

manufacture and/or failure to provide adequate warnings. Some of these cases seek punitive as well as compensatory damages. Remington also has two class action cases pending relating to breach of warranty claims concerning certain of its firearms products where economic damages are sought. In December 2014, Remington reached a settlement with respect to one such class action suit, which requires Remington to offer to replace the triggers on certain of its model rifles. The replacement of the triggers is not a result of a recall or an admission of liability regarding the functioning of the current models, but such measures may cause Remington to incur significant costs. To the extent Remington's products are the subject of negative publicity related to alleged defects, including by way of news stories, news articles or other forms of public or social media, related product liability claims could increase. In December 2014, Remington was named as a defendant in a wrongful death litigation case related to the use of one of its Bushmaster firearms in the 2012 shootings in Newtown, Connecticut. In addition, Remington is currently defending claims including, among other things, product liability claims and certain class actions pleading economic damages resulting from the use of its products. Remington is also currently defending numerous lawsuits, claims, investigations and proceedings, including commercial, environmental, trade mark, trade dress and employment matters that arise in the ordinary course of business. Remington is vigorously defending ourselves in the lawsuits to which Remington is subject. There can be no assurance, however, that Remington will not have to pay significant damages or amounts in settlement above its insurance coverage. Litigation of this nature is expensive and time consuming and may divert the time and attention of Remington's management.

The nature and extent of any liability for the cases and claims to which Remington is subject is uncertain. Remington's resources may not be adequate to cover any current, pending or future claims related to product liability and product related occurrences, cases or claims, in the aggregate, and such cases and claims could have a material adverse effect upon Remington's business, financial condition or results of operations. In addition, insurance coverage for these risks is expensive and relatively difficult to obtain. Remington's insurance costs were approximately \$3.1 million, \$2.1 million, and \$2.4 million for the years ended December 31, 2017, 2016, and 2015, respectively. Any inability to obtain insurance, any significant increases in the cost of insurance Remington obtains, or any losses in excess of Remington's insurance coverage could have a material adverse effect on Remington's business, financial condition or results of operations. Remington has received, and in the future expects to continue to receive, negative media attention associated with gun-related incidents and subsequent litigation to which Remington is a party or which is associated with the gun industry in general. Such negative attention will likely have a negative influence on public opinion of Remington's company and the firearms industry and may impact the long-run demand for Remington's products. Any unfavorable outcome or prolonged litigation, and any negative publicity or negative public opinion stemming therefrom, could have a material adverse effect on Remington's business, financial condition, results of operations and cash flows.

***Significant risks are inherent in the day-to-day operations in Remington's business.***

The day-to-day activities of Remington's business involve the operation of machinery and other operating hazards, including worker exposure to lead and other hazardous substances. As a result, Remington's operations can cause personal injury or loss of life or severe damage to and destruction of property and equipment, which may interrupt Remington's business. Many of Remington's products are of the type that can cause accidental damage, injury or death or can