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DEPARTMENTAL NEWS \ SALES

CYM Rotary Transformation to the Q41 Thumbwheel Switch

Early in 2004, a customer approached DNA about supplying a thumbwheel switch to replace their existing supplier's control. The customer's supplier, Lucerne, went into bankruptcy and closed, leaving them without a switch supplier for this program. The customer suddenly had a mature product with no switch supplier.

Due to the lower EAU of this application, it did not warrant the design and development of a completely new switch by Defond. But with the customer's importance as a major and strategic account, DNA pushed for this program with Defond to hopefully increase future business.

After review of several options proposed by Defond, it was decided that the existing CYM rotary switch would be the best candidate for this application. The CYM was converted to a thumbwheel switch by redesigning and tooling a new housing cover, dial wheel and dial cover. The electronics and contacts internal to the switch remained virtually the same. After some more negotiations regarding the heat sink and lead wire length, the switch was approved for use by the customer and Defond is now moving toward UL completion and conducting preparations for initial production in October 2004.

Glenn Medford
Strategic Account Manager

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Logistics: what's happening besides moving freight

The first half of 2004 has seen multiple new initiatives in the Logistics arena. Here are some of the highlights.

Since its inception in February, the Cycle Count program has counted over 440 items and improved overall inventory accuracy above 80% on a raw count score and above 99% on value. We have obtained agreement with our auditors to eventually eliminate the Annual Physical Inventory (API) with successful performance of the program for the next 18 months. Teresa Belle, DNA's Logistics Assistant, has been operating this process since March.

We achieved several negotiated improvements with two of our key logistics providers. In June, we implemented several efficiency improvements with Kamino. With the introduction of UPS WorldEase for our larger airfreight requirements, we can provide consolidated tracking and brokerage services with multiple ship-to addresses in a single shipment with guaranteed door-to-door delivery times.

We also implemented several key automation steps. We are now transmitting packing slip information to both TFS and Kamino. Thanks to both Brian Tibbetts, DNA's Logistics Assistant, and Asi Patel, DNA's Network Administrator, for working on this project. We have learned through this experience how to connect our systems to a partner's system and picked up several valuable lessons. One very important lesson was that if our system were wrong, their system would be as well. For example, if we have incorrect data in one of the fields, it will translate directly onto a barcode label. Not only does this initiative save time at DNA or the warehouse, but it also gives DNA the experience to link other aspects of our business such as electronic funds transfer or customer purchasing systems. We plan on doing more in this area in the near future.

Tim Sweet
Supply Chain Strategist

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Powerhouse 4 U

HK Sales Meeting December 6-11, 2004

Here is a quick picture of what you will experience in HK and China.

Dec 6, 2004

Everyone Arrives HK

Dec 7, 2004

Introductory presentations at HK Defond Offices

Lunch in HK

Depart for China Grandview Hotel early afternoon

Briefing of China event activities

Dinner - Chinese cuisine

Dec 8, 2004

Presentations in main conference room at Grandview Hotel

Lunch Buffet

Bus to China Factory

Breakout Session 1

Bus back to Hotel

Dinner - Poolside barbeque

Dec 9, 2004

Bus to China Factory

Breakout Session 2

Lunch

Breakout Session 3

Dinner - Chinese Cuisine

Dec 10, 2004

Presentations and closing ceremony in main conference room at Hotel

Lunch & return to HK

Free time HK until departure

Dec 11, 2004

Everyone departs HK

On Dec 7, 8 and 9th, there will be open conference time for private meeting sessions between DNA and DNA Reps only. This is for further discussion and brainstorming. Please note these smaller conferences will be held between 5-7PM each of the three nights we are in China.

Monique Garsoe
Sr. Marketing & Education Coordinator

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Exchange Program

Staff Update

Liaison Engineer Program

The engineering exchange program was implemented at the end of the 3rd quarter of 2004. Defond and DNA exchange engineers for a 5+ week term to conduct direct support activities between the two facilities, such as:

1. Conference calls - DNA's engineer can attend conference calls and monitor the conversations, and step in to help clarify items, note "body language."
2. Communication - if you receive an email that is unclear, doesn't answer the original question, etc., the DNA engineer can follow up on this.
3. Production - DNA's engineer can follow up on quality issues and observe production line work on behalf of customers (if production is running).
4. Project pushing - DNA's engineer can follow up on project process and help keep things moving in a forward direction.

It is important to keep inquiries flowing to the DNA Liaison Engineer to keep them busy.

Also, DNA needs to support the DNA Liaison Engineer by prompt responses when called upon. Non-responses to the DNA Liaison Engineer can cause loss of credibility in the eyes of Defond.

Lastly, all correspondence addressed to the DNA Liaison Engineer is being copied to Alan during the whole duration. This allows him to track the progress and effectiveness of the program.

Program Activity Recap:

DNA - Silvia Rodriguez

Silvia completed a 3.5 week stint in Hong Kong at the Defond headquarters. Her original 5 week stint was cut short by the observance of the Harvest Festival. Silvia's presence was felt at Defond and here in Raleigh. Silvia became involved in many projects, and many of us can attest that she sent emails at all hours of the day. She averaged 10-12 hours per day working on our projects. She did find time one night to squeeze in an Elton John concert.

Silvia commented that her projects benefited from being at Defond in person. She received requests for project assistance from DNA. Any item that appeared to have communication problems, delays, etc. were fair game to enlist Silvia's assistance on. From Defond's end, the Engineering Coordinators and Sales Managers included Silvia and responded to her well. She was copied on many interoffice / project emails. Silvia commented that there was a lot of activity behind the scenes that DNA does not usually see. Silvia also recommended that communication and project management with Defond can be improved if we encourage Defond to ask more questions about projects. Many times, questions are not communicated during conference calls for various reasons.

Defond - Wai Chan

Wai finished up an extended tour in Raleigh the week of September 20 in time to make the Harvest Celebration in Hong Kong with his family. Perhaps he will bring DNA some Moon Cakes when he returns

in mid-October. Wai's work at DNA thus far has benefitted both DNA and Defond. Some of these benefits are: direct interaction with DNA and DNA's customers via telephone calls and visits and face-to-face communication with DNA people allows Wai to further explain email correspondence with Defond personnel. Wai's 10+ years of Defond engineering experience also allows him direct knowledge of the capabilities and responsibilities within Defond. To date, Wai has experienced constant requests for assistance with a wide range of items from help interpreting emails, help on quality concerns and customer visits with DNA sales. When asked how DNA can improve performance, he indicates that we can continue to focus on clarifying opportunities and find out if alternative solutions will be acceptable by our customers. Wai will return to DNA during the week of 10/18/04.

Defond - Ben Liang

Ben left Raleigh for the Harvest Celebration with Wai. Ben has been focused on DSS product support. Ben believes the time spent in Raleigh was beneficial for both companies. Face-to-face communication is better and more convenient than solely relying on email correspondence. Ken Wood is presently working with Defond to schedule a return visit by Ben.

DNA - Glenn Medford

Glenn is DNA's second engineer serving in the Liaison Engineer capacity and will be in Hong Kong from October 4 until October 15, 2004. This tour coincides with several customer visits during this two-week period: Black & Decker, EHP and Del.

Alan Horne
Engineering Manager

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Update on Engineering Staffing

We continue to search for a Senior Electrical Engineer candidate that possesses circuit / design analysis, electronic and electro-magnetic experience. We hope to find a local candidate with a unique blend of these specialties in order to help us with our ventures in winding and PCB products. We are receiving resumes from local talent search companies and from personal references.

[Lessons Learned](#)

[Other DSS News](#)

Lessons Learned: DSS isn't just about keypads and PMEs

Electroline Sales of Minnesota, Tim Smith, recently received a tooling order for the DSS division of DNA. Was it for a rubberized keypad? Was it a PME? Actually, the order was for a selector switch.

The 8-position switch that we have been contracted to tool is used to control the speed and direction of a trolling motor.

The customer is very interested in working with DNA and Defond due to our experience in the marine industry, our competitive pricing and vertically integrated capabilities. One of the engineers that toured Defond's factory remarked to the buyer, "Why don't we buy all our switches from these guys." We agree. We are working on the next order for a 5-position switch, and are also quoting a switch assembly and an electronic control for two other projects at this account.

The lesson to be learned, is that DSS isn't just about keypads and PMEs. With DSS you get the full breadth of DNA products and support to help you sell to the transportation market.

*Carl Bates
Regional Sales Manager*

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Other DSS News...

·DSS will be exhibiting at IBEX - Miami on October 25-27 where the Gen 1.8 Solid State PME will be showcased. As a special added feature, DSS Business Unit Manager Ken Wood will be co-leading an IBEX technical session on Digital Switching and CANbus. Details of this session are available at <http://www.ibexshow.com/ibexm2004/index.html>.

·DSS extends it keypad/PME warranty to 3 years for all customers!!

·ARP Rocker Update: A mating harness connector for the ARP series rocker is now available!! The connector P/N is PP3393 and is designed to accept Molex P/N 94030 Tyco/AMP P/N 42100 female quick connect terminals. Please contact your DNA RSM for samples.

*Ken Wood
DSS Business Unit Manager*



Defond News

Martha Hao of Defond's SD2 sales division has recently passed her 20 years milestone. In recognition of her invaluable service over the years and her experience, she was promoted from Senior Manager to Vice President of Sales with immediate effect. Martha will continue her role as head of SD2 and shipping reporting to Mario Tse. In Mario's absence she will be the acting head of all Sales departments. Please join us in congratulating Martha on her success!

Wilson Chu, Defond & all the DNA staff

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New Hires & New Roles

Anniversaries

New Hires & New Roles

Jan Tilbor

Jan joined DNA on October 7th as the new Executive Administrative Assistant to Eric Vaughn and Michael Owens. She is originally from New York, but has spent the last six years working in Philadelphia for a consulting company as an Administrative Assistant and then as web manager of mergers and acquisitions intranet site. Recently, Jan relocated to NC with her two daughters. Her favorite color is red, and she enjoys in-line skating and riding her bike "really fast" (with her helmet on of course!).

April Johnson

April joined the DNA staff on July 1, 2004 as the Receptionist/Administrative Assistant. April brings with her over 13 years of experience in the Administrative/Clerical field and has previously worked for CRB Consulting Engineers, Wake Medical Center and worked 7 years for State Government with the Department of Agriculture and Department of Health and Human Services. April enjoys working in busy office settings and interacting with people. During April's down time, she enjoys reading, listening to music, cooking and spending time with her family.

Jim Celmer - Sr. Strategic Program Engineer

Jim Celmer joined DNA as a contract employee on June 2, 2004 and we are pleased to announce that he is now a permanent DNA employee as of September 1. Since joining the DSS team in early June, Jim has made a number of key technical contributions that has resulted in significant enhancements to the Ranger keyless ignition keypad and Generation 1.8 solid-state PME designs.

In his capacity as Sr. Strategic Program Engineer, Jim has become an integral part of the DSS team. Jim recently received his MSEE from NC State and comes to us by way of Corona Networks in Cary where he served in a design engineering capacity. Prior to Corona, Jim was also employed by Ericsson in Silver Springs, MD as a design engineer.

Jim grew up in Greensboro, NC, moved to Silver Spring, MD from mid 1997 until April 2001 and now currently resides in Cary, NC. He has a BSEE and MSEE both earned at North Carolina State University in 1996 and 2004 respectively. In his spare time Jim enjoys reading, playing chess, hiking, and repairing and collecting late 70's and early 80's arcade style video games.

Vivian Burgon Joins the DSS Team!

I am pleased to announce that Vivian Burgon has accepted the position of Sales & Materials Coordinator - DSS, reporting to Ken Wood. This transition will become effective November 1, 2004. Taking into consideration her past support to DSS in the RMA/Complaint function, Vivian was a logical choice for this position.

Please join me in welcoming Vivian to the DSS team.

DNA Anniversaries celebrated from September - December 2004

9 Years

Bill Romick Oct 1, 1995

Liz Piacenza - Oct 16, 1995

7 Years

Tenisha Sanders - November 3, 1997

Alan Horne - December 8, 1997

6 Years

Tom McKissic - September 21, 1998

Libby Green - November 30, 1998

Brooke McKissic - November 30, 1998

4 Years

Teressa Belle - September 1, 2000

Johnetta Harrington - September 1, 2000

Pamela Coleman - October 3, 2000

Terry Driver - November 27, 2000

2 Years

Christy Short - September 30, 2002

Loretta Bowden - October 9, 2002

Maria Strickland - October 16, 2002



Happy Anniversary!

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Southeast Territory Changes

New Hires

Southeast Territory Changes

Tredway Consulting, Inc.

DNA Group welcomes Garry Braswell of Tredway Consulting, Inc. as our newest rep group in the Southeast for both DNA and DSS products. Garry is handling specific transportation customers and his knowledge of this market from a previous position in purchasing at Thomas Built Bus has proven invaluable.

We welcome Garry to the DNA sales team.

Rep Inc.

A recent territory change has expanded Rep Inc. territory coverage to include Tennessee for the DNA product line. Rep Inc. had previously handled DSS products only in this state. Alan Simmons and Russ Palmer have already made an impact and we are pleased to be adding many opportunities to the Hit List.

New Hires

Lorenz Sales was brought back on board to cover the Iowa, Kansas, Missouri, Nebraska, So. Illinois, and Northern Arkansas territory. Lorenz was part of the DNA rep team after the purchase of the Grayhill DSS product line, but due to double coverage in the territory was eliminated. Lorenz Sales will cover both the DNA and DSS sides of our sales and we are very happy to have them back.

MVP Sales

DNA would like to welcome MVP Sales as the new rep for the Chicago area.

Zonk Group

As of September 1, 2004, Zonk Group, Inc. was hired to cover the DNA and DSS sides of our company. They will cover Texas, Oklahoma, Louisiana, and Southern Arkansas.

Loretta, Chris & Kailee Nicole Bowden

Silvia Goes Skydiving

Brooke, Tom & Conner Thomas McKissic

Judi & Stephen are engaged



Kailee Nicole Bowden

Loretta Bowden and husband Chris had a beautiful baby girl June 24!!!!

Her name is Kailee Nicole and she weighed in at 9 pounds, 8 ounces and she is 22 inches long. She was born at 3:25pm on June 24.

After a 3-month maternity leave, Loretta returned to DNA on Monday, October 4th, she celebrated her birthday October 8th, and on October 9th celebrated her second anniversary with DNA.

Congratulations and welcome back Loretta!



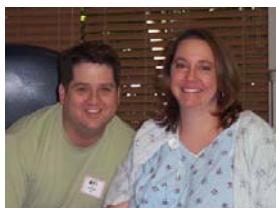
Conner Thomas McKissic

We have our first, 100% 2nd generation DNAer!

Tom and Brooke McKissic are the proud parents of Connor Thomas McKissic born Monday, September 20 at 4:23 am. He was 20" long and 6 lbs, 8 oz.

Mom, dad and baby are all doing well. Brooke will remain at home on maternity leave for 12 weeks, with the latter six weeks working part time from home. Tom is back to work already and has recently completed his 6th year with DNA on Tuesday, September 21.

Congratulations to both Brooke and Tom!



Judi Chovan & Stephen Westerfield are engaged!

Congratulations to Judi Chovan, Sr. Regional Sales Coordinator on her engagement to boyfriend Stephen Westerfield. Stephen proposed on Saturday, October 16, 2004.

They are planning a small wedding in Las Vegas next September, with a reception here in Cary, North Carolina afterwards.

Congratulations!



Silvia Rodriguez goes SKY diving!

Date: 8/27/04

Time: ~3:15pm

Company: Carolina Sky Sports (www.carolinaskysports.com)

Instructor/Jumping partner: Some tall Russian Guy...Does his name matter?

Purpose of jump: to celebrate her 26th birthday (8/25)

Altitude: 14,000ft

Plane ride lasted about 5/10 minutes

Free fall lasted about 2minutes or 8000 ft

At an altitude of 6,000ft the chute opened; that hurt

When asked would she do it again... "Definitely!"

Silvia Rodriguez

Regional Project Coordinator