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QUOTATION PROCESS PRICING & QUANTITIES

At PEI, the activities that our customers pay us to deliver involve three basic activities:

- 1) Design and Engineering Services
- 2) Prototype Build
- 3) Production Parts

Each of these activities is priced separately on our formal Quotation form and will include leadtime projections for each. Additionally, the quotation may include a summary listing of features and components, including such items as:

Enclosure Style and Shape	Overall Dimensions
Plastic Materials and Specs	Shielding Requirements
Painting Requirements	Decorating Requirements
Components and Hardware	Cutouts
Recess Pockets	Standoffs
Footpads	Packaging Requirements

Design and Engineering Pricing

The cost for the Design and Engineering activity is based on the estimated time that it will take to supply our manufacturing department with the drawings, CAM files, and assembly plans to build the enclosure. We call this 'releasing the job' for production and is required for every job that we produce. As a starting point for a basic project, we assume the customer will supply a set of mechanical drawings or CAD files of the enclosure with all features and components fully dimensioned. Under this condition, the PEI engineer will focus on converting the customer's design to accommodate the construction of the enclosure using our manufacturing process.

When such basic information (drawings/files) are not available from the customer, our engineers can and will be more involved with creating the enclosure's design which may include developing the shape, size, style, dimensional layout, component placement, hardware selection, etc. required to house the electronic device, itself. Under this scenario, the project will take longer to get through the Design and Engineering phase and the cost associated with that phase will be higher.

Prototype Build Pricing

Producing a prototype part is a necessary step for either the development of a new product or when an existing product is significantly modified. Under such conditions, we require that a prototype part be produced before committing to a production quantity that may have some unforeseen issue that affects the form, fit, or function of the enclosure.

The typical prototype build consists of PEI producing two parts: one for the customer and one for us. In this way, both the customer and PEI are able to evaluate the part and discuss the details based on a physical unit that we both can see and touch.

For customers who require more than one prototype part, the first unit will be invoiced at the 'Prototype' price and any additional units will be invoiced at the quantity "Piece Part Price" as listed on the quotation. As an example, if a customer wants 5 prototype parts, the first one will be at the prototype price and the remaining four units will be at the 5 piece part price. For 10 prototypes, the remaining 9 units would be at the 10 piece part price.

Please note that prototype parts do not come with the same form, fit, and function expectations that production parts will. The purpose of the prototype build is to verify such attributes and to determine if additional adjustments to the design or the manufacturing methods are needed. While we utilize the latest CAD/CAM technology and bring to the table our experience of designing and producing thousands of different styles of enclosures, each one has a uniqueness that may require some fine tuning once the product has been produced. That is one of the key purposes of the prototype build and, as such, if the prototype part does not meet the customer's expectation as a result of an oversight or error by PEI, we will replace at our expense only one prototype part. All additional prototype quantities are at the customer's expense and will not be credited or replaced by PEI under any circumstances

Piece Part Pricing

The pricing of production parts is broken down into various piece part quantities. For quantities of up to 1000 units, our pricing is set at our standard quantities of 10, 25, 50, 100, 250, 500, 1000, 2000, and 5000. Above 5000 units, we will provide specific quantity price breaks in multiples of 1000 units.

When an order is placed, we require projected release quantities and leadtimes so that production lot quantities can be established. When such projections can not be established, we will use the quantity of the first production run as the projected future lot size.

Blanket Purchase Order Program

For customers who provide annual blanket purchase orders with planned schedule release dates, special pricing considerations are available. Under such a plan, we offer premium pricing based on our ability to economically batch production runs such that we can be more flexible with our shop schedule, project larger material purchases, and produce parts in advance of when a heavy work schedule is projected, thereby avoiding the need for incurring added overtime expenses.

For those customers whose production quantities are stable and predictable such that they would like to take advantage of our Blanket Purchase Order Program, you should contact our customer service department to discuss those special arrangements.

Expediting Program

While our standard leadtimes are quite short, we are sometimes asked to produce a prototype part or a small production quantity in such a short amount of time that our schedule has to be modified and higher costs are incurred. To accommodate such requests, we have developed an expediting program that we are willing to use when feasible. Please note that while our expediting program states a scale of added fees based on various leadtime reductions, we are not always able to offer the program at the time the request is made nor do we guarantee delivery. There are many variables involved with any production operation and many of them outside a company's control. Therefore, before an expediting order is accepted, each request is evaluated to determine if the schedule is achievable based on our then current engineering and production workload. Once we determine that we can accommodate an expediting request, we will present a brief outline of activities and milestone dates that must be met by both PEI and the customer in order to meet the accelerated schedule. For more information on this subject, please visit our Documents web page for a copy of the PEI Expediting Program.

Disclaimer

Finally, it should be noted that estimating is not an exact science and all data presented are subject to change, as needed. As the project evolves, there may be additions, deletions, or modifications to the design or function of the product that would impact the initial quotation and/or delivery schedule. We will do everything possible to keep a project on target and, when changes are needed, communicate deviations, accordingly. However, under no circumstances do we guarantee delivery schedules or prices and we reserve the right to modify any such data as the situation requires.

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