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To: Sourcing Transition Team  
From: Hank Snow, VP Sourcing <Tribolt.OpsMgr@gmail.com>  
Re: Welcome to Tribolt

Welcome to the Sourcing Team!

Mining trucks are among the most complex pieces of equipment in the world. They are commonly used round-the-clock, 24 X 7 in some of the most forbidding and remote environments on the planet, including deserts, severe cold and hot climates, in low trenches and in and around mountain ranges that can extend several thousand feet above sea level.

If you've had the opportunity to look through our website ([www.tribolt.us](http://www.tribolt.us)) then you will have some beginning understanding of our current products and operating facilities. Below is an overview of your sourcing responsibilities at Tribolt. I have attached a number of documents that will help you better understand the sourcing requirements at Tribolt.

1. Tribolt Mining Organization Chart
2. Overview of Tribolt Sourcing Function – Describes the sourcing function at Tribolt and available support to the transition team from Tribolt's Corporate Sourcing Team.
3. Summary of Suppliers – A description of all components and suppliers used in the Tribolt T1000.
4. Overview of our Current Suppliers – Tribolt works with key suppliers to source components used in the assembly of our mining trucks. For our current qualified vendors, we have provided an overview of the supplier, current offering and price list. While there are other vendors who can supply similar components, Tribolt has not qualified them and you will not be able to issue orders from these suppliers until they are qualified, which takes one quarter. All negotiations with suppliers and qualification of new vendors will be directly handled by the transition team.

In your initial research I suggest you be prepared to brief your team on the following questions:

1. What are the most expensive components of the truck?
2. What options does Tribolt have to reduce material cost?
3. What support does Sourcing need from other functions to achieve significant material cost out?

Sincerely,

*Hank Snow*

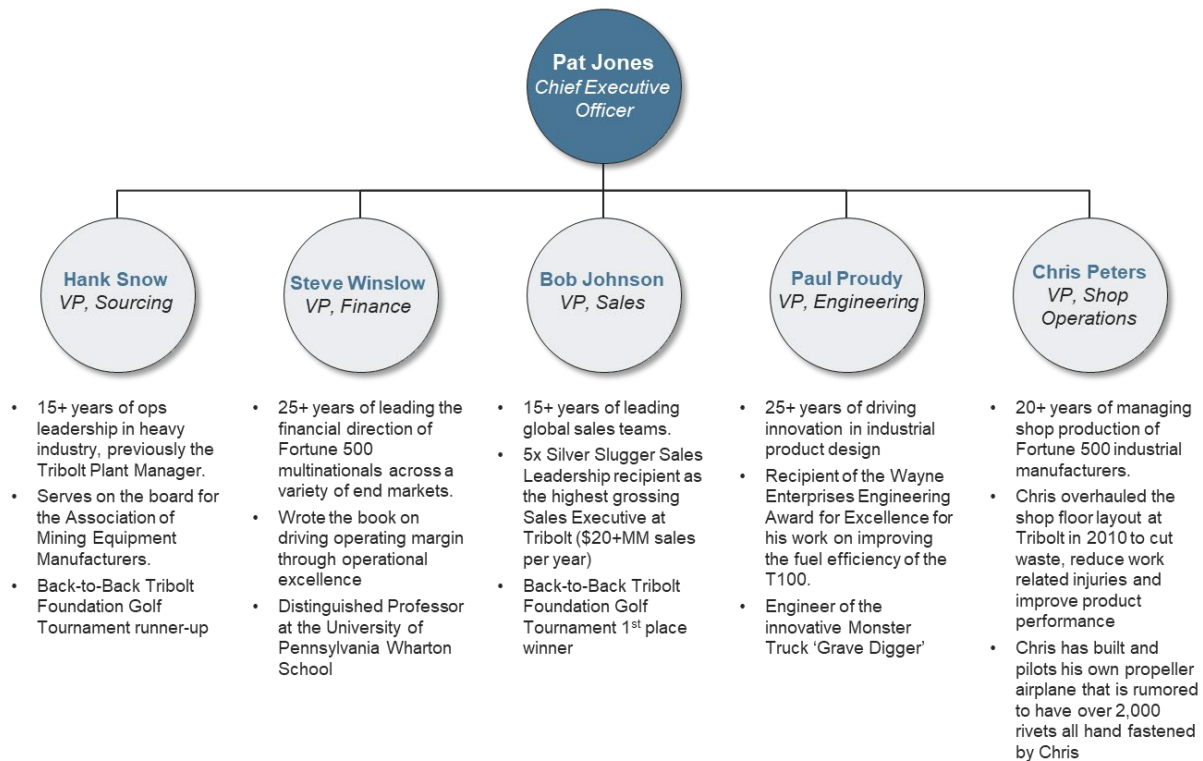
Hank Snow  
VP Sourcing  
Tribolt Equipment Corporation



To: Sourcing Transition Team  
From: Hank Snow, VP Sourcing <Tribolt.OpsMgr@gmail.com>  
Re: Org Chart

Dear Transition Team:

Please see the organization chart for Tribolt's Mining Truck Division. Please let me know if you have any questions about direct reports or how to contact your managers.



Sincerely,  
*Hank Snow*

Hank Snow  
VP, Sourcing, Tribolt  
[Tribolt.OpsMgr@gmail.com](mailto:Tribolt.OpsMgr@gmail.com)

# Overview of Tribolt's Corporate Sourcing Function

(for internal distribution only)

Key facts about sourcing at Tribolt Equipment Corporation:

- Tribolt's Corporate Sourcing Group supports the procurement needs of Corporate Offices as well as Tribolt businesses and subsidiaries.
- Corporate sourcing engages in a limited number of direct negotiations with certain corporate vendors, (mostly for MRO).
- Each Tribolt business is directly responsible for placing vendor orders, managing inventory and managing key vendor relationships.
- Corporate Sourcing supports each Tribolt business by conducting initial vendor evaluations and by providing various tools to facilitate order processing.
- In-depth vendor evaluations and vendor analyses may be performed by each Tribolt business at their own discretion.

For more information on Tribolt Corporate Sourcing, please contact:

Hank Snow

VP Sourcing

Tribolt Equipment Corporation

[Tribolt.OpsMgr@gmail.com](mailto:Tribolt.OpsMgr@gmail.com)



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To: Sourcing Transition Team  
From: Hank Snow, VP Sourcing <Tribolt.OpsMgr@gmail.com>  
Re: Useful Definitions

Dear Transition Team,

Below are a few definitions that will be useful when analyzing vendor offerings. I recommend that you work closely with engineering to understand component specification requirements. If you're able to understand what component specifications drive performance improvements, you can be a strategic partner with engineering to help them select and design better trucks.

- **MTBO** – Mean Time Between Overhaul. An overhaul is a full removal, disassembly, cleaning, inspection, repair & test as needed.
- **MTBUO** – Mean Time Between Unscheduled Outages. An unscheduled outage does not require a full overhaul, but required diagnosis and repair based on the outage. (Years)
- **Duration** – Length of Outage (Weeks)
- **Curb Weight** – The weight of the truck with no payload (nothing in the dump body)
- **Gross Vehicle Weight (GVW)** – The weight of the truck with full payload (Curb Weight + Payload)
- **Gear Reduction** - an input speed can be lowered for a requirement of slower output speed, with same or more output torque. In a truck, this takes place as energy moves from the drive shaft to the rear axel. As the drive shaft turns once the final drive, differential and transmission are able to change the number of turns of the rear axel. In a lower gear, you will have a higher gear reduction to get the vehicle moving easier.

While this is not an exhaustive list of all the terms you will come across, it should get you started. If you have questions, please consult your engineering team and the world wide web.

Sincerely,

*Hank Snow*

Hank Snow  
VP, Sourcing, Tribolt  
[Tribolt.OpsMgr@gmail.com](mailto:Tribolt.OpsMgr@gmail.com)



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To: Sourcing Transition Team  
From: Hank Snow, VP Sourcing <Tribolt.OpsMgr@gmail.com>  
Re: Current Vendor List

Dear Transition Team,

Below is a summary of our T-1000 bill of material (BOM) by component SKU. I've pulled the data for the most recent cost / unit for our existing T1000 product. You will work with engineering to update the bill of materials before the start of next year.

Component	Vendor	SKU	Units / Truck	Cost / Unit	Total Cost
Engine	Cummins	C7	1	\$340,000	\$340,000
Transmission	Kraft	KT3	1	\$107,000	\$107,000
Differential	Kraft	KD3	1	\$125,000	\$140,000
Final Drives	Drucker	DRD4	2*	\$150,000	\$300,000
Dump Body	Filco Steel Fab	DB103	1	\$120,000	\$120,000
Rams	Pumps Inc.	774	2*	\$20,000	\$40,000
Tires	Michelin	M26	6*	\$50,000	\$300,000
Chassis	Filco Steel Fab	FSF12	1	\$110,000	\$110,000
Fabricated Body Parts	Filco Steel Fab	FBP101	1	\$245,000	\$245,000
Distributor Components	Acme	A101	1	\$120,000	\$120,000
Hydraulic Pump	Pumps Inc.	909	1	\$10,000	\$10,000
<b>Total</b>					<b>\$1,832,000</b>

*\* For components that require multiple units per truck, we've negotiated with our vendors to purchase in sets of the required number. E.g. Tribolt purchases a set of two hydraulic rams at a price of \$40,000 from Pumps Inc.*

Sincerely,

*Hank Snow*

Hank Snow  
VP Sourcing  
Tribolt Equipment Corporation

### Initial Vendor Evaluation Summary

**Vendor: Cummins**

Criteria	Sourcing Comments
<b>Competency</b>	Strong product technology, known for reliable performance
<b>Capacity</b>	At 95% capacity
<b>Commitment</b>	Innovation is built within their culture (product R&D focused)
<b>Ownership</b>	\$2B Publicly Traded Company. Majority owned by institutional investors.
<b>Cash</b>	5% net income on \$1B of sales
<b>Cost</b>	In line with market for comparable engines.
<b>Consistency</b>	ISO Certified. No known product safety problems in the last five years.
<b>Culture</b>	Engineering focus – large plants, large batch processing.
<b>Communication</b>	Average response time with all communication.
<b>Safety</b>	Internal reports of potential issues with next generation of software.
<b>Warranty</b>	Fully insured / generally liability of \$100MM
<b>Concentration</b>	Diesel Engines – 75% of sales
<b>Claims</b>	No Customer Claims
<b>Other Comments</b>	<p>This vendor passes Tribolt requirements for cost, fulfillment, quality and responsiveness.</p> <p>Concerns:</p> <ul style="list-style-type: none"> <li>• Large company, Tribolt is a smaller customer.</li> <li>• Reports of software bugs with engine controls.</li> </ul> <p>Opportunities</p> <ul style="list-style-type: none"> <li>• N/A</li> </ul>



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## **CUMMINS – DEISEL ENGINES**

### **PRICE LIST**

<b>Model</b>	<b>Power (Horsepower)</b>	<b>Torque (ft-lb)</b>	<b>Rated RPM</b>	<b>Fuel Consumption (Gal/hr/hp)</b>	<b>MTBUO</b>	<b>Duration</b>	<b>Price</b>
C1	1,400	4,493	1,800	0.039	8	0.5	\$180,000
C3	1,600	5,171	1,950	0.041	8	0.5	\$250,000
C7	1,800	5,971	1,900	0.046	4	0.5	\$340,000
C8	2,000	6,813	1,850	0.048	2	0.5	\$440,000
C9	2,200	6,933	2,000	0.051	2	0.5	\$560,000

### **SHIPPING FEES & TERMS**

<b>Shipping</b>	<b>Lead Time (Days)</b>	<b>Shipping Fee</b>
Standard	84	0%
Emergency Rush	42	20%

### **VOLUME DISCOUNTS**

<b>Order Volume</b>	<b>Volume Discount</b>
0 to 19 Units	0%
20 + Units	-5%

**Payment Terms:** 60 Days from Delivery Date



## Initial Vendor Evaluation Summary

Vendor: Kraft

Criteria	Sourcing Comments
Competency	Product quality / consistency
Capacity	85% Capacity
Commitment	Strong worker involvement
Ownership	Strong board management including labor representation
Cash	\$10B annual sales, highly capital intensive, single digit operating margins.
Cost	Relatively higher cost for high quality & consistency
Consistency	Good consistency of quality
Culture	Large company. Many controls. Bureaucratic. Slow to change / respond.
Communication	Slow customer communication & meetings difficult to schedule
Safety	No reported incidents
Warranty	Money back for defective products
Concentration	Offer products across all automotive drive systems
Claims	No customer claims
Other Comments	<p>This vendor passes minimum Tribolt requirements for cost, fulfillment, quality, responsiveness.</p> <p>Concerns:</p> <ul style="list-style-type: none"> <li>• Rigid order structure – lacks responsiveness to rush requests.</li> <li>• Lack of responsiveness to needs for new materials / solutions.</li> <li>• Relatively high cost product, and we lack good negotiating leverage</li> </ul> <p>Opportunities:</p> <ul style="list-style-type: none"> <li>• N/A</li> </ul>





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## **KRAFT - TRANSMISSIONS**

### **PRICE LIST**

Model	Max Power (HP)	Max Torque (ft-lb)	Speeds	1st Gear	2nd Gear	3rd Gear	4th Gear	5th Gear	Top Gear	MBTUO _Base	Duration	Price
KT1	2,000	5,836	4	2.75	5.00	3.40	1.87	1.00	1.00	1	0.75	\$88,000
KT3	2,000	5,387	5	4.00	3.80	2.00	2.20	1.00	1.00	2	0.75	\$107,000
KT6	2,400	6,634	7	6.90	5.50	4.30	3.10	2.90	1.00	2	0.75	\$177,000

### **SHIPPING FEES & TERMS**

Shipping	Lead Time (Days)	Shipping Fee
Standard	56	0%
Emergency Rush	42	10%

### **VOLUME DISCOUNTS**

Order Volume	Volume Discount
0 to 19 Units	0%
20 + Units	-10%

**Payment Terms:** 60 Days from Delivery Date



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## **KRAFT - DIFFERENTIALS**

### **PRICE LIST**

<b>Model</b>	<b>Max Power (Horsepower)</b>	<b>MBTUO factor</b>	<b>Gear Reduction</b>	<b>MTBUO _Base</b>	<b>Duration</b>	<b>Price</b>
KD1	2,000	10	1.13	6	1	\$112,000
KD2	3,000	10	1.28	5	1	\$125,000
KD3	4,000	10	1.42	4	1	\$140,000
KD4	5,000	10	1.57	3	1	\$160,000
KD5	6,000	10	1.71	2	1	\$191,000

### **SHIPPING FEES & TERMS**

<b>Shipping</b>	<b>Lead Time (Days)</b>	<b>Shipping Fee</b>
Standard	56	0%
Emergency Rush	42	10%

### **VOLUME DISCOUNTS**

<b>Order Volume</b>	<b>Volume Discount</b>
0 to 19 Units	0%
20 + Units	-10%

**Payment Terms:** 60 Days from Delivery Date

### Initial Vendor Evaluation Summary

**Vendor: Drucker**

Criteria	Sourcing Comments
<b>Competency</b>	Strong integration with differential & transmission suppliers
<b>Capacity</b>	Currently at 65% capacity
<b>Commitment</b>	Looking to scale operations to drive profitability & fund R&D
<b>Ownership</b>	Recently acquired by a Private Equity firm
<b>Cash</b>	Estimated to be break-even on \$200MM revenues
<b>Cost</b>	Moderate Prices
<b>Consistency</b>	ISO, CE
<b>Culture</b>	Strong family culture, prior to the sale were owned and operated under family ownership for 50 years.
<b>Communication</b>	Good communication
<b>Safety</b>	No incidents in the last 36 months
<b>Warranty</b>	Money back for proven defective products
<b>Concentration</b>	100% in final drives
<b>Claims</b>	No customer claims in last 36 months
<b>Other Comments</b>	<p>This vendor passes minimum Tribolt requirements for cost, fulfillment, quality, responsiveness.</p> <p>Concerns:</p> <ul style="list-style-type: none"> <li>Private Equity impact on cash available for NPD.</li> </ul> <p>Opportunities:</p> <ul style="list-style-type: none"> <li>Vendor capacity may allow for cost reduction opportunity</li> </ul>



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## DRUCKER – FINAL DRIVES

### PRICE LIST

Model	Max Power (Horsepower)	MBTUO factor	Gear Reduction	MTBUO	Duration	Price (per set of 2)
DRD4	1,500	10	10.0	8	1	\$300,000
DRD5	3,000	10	14.0	6	1	\$370,000
DRD6	7,000	10	17.3	4	1	\$420,000

### SHIPPING FEES & TERMS

Shipping	Lead Time (Days)	Shipping Fee
Standard	63	0%
Emergency Rush	32	20%

### VOLUME DISCOUNTS

Order Volume	Volume Discount
0 to 19 Units	0%
20 + Units	-5%

**Payment Terms:** 60 Days from Delivery Date

### Initial Vendor Evaluation Summary

**Vendor: Filco Steel Fab**

Criteria	Sourcing Comments
<b>Competency</b>	Product quality & consistency
<b>Capacity</b>	80% capacity
<b>Commitment</b>	Non-unionized, strong worker involvement
<b>Ownership</b>	Family owned
<b>Cash</b>	Unknown financial position, in business for 40+ years
<b>Cost</b>	High cost, all products are sourced and made in the USA.
<b>Consistency</b>	Not ISO certified, good consistency
<b>Culture</b>	Family run, expectation is oldest brother will take over within 5 years
<b>Communication</b>	Average in response time, but pride themselves on specialized service
<b>Safety</b>	No reported incidents in the last 24 months
<b>Warranty</b>	100% money back on proven defective products, no money back non-defective products
<b>Concentration</b>	100% on large steel fabrication, 10% in mining
<b>Claims</b>	No customer claims in the last 5 years
<b>Other Comments</b>	<p>This vendor passes minimum Tribolt requirements for cost, fulfillment, quality, responsiveness.</p> <p>Concerns:</p> <ul style="list-style-type: none"> <li>• Unclear if cost position is due to high input costs or high margins</li> <li>• Impact of the owner's son is taking over the business</li> </ul> <p>Opportunities:</p> <ul style="list-style-type: none"> <li>• Specialized service opportunities for unique customer needs</li> </ul>



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## FILCO STEEL FAB - CHASSIS

### PRICE LIST

Model	Frame Weight (lbs)	GVW Limit (il)	MTBUO	Duration	Price
FSF12	42,500	500,000	50	3	\$110,000
FSF13	65,500	850,000	50	3	\$230,000
FSF14	86,000	1,300,000	50	3	\$400,000

### CHASSIS SHIPPING FEES & TERMS

Shipping	Lead Time (Days)	Shipping Fee
Standard	49	0%
Emergency Rush	44	25%

### VOLUME DISCOUNTS

Order Volume	Volume Discount
0 to 19 Units	0%
20 + Units	-5%

**Payment Terms:** 60 Days from Delivery Date



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## FILCO STEEL FAB – DUMP BODY

### PRICE LIST

Model	Volume (yd <sup>3</sup> )	Payload Capacity at 2.2g/cm <sup>3</sup> (lb)	MTBUO	Duration	Price
DB102	54.0	200,000	20	0.5	\$80,000
DB103	80.9	300,000	20	0.5	\$120,000
DB104	107.9	400,000	20	0.5	\$170,000
DB105	134.9	500,000	20	0.5	\$220,000

### DUMP BODY SHIPPING FEES & TERMS

Shipping	Lead Time (Days)	Shipping Fee
Standard	49	0%
Emergency Rush	25	20%

### VOLUME DISCOUNTS

Order Volume	Volume Discount
0 to 19 Units	0%
20 + Units	-5%

**Payment Terms:** 60 Days from Delivery Date



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## FILCO STEEL FAB – FABRICATED BODY PARTS

### PRICE LIST

Model	Description	Comfort/Safety Rating	MTBUO	Duration	Price
FBP101	standard	1	5	0.2	\$245,000
FBP102	plush cab	3	15	0.2	\$280,000
FBP103	electronic assist	5	1	0.5	\$440,000

### FABRICATED BODY PARTS SHIPPING FEES & TERMS

Shipping	Lead Time (Days)	Shipping Fee
Standard	49	0%
Emergency Rush	10	5%

### VOLUME DISCOUNTS

Order Volume	Volume Discount
0 to 39 Units	0%
40 + Units	-3%

**Payment Terms:** 60 Days from Delivery Date





**Initial Vendor Evaluation Summary**  
**Vendor: ACME INDUSTRIAL SUPPLY**

Criteria	Sourcing Comments
Competency	Broad offering of products with quick, reliable delivery
Capacity	N/A
Commitment	More for your dollar
Ownership	Small division of a \$3B publicly traded company
Cash	Low single digit operating margins, high teens gross margins
Cost	Average industry cost
Consistency	Reliable shipment, exceptional service
Culture	Commitment to do what it takes to get the customer what they need
Communication	Average communication
Safety	No safety issues
Warranty	Money back on all proven defective products
Concentration	Size of heavy equipment & machinery distribution division unclear
Claims	No customer claims
Other Comments	<p>This vendor passes minimum Tribolt requirements for cost, fulfillment, quality, responsiveness.</p> <p>Concerns:</p> <ul style="list-style-type: none"> <li>N/A</li> </ul> <p>Opportunities:</p> <ul style="list-style-type: none"> <li>N/A</li> </ul>



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**ACME INDUSTRIAL: DISTRIBUTOR COMPONENTS**

**PRICE LIST**

Model	Truck Tool Kit	Lighting	MTBUO	Duration	Price
A101	no	no	3	0.5	\$120,000
A102	no	no	3	0.5	\$150,000
A103	yes	no	5	0.5	\$180,000
A104	yes	yes	8	0.5	\$210,000
A105	yes	yes	10	0.5	\$240,000
A106	yes	yes	12	0.5	\$270,000
A107	yes	yes	15	0.5	\$300,000

**SHIPPING FEES & TERMS**

Shipping	Lead Time (Days)	Shipping Fee
Standard	21	0%
Emergency Rush	4	5%

**VOLUME DISCOUNTS**

Order Volume	Volume Discount
0 to 39 Units	0%
40 + Units	-3%

**Payment Terms:** 60 Days from Delivery Date

**Initial Vendor Evaluation Summary**  
**Vendor: Pumps Inc.**

<b>Criteria</b>	<b>Sourcing Comments</b>
<b>Competency</b>	High performance, durable products
<b>Capacity</b>	Contract manufactures 50% of products. Own capacity is remaining 50%
<b>Commitment</b>	Engineering & quality focus. Lowest failure rate in the industry.
<b>Ownership</b>	\$15B publicly traded company
<b>Cash</b>	11% operating profit on \$10B revenues
<b>Cost</b>	Moderate prices
<b>Consistency</b>	ISO9001 - Strong focus on product performance
<b>Culture</b>	Growth oriented culture, diversified global workforce
<b>Communication</b>	Good communication, difficulty to reach the correct department / contact
<b>Safety</b>	Strong safety culture
<b>Warranty</b>	Money back for defective products.
<b>Concentration</b>	Manufactures pumps for a wide variety of applications across industries.
<b>Claims</b>	10 claims in the last 20 years.
<b>Other Comments</b>	<p>This vendor passes minimum Tribolt requirements for cost, fulfillment, quality, responsiveness.</p> <p>Concerns:</p> <ul style="list-style-type: none"> <li>• Unsure which products are manufactured in-house.</li> <li>• Ability to negotiate with a larger, multinational company.</li> </ul> <p>Opportunities:</p> <ul style="list-style-type: none"> <li>• Large, multinational company, with wide capability set.</li> </ul>



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**PUMPS INC – HYDARULIC PUMPS**

**PRICE LIST**

Model	Max Pressure (psi)	Horsepower at Max Pressure	MTBUO	Duration	Price
909	3,000	13	3	0.2	\$10,000
910	4,500	15	3	0.2	\$20,000
911	6,000	17	4	0.2	\$38,000

**SHIPPING FEES & TERMS**

Shipping	Lead Time (Days)	Shipping Fee
Standard	7	0%
Emergency Rush	4	20%

**VOLUME DISCOUNTS**

Order Volume	Volume Discount
0 to 19 Units	0%
20 + Units	-5%

**Payment Terms:** 60 Days from Delivery Date



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**PUMPS INC – HYDARULIC RAMS**

**PRICE LIST**

<b>Model</b>	<b>Max Pressure (psi per ram)</b>	<b>Lifting Force @ Max Pressure (lb per ram )</b>	<b>MTBUO</b>	<b>Duration</b>	<b>Price (per set of 2)</b>
773	3,000	60,000	5	0.2	\$30,000
774	3,500	90,000	5	0.2	\$40,000
775	6,000	120,000	5	0.2	\$50,000

**SHIPPING FEES & TERMS**

<b>Shipping</b>	<b>Lead Time (Days)</b>	<b>Shipping Fee</b>
Standard	21	0%
Emergency Rush	11	20%

**VOLUME DISCOUNTS**

<b>Order Volume</b>	<b>Volume Discount</b>
0 to 19 Units	0%
20 + Units	-5%

**Payment Terms:** 60 Days from Delivery Date

### Initial Vendor Evaluation Summary

**Vendor: Michelin**

Criteria	Sourcing Comments
<b>Competency</b>	Product quality / consistency
<b>Capacity</b>	93% capacity
<b>Commitment</b>	R&D focused
<b>Ownership</b>	European owned, \$20B publicly traded company.
<b>Cash</b>	12% operating profit
<b>Cost</b>	High prices
<b>Consistency</b>	Strong focus on product performance
<b>Culture</b>	Engineering focus, 2.5% of sales invested into R&D annually
<b>Communication</b>	Good communication
<b>Safety</b>	Strong safety culture, no reported incidents.
<b>Warranty</b>	Money back for defective products
<b>Concentration</b>	Off highway tires 5% of sales
<b>Claims</b>	No claims in last 36 months
<b>Other Comments</b>	<p>This vendor passes minimum Tribolt requirements for cost, fulfillment, quality, responsiveness.</p> <p>Concerns:</p> <ul style="list-style-type: none"> <li>Negotiating leverage</li> </ul> <p>Opportunities:</p> <ul style="list-style-type: none"> <li>N/A</li> </ul>



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## MICHELIN INC – TIRES

### PRICE LIST

Model	Max Pressure (psi per tire)	Max Weight (lb per tire)	Diameter	Wear Rate (in/hour)	Tread Depth (inches)	Price (per set of 6)
M24	65	70,000	10	$4.29 \times 10^{-5}$	1	\$240,000
M25	65	75,000	10	$4.86 \times 10^{-5}$	1	\$270,000
M26	70	80,000	10	$5.21 \times 10^{-5}$	1.25	\$300,000

*Note: Price quotes are for 6 tires.*

### SHIPPING FEES & TERMS

Shipping	Lead Time (Days)	Shipping Fee
Standard	28	0%
Emergency Rush	14	20%

### VOLUME DISCOUNTS

Order Volume	Volume Discount
0 to 19 Units	0%
20 + Units	-5%

**Payment Terms:** 60 Days from Delivery Date