



August, 2009 News Bulletin

Falcon Steering 2009 First Half Review

Sales demand for the first half of 2009 has been extremely strong for Falcon Steering, and quite frankly has reached unprecedented levels. While Falcon currently has more inventory than ever and have shipped more dollars to each of our customers than we ever have before; keeping up with the demand has been very challenging. **Since 2007 alone, we have added over 840 new numbers which represents a 27% increase in required SKU demand.**

Additionally, the global supply chain has grown longer in recent years. Today we must forecast sales for nearly 5000 sku's at least 5 months in advance of when we need them. If we forecast wrong, it becomes very difficult to make quick corrections considering the lead times.

Falcon Steering has taken very aggressive steps to make continuous improvements and have applied "Advanced Supply Chain Management" techniques to improve all efficiencies. This includes using lean manufacturing tools to maximize operation productivity, including the warehouse product receiving and stocking procedures. All operations are carefully planned and documented from the moment the materials leave the factory to ensure the quickest ship time possible with the highest accuracy.

We have also revised and fine tuned our forecast models. **Most importantly, we have increased our inventory levels over 30% and added over \$2.5 million in new product inventory alone.** As a result you will see continuous improvement in our fill rates.



\$2.5 Million New Product inventory added in 2009



More Order Fulfillment Stations have been added

On behalf of the entire Falcon team, we want to sincerely thank all of our channel partners and valued customers for working with us through these recent challenges. Our commitment to quality and continuous improvement are the main catalysts for the strong demand of our products. There is no line of product in the aftermarket today that can provide the same level of quality, service and value. We also wish to thank our wonderful employees, who have been working above and beyond the call of duty to meet the challenge and work toward one common goal to increase productivity and service to all our customers.

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