

Date: May 21, 2014 PCN: PCN LEDIL 92

Dear Ledil customer:

In our continuous process regarding logistics, we intend to change the way we price, sell and deliver our "System Reflector" assemblies. Our present "System Reflector" assemblies are the **Mirella**, **Angela**, **Angelina**, **Barbara**, **Lena and Lenina series having part numbers beginning with "CN"**, "FC" or "FCN".

Beginning on July 2, 2014, we will sell the System Reflector assemblies only as separate components. This will offer significant benefits to you, as many of the components – specifically the reflectors themselves and the optional lenses, where available - are identical in the various System Reflector assemblies. We shall move ahead with this change simultaneously with the recently released new price books.

As an example of this change and the benefits to you, consider the purchase/stocking of the entire Angela System Reflector line in the attached spreadsheet:

As assemblies:

30 assemblies, MOQ @ 90 pcs each = 2,700 pcs total, with 30 part numbers to stock As components:

8 reflectors @ 90 pcs MOQ each = 720 pcs total and 8 part numbers; 7 clamps @ MOQ 90 pcs = 630 pcs total and 7 part numbers; 1 lens @ MOQ 60 pcs = 60 pcs total and 1 part number

- Value of inventory reduced ~50%

- Part numbers reduced from 30 to 16

- Increased flexibility as the reflectors (and optional "ANGE" lenses) may be sold without the LEDiL clamps for customers using third party connectors. The reflectors (and optional "ANGE" lenses and LEDiL clamps) may also be sold to support any device which they are qualified to support, independent of whether those devices are included in your line card.

This is how we anticipate this will work:

The existing System Reflector assemblies - Mirella, Angela, Angelina, Barbara, Lena and Lenina – will continue to be visible and searchable on our web site as before. Beginning on July 2, 2014, these assemblies shall be ordered, sold and delivered only as separate components. All of the necessary components will be listed on each assembly's Ledil-web page. In addition, the part numbers for the various individual components will also be visible and searchable on our web site, which is a new added feature. The attached spreadsheet shows all of the component parts for each of the System Reflector assemblies.

In preparation for this change, we recommend that you add a BOM for each assembly to your system as an aid in selecting the correct component parts. You may also use the attached spreadsheet as an equivalence chart to show the individual components in any given System reflector assembly in order to properly handle the individual components separately.



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We recommend that you inform your sales force of these changes now, along with instructions about how to order both the assemblies as well as the individual components. Please note that the assembly part numbers will remain visible and searchable on our web site to provide details about the component parts included in any given assembly. **Please note that none of the products have changed at the component level!** For an example, please see http://www.ledil.com/node/2/p/8650.

For those System Reflector assemblies that you already have in stock, we recommend that you either continue to sell them as assemblies until they are sold out, or split the assemblies into component parts as part of this change. The attached excel spreadsheet has a summary of the components in each assembly, which may also be useful in separating existing assemblies into component parts.

The price books released in April contain all of the necessary individual components for each assembly, along with pricing. They also still have the old assembly numbers, but the pricing of assemblies is higher than the same assembly purchased as individual components.

If you have any questions, comments, or concerns about this change, please do not hesitate to contact your local Ledil sales agent or us at sales@ledil.com. A list of LEDL sales agents is available, along with contact information, on our web site at http://www.ledil.com/where_to_buy.

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