson Jr. in Support of Chapter 11 Petitions and First Day Pleadings of Remington Outdoor Company, Inc. and its Affiliated Debtors and Debtors in Possession (the “First Day Declaration”), which is being filed contemporaneously herewith and is incorporated by reference herein.

### **The Debtors’ Employees**

8. As of the Petition Date, the Debtors employ approximately 2,700 employees, consisting of approximately 591 full-time salaried and 2,109 full-time hourly employees (collectively, the “Employees”). Of the 2,109 full-time hourly Employees, 735 are union Employees<sup>2</sup> and 1,374 are non-union Employees. The Employees are spread across eight locations, with approximately 119 Employees working at the Debtors’ corporate offices in Madison, North Carolina and 134 Employees working in an administrative office in Huntsville, Alabama. The remaining Employees work primarily in manufacturing facilities, with (i) 1,085 Employees in Lonoke, Arkansas, (ii) 843 Employees in Ilion, New York, (iii) 308 additional Employees in Huntsville, Alabama, (iv) 98 Employees in Mona, Utah, (v) 76 Employees in Lexington, Missouri, (vi) 25 Employees in Sturgis, South Dakota, and (vii) 12 Employees in Lenoir City, Tennessee.

9. In the ordinary course of business, the Debtors pay and incur a number of obligations related to the Employees, including, but not limited to: (i) wages and salaries; (ii) vacation and paid absences; (iii) business expense allowances and reimbursements; (iv) bonuses; (v) retention awards; (vi) supplemental retirement; (vii) severance; (viii) payroll taxes and processing fees; and (ix) other benefits, as described below ((i)-(ix) together, the “Employee Obligations”). By this Motion, the Debtors seek authority to honor postpetition and

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<sup>2</sup> In connection with the unionized work force, Debtor Remington Arms Company, LLC is party to a collective bargaining agreement with the International Union, United Mine Workers of America.

pay certain prepetition Employee Obligations in the ordinary course of business to Employees, provided, however, that any such payments to Employees shall not exceed an aggregate cap of \$12,850 per Employee.

**A. Wages and Salaries**

10. In the ordinary course, the Debtors fund their payroll obligations to their salaried Employees on a semi-monthly basis through ADP, LLC (“ADP”). ADP then pays from a separate non-debtor account (the “ADP Account”) Employees their wages, via direct deposit to each of the Employees’ personal bank accounts.<sup>3</sup> ADP remits payment to the salaried Employees on the 15<sup>th</sup> and last day of each month, with the Debtors generally funding their payroll obligations to ADP on the 13<sup>th</sup> and 28<sup>th</sup> of each month. Prior to the Petition Date, the Debtors’ approximate aggregate semi-monthly gross payroll for all salaried Employees was approximately \$1.90 million.<sup>4</sup>

11. The Debtors’ hourly Employees (both union and non-union) are paid on a weekly basis. Similar to the salaried Employees, the Debtors fund the hourly Employees wages to the ADP Account, and then ADP either direct deposits or issues manual checks drawn on an ADP account to the hourly Employees. For each week’s hourly wages, the Debtors fund their payroll obligations to hourly Employees through ADP on Wednesday of the following week, with the exception of Lenoir City Employees, where payroll obligations are funded on Tuesday of the following week. ADP then remits payment to the hourly Employees on Friday, thus paying the hourly Employees one week in arrears. Prior to the Petition Date, the Debtors’ approximate

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<sup>3</sup> A small number of Employees elect to receive manual checks drawn on an ADP account in lieu of direct deposit.

<sup>4</sup> This figure includes amounts the Debtors fund in connection with Payroll Withholding Amounts (as defined below), but does not include amounts with respect to SERP (as defined below) or severance obligations.

aggregate weekly payroll for hourly Employees was approximately \$1.72 million.<sup>5</sup> Included in this amount are funding obligations with respect to Helpside, an agency that is party to a co-employment arrangement with the Debtors in respect of the facility in Mona, Utah.<sup>6</sup>

12. The Debtors are seeking authority to pay all prepetition wages and salaries (the “Prepetition Wages”) outstanding as of the Petition Date up to an aggregate cap of \$12,850 per Employee for all of such Employee’s Prepetition Wages. In light of the timing of the Debtors’ bankruptcy filing and the occurrence of both salaried and hourly payroll dates occurring during the week beginning March 26, 2018, prior to the Petition Date, the Debtors funded to ADP all prepetition salaried and hourly wages earned through the Petition Date. Accordingly, the Debtors do not anticipate that any estate funds will be required to fund the Prepetition Wages, but nevertheless are requesting authority to pay the Prepetition Wages out of an abundance of caution.<sup>7</sup>

13. On a monthly basis, and subject to seasonal payroll adjustments, the Debtors pay ADP, on average, between \$40,000 and \$50,000 in fees to process their payroll (the “ADP Fees”). As of the Petition Date, the Debtors believe they owe approximately \$32,500 to ADP on account of ADP Fees. To the extent that any other ADP Fees are outstanding as of the Petition Date, the Debtors request authority, in their discretion, to remit such amounts, not to exceed \$100,000.

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<sup>5</sup> This figure includes amounts the Debtors fund in connection with Payroll Withholding Amounts (as defined below), but does not include amounts with respect to SERP (as defined below) or severance obligations.

<sup>6</sup> All of the Debtors’ 98 Employees located in Mona, Utah are under a co-employer arrangement with Helpside (formerly known as A Plus Benefits). The Debtors have a contract (the co-employment agreement) with Helpside whereby the Debtors pay Helpside in connection with their supplying Employees. Typically, the Debtors fund their obligations to Helpside on a semi-monthly basis and the amount paid varies, ranging from \$165,000 to \$249,000. As of the Petition Date, approximately \$485,000 has accrued and is owed to Helpside in connection with co-employment arrangement.

<sup>7</sup> In addition, prior to the Petition Date, the Debtors paid certain wages to ensure that no individual Employee would be owed Prepetition Wages in excess of the \$12,850 cap.

**B. Vacation Pay and Certain Other Paid Time Off**

14. Vacation Policy. The Debtors provide paid vacation days to all full-time salaried and hourly Employees. Vacation accrual and vesting differs between non-union and union members. Union hourly Employees fully earn their allotment of vacation days for each calendar year immediately at the beginning of such year. If a union Employee's service with the company terminates, the Company will pay the Employee the full amount of his or her unused vacation time as of termination. The union Employees receive anywhere from two to four weeks of vacation depending on their length of service, with certain "grandfathered" Employees eligible for five weeks of vacation from a legacy policy.

15. Non-union hourly Employees and salaried Employees also earn annual vacation days at the beginning of each calendar year, but unlike the union Employees, these vacation days are subject to proration if an Employee's service terminates during the calendar year. For example, if a non-union Employee's service terminates in the middle of the year, the Company would only pay out half of such Employee's aggregate vacation days for the calendar year, less any vacation days already taken by the Employee. Non-union hourly Employees generally receive anywhere from one to four weeks of vacation depending on length of service, again with certain Employees receiving five weeks of vacation from a legacy policy. Salaried Employees receive vacation days in proportion to the amount of time an Employee has worked for the Debtors: (i) Employees with less than one year of service are awarded 1 week of vacation per year; (ii) Employees with 1-5 years of service are awarded 2 weeks per year; (iii) Employees with 5-15 years of service are awarded 3 weeks per year; and (iv) Employees with more than 15

years of service are awarded 4 weeks per year.<sup>8</sup> For all Employees (both union and non-union) any unused vacation time is forfeited at the end of each calendar year.<sup>9</sup>

16. As of the Petition Date, the Debtors' aggregate prepetition obligations to eligible Employees for accrued vacation (the "Prepetition Vacation Obligations") totaled approximately \$3.68 million. By this Motion, the Debtors seek entry of an order authorizing the Debtors, in their sole discretion, to honor the Prepetition Vacation Obligations to the Employees in the ordinary course of business as the Debtors move forward in these Chapter 11 Cases; provided, however, that notwithstanding the foregoing, nothing in this Motion seeks to authorize the Debtors to cash out unpaid vacation or leave time upon termination of an Employee, unless applicable state law requires such payment.

17. Other Paid Time Off. In lieu of providing Employees with accrued "sick days", the Debtors utilize a "disability time" policy whereby Employees with medical issues may take time off as needed. Employees are paid their full wages in the event they take any "disability time", provided that the medical issues are properly substantiated (e.g., with a doctor's note).

18. In addition to traditional holiday time off, the Debtors provide each Employee with one paid floating holiday per year which can be used at any time (such as an Employee's birthday). If an Employee does not use the floating holiday by the end of the calendar year, it is deemed forfeited and the Employee will not receive any cash out of such holiday.

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<sup>8</sup> The ranges for vacation allotment vary slightly depending on the Employee's location. In addition, certain salaried Employees may receive more vacation than the typical policy, but that is determined on an individual basis.

<sup>9</sup> If a non-union Employee takes more vacation than they have accrued prior to the culmination of their employment, the Debtors recoup the unearned vacation time from the Employee's last paycheck.

### C. Business Expense Allowances and Reimbursements

19. In the ordinary course, the Debtors<sup>10</sup> allow certain of their Employees to incur reasonable out-of-pocket business expenses, such as necessary and authorized travel expenses and business entertainment expenses.<sup>11</sup> It is the Debtors' general policy that business expenses are paid directly by Employees and reimbursed upon review and approval by the Debtors.<sup>12</sup> Based on the 2017 calendar year, the average monthly amount of reimbursable expenses is approximately \$110,000. As of the Petition Date, the total in outstanding prepetition claims for expense reimbursement is approximately \$69,000.

### D. Employee Bonus Programs

20. The Debtors have historically offered an annual management incentive compensation plan (the "MICP") to certain of their full-time Employees to ensure appropriate rewards are provided for achieving goals that support the Debtors' overall business strategy. The MICP is a discretionary bonus program tied to certain key performance indicators that are reviewed and revised annually by the Debtors' "Human Capital Committee," which consists of the Chief Executive Officer, Chief Financial Officer, and Chief Human Resources Officer. The MICP is subject to change from year to year, requires approval from the Board of Directors, is reviewed by the Compensation Committee, and is tied to certain of the Debtors' performance metrics, such as EBIDTA and cash generation. Typically, there are approximately 70 Employees who are eligible to earn rewards under the MICP. Depending on the Employee's level within the

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<sup>10</sup> The only Debtor that pays expense reimbursements is Remington Arms Company, LLC.

<sup>11</sup> The Debtors issue credit cards through American Express ("AmEx") to Employees for business use (if an Employee elects to receive one). The liability is paid by the Employee and the Employee seeks reimbursement from the Debtors. The Debtors do not guarantee the cards. The Debtors pay de minimis administrative fees on the cards and have the ability to view the outstanding balance.

<sup>12</sup> With respect to airfare, the Debtors pay for business-related airfare for Employees through an AmEx "ghost" card program, whereby the Employees are not required to incur any reimbursable costs – instead the Debtors are charged the airfare costs directly.

organization, the Employee can earn anywhere from 20% - 100% of their base salary under the MICP. As of the Petition Date, the Debtors expect that the targets under the 2017 MICP will not be satisfied and, accordingly, the Debtors do not believe there are any bonuses due or outstanding under the 2017 MICP. No MICP has been approved for the 2018 calendar year. Accordingly, the Debtors are not seeking authority under this Motion to pay out any outstanding balance under the 2017 MICP or to implement a 2018 MICP, but reserve the right to seek such authority at a later date.

21. In addition, Employees who have a direct impact on sales (i.e., sales representatives, business development managers, etc.) are eligible to participate in a sales incentive compensation program (the “SICP”), whereby participants receive up to a 20% bonus based on contributions to sales. There are approximately seven Employees eligible to participate in the SICP. As of the Petition Date, certain Employees eligible to participate in the SICP achieved target metrics, but the Debtors are not aware of any amounts currently owed in respect of the SICP. No SICP has been approved for the 2018 calendar year.

#### **E. Retention Program**

22. Prior to the Petition Date, the Debtors implemented a retention program designed to encourage key Employees to remain working for the Debtors (the “Retention Program”). There are approximately 39 Employees who are eligible to receive rewards under the Retention Program. The Debtors believe that each of the participants in the Retention Program is not an “insider” of the Debtors. The Retention Program contemplates three total payments, each consisting of 10% of the Employee’s salary. The first round of payments was made in December of 2017, with the remaining two rounds scheduled for June and December of

2018.<sup>13</sup> As of the Petition Date, the aggregate amount that remains due under the Retention Programs is approximately \$994,000. As the Debtors normally would not make the next round of retention payments until June 2018, the Debtors are not seeking authority under this Motion to make any payments under the Retention Program. However, the Debtors intend to honor and pay any obligations in respect of the Retention Program pursuant to the terms of the Plan.

#### **F. Supplemental Employee Retirement Plan**

23. Prior to the Petition Date, the Debtors maintained a supplemental Employee retirement program ("SERP"), whereby approximately nine Employees receive monthly cash payments in recognition of their prior contributions to the Debtors' businesses. The Debtors spend approximately \$36,000 per month in connection with funding their obligations under the SERP. The Debtors obligations under the SERP are payable to the Employee participant from the date of retirement until death. The Debtors are not seeking authority under this Motion to pay any outstanding obligations under the SERP. However, the Debtors intend to honor and pay any obligations in respect of the SERP pursuant to the terms of the Plan.

#### **G. Severance Programs**

24. In the ordinary course of their business, the Debtors maintain a company-wide severance policy that covers both union and non-union Employees. The policy provides that, upon termination, the Employee receives severance pay in an amount based upon, among other things, the Employee's length of service to the Debtors and whether the Employee is a union member. Under the policy, union Employees can receive up to 20 weeks of severance and non-union Employees can receive up to 6 weeks of severance. Additionally, certain key Employees, who have separate employment agreements with the Debtors, have contractually mandated

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<sup>13</sup> Certain of the retention agreements entered into in connection with the Retention Program provide that the payments would be accelerated upon certain changes in control of the Debtors.

severance and/or salary continuation upon termination that can range anywhere from six months to one year.<sup>14</sup> In addition, under the Severance Programs, there are currently approximately ten Employees who are receiving salary continuation or severance in connection with the prepetition terminations of their employment. The Debtors' currently outstanding obligations in connection with the Severance Programs total approximately \$515,000.

25. The Debtors are not seeking authority under this Motion to pay any obligations under the Severance Programs relating to prepetition terminations of any former Employee. However, the Debtors are requesting authority to honor any obligations that arise out of the Severance Programs in connection with any postpetition termination of an Employee's service, subject to and in accordance with section 503(c) of the Bankruptcy Code.<sup>15</sup> Furthermore, the Debtors intend to honor all prepetition obligations in respect of the Severance Programs pursuant to the terms of the Plan.

#### **H. Qualified Pension Plans**

26. The Debtors have two pensions plans that are qualified plans (the "Qualified Pension Plans") under the Employee Retirement Income Security Act of 1974. The Qualified Pension Plans were set up for the purpose of administering pensions for certain of the Debtors' Employees. Because they are qualified plans, the assets in the Qualified Pension Plans are owned by independent trusts set up for the purpose of effectuating those plans. Accordingly, the Debtors do not own or have an interest in any of the assets of the Qualified Pension Plans. Both of the Qualified Pension Plans were frozen prior to the Petition Date; however, the Debtors have

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<sup>14</sup> The general severance policy and the individual severance and/or salary continuation obligations are collectively referred to herein as the "Severance Programs".

<sup>15</sup> At the request of the United States Trustee's Office, the Debtors have agreed that under the proposed interim order the Debtors will not make any payments under the Severance Programs to any Employee that holds an officer or vice president title without further order of the Court.

ongoing contribution obligations in connection with the Qualified Pension Plans. The Debtors, in respect of the Qualified Pension Plans, are not seeking authority to make any contribution payments at this time, nor are they seeking any other relief related to the Qualified Pension Plans under this Motion. Nonetheless, the Debtors intend, pursuant to the terms of the Plan, to assume or otherwise honor any obligations in respect of the Qualified Pension Plans in the ordinary course on or after the effective date of the Plan.

### **I. Payroll Taxes, Payroll Funding and Processing Fees**

27. As required by law, the Debtors regularly deduct amounts from the Employees' paychecks for local, state and federal taxes, employee benefits, and employee programs that the Debtors have historically sponsored (the "Payroll Withholding Amounts"). The Debtors use ADP to process any Payroll Withholding Amounts in connection with the salaried and hourly payroll process. In the ordinary course of business, the Debtors normally withhold from salaried Employees approximately \$200,000 per semi-monthly payment period and \$275,000 per week from hourly Employees. As of the Petition Date, the Debtors believe that there are approximately \$225,000 in accrued but unpaid prepetition Payroll Withholding Amounts.

### **Employee Benefit Programs**

28. The Debtors provide eligible, full-time salaried and hourly Employees (and their spouses and children to a certain extent), in the ordinary course of business, with a number of customary employee benefits, including, but not limited to, (i) medical insurance, (ii) dental insurance, (iii) vision insurance, (iv) flexible spending accounts, (v) life insurance, (vi) business travel accident insurance, (vii) a 401(k) retirement savings plan, and (viii) workers' compensation, as described in greater detail below.

- i. Medical Plan: The Debtors offer preferred provider organization (PPO) plans and consumer driven health (CDHP) plans through Anthem Blue Cross/Blue Shield.

The Debtors pay approximately \$12,500 per month in fees for the related services. As of the Petition Date, the Debtors provide insurance coverage to substantially all of their Employees, contribute roughly 75% to the cost of the plan they choose, and deduct Employee contributions for insurance each payroll cycle. Historically, this coverage costs the Debtors approximately \$1.83 million per month for claims submitted under the medical plan after application of Employee contributions.<sup>16</sup>

- ii. Dental Plan: Anthem Blue Cross/Blue Shield provides two options for dental insurance plans and approximately 2,341 of the Debtors' Employees elect one of the two options. The Debtors pay approximately \$7,600 per month in fees for the related services. Historically, this coverage costs the Debtors approximately \$66,000 per month for claims submitted under the dental plan after application of Employee contributions.<sup>17</sup>
- iii. Vision: EyeMed Visions Care provides vision insurance coverage to approximately 1,924 of the Debtors' Employees. There is no cost to the Debtors with respect to premiums.
- iv. Flexible Spending Accounts: The Debtors' flexible spending accounts (each, an "FSA") (which consist of the Health Care Spending Account and the Dependent Care Spending Account) offer a tax benefit by allowing Employees to pay for eligible health and dependent care expenses with pretax dollars. For Employees who elect to enroll in one or more FSAs, an amount each Employee elects is deducted from such Employee's paycheck on a pretax basis and allocated toward such account. Employees may be reimbursed for eligible expenses or use a debit card issued to participating Employees for qualified expenses. As of the Petition Date, approximately 355 Employees participate in the FSA program. Historically, the FSAs cost the Debtors a nominal administrative fee of approximately \$2,100 per month.<sup>18</sup>
- v. Life Insurance & AD&D: The Debtors provide basic life and accidental death and dismemberment ("AD&D") insurance coverage to eligible Employees through Securian Life, in an amount one times an Employee's annual earnings, up to a maximum of \$1.5 million. As of the Petition Date, approximately 2,623 Employees receive such coverage, which historically costs the Debtors approximately \$22,773 per month.<sup>19</sup> The Debtors also offer business travel AD&D insurance coverage, through Chubb, that covers Employees while they are

<sup>16</sup> The Debtors are self-insured and develop their own medical plans, which they then pay a third-party (Anthem BCBS) to administer. The Debtors' obligations under their plan are offset by premiums collected from Employees each payroll cycle.

<sup>17</sup> The Debtors' dental plan is structured in a similar manner to their medical plan.

<sup>18</sup> In addition, the Debtors will have a \$50,000 payment to Anthem BCBS come due in the next 30 days for Employee usage, however that amount is ultimately returned to the Debtors through Employee deductions.

<sup>19</sup> Much like the FSA structure, the Debtors will have a \$58,000 payment come due in the next 30 days for Employee usage, however that amount is ultimately returned to the Debtors through Employee deductions.

traveling on company business, in an amount three times an Employee's annual earnings, up to a maximum of \$500,000.

- vi. 401(k) Plan: The Debtors maintain a 401(k) plan for the benefit of the Employees, administered by Mass Mutual. The Debtors provide matching contributions of 50% up to 6% of an Employee's salary. The Debtors typically incur approximately \$226,500 per month in administrative costs associated with the 401(k) plan.<sup>20</sup> Approximately \$1.1 million is spent per month on matching Employee contributions.
- vii. Worker's Compensation: The Debtors provide worker's compensation insurance to Employees through XL Catlin. Historically, the Debtors contribute approximately \$242,000 per month to workers' compensation programs. As of the Petition Date, there were approximately 105 individuals receiving workers' compensation benefits.
- viii. COBRA: The Debtors provide Employees whose service terminates with the option to receive certain benefits in accordance with the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). The individual Employees' costs are paid entirely by that Employee, and the Debtors' only expense associated with this program is an administrative fee that is paid to Anthem BCBS, which historically averages approximately \$1,338 per month.

29. In addition to the employee benefits identified above, the Debtors offer their Employees a number of voluntary benefits, including, but not limited to, supplemental life insurance coverage for Employees and family members through ING, group voluntary cancer insurance through Allstate/American Heritage, an employee assistance program through Anthem BCBS, pre-paid legal services through LegalShield, home and automobile insurance through Met Life, pet insurance administered through Nationwide, cell phone plans through Verizon, and gym memberships, together with benefits (i)-(viii) listed above, (the "Employee Benefit Programs"). Although the Debtors administer the premiums associated with the voluntary programs identified above, the Debtors do not provide payments for these additional voluntary benefits.

<sup>20</sup> Of the \$226,500 per month, approximately \$193,000 is attributable to non-union Employees, while approximately \$33,500 is attributable to union Employees.

**Relief Requested**

30. The Debtors seek entry of interim and final orders, pursuant to sections 105, 363, and 507 of title 11 of the Bankruptcy Code, Rules 6003 and 6004 of the Bankruptcy Rules, and Rule 2015-2 of the Local Rules, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, (i) authorizing the Debtors, in their sole discretion, to (a) pay amounts relating to the prepetition Employee Obligations and (b) continue existing Employee Benefit Programs, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing on this Motion, and (iv) granting certain related relief.<sup>21</sup>

31. The Debtors represent that they will not pay any amounts over \$12,850 to any individual Employee on account of such Employee's prepetition Employee Obligations, and that they will not pay any amounts over a total aggregate amount of \$4.4 million on account of prepetition Employee Obligations on an interim basis.

**Basis for Relief**

**I. Ample Cause and Authority Exists for the Debtors to Pay Employee Obligations and Honor Employee Benefit Programs in the Debtors' Discretion**

32. In order to maintain their workforce throughout these Chapter 11 Cases and until the Debtors successfully reorganize their business, the Debtors believe it is imperative that they continue to pay, in their sole discretion, the outstanding prepetition Employee Obligations, subject to an aggregate cap of \$12,850 per Employee for all of such Employee's prepetition Employee Obligations, and to continue, in their sole discretion, the Employee Benefit Programs. Doing so will ensure that those Employees that remain with the Debtors will have assurance that

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<sup>21</sup> Pursuant to the terms of the Plan, the Debtors intend to honor any and all unsatisfied Employee Obligations (including, but not limited to, the Retention Program, the SERP and the Severance Programs) in the ordinary course of their business on or after the effective date of the Plan.

their wages, salaries, and benefits will continue uninterrupted and thus stabilize the Debtors' workforce. Any delay in such payment may cause disruption to employee morale and significant interruptions in the Debtors' ongoing reorganization.

33. The relief requested in this Motion may be authorized pursuant to sections 105(a) and 363(b) of the Bankruptcy Code and the "doctrine of necessity." Section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Courts, in turn, frequently apply section 105(a) to authorize relief in chapter 11 cases, similar to that sought herein, where the debtor has a workforce that is important to the preservation of its business. See, e.g., In re Chateaugay Corp., 80 B.R. 279, 287 (S.D.N.Y. 1987) (denying leave to appeal bankruptcy court order authorizing debtor to pay pre-bankruptcy wages, salaries, employee benefits, reimbursements, and workers' compensation claims and premiums); In re Ionosphere Clubs, Inc., 98 B.R. 174, 177 (Bankr. S.D.N.Y. 1989) (same); In re Gulf Air, Inc., 112 B.R. 152, 154 (Bankr. W.D. La. 1989) (authorizing debtor to pay current employees' pre-bankruptcy wages, salaries, medical benefits, and business expense claims).

34. In so holding, courts typically rely on the "necessity of payment" doctrine, first enunciated by the United States Supreme Court in Miltenberger v. Logansport Railway Co., 106 U.S. 286 (1882), by which courts may authorize a debtor to make postpetition payments with respect to prepetition claims where such payments are necessary for the preservation of the estate. See also In re Lehigh & New England Ry., 657 F.2d 570, 581 (3d Cir. 1981) (declining to apply necessity of payment doctrine in context of a railway no longer in operation, but noting that, under necessity of payment doctrine, "if payment of a claim which arose prior to reorganization is essential to the continued operation of the [business] during reorganization,

payment may be authorized even if it is made out of corpus.”); In re Just for Feet, Inc., 242 B.R. 821, 824-26 (D. Del. 1999) (noting that debtors may pay prepetition claims that are essential to the continued operation of debtors’ business).

35. Here, payment of the prepetition Employee Obligations and continuation of Employee Benefit Programs is warranted pursuant to section 105(a) and the “doctrine of necessity.” In the absence of such relief, the Debtors believe that the Employees may seek alternative employment opportunities. Indeed, it is difficult to envision an employee who would continue to work for an employer who has filed, or announced its intention to file, a petition for bankruptcy, particularly an employer that is in the midst of a reorganization, absent any assurances by the employer that the employee will be paid in full on a timely basis. Consequently, the Debtors’ inability to pay Employee Obligations and to continue to honor Employee Benefit Programs would significantly increase the risk that the Debtors would prematurely lose their workforce and almost certainly impair the Debtors’ ability to implement a safe and orderly reorganization. Where failure to make payments of certain essential prepetition claims threatens to disrupt a debtor’s efforts to avail itself of the chapter 11 process, bankruptcy courts routinely invoke their equitable powers to authorize debtors to pay such claims under the doctrine of necessity. See In re Eagle-Picher Indus., 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (authorizing payment of prepetition claims as “necessary to avert a serious threat to the [c]hapter 11 process”).

36. The Court may also authorize the Debtors to pay the Employee Obligations and continue the Employee Benefit Programs arising during or relating to the period after the Petition Date pursuant to section 363(b) of the Bankruptcy Code, which provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business,

property of the estate.” 11 U.S.C. § 363(b)(1). To approve the use of a debtor’s assets outside the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, the Court must find that a “good business reason” exists for the use of such assets. See, e.g., Official Comm. of Unsecured Creditors v. Enron Corp. (In re Enron Corp.), 335 B.R. 22, 27-28 (S.D.N.Y. 2005) (quoting In re Lionel Corp., 722 F.2d 1063, 1071 (2d Cir. 1983)). In this case, the payment of certain prepetition employee wages and benefits, and the continuation of existing benefits, in order to preserve and protect the Debtors’ businesses, retain currently working employees, maintain positive employee morale, and ultimately administer these Chapter 11 Cases efficiently and effectively as the Debtors seek confirmation of the Plan, is a “good business reason” to authorize such prepetition payment. The relief requested herein also ensures that the Debtors’ management can continue to operate their business without interruption and continue to focus their efforts on obtaining confirmation of and implementing the Plan as quickly and efficiently as possible. Indeed, the Debtors believe such authorization is necessary to keep their existing workforce intact, maximizing the value of their bankruptcy estates for the benefit of all parties in interest in these Chapter 11 Cases.

37. Finally, because the Prepetition Wages and other employee claims for which the Debtors seek authority to satisfy would be entitled to priority treatment under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, and do not exceed the \$12,850 cap set forth in section 507(a)(4) per Employee, such claims ultimately would be paid before the claims of general unsecured creditors in any event. Furthermore, the Plan contemplates that all general unsecured creditors will be paid in full or otherwise left unimpaired. Accordingly, the Debtors’ general unsecured creditors are not prejudiced by the requested relief.

**II. The Court Should Authorize the Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers Relating to Employee Wages, Reimbursable Expenses, and Employee Benefit Programs**

38. By this Motion, the Debtors request that all applicable banks and other financial institutions be authorized to receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related to the Employee Obligations or Employee Benefit Programs, whether such checks were presented or fund transfer requests were submitted prior to or after the Petition Date. Courts in this district have recognized the importance of satisfying employee obligations in cases requesting relief similar to that requested here. See, e.g., In re M&G USA Corp., No. 17-12307 (BLS) (Bankr. D. Del. Nov. 1, 2017) (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a postpetition basis); In re GST Autoleather Inc., No. 17-12100 (LSS) (Bankr. D. Del. Oct. 4, 2017) (same); In re True Religion Apparel, Inc., No. 17-11460 (CSS) (Bank. D. Del. July 6, 2017) (same); In re TK Holdings Inc., No. 17-11375 (BLS) (Bankr. D. Del. June 27, 2017) (same); In re Aquion Energy Inc., No. 17-10500 (KJC) (Bankr. D. Del Mar. 10, 2017) (same); In re Basic Energy Servs., Inc., No. 16-12320 (KJC) (Bankr. D. Del. Oct. 26, 2016) (same); In re Key Energy Servs., Inc., No. 16-12306 (BLS) (Bankr. D. Del. Oct. 25, 2016) (same).

**Bankruptcy Rule 6003 Is Satisfied**

39. Bankruptcy Rule 6003 empowers a court to grant relief within the first twenty-one (21) days after the Petition Date “to the extent that relief is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003. For reasons discussed herein, (i) authorizing the Debtors to (a) pay prepetition wages, salaries, and other compensation, employee business expense allowances and reimbursements, third-party payroll processor expenses, and employee benefits, and (b) continue certain of their existing employee benefit plans and programs, (ii)

authorizing banks and other financial institutions to receive, process, honor, and pay all checks and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing, and (iv) granting certain related relief requested herein, is integral to the Debtors' ability to transition their operations into these Chapter 11 Cases. For the reasons discussed herein, the relief requested is necessary in order for the Debtors to operate their businesses in the ordinary course, preserve the ongoing value of the Debtors' operations, and maximize the value of their estates for the benefit of all stakeholders. Accordingly, the Debtors submit that they have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

#### **Reservation of Rights**

40. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors, a waiver of the Debtors' right to dispute any claim, or an approval or assumption of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtors expressly reserve the right to contest any claim related to the relief sought herein. Likewise, if the Court grants the relief sought herein, any payment made pursuant to an order of the Court is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' right to subsequently dispute such claim.

#### **Bankruptcy Rules 6004(a) and 6004(h) are Satisfied**

41. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Notice**

42. The Debtors will provide notice of this Motion to the following: (a) the Office of the United States Trustee for the District of Delaware; (b) the entities listed on the Consolidated List of Creditors Holding 30 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (c) counsel to Bank of America, N.A., as administrative agent and co-collateral agent under the ABL Credit Agreement; (d) counsel to Ankura Trust Company, as the successor administrative agent under the Term Loan Agreement; (e) counsel to the Ad Hoc Group of Term Loan Lenders; (f) counsel to Wilmington Trust, National Association, as trustee under the Third Lien Notes Indenture; (g) counsel to the Ad Hoc Group of Third Lien Noteholders; (h) any banking or financial institution that holds the Debtors' accounts; (i) all parties entitled to notice pursuant to Local Rule 9013-1(m); and (j) the Pension Benefit Guaranty Corporation. As this Motion is seeking "first day" relief, notice of this Motion and any order entered hereon will be served on all parties required by Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested and the urgency of the circumstances surrounding this Motion, no other or further notice need be given.

**No Prior Request**

43. The Debtors have not previously sought the relief requested herein from this or any other Court.

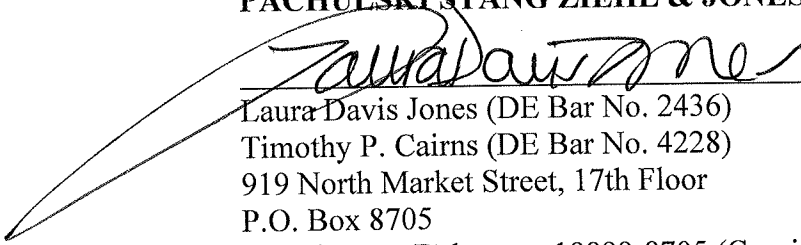
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WHEREFORE, the Debtors respectfully request entry of interim and final orders substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively, (i) authorizing the Debtors, in their sole discretion, to (a) pay prepetition Employee Obligations and (b) continue existing Employee Benefit Programs, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing, and (iv) granting such further relief as may be appropriate and proper.

Dated: March 25, 2018  
Wilmington, Delaware

Respectfully submitted,

**PACHULSKI STANG ZIEHL & JONES LLP**



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-and-

**MILBANK, TWEED, HADLEY & M<sup>c</sup>CLOY LLP**  
Gregory A. Bray (*pro hac vice* admission pending)  
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tkreller@milbank.com  
hmaghakian@milbank.com

*Proposed Counsel to Debtors and Debtors in Possession*

**Exhibit A**

**Proposed Form of Interim Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re:	:	Chapter 11
	:	
REMINGTON OUTDOOR COMPANY, INC., <i>et</i>	:	Case No. 18-10684 ( )
<i>al.</i> , <sup>1</sup>	:	
	:	
	:	(Joint Administration Requested)
Debtors.	:	
	X	

**INTERIM ORDER (I) AUTHORIZING DEBTORS TO (A) PAY PREPETITION  
WAGES, SALARIES, AND OTHER COMPENSATION, AND EMPLOYEE  
BENEFITS AND (B) CONTINUE EXISTING EMPLOYEE BENEFIT PLANS AND  
PROGRAMS, (II) AUTHORIZING FINANCIAL INSTITUTIONS TO PAY ALL  
CHECKS AND ELECTRONIC PAYMENT REQUESTS MADE BY DEBTORS  
RELATING TO THE FOREGOING, AND (III) SCHEDULING A FINAL HEARING**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of Remington Outdoor Company, Inc. and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned Chapter 11 Cases, seeking entry of an interim order (this “Interim Order”), pursuant to sections 105, 363, and 507 of title 11 of the Bankruptcy Code, Rules 6003 and 6004 of the Bankruptcy Rules, and Rule 2015-2 of the Local Rules, (i) authorizing the Debtors, in their sole discretion, to (a) pay prepetition amounts relating to the Employee Obligations and (b) continue their existing Employee Benefit Programs, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the foregoing, (iii) scheduling a final hearing, and (iv) granting

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Remington Outdoor Company, Inc. (4491); FGI Holding Company, LLC (9899); FGI Operating Company, LLC (9774); Remington Arms Company, LLC (0935); Barnes Bullets, LLC (8510); TMRI, Inc. (3522); RA Brands, L.L.C. (1477); FGI Finance, Inc. (0109); Remington Arms Distribution Company, LLC (4655); Huntsville Holdings, LLC (3525); 32E Productions, LLC (2381); Great Outdoors Holdco, LLC (7744); and Outdoor Services, LLC (2405). The principal offices of Debtor Remington Outdoor Company Inc., the top-level holding company, are located at 870 Remington Drive, Madison, NC 27025.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

certain related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis to the extent set forth herein.
2. The Debtors are authorized, in their sole discretion, to honor and pay their prepetition Employee Obligations, subject to the limits set forth in the table below, pending entry of a final order approving the relief requested in the Motion:

<b>Employee Obligation</b>	<b>Interim Cap Amount</b>
ADP Fees	\$100,000
Business Expense Reimbursements	\$125,000
Payroll Withholding	\$225,000
Medical Plan	\$2,100,000
Dental Plan	\$80,000
FSAs	\$53,500
Life Insurance and AD&D	\$81,000
401(k) Plan	\$1,400,000
Worker's Compensation	\$250,000
COBRA	\$2,000
<b>Total</b>	<b>\$4.4 million</b>

3. Subject to paragraph 4 below, the Debtors are authorized, in their sole discretion, to honor and pay the Prepetition Wages in the ordinary course to Employees.

4. Notwithstanding any other provision of this Interim Order, no payments to any individual Employee on account of prepetition Employee Obligations shall exceed the amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.

5. Subject to the interim cap set forth above, the Debtors are authorized, in their sole discretion, to continue to honor Employee Benefit Programs for their Employees in the ordinary course of business.

6. Nothing herein shall be deemed to authorize (i) the payment of any amounts in satisfaction of bonus or severance obligations which are subject to section 503(c) of the

Bankruptcy Code, including any severance payment to any Employee with an officer or vice president title, without further order of the Court; or (ii) the Debtors to cash out unpaid vacation, paid time off or leave time upon termination of an Employee, unless applicable state law requires such payment.

7. Subject to the interim cap set forth above, the Debtors are authorized, in their sole discretion, to continue to (i) pay any Payroll Withholding Amounts to the respective taxing authority or plan administrator in accordance with the Debtors' stated policies and prepetition practices, and (ii) pay any outstanding amounts to ADP for any unpaid prepetition services.

8. In accordance with this Interim Order and any other order of this Court, the Debtors are authorized to pay all processing fees associated with, and all costs incident to, payment of the Employee Benefit Programs and reimbursable expenses.

9. The Debtors are authorized, in their sole discretion, to permit ADP to continue to process the Debtors' payroll obligations and to remit any fees or obligations owed to ADP in an amount not to exceed \$100,000.

10. Notwithstanding anything in the Motion or this Interim Order to the contrary, any payment made by the Debtors pursuant to the authority granted herein, as well as the exercise of any and all other rights and authorizations granted or approved hereunder, shall be subject in all respects to the orders approving the post-petition debtor in possession facilities (the "DIP Orders"), the DIP Facility Documents (as defined in the DIP Orders), and the Approved Budget (as defined in the DIP Orders), as applicable.

11. The banks and financial institutions on which checks were drawn or electronic payment requests, drafts, or other forms of payment were made, drawn, or issued in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all

such checks and electronic payment requests when processed for payment (or to reissue checks, electronic payment requests, drafts, or other forms of payment made, drawn, or issued on the Debtors' accounts, as applicable and necessary); provided, in each case, that sufficient funds are on deposit in the applicable account to cover such payment. All banks and financial institutions are authorized to rely on the Debtors' designation of any particular check, electronic payment request, draft, or other form of payment as approved by this Interim Order.

12. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Interim Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors' rights to subsequently dispute such claim or lien, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

13. The final hearing (the "Final Hearing") on the Motion shall be held on \_\_\_\_\_, 2018, at \_\_:\_\_.m. Eastern Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before \_\_:\_\_.m. Eastern Time on \_\_\_\_\_, 2018, and served on the following parties: (a) proposed counsel for the Debtors, Milbank, Tweed, Hadley & McCloy LLP, 2029 Century Park East, 33rd Floor, Los Angeles, CA 90067 (Attn: Gregory A. Bray, Thomas R. Kreller, and Haig M. Maghakian) (Emails: gbray@milbank.com; tkreller@milbank.com; hmaghakian@milbank.com) and Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801) (Attn: Laura Davis Jones) (Email: ljones@pszjlaw.com); (b) the Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King St., Lockbox 35, Wilmington, DE 19801 (Attn: Juliet Sarkessian) (Email:

juliet.m.sarkessian@usdoj.gov); (c) the Pension Benefit Guaranty Corporation, 120 K Street, N.W., Washington, DC 20005 (Attn: Kimberly E. Neureiter) (Email: neureiter.kimberly@pbgc.gov); (d) counsel to the Ad Hoc Group of Term Loan Lenders, O'Melveny & Myers, 7 Times Square, New York, NY 10036 (Attn: Andrew Parlen and Joseph Zujkowski) (Emails: aparlen@omm.com; jzujkowski@omm.com) and Richards, Layton & Finger LLP, 920 N King Street, Suite 200 Wilmington, DE 19801 (Attn: Mark Collins) (Email: collins@rlf.com); (e) counsel to the ABL Agent and ABL Lenders, Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036 (Attn: Paul Leake and Shana Elberg) (Emails: paul.leake@skadden.com; shana.elberg@skadden.com) and Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, 920 N. King Street, Wilmington, DE, 19801 (Attn: Jason Liberi) (Email: Jason.liberi@skadden.com); (f) counsel to the Third Lien Notes Indenture Trustee, Dorsey & Whitney LLP, 51 West 52nd St, New York, NY 10019 (Attn: Adam F. Jachimowski) (Email: jachimowski.adam@dorsey.com); (g) counsel to the Ad Hoc Group of Third Lien Noteholders, Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019 (Attn: Rachel C. Strickland and Joseph G. Minias) (Emails: rstrickland@wilkie.com; jminias@wilkie.com) and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801 (Attn: Edmon Morton) (Email: emorton@ycst.com); (h) counsel to Ankura Trust Company, as the successor administrative agent under the Term Loan Agreement, Davis Polk & Wardell LLP, 450 Lexington Avenue, New York, NY 10017 (Attn: Damian S. Schaible) (Email: damian.schaible@davispolk.com) and Richards, Layton & Finger LLP, 920 N. King Street, Suite 200, Wilmington, DE 19801 (Attn: Mark Collins) (Email: collins@rlf.com); and (i) counsel to the Creditors' Committee (if any). In the event no objections to entry of a final order on the

Motion are timely received, this Court may enter such final order without need for the Final Hearing.

14. Entry of this Interim Order is necessary to avoid immediate and irreparable harm. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

15. Adequate notice of the Motion has been provided. Such notice satisfies the requirements of Bankruptcy Rule 6004(a).

16. Debtors shall serve a copy of this Interim Order upon all parties who were served with the Motion.

17. Notwithstanding Bankruptcy Rule 6004(h), 7062, and 9014, the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

18. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

19. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: \_\_\_\_\_, 2018  
Wilmington, Delaware

\_\_\_\_\_  
United States Bankruptcy Judge

**EXHIBIT B**

**Proposed Form of Final Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	X	
	:	
In re:	:	Chapter 11
	:	
REMINGTON OUTDOOR COMPANY, INC., <i>et</i>	:	Case No. 18-10684 ( )
<i>al.</i> <sup>1</sup>	:	
	:	
	:	(Joint Administration Requested)
Debtors.	:	
	X	

**FINAL ORDER (I) AUTHORIZING DEBTORS TO (A) PAY PREPETITION  
WAGES, SALARIES, AND OTHER COMPENSATION, AND EMPLOYEE  
BENEFITS AND (B) CONTINUE EXISTING EMPLOYEE BENEFIT PLANS AND  
PROGRAMS, AND (II) AUTHORIZING FINANCIAL INSTITUTIONS TO PAY ALL  
CHECKS AND ELECTRONIC PAYMENT REQUESTS MADE BY  
DEBTORS RELATING TO THE FOREGOING**

Upon consideration of the motion (the “Motion”)<sup>2</sup> of Remington Outdoor Company, Inc., and its affiliated debtors, as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned Chapter 11 Cases, seeking entry of a final order (this “Order”), pursuant to sections 105, 363, and 507 of title 11 of the Bankruptcy Code, rules 6003 and 6004 of the Bankruptcy Rules, and rule 2015-2 of the Local Rules, (i) authorizing the Debtors, in their sole discretion, to (a) pay prepetition amounts relating to the Employee Obligations and (b) continue their existing Employee Benefit Programs, (ii) authorizing banks and other financial institutions to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the foregoing, and (iii) granting certain

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Remington Outdoor Company, Inc. (4491); FGI Holding Company, LLC (9899); FGI Operating Company, LLC (9774); Remington Arms Company, LLC (0935); Barnes Bullets, LLC (8510); TMRI, Inc. (3522); RA Brands, L.L.C. (1477); FGI Finance, Inc. (0109); Remington Arms Distribution Company, LLC (4655); Huntsville Holdings, LLC (3525); 32E Productions, LLC (2381); Great Outdoors Holdco, LLC (7744); and Outdoor Services, LLC (2405). The principal offices of Debtor Remington Outdoor Company Inc., the top-level holding company, are located at 870 Remington Drive, Madison, NC 27025.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at hearings before this Court (the "Hearings"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearings establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis to the extent set forth herein.
2. The Debtors are authorized, in their sole discretion, to honor and pay their prepetition Employee Obligations, including, but not limited to, the Prepetition Wages.
3. Notwithstanding any other provision of this Order, no payments to any individual Employee on account of prepetition Employee Obligations shall exceed the amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code.
4. The Debtors are authorized, in their sole discretion, to continue to honor Employee Benefit Programs for their Employees in the ordinary course of business.

5. Nothing herein shall be deemed to authorize (i) the payment of any amounts in satisfaction of bonus or severance obligations which are subject to section 503(c) of the Bankruptcy Code; or (ii) the Debtors to cash out unpaid vacation, paid time off or leave time upon termination of an Employee, unless applicable state law requires such payment.

6. The Debtors are authorized, in their sole discretion, to continue to (i) pay any Payroll Withholding Amounts to the respective taxing authority or plan administrator in accordance with the Debtors' stated policies and prepetition practices, and (ii) pay any outstanding amounts to ADP any unpaid prepetition services.

7. The Debtors are authorized, in their sole discretion, to permit ADP to continue to process the Debtors' payroll obligations and to remit any fees or obligations owed to ADP in the ordinary course.

8. In accordance with this Order and any other order of this Court, the Debtors are authorized to pay all processing fees associated with, and all costs incident to, payment of the Employee Benefit Programs and reimbursable expenses.

9. Notwithstanding anything in the Motion or this Order to the contrary, any payment made by the Debtors pursuant to the authority granted herein, as well as the exercise of any and all other rights and authorizations granted or approved hereunder, shall be subject in all respects to the orders approving the post-petition debtor in possession facilities (the "DIP Orders"), the DIP Facility Documents (as defined in the DIP Orders), and the Approved Budget (as defined in the DIP Orders), as applicable.

10. The banks and financial institutions on which checks were drawn or electronic payment requests, drafts, or other forms of payment were made, drawn, or issued in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all

such checks and electronic payment requests when processed for payment (or to reissue checks, electronic payment requests, drafts, or other forms of payment made, drawn, or issued on the Debtors' accounts, as applicable and necessary); provided, in each case, that sufficient funds are on deposit in the applicable account to cover such payment. All banks and financial institutions are authorized to rely on the Debtors' designation of any particular check, electronic payment request, draft, or other form of payment as approved by this Order.

11. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained in the Motion or this Order or any payment made pursuant to this Order shall constitute, nor is it intended to constitute, an admission as to the validity or priority of any claim or lien against the Debtors, a waiver of the Debtors' rights to subsequently dispute such claim or lien, or the assumption or adoption of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

12. Adequate notice of the Motion has been provided. Such notice satisfies the requirements of Bankruptcy Rule 6004(a).

13. Notwithstanding Bankruptcy Rule 6004(h), 7062, and 9014, the terms and conditions of this Order are immediately effective and enforceable upon its entry.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

15. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: \_\_\_\_\_, 2018  
Wilmington, Delaware

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United States Bankruptcy Judge