

Attachment 001

FAX COVER SHEET

To: DAN McGUIRE

Company : TACOM-ROCK ISLAN'D

Fax Number : 1-309-782-2301

Date : 07/11/01

From : BARTHOLOMEW N DONNELLY

Company : APPROVED SAFETY

Fax Number : 718-786-9090

Pages including cover page : 1

Subject : DAAE20-01-P-0216

Message:

DEAR SIR:

THE STAPLE, PARET NUMBER 8437713 IS NO LONGER AVAILABLE IN THIS COUNTRY. THE PART WAS PREVIOUSLY MANUFACTURED BY NATIONAL MANUFACTURING SALES CO OF STERLING, ILLINOIS. THIS PART WAS PREVIOUSLY PURCHASED AND USED IN PRIOR CONTRACTS. THE MANUFACTURER HAS SUBSTITUTED A NEWLY DESIGNED PART FOR THIS ITEM. WE ORDERED THE PART UNAWARE OF THE SUBSTITUTION. WHEN WE RECEIVED THE PARTS AND INSPECTED THEM WE DISCOVERED THE SUBSTITUTION. THIS WAS A PROBLEM BECAUSE THE NEWLY DESIGNED PART DID NOT FUNCTION AS THE OLD PART. WE INFORMED THE MANUFACTURER OF THE PROBLEM. THEY OFFERED ALTERNATIVE PART, BUT THESE ALTERNATIVES DID NOT FUNCTION EITHER. TO DATE WE HAVE NOT FOUND AN ALTERNATIVE MANUFACTURED TO SUPPLY THE PART.

WE HAVE INVESTIGATED THE ALTERNATIVE ROUTE OF HAVING THE PART MANUFACTURED FOR US. WE HAVE RECEIVED PRICES FOR THE PART AND THE TOOLING TO MAKE THE PARTS. THE TOOLING WILL COST \$6300.00 AND THE PARTS WILL COST \$6000.00 (A MINIMUM ORDER OF 20 M PCS @ .33 EACH) THE TOTAL COST WILL BE \$12,300.00. THE COST OF THE PARTS FROM NATIONAL MANUFACTURING WAS \$2227.50. THE MANUFACTURER REQUIRES A LEAD TIME OF 4+ WEEKS. THIS IN ADDITION TO PLATING WILL EXTEND THE DELIVERY TIME TO 8-10 WEEKS. ASSEMBLY AND PACKAGING WILL REQUIRE THREE WEEKS. THE TOTAL EXTENSION WILL BE ABOUT 12 WEEKS. WE HAVE THE OTHER COMPONENTS IN THE HOUSE AND HAVE STARTED ASSEMBLY. WE ARE THEREFORE REQUESTING AN EXTENSION OF TIME FOR DELIVERY AND WE OFFER \$300.00 IN CONSIDERATION.

THANK YOU.

BART DONNELLY
CC: DIPAK SIL; QAR ; DCMC NEW YORK