



TRI STAR TIMES

"The Inside Thread"

News and Information About Threaded Inserts

A Message from our President...

Commerce with China

During our participation at recent trade shows, we were surprised by the number of customers who were eager to talk about their experiences purchasing components overseas, specifically from China. We at Tri-Star understand the global marketplace, and what follows is not meant to be China "bashing."

The most frequently asked question at our exhibit was, "Are you a manufacturer or a distributor?"

When we responded that we are a manufacturer, the very next question was, "Do you manufacture in the U.S. or overseas?" Our reply, "In the U.S.," was met with resounding positive responses, followed by requests for additional information about our products, services and capabilities. When

we asked potential customers about their experiences ordering from overseas sources, we heard a multitude of complaints and criticisms.

We decided to test the waters ourselves as a means to verify what some customers were telling us. We purchased some standard threaded inserts from a well-known distributor of products from China. If you want to buy based on price and strictly on price, the pricing can be very competitive. Here are a few examples of what transpired when we ordered from China.

1. On a C-Series Insert order, the knurls were going in the wrong direction. This condition would probably go unnoticed during a customer's receiving inspection, but not here at Tri-Star. The performance of the component has been compromised by the non-conforming knurls.
2. H-Series Insert Order: M6.0 and 1/4-20 threaded inserts were mixed together.



Should you buy parts from China?

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How Accurate Are Tri-Star's Part Counts?

Accurate part counts are an important aspect of meeting our goal of "Total Customer Satisfaction." Every customer wants the assurance that they are receiving the correct number of parts they order. This is how we ensure our accuracy. First, and most importantly, we weigh sample production every day – twice a day if the production equipment is running multiple shifts. We do this because the weight per piece or per 1,000 pieces varies enough that more frequent sampling is required. Not only does the density of every bar

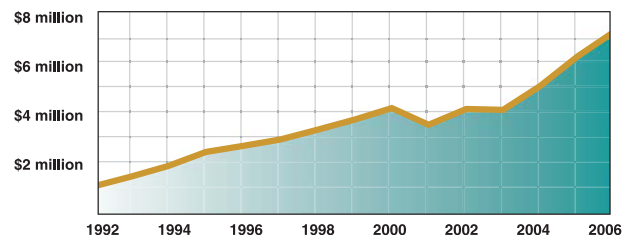
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Company News

2006: A Record Year for Tri-Star

We are pleased to announce that we set several company records in 2006. These include:

- Highest annual production efficiency
- Highest number of parts produced (113 million)
- Highest sales revenue (\$7.5 million)
- Largest number of new customers in a 1 year period
- Lowest annual part reject rate



Tri-Star Sales Growth

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Are You Aware of— And Utilizing— Our Custom Capabilities?

While Tri-Star offers an extensive line of standard items, we also design and manufacture hundreds of custom inserts. Our minimum order is only 1,000 pieces and we do the design work for you.

Our process is simple yet comprehensive.

★ We collect information from you on the application, installation method, strength requirements and component material requirements. This is our “design input process.”

★ From the design input process our engineering department generates a CAD drawing and performs a “Design Review.”

★ The drawing is then submitted to our quoting department where it is quoted to you along with a “Specification Drawing.” You will see exactly what we are quoting.

By supplying a specification drawing, we clearly communicate our understanding of the application. If we missed something, it gets addressed right away. If you decide to order the component, we will assign a part number and allow you a final review of the drawing before tooling is produced.



Company News

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*We also came close to two other records.
We had the:*

- Second lowest customer return rate (0.51%)
- Second lowest scrap rate (1.7%)

Plans for Tri-Star’s New Addition are Finalized

We have finalized the design and layout of a new addition to our existing facility. The plan includes a 9,600-square-foot expansion of the main building to house support services such as shipping & receiving, laser sorting, inventory control and recycling. Also, a second level will provide about 3,000 square feet of new office space.

The expansion will serve many purposes. First and foremost, it will provide an immediate solution for a crowded shipping & receiving area, including our laser sorting operations. It will allow more efficient movement of raw materials, work-in-process and finished goods. It will also enable us to add new technology in laser sorting or vision inspections systems in the future. Once the new facility is occupied, the former space will be used to expand our capabilities and capacity with new production equipment.

Construction is scheduled to begin in October 2007, with completion slated for late spring 2008.



Buyer Beware!

We have been advised by a few customers that there are some companies without any manufacturing capabilities that are passing themselves off as insert manufacturers. These “middlemen” make themselves appear to be manufacturers by posting component photos and molded or assembled product displays on their websites. Nowhere will you see photographs of primary equipment, component processing or support activities involving in-process or final inspections or component cleaning. These companies merely shop the component for the best price through their network of subcontractors. It is important to know who you are dealing with.

A Message from our President...

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3. H-Series Insert Order: #10-32 and #10-24 threaded inserts were mixed together.
4. P-Series Insert Order: countersink burr prevented the thread gage from passing through the part freely.
 - All parts were rejected. The return authorization took an average of **4** days to obtain.
 - Replacement parts were promised for delivery in **90** days.
 - We **never** received a response to any of the CARs issued for the non-conformances.

Our other findings:

1. On another C-Series Insert order, the parts we received were acceptable but did not contain the required inspection data or raw material certification. We had to wait 2 weeks to obtain dimensional data and 3 weeks for the raw material certification.
2. On a quotation for a standard threaded insert, it took over a week to obtain price and delivery information. At Tri-Star, this process takes place while the customer is on the phone.
3. Communication is difficult, at best.
4. Transportation and/or delivery are a mixed bag. You either pay the shot for "air freight," or you wait 90-120 days for ocean freight and customs clearance.
5. Payment terms are cumbersome and time-consuming (letters of credit, sight drafts, cash in advance, etc.). You should keep your fingers crossed that you don't have a problem with the parts like we did.

Based on our experience, we can tell you that, if quality matters, if getting support documentation in a timely fashion matters, if customer service and effective communication matter, you should carefully weigh the pros and cons of ordering from overseas. The ultimate price that you pay, especially in terms of your time, may be considerably higher than the one you posted to the purchase order.

To quote John Ruskin, "It is unwise to pay too much, worse to pay too little. When you pay too much, you lose a little money, that's all. When you pay too little, you sometimes lose everything. Because the thing you bought was incapable of doing the thing it was bought to do. The common law of business balance prohibits paying a little and getting a lot, it can't be done. If you deal with the lowest bidder, it is wise to add something for the risk you run. If you do that, you will have enough to pay for something better."

The Price of Brass

Raw material pricing has been a hot topic for over two years now. While all metal pricing has increased substantially, that of brass affects Tri-Star the most, since it is by far the predominant material that we consume. Brass accounts for 80% of the products we sell. The excellent machining characteristics, coupled with the value of recyclable scrap, make brass the material of choice when designing new products. It generally produces the lowest-cost component when compared to other metals. In addition, brass is RoHS compliant.



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How Accurate Are Tri-Star's Part Counts?

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differ, but if operator "A" prefers to run his work at the mean dimensions or above, these parts will have a specific weight factor, usually heavier. If operator "B" prefers to run his work at the mean or below, these parts will generally be lighter. Secondly, our Shipping Department uses three separate scales. They are 1.0 lb. maximum sample counting scales with integrated memory and conversion to a 50 lb. attached platform scale. These scales are all calibrated on a regular basis to within 99.97% accuracy. Lastly, the three scales can be used for cross-verification and validation whenever any questions or concerns arise. None of the three scales will yield exactly the same piece count, but they will yield the same total weight, or within 0.03% of one another.



Shipping scales are regularly calibrated at Tri-Star

In contrast, customer sampling is performed randomly, usually with very few pieces and surely not as extensively as at Tri-Star. We understand that there are reasonable discrepancies from time to time, and we honor most, if not all, variances. We are simply trying to educate the buyer that there is, or should be, an acceptable window for these types of counting variances.



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The Price of Brass

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The base cost of Brass Alloy 360 has increased from \$1.30/lb. in January, 2005 to \$3.23/lb. in August, 2007. The material is comprised of three elements: 62% copper, 34.75% zinc and 3.25% lead. Typically, the copper market will dictate brass prices, as does the supply of recyclable brass scrap. During the time period noted, the price of copper (COMEX) went from \$1.492/lb. to \$3.497/lb. At the same time, zinc (LME) went from \$0.627/lb. to \$1.547/lb. Increases in base metal cost, rising energy costs, shortages of recyclable brass scrap and increased Chinese demand for raw materials have driven the price of brass to where it is today.