

LGO GLOBAL SOURCING, LLC



Global Sourcing

A Subsidiary of Lakeside Sales, Ltd.

The World Wide Leader in International Sourcing and Service

**Global Sourcing of Cast and Forged Products
and Fabrications**

Quality Products

Timely Product Shipments

Technological Expertise

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LGO Global Sourcing - Addressing the Emerging Marketplace

The United States manufacturing sector has seen a fundamental shift this last decade. With a rising cost of production, devaluating fixed assets and a rising cost of health care and liability insurance this sector of the economy has been struggling to keep up with global competitive pressures. Many firms have addressed the loss of business with significant cut backs including wage reductions and the scale back of direct labor cost.

The law of comparative advantage states that, “a nation should compare its relative prices before trade. The nation should then export those goods that it can produce at a lower price than other nations and import those goods that it would have to produce at a higher price. The nation can have more of all goods by doing this”. These are the forces that are being laid upon our country’s manufacturing sector today. Companies will have a hard time fighting economic reality and U.S. firms can be cost competitive, realize profits and start hiring back labor that was once removed, if they can lower the cost of production. This can be done by outsourcing production through a reliable sourcing company like LGO Global Sourcing. These additional cost savings will increase profits, therefore, increasing net value and ultimately placing capital and labor back into the U.S. The production goes over seas, but the profits stay here.

LGO Global Sourcing offers companies another way to maximize efficiency in production, to be more price competitive, more profitable and increase their ability to create additional value to stockholders. At the same time, to some customers LGO Global Sourcing might mean survival where the alternative is loss of business.

LGO Global Sourcing is meeting the national demand for a more efficient way to address the rising cost of production while keeping business and investment in the United States. LGO Global Sourcing is doing its part in saving American business by reducing on their production costs.

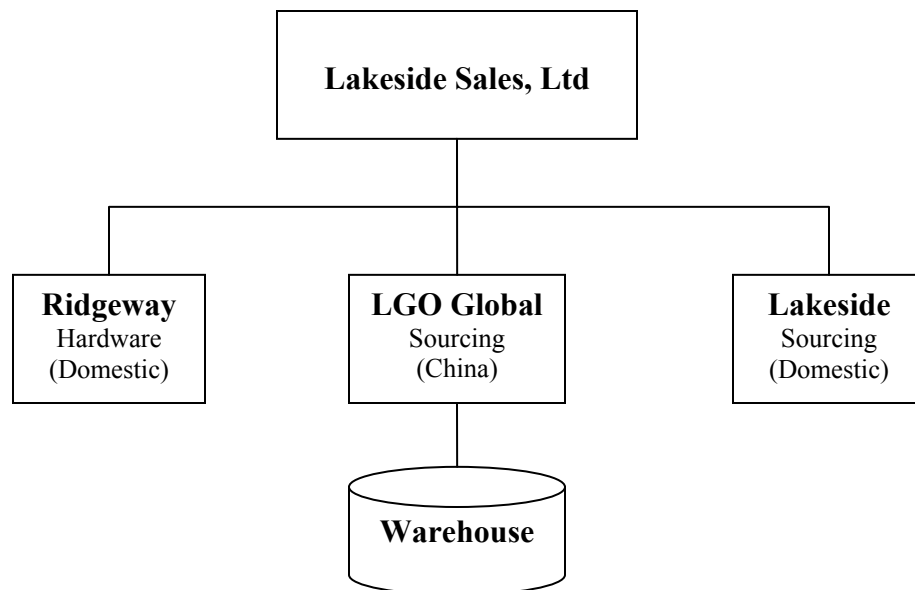
Value Proposition

LGO Global Sourcing will save your firm significant production costs by producing your products with a certified quality, technology and production inspected global source. LGO will then deliver your quality product on time to your shipping dock or hold your products in inventory at the LGO warehouse. At the same time, you will be updated and all information will be monitored and maintained through the project management process. Sourcing with LGO will give your firm the cost savings it needs for profitability and price competitiveness.

A Definition of Who We Are

LGO Global Sourcing is an international agent between customers and ISO-9000, QS-9000 and TS 16949 certified sources for cast and forged products (engineered and non-engineered), ferrous and non-ferrous materials, stampings, wood products, hardware, fabrications and secondary operations. Having been involved in the off shore market since 1977, the LGO Global Sourcing staff offers clients technological expertise in engineered products and cultural experience when dealing with manufacturing sources world wide. LGO Global Sourcing is committed to supplying our customers with quality service and products and our staff is dedicated to maintaining the highest standards while expanding our resources to best serve our customers' requirements. LGO Global Sourcing is located in Racine, WI, Jiangsu, China and Beijing, China .

LGO Global Sourcing, LLC is a subsidiary of Lakeside Sales, Ltd. Lakesides Sales, Ltd. holds under it three corporate entities: LGO Global Sourcing which specializes in global sourcing and advisory services, Lakeside Sales, Ltd.- domestic which specializes in the sourcing of products domestically and Ridgeway Corporation which offers a fastener line from both domestic and off shore sources.



Expertise in Sales:

Lakeside Sales, Ltd. has over 30 years experience in domestic and international sourcing. Lucien Osborne, President of Lakeside Sales, first starting exploring sourcing options for manufacturing in China since the early 80's. At that time, almost all enterprises were state owned and China's manufacturing capability was immature and the quality and efficiency was primitive. However, Lu and the Lakeside team kept going to China and working with sources to "get them up to standards". By the middle 90's Lakeside Sales had established formal and lasting relationships with leaders in the Chinese manufacturing sector. In the late 90's the Chinese government began the privatization of industry. The privatization, in combination with the low labor costs, created tremendous demand for outsourcing to China. To meet this demand, Lakeside formed LGO Global Sourcing, appointing William V. Osborne as President, and establishing a team of experienced sales representatives.

Currently LGO Global Sourcing has sales staff in both the United States and China working to meet our customer's needs and the expanding demand of Chinese sourcing. The sales team at LGO Global Sourcing uses the following precepts in establishing working relationships with our Chinese sources:

1. Understanding the Chinese business culture
2. Developing relationships embedded with loyalty and trust
3. Having a solid understanding of U.S. manufacturing requirements and the translation of those needs to qualified Chinese sources.

Expertise in Technology:

A project begins with the sales and engineering design process, continues through the order and additional logistical improvement to add value to sourcing requirements. Technology in the industrial and manufacturing process is what gives LGO Global Sourcing the ability to differentiate itself from the typical international sales representation for a customer.

LGO Global Sourcing has on staff trained engineers and technicians, both in the U.S. and abroad, with the experience and education to manage the design and engineering process of new projects and on going projects. LGO Global Sourcing also has staff in China with the ability to translate English requirements into Chinese for proper technological implementation thus eliminating one of the major hurdles in dealing with Chinese sources.

Expertise in Efficiency:

With many years of working directly between Chinese sources and U.S. customers, our project management team has conquered the complex learning curve of managing international sourcing projects. Our project management team is constantly striving to increase its efficiency and productivity to offer accurate and timely quotations and order processing. A project manager is assigned to each customer to handle a project from the beginning to full production. Each facet of a project is closely monitored by the project manager, giving the customer one contact for all issues of a project from start to finish.

Expertise in Communication:

The Chinese culture and business environment is much different than that in the United States. For a project to be efficiently and successfully completed, a complete understanding of that environment and culture must be in place. LGO Global Sourcing adds value to the sourcing process by handling all of the cultural and communication issues that might arise with transactions between business partners.

Value of Sourcing Through LGO Global Sourcing

Businesses are constantly in the process of lowering their cost of production. When a firm finds efficient ways to lower production cost it will realize an increase in profit and a better stabilization of the price of its product in the market place. A corporation can obtain the ability to produce its product with a cost structure that makes the company more competitive and profitable in the domestic and international marketplace.

In today's economy the cost of production for a manufacturing company can often move it into an unprofitable situation because of a variety of factors. Outsourcing production in its entirety or partially "Price Blending" gives firms the benefit of cost savings, the ability to run optimally and the opportunity to strive for full employment and maximize production capabilities.

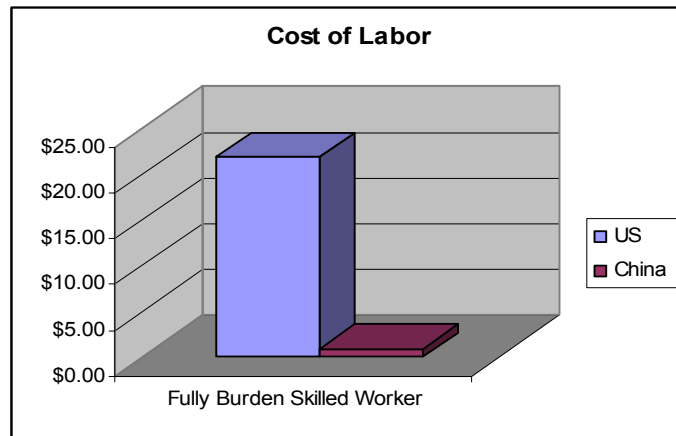
LGO Global Sourcing understands the need for lowering a manufacturing company's cost of production and is an accredited source to start moving your firm toward additional costs savings in an easier, risk reduced environment, which, in the end, will shift your firm into the right cost structure to keep it competitive and profitable in the new economy.

It is important to understand that not all parts can be competitively supplied from China; they have to be labor intensive or low yield to be the most competitive. An evaluation should be done of the product mix to identify those items that would offer the best return from outsourcing.

The Value of Cost Savings: LGO Global Sourcing is able to bring cost savings to the marketplace by being able to produce products in China cost effectively and, therefore, passing on that cost savings to the customer will make the part more price competitive even after considering the costs associated with the sourcing process. Products are able to be produced in China less expensively for two reasons:

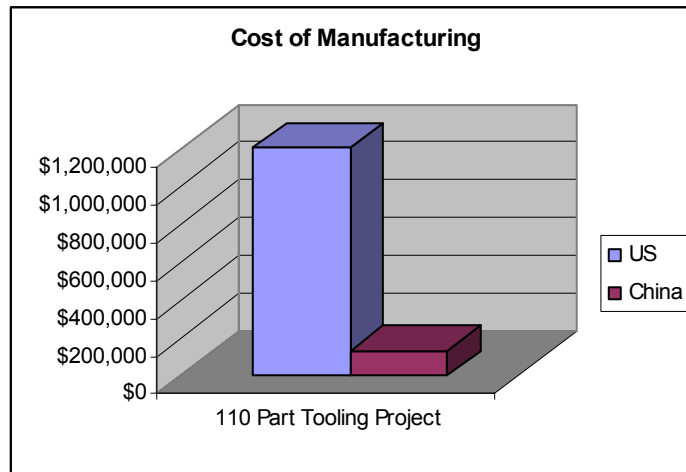
- **Currency Valuation:** The Yuan currently is pegged at roughly 8.265 to the dollar.
- **Cost of Manufacturing and Employment:** Because of the value of the Chinese currency their cost of production is much lower than that in the U.S. Furthermore, Chinese manufacturing companies do not have many of the same price stabilizing regulation policies that the U.S. has pushing up the cost of production.

Cost Savings Example



Direct Labor Costs Comparison

- A fully burdened worker in the US is paid on average \$22/hr
- A fully burdened skilled worker in China is paid on average \$.90/hr while an unskilled laborer earns on average \$.50-\$.60/hr



Manufacturing Costs Comparison

- 110 part tooling project in the US costs around 1,200,000
- Same 110 part tooling project in China costs 132,000

The Value of Trusted Sources: LGO only partners with trusted Chinese sources that are internationally certified ISO-9000 or TS-16949 compliant. Much of the LGO technical and QA team is involved with the inspection of these operations and the verification of their quality. LGO sources are much like U.S. production companies located in China, many of the manufacturing, design and managerial structures are the same.

- **Certified sources**
- **Pre-Inspected production capability**

The Value of Timeliness: The processes used by LGO Global Sourcing ensures a quality product be delivered to the customer's dock, ready for additional production or re-shipment. This timeliness of product delivery is driven by our project managers who maintain release schedules and project timelines to track shipments from China through customs and to the customer. Project managers have the experience to address varied issues that may come up during the sourcing process and develop contingency plans to prevent an interruption of a customer's production schedule.

- **Project release schedules**
- **Project Time - Line**
- **Pre- Determined release schedules and contingency plans**

The Value of Quality Assurance: The LGO Global Sourcing process ensures a quality product be delivered to the customer's dock. The quality of LGO products is assured by commitment of trained and knowledgeable QA inspectors at the source in China as well as trained and in the U.S. at the LGO Global Sourcing warehouse. This efficient process of rigorous inspection keeps LGO Global Sourcing ahead of the curve in assuring the quality of delivered products.

- **QA Inspectors in China**
- **QA Inspectors in the US**

The Value of Technical Expertise: From the start of a project to the finish LGO Global Sourcing possesses the technical expertise in engineering and design to add significant value to a new project start-up, identifying and correcting design flaws, offering production and operational consulting as well as supply chain management.

- **Product engineering and design**
- **Chinese translation of English requirements**

LGO Products

Castings:

- *Sand*
- *Investment*
- *Die Casting*
- *Permanent Mold*
- *Graphite Permanent Mold*
- *Spincast Zinc*

Secondary Operations:

- *Pressure Testing*
- *Sonographic Testing*
- *Painting*
- *Machining*
- *Product Assembly*
- *Packaging*
- *Bar Coding*
- *Engineering Design*

Forgings:

- *Open Die*
- *Closed Die*
- *Hot Forgings*
- *Cold Forgings*
- *Materials*

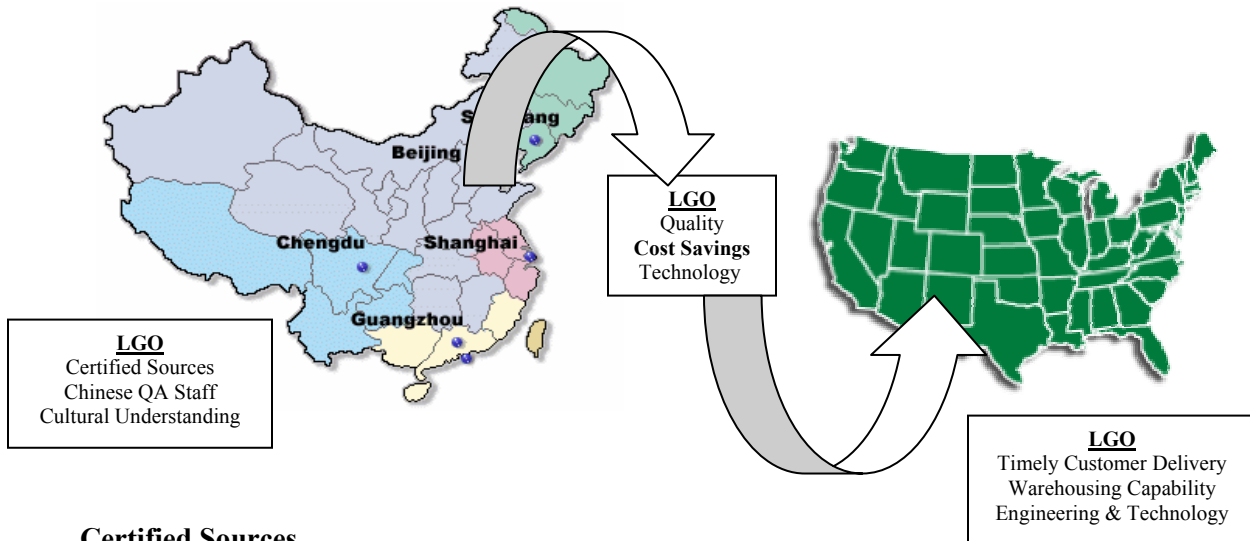
Fabrications

Additional Products & Processes:

- *Anodizing*
- *Bearings*
- *Hardware*
- *Laser Cutting*
- *Plasma Cutting*
- *Plastic Injection Mold*
- *Screw Machine*
- *Stampings*
- *Wire Form Products*
- *Wood Products*
- *Wrought Iron Products*
- *Weldments*

The LGO Global Sourcing - Sourcing and Sales Process

- 1) Customer information and designs for parts to be produced
- 2) LGO Global Sourcing analysis of multiple vendors qualified for efficient production
- 3) Vendor's quote to customer
- 4) Customer selection of appropriate quotes, pricing and payment terms
- 5) Customer orders production from LGO Global Sourcing
- 6) LGO Global Sourcing works with source regarding financing, logistics and production
- 7) Pre - Production shipments and quality testing
- 8) Shipment of product from vendor to LGO Global Sourcing warehouse or customer direct



Certified Sources

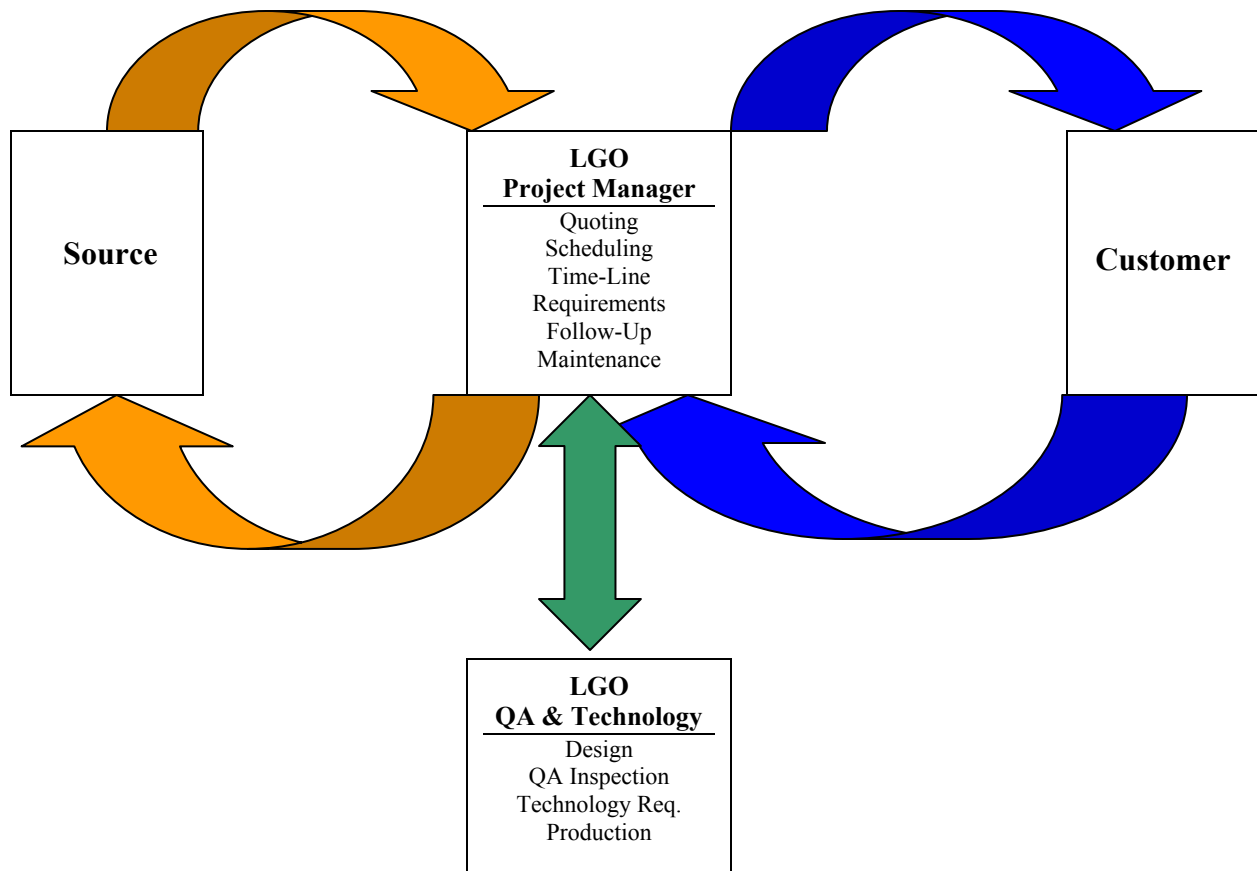


Satisfied Customers

Cummins Engine
Hydro Gear
Navistar
Warman
Emerson
Wine Rail
Axle Tech
Navistar
CNH Global

The LGO Sourcing - Project Management Process

1. **Assigned Project Manager** – From the start of the sourcing process with LGO Global Sourcing your firm will be assigned a project manager who will work with you from project launch to management of the production process. The project manager is responsible for the entire sourcing process including identifying and implementing requirements, inspection processes, scheduling and follow-up communication. The project manager is responsible for monitoring each part of the sourcing process.
2. **Documentation and Scheduling** – The project manager will be responsible for working with the customer to produce pre-formatted release schedules and time-lines for project development and maintenance.
3. **Customer Service** – Customers have available to them their project manager and any additional staff as required to meet the customer's requirements for a smooth project launch and transition.



LGO Global Sourcing - Global Industrial Technology Services (GITS)

LGO Global Sourcing offers clients or companies who are already involved in the sourcing process or need additional advisory services in the sourcing area, consulting services that address the global need for expertise in this growing emerging market. Many of these companies are already sourcing in China, but have a need for council or outsourcing in the areas of technology, finance and project management.

*This arm of LGO is separate from the services that accompany sourcing. GITS services are billed on a consulting basis.

Global Sourcing Advisory Services. As the global economy grows the demand for expertise in getting production around the world is becoming more and more of a reality. LGO Global Sourcing is already in China and leverages its contacts in China to meet clients' requirements for global sourcing.

LGO Global Sourcing is retained to work with your current Chinese vendors in realizing U.S. requirements by increasing their value of operational structure, capital infrastructure and managerial and production structures.

What GITS Advisory Services can do for you:

1. Improve current Chinese operations to meet your requirements:
2. Place additional business in China
3. Offer cultural consulting services

Global Technology Services – With the privatization of Chinese industry many potential sources have not kept up with the growth in technology. LGO Global Sourcing uses its staff in China to help move these sources toward desirable operational capabilities.

What GITS Technological Services can do for you:

- Analyze and re-engineer manufacturing drawings and designs
- Work with Chinese operations to meet your requirements pertaining to the analysis of manufacturing designs.

Global Financing Services – Financing an international production project may require multiple options because of the length of shipment times and particular demands of Chinese companies in their new economic environment. LGO Global Sourcing has the ability to find and implement financing that will work for your project and cash flow requirements.

What GITS Financing Services can do for you:

- Obtain institutional financing for your sourcing project
- Offer financing alternatives to the client to save money

Project Management Services – The process of sourcing, project management and order processing can all be done by outsourcing to LGO Global Sourcing. Our project management team is above the learning curve and can handle multiple projects in addition to maintaining proper documentation of project status.

What GITS can do for you:

Outsource your project management to LGO Global Sourcing
Outsourcing project management saves time and start-up costs

LGO Leadership

Lucien Osborne Chairman and CEO

Lucien Osborne graduated from Northwestern University with a BS in Industrial Engineering. He then spent 2 years at Goodyear Aircraft Corp as a Junior Production Engineer. The following 2 years he served in the U S Navy where he was Officer in Charge of the YNG 28. Mr. Osborne worked from 1946 to 1973 for Lakeside Malleable Castings Company as Assistant to the Superintendent, Sales Manager, Corporate Secretary and President. In 1973 he co-founded Lakeside Sales, Ltd. and in 1975 became President. He also served as Vice President from 1967 and is currently President of Ridgeway Manufacturing Corporation, a family owned fastener supply business.

William V. Osborne President

William V Osborne is President of LGO Global Sourcing. Mr. Osborne has been in the foundry business since 1965 starting in the family foundry as a teenager after school.

After obtaining a bachelor's degree in business administration from the University of Wisconsin, he joined the Marine Corp as a commissioned officer. Subsequently Mr. Osborne worked for a number of foundries and had an association with a machining house, his focus being on diesel engine components and hydraulics.

Mr. Osborne has been with Lakeside Sales Ltd., the parent company of LGO Global Sourcing, for 16 years and has spent the past 6 years qualifying and developing Chinese sources and contacts to best meet the current market requirements.

By building an understanding of our cultural differences, Mr. Osborne has established criteria to aid LGO Global Sourcing to meet the growing global needs for current and potential customers. He has employed a staff in China to work with both vendors and customers.

Mr. Osborne most recently spoke at two prestigious events: the Conference for Global Sourcing in Milwaukee, WI and the 2003 China Auto Parts & Components Industrial Development Forum in Beijing, China.

Li Zhonghua
Technical Director of Chinese Operations

Mr. Li began his career as a foundry engineer and director of workshop for Zhenjiang Steel. He then became an assistant to the president and head of new foundry products, developing projects to export to customers from Japan, France and the United States; after which he was named Vice President of the Zhenjiang Metal Division. His duties included the responsibility for the production of alloy castings.

Mr. Li left industry to become a professor at Jiangsu University, teaching and doing research on foundry operations in China.

He holds a bachelor's and master's degrees in science and technology from Jiangsu University (China).

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