

DNOSC'S IODINE SALES PROGRAM

On May 26, 2004, the Defense National Stockpile Center (DNOSC) held a meeting with the Iodine Industry to advise industry members of a proposed change to the Iodine Sales Program. For the past several years, DNOSC has been offering up to 1,000,000 pounds of iodine for sale under the negotiated sales format. A quarterly offering of approximately 250,000 lbs. was held at a pre-set day and time identified in the solicitation. Negotiations of price and other factors took place upon receipt of initial offers. This sales method does not allow for quick reaction or adjustment to market conditions or customers' needs.

Under the new proposed sales format, the Basic Ordering Agreement (BOA), DNOSC can be more responsive to market conditions and the needs of its customers. This sales format allows for more flexibility by enabling the customers to pre-qualify to purchase iodine and establish/negotiate any special terms and conditions. DNOSC selects the quantity, form and location of material that it wants to sell and its selections are posted on our website. A qualified customer simply submits its quote to purchase material. DNOSC initially proposed to post material for sale as frequently as once a week – dependent on demand/need for the material and overall market conditions.

DNOSC has received feedback from the iodine industry. The primary areas of concern are:

1. frequency and number of the postings
2. minimum quantity awarded
3. information on sales

After evaluating and analyzing the normal commercial practices of the iodine industry and balancing these customs and purchasing habits against the overall programmatic objectives of DNOSC, the following adjustments have been made to the BOA:

1. DNOSC will post material for sale the second Monday of the month. Quotes will be due the following Monday and awards will be made within 3 working days. DNOSC will offer up to 250,000 lbs per quarter. The exact quantity offered each month within a quarter will be dependent upon customer needs and market conditions.
2. The minimum quantity per quote will remain 5,000 lbs.
3. DNOSC will issue quarterly news releases announcing the previous quarter's aggregate sales. Provisional contract revenues and quantities as well as the name of companies awarded material will be provided in the news release. The news releases will be posted on our website.

DNOSC anticipates issuing its BOA in early October 2004. The first posting of material offered for sale is potentially scheduled for November 8, 2004. Interested parties can begin to qualify for participation during the month of October. For questions regarding the terms and conditions of the BOA, please contact either Christopher Hall on 703-767-5498 or Richard Talbott on 703-767-5497. Questions regarding registration on the website should be directed to Martha Hochberg on 703-767-5503.