

From: Mark Boileau

To: Anthony Serafini

Date: June 20, 2008

Subject:

Message:

Mr. Serafini:

My apologies for the phone number confusion. The correct number is 303-874-8270.

The OEM radio we are evaluating is capable of broadcasting in the range from 403 MHz to 512 MHz; however, our specific development under the Government contract requires that our product (which incorporates this OEM module) only needs to broadcast within the range of 403 MHz to 470 MHz. Therefore, we have no need to exercise the higher frequencies. We do, however, have to test radio operation at a representative number of frequencies within the specified band, therefore making it impossible to narrow the bands even further.

The Government has also asked us to design our product to be capable of supporting two equivalent manufacturer's modules (ArWest and Raveon). This requires procurement of 200 of each vendor's radios up front until such future date within the next 6 months when the Government has had the opportunity to evaluate prototypes and make a decision on which version they wish to take full delivery on. Due to the lead times, we are forced to procure the full build quantity from both suppliers. Although only 156 devices are ultimately delivered, we allow 10% overstock for failure and production fallout during qualification testing, plus an additional 25% to support design engineering during new product development, sufficient line replacement units for warranty and repair, and several for ongoing field support, thus increasing the stock requirement for each type to 200, totalling 400 radios.

Again, since the Government has stated that time is of the essence, the fact that we have been given a very aggressive delivery schedule, and the unallowable lead times for future radio orders, we are purchasing sufficient quantity up front to ensure we can meet the Government's time table.

If you have further questions, please do not hesitate to contact me again.

Regards,
Mark Boileau