

ELLIOTT MANUFACTURING

B.W. Elliott Manufacturing Co., LLC

Box 773, Binghamton, NY 13902

Tel: (607) 772-0404 Fax: (607) 772-0431

Elliott Mfg. Co., LLC

*Supplier Quality
Requirements Manual*

B. W. Elliott Manufacturing Company

Rev. D

8/10/09

COMPANY: _____

REPRESENTATIVE: _____

TITLE: _____

DATE: _____



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INTRODUCTION AND SCOPE

This Supplier Manual is to be used as a guideline for all Elliott Mfg. Co., LLC suppliers. It describes the business philosophy and systems that Elliott Mfg. Co., LLC expects suppliers to develop and implement. Elliott Mfg. Co., LLC is committed to working with suppliers to ensure customer satisfaction through conformance to quality requirements, competitive costs, improved communication, reduction of variation, elimination of non-value added work and meeting delivery expectations. We intend to establish and maintain long-term relationships with suppliers who are committed to continuous improvement in quality, delivery, cost and service. This commitment is an expectation of all suppliers. Those suppliers who accept this philosophy will have the opportunity to enter into long-term relationships with Elliott Mfg. Co., LLC. As we explore new markets, we need support from our entire supply base and commitment in meeting or exceeding our customer's needs. We look forward to continuing our proactive relationship with suppliers that is mutually beneficial and long term. We believe that evidence of this commitment to a continuous improvement philosophy includes 1S09000, 1S014000, AS9100 and QS9000 (TS16949) compliance and/or certification, proactive supply-chain management, frequent deliveries (if required), productivity improvements and frequent cost-saving proposals. In turn, Elliott Mfg. Co., LLC will deal honestly with our suppliers, strive to listen to our suppliers concerns, communicate our requirements and provide our suppliers with the appropriate tools to perform at world-class levels.

CODE OF BUSINESS CONDUCT

Elliott Mfg. Co., LLC is committed to standards of conduct, which are based on fairness, reasonableness and integrity. These standards must be upheld in all of our relationships with both our suppliers and any others with whom we transact business, so that our practices will be consistent across the company. In order to provide our customers with the best product at the best price, we are committed to securing value in the goods and services that we purchase. Therefore, as a matter of both sound purchasing practice and business integrity, Elliott Mfg. Co., LLC makes all purchasing decisions solely on the basis of which suppliers offer us the best value in their goods and services. Our employees shall avoid accepting any favor, gift or entertainment, which might lead a reasonable person to think that its receipt would influence a purchasing decision. Accordingly, it is our policy not to accept favors, gifts or entertainment from suppliers with the sole exceptions of appropriate and infrequent hospitality or business mementos of nominal monetary value. Any breach of this Code may result in the immediate discontinuation of our relationship with the supplier.

AVAILABILITY OF SUPPLIER QUALITY REQUIREMENTS MANUAL

The Supplier Quality Requirements Manual (SQRM) is available upon request from the purchasing department and/or the quality assurance department. Purchase Orders will reference that Elliott Mfg. Co., LLC SQRM applies. Do not accept a Purchase Order from Elliott Mfg. Co., LLC unless you are fully prepared to meet the requirements of this manual. It is the Supplier's responsibility to ensure that they are using the correct revision of the SQRM.

DOING BUSINESS WITH ELLIOTT MFG. CO., LLC

Elliott Mfg. Co., LLC annually may require that a Self-Evaluation Questionnaires to be completed by our suppliers. Failure to complete the questionnaire may result in your probationary and possibly deletion from our Approved Supplier List (AVL).

PERIODIC ON-SITE AUDITS

Elliott Mfg. Co., LLC may conduct on-site audits of key suppliers to ensure that the requirements of this manual, as well as other industry standards are being met. Refusal to allow audits may eliminate your company from our Approved Supplier List. In most cases, other party approval will suffice.



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Typically, the Project Engineer and Purchasing is responsible to lead the supplier selection process. Approval of the Quality Department is required and the key criteria for evaluation and selection may include:

- Quality performance
- Delivery performance
- Commercial competitiveness
- Cost Reduction performance
- Technological contribution
- Engineering design and development support
- ISO/AS/QS/TS compliance and/or certification
- Responsiveness

Key Suppliers shall be evaluated per above requirements and shall receive a Score Card Quarterly

QUALITY COMMUNICATIONS

At Elliott Mfg. Co., LLC, we recognize the critical role quality plays in our success.

Our realization of this goal is dependent on receiving quality materials from our entire supply chain.

Quality is a prime consideration for supplier selection and sourcing at Elliott Mfg. Co., LLC.

An essential ingredient to a successful partnership is clear and concise communication. At Elliott Mfg. Co., LLC, our means of communicating direction, expectations, guidelines and systems include:

- Purchase Orders
- Blue Prints
- Nonconforming Material Reports
- Our Internet site www.elliottmfg.com
- Supplier meetings
- The Supplier Quality Requirements Manual
- The Quality Survey

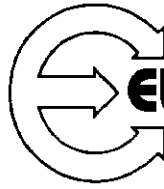
PURCHASE ORDER REQUIREMENTS

Suppliers are advised that only Elliott Mfg. Co., LLC purchasing agents/buyers have the authority to make contractual commitments with suppliers. Suppliers who proceed without a Purchase Order from the authorized purchasing personnel risk non-payment and may further jeopardize their ability to be considered for future business opportunities.

All parts/services acquired by Elliott Mfg. Co., LLC for production purposes will be processed on a Purchase Order. Verbal authorizations are not allowed. Do not proceed until a purchase order is generated. This purchase order will state part numbers, revisions, prices, quantities, and quality and other requirements that govern the purchase and supply of the parts or services.

All quotations from Suppliers must include any additional costs such as delivery, packaging to supply the item or service. With regard to prices, Elliott Mfg. Co., LLC requires that all supplier invoice prices match Elliott Mfg. Co., LLC's purchase order prices exactly, to ensure timely processing. To achieve this, any price change must be documented by the issuance of a corrected purchase order, which defines what we understand as the agreed price. Invoices that do not match will be returned to the supplier. Payment terms will apply when we receive a conforming invoice.

We expect Suppliers to do a thorough Contract Review before accepting our Purchase Orders. Our additional Purchase Order Terms and Conditions are as follows:



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1. Invoices shall be processed only after Order has been accepted.
2. Purchase Order Number and Part Number(s) MUST appear on all Invoices, Packages, Packing Slips, Bills of Lading and Correspondence.
3. A Certificate of Compliance showing that all materials conform to applicable requirements, specifications and drawings must accompany deliveries when required.
4. Addressing - All acceptances, invoices, documents and correspondence concerning this Order are to be addressed to Purchasing Department, Elliott Mfg. Co., LLC, PO Box 773, 11 Beckwith Ave., Binghamton, New York 13902.
5. Shipping and Billing –
 - (a) All material shall be suitably packed, marked and shipped in accordance with the requirements of common carriers in a manner to secure lowest transportation cost, and no additional charge shall be made to Elliott Mfg. Co., LLC therefore unless otherwise stated herein.
 - (b) No charge shall be made by Supplier for drayage or storage, unless otherwise stated herein.
 - (c) Unless otherwise specified herein, Supplier shall properly mark each package with Elliott Mfg. Co., LLC's Order Number, factory, plant and/or dock number, and where multiple packages comprise a single shipment each package shall also be consecutively numbered.
 - (d) Supplier agrees to describe material on bill of lading or other receipt and to route shipment in accordance with instructions issued by Elliott Mfg. Co., LLC.
 - (e) If the goods are not shipped in accordance with Elliott Mfg. Co., LLC's direction and the instructions set out in the Purchase Order and/or SQRM, Supplier shall pay to Elliott Mfg. Co., LLC any excess cost occasioned it thereby.
6. Delivery Schedule - Deliveries are to be made in quantities and at times specified in the Purchase Order, or in schedules furnished by Elliott Mfg. Co., LLC. Elliott Mfg. Co., LLC may from time to time change delivery schedules or direct temporary (up to six months) suspension of scheduled shipments without incurring any additional charges by Supplier.
7. Delays - If at any time Supplier has reason to believe that deliveries will not be made as scheduled, written notice setting forth the cause and extent of the anticipated delay May be required by the Elliott Mfg. Co., LLC. buyer.
8. Excess Goods - Goods in excess of those specified or scheduled will not be accepted, and such goods will be held at Supplier's risk. Elliott Mfg. Co., LLC may return such goods at Supplier's risk, and all transportation charges, both to and from the original destination, as well as any repacking charges, shall be paid by Supplier.
9. Incorrect Counts - Elliott Mfg. Co., LLC, after counting material received from Supplier, will advise Supplier of any discrepancies and, if any, will return Supplier's invoice for correction. Elliott Mfg. Co., LLC will apply the usual discount period upon receipt of the corrected invoice. Elliott Mfg. Co., LLC may, at its option, issue a Debit Memorandum for the difference in count, when Supplier's invoice has been previously accepted prior to receipt of the material.



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10. Inspection and Acceptance - Inspection and test of the articles by Elliott Mfg. Co., LLC may at Elliott Mfg. Co., LLC's option be made at Supplier's Plant and/or the point of destination. Acceptance of the goods by Elliott Mfg. Co., LLC shall not relieve Supplier from any of its obligations and warranties hereunder. In no event shall payment be deemed to constitute acceptance.

11. Warranty - Supplier expressly warrants that all the material and work covered by the Purchase Order will conform to the specifications, drawings, samples or other description furnished, adopted or specified by Elliott Mfg. Co., LLC, and will be merchantable, of good material and workmanship and free of defects. Supplier expressly warrants that all the material covered by the Purchase Order which is the product of Supplier or is in accordance with Supplier's specifications, will be merchantable and fit and sufficient for the purposes intended.

12. Defective Goods - All material shall be received subject to Elliott Mfg. Co., LLC's right of inspection. Any material which fails to meet the warranties contained in Paragraph 12, or which is otherwise defective or not in accordance with Elliott Mfg. Co., LLC's specifications, will be held for Supplier's instructions and at Supplier's risk. Elliott Mfg. Co., LLC may return such goods to Supplier at Supplier's risk, and all transportation charges, both to and from the original destination as well as any repacking charges, shall be paid by Supplier. At Elliott Mfg. Co., LLC's discretion, whole or partial non-conforming orders may be reworked or accepted by Elliott Mfg. Co., LLC. Rework charges will be debited from the Supplier's invoice. In no event shall payment for such material prior to inspection constitute an acceptance thereof; such payment shall be without prejudice to any and all claims that Elliott Mfg. Co., LLC may have against Supplier.

13. Rejected Material - All material rejected by Elliott Mfg. Co., LLC pursuant to Paragraphs 10, 11, and 14 hereof shall, at Elliott Mfg. Co., LLC's option, be handled as follows:

- (a) A shipping notice will be made out by Elliott Mfg. Co., LLC to instruct return of the material. It will state the quantity, refer to Elliott Mfg. Co., LLC's original Purchase Order Number on which the material was purchased, and will give the new Purchase Order Number, if any, in which the material will be placed.
- (b) Elliott Mfg. Co., LLC will debit Supplier's account for the purchase price, plus packing charges for material being returned and shipping charges, if applicable, and make a deduction from any open invoices to Supplier.
- (c) The material, when received by Supplier, is to be reworked or replaced in accordance with the instructions on the existing, or new Purchase Order, if any, which is issued covering this shipment.
- (d) The reworked or replaced material, when reshipped to Elliott Mfg. Co., LLC, is to be re-shipped against a Purchase Order number specified by Elliott Mfg. Co., LLC.
- (e) The quantity rejected in no way affects the total shipments required on the Purchase Order. Elliott Mfg. Co., LLC will consider the Order closed out upon receipt of the required number of parts, irrespective of whether they have been rejected or not.

14. Change in Specifications - Elliott Mfg. Co., LLC reserves the right at any time to make changes in drawings and specifications as to any material and/or work covered by this Order. Supplier shall not commence work in response to such changes until receipt of Elliott Mfg. Co., LLC's written authorization thereof. Any difference in price or time for performance resulting from such changes shall be equitably adjusted and the Purchase Order shall be modified in writing accordingly.

15. Consignment - Machinery, equipment, tools, jigs, dies, patterns, drawings, specifications and samples furnished to Supplier by Elliott Mfg. Co., LLC on other than a charge basis shall be held by Supplier as upon consignment, and upon the completion



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or termination of the Purchase Order shall be returned to Elliott Mfg. Co., LLC or otherwise satisfactorily accounted for. Unless otherwise agreed in writing, Supplier, at its expense, shall insure all such items for the reasonable value thereof against loss or damage of any kind. Any such materials not so accounted for or returned, at Elliott Mfg. Co., LLC's option, shall be paid for by Supplier.

16. Tooling - Unless otherwise herein agreed, Supplier at its own expense shall furnish, keep in good condition and replace when necessary all dies, tools, gauges, fixtures and patterns necessary for the production of the material ordered. The cost of changes in the aforementioned items necessary to effect design or specification changes ordered by Elliott Mfg. Co., LLC shall be paid for by Elliott Mfg. Co., LLC. Elliott Mfg. Co., LLC shall have the option, however, to take possession of and title to any dies, tools, gauges, fixtures and patterns that are special for the production of the material covered by the Purchase Order and shall pay to Supplier the unamortized cost thereof; provided, however, that this option shall not apply if the material hereby ordered is the standard product of Supplier or if a substantial quantity of like material is being sold by Supplier to others.

17. Fabrication and Material Commitments - Unless otherwise authorized in writing by Elliott Mfg. Co., LLC, Supplier shall not make commitments for materials nor fabricate in advance of the time necessary to permit shipment on scheduled delivery dates. No processing changes shall be made without notification and approval by Elliott Mfg. Co., LLC of the change or first article submissions.

18. Remedies - The remedies herein reserved shall be cumulative, and additional to any other or further remedies provided in law or equity. No waiver of a breach of any provision of this Purchase Order shall constitute a waiver of any other breach, or of such provisions.

19. Payment - Any applicable cash discount period shall date from the receipt of the goods or from the date of the invoice, whichever is later. C.O.D. shipments will not be accepted.

20. Price - If price is not stated in this Purchase Order, it is agreed that the goods shall be billed at the price last quoted, or at the prevailing market price, whichever is lower. This Order shall not be filled at a higher price than last quoted or charged without Elliott Mfg. Co., LLC's specific written authorization.

21. Termination - Elliott Mfg. Co., LLC may terminate this Purchase Order for its convenience, in whole or in part, by written or facsimile notice at any time. If this Purchase Order is terminated for convenience, any claim of Supplier shall be settled on the basis of reasonable costs it has incurred in the performance of the Purchase Order, with no allowance for loss of profit.

22. Cancellation - Elliott Mfg. Co., LLC reserves the right to cancel all or any part of the undelivered portion of a Purchase Order if (i) Supplier does not make deliveries as specified, time being of the essence of the Purchase Order, or if (ii) Supplier breaches any of the terms hereof including, without limitation, the warranties of Supplier.

23. Insolvency - Elliott Mfg. Co., LLC may forthwith cancel a Purchase Order in the event of the happening or any of the following: insolvency of the Supplier; the filing of a voluntary petition in bankruptcy; the filing of an involuntary petition to have Supplier declared bankrupt, provided it is not vacated without thirty (30) days from the date of filing; the appointment of a Receiver or Trustee for Supplier, provided such appointment is not vacated without thirty (30) days from the date of such appointment; or the execution by Supplier of an assignment for the benefit of creditors.

24. Patents -

(a) Supplier hereby warrants that the material hereby ordered, and the use or sale of such material does not and will not infringe any United States or foreign letters patent, and that Supplier will at Supplier's expense defend any suit brought for actual or alleged infringement of such letters patent. Supplier shall hold and save Elliott Mfg. Co., LLC and its affiliated corporations, and their customers, harmless from loss and/or liability of any nature or kind arising out, or existing because, of the



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infringement or alleged infringement of any patent for or on account of the manufacture, sale or use of any goods furnished hereunder, except in the case where compliance by Supplier with specifications prescribed by and originating with Elliott Mfg. Co., LLC constitutes the sole basis of the infringement or alleged infringement. Elliott Mfg. Co., LLC shall notify Supplier in writing of any suit filed against it or its affiliated corporations, or their customers, on account of any such infringement or alleged infringement, and at Supplier's request shall give Supplier control of the defense of such suit, insofar as Elliott Mfg. Co., LLC has the authority to do so, and information and assistance for the same, all at Supplier's expense. Elliott Mfg. Co., LLC and the party against whom suit is brought, may be represented by their own counsel in any such suit.

(b) Elliott Mfg. Co., LLC shall defend, at its expense, any suit brought against Supplier for the infringement or alleged infringement of any patent for or on account of the manufacture or sale of any goods furnished hereunder, and shall pay all damages and costs awarded therein against Supplier, in any case where compliance by Supplier with specifications prescribed by and originating with Elliott Mfg. Co., LLC constitutes the sole basis of the infringement or alleged infringement, if notified in writing and given authority, information and assistance, at Elliott Mfg. Co., LLC's expense, for the defense of same.

25. Insurance - If this Purchase Order covers the performance of labor for Elliott Mfg. Co., LLC, Supplier agrees to indemnify and protect Elliott Mfg. Co., LLC against all liabilities, claims or demands for injuries or damages to any person or property growing out of the performance of this Purchase Order. Supplier further agrees to furnish upon Elliott Mfg. Co., LLC's request an insurance carrier's Certificate showing that Supplier has adequate Worker's Compensation, Public Liability and Property Damage insurance coverage. Said Certificate must set forth the amount of coverage, number of policy and date of expiration. If Supplier is a self-insurer, the Certificate of the Department of Labor and Industry of the state in which said labor is to be performed must be furnished by such Department directly to Elliott Mfg. Co., LLC.

26. Advertising - Supplier shall not, without first obtaining the written consent of Elliott Mfg. Co., LLC, in any manner, advertise or publish the fact that Supplier has contracted to furnish Elliott Mfg. Co., LLC the material herein ordered; and for failure to observe this provision, Elliott Mfg. Co., LLC shall have the right to terminate this Purchase Order without any obligation to accept deliveries after the date of termination or make further payments except for completed articles delivered prior to termination.

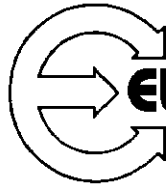
27. Compliance with Federal, State and Local Laws - Supplier warrants that in the performance of a Purchase Order, it has complied with or will comply with all applicable Federal, State, and Local Laws and ordinances.

28. Construction - The validity, interpretation and performance of the Purchase Order shall be governed by the laws of New York.

29. Assignment - This Purchase Order shall not be assignable by Supplier without prior written consent of Elliott Mfg. Co., LLC.

30. Alteration of Terms - None of the terms, conditions, quantities, delivery dates, prices or specifications contained in a Purchase Order may be added to, modified, superseded or otherwise altered except by a written instrument signed by an authorized representative of Elliott Mfg. Co., LLC and delivered by Elliott Mfg. Co., LLC to Supplier, and each shipment received by Elliott Mfg. Co., LLC from Supplier shall be deemed to be only upon the terms and conditions contained in the Purchase Order, notwithstanding any terms and conditions that may be contained in any acknowledgement, invoice or other form of Supplier and notwithstanding Elliott Mfg. Co., LLC's act of accepting or paying for any shipment or similar act of Elliott Mfg. Co., LLC.

31. Inspection by Supplier - All parts, materials and supplies utilized by Supplier in filling the Purchase Order, regardless of whether the same are purchased by Supplier or are supplied by Elliott Mfg. Co., LLC, shall be inspected by Supplier upon receipt, and all unsatisfactory parts, materials and supplies shall be rejected. All merchandise covered by the Purchase Order shall be inspected by Supplier prior to shipment.



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32. Right of Entry - Acceptance of the Purchase Order acknowledges the authority of Elliott Mfg. Co., LLC, customer and/or regulatory agency to enter the Supplier facility for the purposes of periodic or unscheduled facility, system, process and/or material inspection.

PROPRIETARY AND CONFIDENTIALITY

All documentation provided to our Suppliers with regard to specific purchase orders or requests for quotes should be considered proprietary and confidential information. This includes but is not limited to samples, patterns, drawings, and specifications, which are made available to the Supplier in connection with a purchase order (the "Information"), shall remain the property of Buyer. Unless given prior written consent from an authorized Elliott Mfg. Co., LLC representative, Supplier shall treat the information as confidential. Unless otherwise agreed in writing, technical information and data furnished by Seller to Buyer in connection with a purchase order are disclosed on a non-confidential basis.

LONG TERM AGREEMENTS

Occasionally, we will enter into a Long Term Agreement for a particular part. This is a contractual commitment, which may be established between Elliott Mfg. Co., LLC and the supplier subject to cost competitiveness, quality and delivery performance. The purpose of this document is to formalize Elliott Mfg. Co., LLC's commitment to source a component to a specific supplier for a defined period of time. The supplier, in return, will commit to a pricing schedule, delivery requirements and safety stock requirements for the period of the agreement.

CONTINUITY OF SUPPLY

Every supplier is faced with the possibility of production being interrupted by unforeseen circumstances, such as power loss or machine breakdown. Because any interruption in supply may result in substantial damages, particularly if it results in Elliott Mfg. Co., LLC not being able to meet customer demands, we require each of our component suppliers to develop a plan for continuity of supply. This plan must be immediately available upon request.

SERVICE PART REQUIREMENTS

By accepting a Purchase Order from Elliott Mfg. Co., LLC, the supplier agrees to maintain the tooling, facilities, etc. required to manufacture the contracted component(s) for at least 15 years following the end of production. This responsibility includes the continuous maintenance of all tooling; ensuring ongoing manufacturing capability and the ability to procure raw material.

REFERENCES AND SPECIFICATIONS

The Supplier is expected to procure any required specifications, standards, references, etc. called out by Elliott Mfg. Co., LLC or their customers. Only Elliott Mfg. Co., LLC written specifications will be provided by Elliott Mfg. Co., LLC. All others are commercially available or available online.

COST CONSIDERATIONS

To remain competitive in an increasingly challenging environment, Elliott Mfg. Co., LLC and its suppliers must provide greater value to our customers. Throughout the life of a product, cost reductions are expected from process improvements, economies of scale, design enhancements, improved quality and increased productivity. Purchasing uses benchmarking, cost analysis, and competitive analysis to assess supplier cost competitiveness.

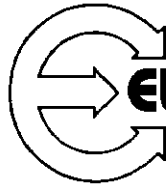
Many suppliers will be expected to develop a plan of cost reduction actions to produce annual reductions. Through audits, Elliott Mfg. Co., LLC will help generate ideas to be mutually assessed for potential incorporation. Suppliers are expected to drive the process to incorporate the changes and are also responsible to report the status of implementation.

Some cost-saving ideas to consider are:

Optimization of tooling

Planning volumes

Optimization of the design for manufacture



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Lean Manufacturing
Formal Corrective Action Problem Solving
Statistical Data Collection and Analysis
Design Competition
Packaging, Freight and Delivery Considerations

DELIVERY REQUIREMENTS

Elliott Mfg. Co., LLC fully expects suppliers to deliver 100% on time to our ship schedules. Just-In-Time delivery demands quick response from the entire supply base. In order to be successful it is important that the supplier incorporate as many of the JIT concepts and principles as possible such as:

- Working on reducing lead times with their suppliers
- Improving lot size flexibility
- Minimizing changeover times
- Reducing finished goods inventories
- Furthermore, suppliers need to continually evaluate their production capacities and be prepared where necessary for potential expansion to meet the needs of their customer

MISSED SHIPMENTS

All missed shipments may be expedited the same day at the suppliers' expense.

In order to prevent missed deliveries to Elliott Mfg. Co., LLC, suppliers shall ensure they have the capability to maintain a continuous flow of material despite potential interruptions from:

- Labor disruptions
- Equipment failures
- Material shortages
- Capacity shortfalls
- Tool transfers

Ideally, this should be accomplished without maintaining excess inventory however maintaining a certain amount of safety stock must be considered. The amount of safety stock will depend on many factors such as geographic proximity and manufacturing processing time and will be purely at the Supplier's discretion.

SHORT SHIPMENTS

Short shipment shall be communicated to the appropriate Buyer as soon as the issue is known. Short shipments may require a supplier action plan and will result in poor delivery performance ratings.

DELIVERY SCHEDULES

It is the supplier's responsibility to ensure goods are received at the required location on the date specified on Elliott Mfg. Co., LLC's Purchase Orders. The acceptable time frame for shipments is 5 days early to 0 days late. We expect **100%** on time delivery performance. Suppliers may be required to provide corrective action whenever this requirement is not being met. If late deliveries cause cost implications to Elliott Mfg. Co., LLC, the supplier may be debited accordingly (ex. downtime, expediting charges, overtime, etc.). It is the supplier's responsibility to inform Elliott Mfg. Co., LLC Purchasing immediately of any potential difficulties in meeting shipping release requirements. Alternative plans may be available which would avoid downtime and the corresponding costs.

Elliott Mfg. Co., LLC's expectation is that all shipping releases will be adhered to (including during holiday or other supplier shutdown periods), unless prior written arrangements are made.



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DELIVERY TIMES

Elliott Mfg. Co., LLC's delivery hours in our Binghamton, New York facility is from 8:00 am to 4:30 pm EST. If you are unable to deliver during these times, then you must contact Elliott Mfg. Co., LLC to make alternative arrangements.

PACKING SLIP REQUIREMENTS

We require that all material shipped be identified on a Packing Slip or Bill of Lading. The following information must be noted on these documents:

- Shipment Date
- Invoice/Packing Slip or Bill of Lading number
- Sold to address
- Ship to address
- 1 line item for each part number shipped
- FULL part number must be referenced
- Description of the product
- Purchase Order Number for each part number must be noted on same line as part number and quantity (for multiple Purchase Orders on one Packing Slip)
- Order Release Number (if applicable)
- Quantity Ordered / Quantity Shipped
- Number of containers of each part number shipped with the extended quantity noted. (ex. 10 containers @ 100 pcs. total 1000)
- Total number of cartons/skids and weight.

CUSTOMS AND BROKERAGE INFORMATION

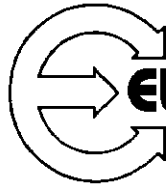
Brokerage fees for all importation of shipments are Elliott Mfg. Co., LLC's responsibility, unless otherwise specified. All exportation of material returned to supplier is the supplier's responsibility. The Supplier's Broker will process for clearance and invoice the supplier directly.

All shipments must be accompanied by appropriate paperwork to comply with transportation carrier rules and regulations. Cross Border shipments must have the necessary custom documents to avoid any delay. Information required on the Bill of Lading;

- Bill of Lading #
- Total Quantity of Shipment
- Total Boxes/Skids
- Total Weight (Tare/Gross/Net)
- Overall Description
- Supplier #
- Ship Via/Carrier & Trailer #
- F.O.B. Conditions
- Ship From/Ship To
- Packing Slip #
- Broker Name
- Value
- All copies of Bill of Lading and/or Customs Documentation must be typed or computer generated.

SUPPLIER PACKAGING

It is the responsibility of each supplier to provide any product sold to Elliott Mfg. Co., LLC in suitable packaging. The criteria necessary to determine suitability include:



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- Robustness to ensure integrity of product
- Compliance with health and safety guidelines
- Compliance to Elliott Mfg. Co., LLC blueprint requirements (where applicable)
- Compliance to specification guidelines (where applicable)
- When required FOD (Foreign object debris or damage) proof packaging is necessary on all shipments to Elliott Mfg. Co., LLC
- FOD may include the following: Manufacturing residues (i.e. chips, solder metal & wire clippings, flux), packaging materials (i.e. peanuts, foam loose wadding, clear tape, staples, paperclips, newspaper), if you are not sure if your packaging method is FOD-proof, please contact Elliott Mfg. Co., LLC, purchasing and/or Quality Department for clarification.

HAZARDOUS MATERIAL

Suppliers must follow all relevant Health, Safety and Environmental regulations and ensure all proper markings are on containers and proper paperwork is supplied. MSDS sheets should be included initial shipment and upon request. We reserve the right to refuse any delivery that does not conform to these delivery conditions (i.e. Pallet)

REQUIREMENTS

Supplier is responsible to ensure the pallet load meets the following criteria;

- Even level pallet loads (not pyramided)
 - Proper securing e.g. straps, stretch wrapped, etc...
 - Height of pallet does not exceed 50 inches
 - Excessive handling will be charged to the supplier if the shipment does not conform to requirements.
- Contact Purchasing if you have questions.

QUALITY SYSTEM REQUIREMENTS

As a supplier to aircraft, automotive, medical, food processing and many other industries, Elliott Mfg. Co., LLC maintains a concentrated focus on product quality. An essential element of our final product quality is the quality of our purchased products and services. We rely on our suppliers to provide us with high quality products, on-time delivery, and cost-effective prices.

We have adopted the standards set by ISO, AS, QS, the FAA, the FDA, NADCAP and the AIAG for quality assurance. It is our intention to choose suppliers who follow this path and understand and exercise the basic concepts of the above mentioned quality standards.

SUPPLIER'S QUALITY SYSTEM REQUIREMENTS

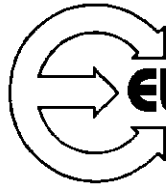
At the absolute minimum requirement, your business shall have a clearly defined quality function. This function should report to upper management. In addition, your business shall have some form of a quality manual or documented system. All personnel who might affect product quality should be properly trained for their functions.

All our service and manufactured component suppliers are expected to be at least ISO, AS and QS certified and/or compliant. Process suppliers are expected to be NADCAP certified by March 1, 2005.

If a supplier loses their third-party certification to a recognized quality standard, then Elliott Mfg. Co., LLC will expect the supplier to notify Elliott Mfg. Co., LLC, Quality Department in writing within 10 days.

NADCAP

To ensure compliance with our customers all process suppliers will be required to be certified to NADCAP requirements pertaining to processes performed for Elliott Mfg. Co., LLC. Suppliers must forward their NADCAP certification annually, to the Elliott Mfg. Co., LLC Purchasing Department.



ELLIOTT MANUFACTURING

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Tel: (607) 772-0404 Fax: (607) 772-0431

SUPPLIER REQUESTS FOR DEVIATION

Elliott Mfg. Co., LLC believes engineered product control is essential to continued quality and reliability. Accordingly, once a product is qualified for production and released, the Supplier cannot change the product, process, and/or location of manufacture without written approval from Elliott Mfg. Co., LLC.

To Request Temporary Product Specification Change:

The supplier must contact Elliott Mfg. Co., LLC and get a written deviation prior to shipment. This will state the maximum quantity or period for which the deviation shall apply. A copy of the signed deviation must be shipped with each shipment of nonconforming product. The Supplier will be fully exposed to all warranty claims and rework or rejects costs for shipments of product that do not conform to specification.

To Request a Permanent Product Specification Change:

The intent of this is to provide a method for the Supplier to recommend improvements, document process changes, equipment changes or correct non-conformance. This form is required when changing part design, composition, processing, process location, reliability, specification description, introducing different equipment or at any time the part/product cannot meet the drawing, specification, performance, reliability or any further requirements.

*The forms for this can be found in the back.

DESIGN RESPONSIBILITY

Design responsible suppliers and others, as per agreement, will provide electronic data or paper drawings to represent the latest design level when required.

Such data and drawings must be to Elliott Mfg. Co., LLC standards and must have acceptable data integrity levels. Pre-production, prototype or sample parts must be properly labeled as "Not for Production Use".

SAMPLING PLAN REQUIREMENTS

Any major or critical dimension and ATP that is called out on our print must be inspected 100% regardless of Sampling Plan.

Final Inspection Data must be provided with each lot. The Sampling Plan used must be based on ANSI ASQ Z1.4, Table 1- General Inspection Level II where C=0 and AQL = 1 at the minimum.

AGE DATED SENSITIVE ITEMS

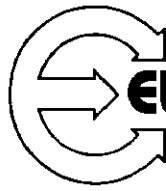
Items that are of an age-sensitive nature must be shipped to Elliott Mfg. Co., LLC with at least **80%** of the useful shelf life of the product still left. Expiration dates must be clearly noted on the material and on the packing slip.

Any items that require special storage, such as light or temperature sensitive materials, must be shipped with consideration of this sensitivity and must be very clearly marked.

CONTINUOUS IMPROVEMENT REQUIREMENTS

A requirement of this manual is that the supplier shall strive to continually improve all aspects of their business. Suppliers should measure at the least:

- Customer PPM
- Internal PPM
- Sub-Supplier PPM
- PPAP On Time / Approved (if applicable)
- Internal Audits
- Scrap/Rework
- Accurate / On Time Delivery to Customers
- Accurate / On Time Delivery from Suppliers



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- Productivity
- Inventory Turns
- Cost Reduction

RECORD RETENTION REQUIREMENTS

Suppliers shall maintain accurate records for 7 years, which show conformance requirements are being met. Documented procedures shall be in place defining responsibilities for record control. At the minimum, the requirements under ISO9000 must be met.

OZONE DEPLETING SUBSTANCE REQUIREMENTS

Elliott Mfg. Co., LLC's Suppliers must comply with the guidelines for using ozone depleting substances per standards set by Occupational Safety and Health Administration (OSHA).

SUPPLIER MANAGEMENT REQUIREMENTS

Elliott Mfg. Co., LLC's Suppliers have a responsibility to manage their suppliers in much the same way we do. This includes a full flow-down of all the requirements that have been communicated to you.

This includes the requirement that Suppliers audit their suppliers.

NADCAP Suppliers must be used if no Approved Supplier is called out.

INVOICING REQUIREMENTS

Elliott Mfg. Co., LLC's Suppliers must follow these guidelines in order to avoid delays in payment of outstanding invoices:

- Supplier invoices shall be submitted directly to the Accounting Department. Please indicate "Accounts Payable" on the outside of the envelope.
- Supplier invoices must reference a valid Elliott Mfg. Co., LLC purchase order number
- Supplier payments will be based on pricing as per Elliott Mfg. Co., LLC's valid purchase order in effect at time of transfer, for title of goods, if different from invoice price
- Supplier invoices must contain the Supplier's full name, address, and full remittance address (if different than mailing)
- Suppliers shall provide statements of account on a monthly basis, when specifically notified
- All production part purchases must be shipped to Elliott Mfg. Co., LLC on a packing slip with a purchase order number clearly identified.

B. W. ELLIOTT MFG. CO., LLC CONSIGNED MATERIAL

Where Elliott Mfg. Co., LLC has provided component or finished parts for further processing, the supplier is responsible for the care of the parts while in the Supplier's possession and for the proper packaging and delivery of the parts as they are returned to Elliott Mfg. Co., LLC.

Should the Supplier damage parts that are owned by Elliott Mfg. Co., LLC (except where there is a destructive test requirement and reasonable set-up); the Supplier may be responsible for the cost of the parts as well as delays incurred.

B. W. ELLIOTT MFG. CO., LLC OWNED TOOLING AND GAUGES

Unless otherwise agreed in writing, all supplies, materials, facilities, tools, jigs, dies, fixtures, patterns and equipment furnished to the Supplier by Elliott Mfg. Co., LLC to perform a purchase order, or for which the Supplier has been reimbursed by Elliott Mfg. Co., LLC, shall remain the property of Elliott Mfg. Co., LLC.

The Supplier shall bear the risk of loss of and damage to such property, normal wear accepted. Such property shall at all times be properly stored and maintained by the Supplier, shall be identified as Elliott Mfg. Co., LLC property, shall not be commingled with the property of Supplier or with that of a third person, shall not be moved from Supplier's premises without Elliott Mfg. Co., LLC's prior written approval, and shall, upon request of Buyer by Seller, be properly packed and marked in accordance with the requirements of the carrier selected by Buyer to transport such property, or shall upon request of Buyer, be immediately delivered to Buyer by Seller at any location designated by Buyer, in which event, Buyer shall pay to seller the cost



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of delivery such property to such location. Buyer shall have the right to enter onto Seller's premises at all reasonable times to inspect such property and Seller's records with respect thereto. In general, the requirements for Supplier's use of Elliott Mfg. Co., LLC property include:

- Inspection equipment must be specified in the control plan and be traceable to the inspections performed;
- All inspection/test equipment must be included in a comprehensive calibration program, but not limited to selection criteria based on required accuracy and precision certification conducted prior to initial use and at prescribed intervals. Reaction plans must be in place and followed when a piece of inspection/test equipment is deemed out of calibration
- Supplier is responsible for the proper use, maintenance and calibration of all tooling, testing and inspection equipment
- All equipment must be clearly identified, including part number, revision level, calibration date and have a Elliott Mfg. Co., LLC identification number
- Record of maintenance shall be kept by the supplier until such time that the part is no longer considered 'active' (part remains "active" until tooling scrap authorization is given in writing or request for return of the tool to Elliott Mfg. Co., LLC is made, by Elliott Mfg. Co., LLC).
- Elliott Mfg. Co., LLC reserves the right to inspect any tooling, testing and/or inspection equipment at the supplier's location.

TOOLING PAYMENTS

Tooling will be paid for in accordance with the Terms and Conditions of the Tooling Purchase Order after receipt and approval of the Supplier's PPAP or First Article. Any other payment methods must be negotiated in advance and agreed to in writing. Purchase Orders for tooling will be generated, as well as other documents, and will become part of the legal agreement. Profit on tooling is not allowable, and the selling price of tooling to Elliott Mfg. Co., LLC must equal the supplier's cost.

TOOLING CAPACITY LIFE

Suppliers are required to submit, with all tooling quotations, expected output capability and tool life expectations.

TOOL TRANSFER

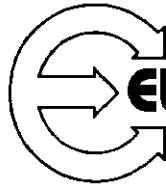
Suppliers must obtain prior written approval from the Elliott Mfg. Co., LLC buyer in order to relocate any tooling, which is owned by Elliott Mfg. Co., LLC or our customers. This includes internal transfers from one supplier location to another, movement to a supplier's Sub-Contractor, or movement from the incumbent supplier to an alternate source that has been selected by Elliott Mfg. Co., LLC. New PPAP's or First Articles will be required when this takes place. Failure to comply will expose the supplier to any liabilities associated with tooling defects, and any premiums resulting from line shortages.

RIGHT OF ENTRY

When required, Elliott Mfg. Co., LLC or Elliott Mfg. Co., LLC's customers shall be afforded the right to verify at the supplier's premises that the product or services supplied to Elliott Mfg. Co., LLC conform to specified requirements. All documents will be the Supplier's responsibility to maintain and be available upon request.

PRECEDENCE

If conflicts arise between this Supplier Quality Requirements Manual, Elliott Mfg. Co., LLC purchase order and/or engineering drawing/specifications, specifications, or other applicable documents, the Supplier must inform Elliott Mfg. Co., LLC of the conflict through the appropriate purchasing contact.



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REQUIREMENTS TO VISIT ELLIOTT MFG. CO., LLC

Suppliers are encouraged to visit Elliott Mfg. Co., LLC to see how their products tie in to the overall business of Elliott Mfg. Co., LLC. Visitors must sign in with the receptionist and follow standard safety practice when on the production floor including safety glasses which are required at all times.

OBSOLESCENCE CLAIMS

When a Production Part for which open Purchase Orders exist is discontinued or cancelled, the supplier may have an obsolescence claim based on Elliott Mfg. Co., LLC release authorizations. Elliott Mfg. Co., LLC will seek to minimize the cost of the cancellation and will expect the cooperation of the supplier. If this occurs, please contact Elliott Mfg. Co., LLC purchasing immediately for direction.

Supplier Score Card Rating

- Overall rating is the average of quality and delivery rating
- Four Categories on overall rating
 - Excellent – 100% (GREEN)
 - Acceptable -90-99% (YELLOW)
 - Conditional – 80-89% (ORANGE)
 - Unacceptable - <-80% (RED)

* The above ratings shall be communicated to Key Suppliers on a quarterly basis (See page 24 for explanation of four rating levels and consequences.)

Elliott Mfg. Co., LLC uses a sampling of parts to determine acceptability at receiving inspection. Out of fairness to our suppliers, Elliott Mfg. Co., LLC will typically give the supplier the option to sort parts and respond back with actual reject numbers. If you choose not to sort, or fail to respond with that information, the entire lot quantity will be counted as rejects.

NON-CONFORMING MATERIAL NOTIFICATION, CONTAINMENT AND CORRECTIVE ACTION

All materials furnished to Elliott Mfg. Co., LLC must conform to contractual requirements/specification and are subject to inspection and approval after delivery. If a nonconformance is discovered which may affect product already shipped the Supplier will notify Elliott Mfg. immediately of the discrepancy and disposition. Notification includes: discrepancy part number, serial number, lot number, quantities, and delivery date. If fault is found with the material, we reserve the right to withhold payment. We'll also reject and/or return at the risk and expense of the supplier, all or any portion(s) of shipment(s), which fail to comply with our requirements/specifications. Further, where sorting of the product is required due to non-conformance and time is critical, we will require the supplier to sort the non-conforming product at our facility, arrange for sorting at a third-party facility, or arrange for Elliott Mfg. Co., LLC to sort the product (at the Supplier's cost).

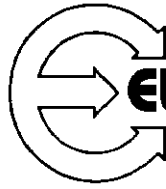
NOTIFICATION OF NON-CONFORMING PRODUCT

If we have reject material, we will communicate the problem to you at the time to discuss action needed. Upon request, the supplier will be required to sort, rework or replace the components and resolve the problem. If required, a Nonconforming Material Report will be issued requiring your documented corrective actions to permanently resolve that particular issue. A Nonconforming Material Report may also be issued if a historical trend toward a particular fail mode is identified at Elliott Mfg. Co., LLC.

LIABILITY

Elliott Mfg. Co., LLC may seek to recover from a supplier any costs resulting from a delivery of nonconforming product. This may include:

- In-house sorting. Charges may be incurred for the amount of time or resources to complete this task.
- Administrative costs



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- Costs incurred if the reject is discovered in production or beyond
 - Charges imposed by our customer, such as warranty claims or costs associated with a recall campaign including charges to and from the final customer.
 - Any other non-conformance related cost
- An immediate action plan must be developed to prevent further occurrences of this nature and you may be requested to visit Elliott Mfg. Co., LLC for corrective actions.

CORRECTIVE ACTION REQUIREMENTS

Supplier Corrective Action Report

It is essential that corrective action be *immediately* taken by the Supplier when any non-conformance is identified at Elliott Mfg. Co., LLC or any of its customers. When this occurs, Elliott Mfg. Co., LLC Quality, Purchasing or Engineering will inform the Supplier of the non-conformance. This system is designed to prevent the use of suspect and/or nonconforming purchased material. Purchased components found to be nonconforming through either line rejections, testing failures, failed inspection results, Elliott Mfg. Co., LLC customer concerns or returns, or obsolete material will generate a NMR (Non-conforming material report). The Supplier must submit in writing a description of how the containment has been initiated and communication of the initial root cause analysis and short-term activity plan within ten (10) working days.

The final Corrective Action Report must include a full problem description; complete containment actions; Root cause analysis; Permanent corrective action; Implementation timing; Verification with data and Prevention activity within 30 days of issue. (See page 20 for example) Elliott Mfg. Co., LLC may call Suppliers in to our facility for a meeting. This is a meeting to review the Nonconforming Material Report and other quality and/or delivery issues with a supplier and all of the applicable departments of Elliott Mfg. Co., LLC.

Non-Conforming Material Reports are handled through the following procedure:

Where the Non-conforming material has generated charge back to the Supplier; it will be indicated on NMR's. Charges that could be applied to a quality concern are as follows:

- Elliott Mfg. Co., LLC sort of supplier product on production line until certified stock arrives
- Production line shutdown
- Finished product sort and/or scrap of material
- Any material transfer of nonconforming supplier product
- Quality Department time for problem investigation
- Testing if required
- Any sort/rework charges incurred by Elliott Mfg. Co., LLC at its customer assembly plants
- Related transportation expenses

C OF C REQUIREMENTS

As evidence that our suppliers are checking critical characteristics of the part on an ongoing basis, Elliott Mfg. Co., LLC will likely require periodic certifications. These certifications will either be required every shipment, material lot, quarterly and/or annually. The format of all certifications must include, at the minimum, the name of the supplier, the address of the supplier, Elliott Mfg. Co., LLC's part number, Elliott Mfg. Co., LLC's part revision, Elliott Mfg. Co., LLC Purchase Order#, SQRM Code, shipment quantity, all applicable specifications, and the signature and printed name and title of the Supplier's authorized quality representative.



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FAIR INSTRUCTIONS

When required, all FAIR's must be submitted in AS9102 format unless otherwise directed.

AUTOMOTIVE REQUIREMENTS

PPAP Submission Packages

Where applicable, the supplier shall provide Elliott Mfg. Co., LLC with a sample part submission package BEFORE beginning production. The Engineering and/or Quality department will review this package, and will give approval to fill orders. The AJAG PPAP standard format at the requested PPAP level must be used for this submission package. If a PPAP level is not indicated, the default level is 3.

PPAP's must include the following elements as required by the PPAP Level:

- Production Part Submission Warrant
- Appearance Approval Report
- Sample product
- Dimensional results
- Checking aid
- Test results
- Process flow diagrams
- Process FMEA
- Design FMEA
- Control Plans
- Process Capability Studies (A minimum Cpk of 1.33 is required)
- Reliability Compliance
- Measurement System studies (Gauge R&R's)
- Mistake Proofing Elliott Mfg. Co., LLC expects suppliers, particularly of high impact components or processes, to include process mistake proofing within the manufacturing processes.

DEFINITIONS AND ACRONYMS

ACTIVE PART: An active part is one currently being supplied to the customer for original equipment or service applications. The part remains active until tooling scrap authorization is given by the customer activity. For parts with no customer-owned tooling or situations where multiple parts are made from the same tool, written confirmation from the customer Purchasing activity is required to deactivate a part.

AIAG: Automotive Industry Action Group; The AIAG guidelines are available through the Automotive Industry Action Group in Detroit, MI. Phone: (810) 358-3003 or Fax: (810) 358-3253.

APPROVED MATERIAL: Approved Materials are materials governed by either industry standard specifications (e.g., SAE, ISO) or by customer specifications.



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ASSESSMENT: An evaluation process including a document review, an on-site audit and an analysis and report. Customers may also include a self-assessment, internal audit results and other materials in the assessment.

AUDIT: An onsite verification activity used to determine the effective implementation of a suppliers documented quality system.

CAPABILITY: Capability is the total range of inherent variation in a stable process. It is determined using data from control charts. The control charts shall indicate stability before capability calculations can be made. Histograms are to be used to examine the distribution pattern of individual values and verify a normal distribution. When analysis indicates a stable process and a normal distribution, the indices Cp and CpK can be calculated. If analysis indicated a non-normal distribution, advanced statistical tools such as PPM analysis, will be required to determine capability. If control charts show the process to be non-stable, the index Ppk can be calculated.

CORRECTIVE ACTION PLAN: Corrective Action Plan is a plan for correcting a process or part quality issue.

CRITICAL COMPONENT: Components that meet any of the following criteria: * Components that are critical to maintaining system function and/or safety aspects, Components attaching to customer systems, Components with safety requirements, Are shipped direct to Elliott Mfg. Co., LLC's Customer, Involve new technology, Are a new design, Involve high product/process complexity, Strategically important

GAGE REPEATABILITY AND REPRODUCIBILITY (GR&R): GR&R is a gage variation study. It is important to understand how much of the allowable specification tolerance is being used up by gage variation. GR&R is required for all gages controlling key part/product characteristics (KPC) or key process control characteristics, Elliott Mfg. Co., LLC's GR&R acceptance standards are less than ten percent. Ten to thirty percent GR&R is conditional, based on the characteristic and process capability, and requires a corrective action plan. A GR&R should be completed on an annual basis or as needed if there is a change in the part/product or process. Use of the long form is strongly encouraged.

JIT: Just in time delivery

KEY CHARACTERISTICS: Key characteristics are parts/products or process characteristics whose variation has the greatest effect on fit, performance, reliability and service life. Key part characteristics (identified on the Elliott Mfg. Co., LLC print by "C" and "M"), are based on customer feedback, part/product history, risk assessment, etc. Key process characteristics shall be the top three Risk Priority Numbers (RPN) from Supplier's Failure Mode and Effects Analysis (FMEA).

NONCONFORMANCE: Nonconformance is product or material that does not conform to the customer requirements or specifications.

PARTS PER MILLION (PPM): PPM is a way of stating the performance of a process in the terms of actual or projected defective material. PPM data can be used to indicate area variation requiring attention.

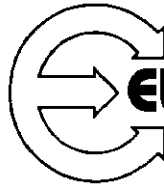
PROCEDURES: Documented processes that are used when work affects more than one function or department of an organization.

QUALITY MANUAL: Quality Manual is the supplier's document that describes the elements of the quality system used to assure customer requirements, needs, and expectations are met. Quality manuals shall include responsibilities and authorities for each element of the quality system.

REPAIR: Action taken on nonconforming product so that the product will fulfill the intended usage although the product may not conform to the original requirements.

REWORK: Action taken on nonconforming product so that it will meet the specified requirements.

TOOLING: Includes Production equipment, tools, dies, perishable tools, fixtures.



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Supplier Deviation Request

Supplier Name: _____

Supplier Address: _____

Elliott PO #: _____ Elliott Part #: _____ Revision: _____

Lot #: _____ Lot Size: _____ Quantity: _____

Description of Nonconformance:

Root Cause:

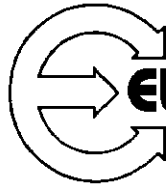
Requested by: _____ Date: _____

Title: _____

To be filled out by Elliott Mfg. Co., LLC

Disposition:

Valid until: _____



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Remarks: _____

Quality Assurance: _____ Date: _____

Form No. QA-322

Supplier Engineering Change Request

Supplier Name: _____

Supplier Address: _____

Elliott PO #: _____ Elliott Part #: _____ Revision: _____

Lot #: _____ Lot Size: _____ Quantity: _____

Description of Change: _____

Reason for Change: _____

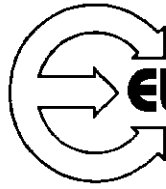
Requested by: _____ Date: _____

Title: _____

To be filled out by Elliott Mfg. Co., LLC

Material Review Board Approval: _____

ECN#: _____



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Engineering: _____ Date: _____

Purchasing: _____ Date: _____

Quality Assurance: _____ Date: _____

Form No. QA-321

Standard Supplier Discussion Format

1. Immediate actions

- Has extent of nonconformance been determined and contained
- Has nonconformance been documented
- Has nonconformance been disposition and corrected
- Was direct cause determined
- Has a solution/corrective action plan been developed and documented for direct cause (by who, when, how)
- Does the developed and documented plan include a schedule for completion of direct cause corrective action
- Has a plan to verify effectiveness of direct cause solution been developed

2. Root Cause

- Does root cause statement include investigative facts or does it only try to explain the situation or rationalize the situation
- Are all root cause questions answered, no "why" questions remaining, root cause statement leads to a single fundamental issue
- Root cause focuses on single issue
- Root cause statement is standalone and comprehensible
- Does root cause lead you into a circle and end up repeating the finding itself

3. Root Cause Corrective Action Plan

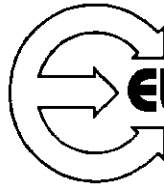
- Does root cause plan address root cause statement
- Does root cause plan fix the identified root cause
- Does root cause plan assign responsibility and schedule for completion
- Does root cause plan establish training requirements and implementation actions
- Does root cause plan provide evidence of revisions to policies, procedures, or work instructions. Are required supporting documents revised

4. Verification of Corrective Action Plan

- Has supplier determined when the C/A plan will be implemented (including notices to sub-tier suppliers)

5. Audit

- Has supplier determined what/when will be audited to determine effectiveness



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- Will this function be added to annual audit

Location: "I" drive/Documents/QC/Supplier Discussion Format

Date: 10/15/08

WARNING LETTER

- 1st notice 2nd notice 3rd notice

To Whom It May Concern:

As of _____, Elliott Mfg. is sending this warning letter to inform you that your quality and/or delivery performance is below our standards based on our supplier score card. Please respond in writing to the following checked request(s) attaching our letter in 10 business days.

Signature of acknowledgement _____
Signature Title Date

Corrective Action Report

Capability Study

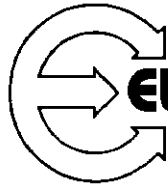
Site visit scheduled on _____. Highest on-site ranked official must be present.

Actively seeking alternative supplier

Remove from active supplier list

If you have any questions, please contact _____.

Sincerely,
Elliott Manufacturing



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Location: "I" drive/Documents/QC/Forms/Purchasing

Date: 10/30/08

Key Supplier Survey

Company Name:

Address:

Phone:

Fax:

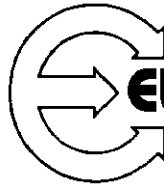
| | Name | Phone | Fax |
|----------------------|----------------------|----------------------|----------------------|
| President | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| QC Manager | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| Sales Manager | <input type="text"/> | <input type="text"/> | <input type="text"/> |

A. General Company

1. How many years has the company been in business?
5. Total number of employees
7. Does the company employ a QC Manager? Yes No

B. Company Controls

YesNo



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1) Do manufacturing work instructions exist for each part fabricated
or process?

2. Do packaging instructions exist for each part? ^{Yes No}

3. Is documentation under revision control?

4. Do check off sheets track completed steps throughout
the manufacturing process?

5. Finished product is inspected by:
Quality Control Manufacturing

6. Are suppliers evaluated before purchases are made?

If yes, explain how evaluations are preformed:

F. Company Quality System

1. Does the company have a formal documented quality system? ^{Yes No}

2. Is the quality system compliant to ISO 9001-2000?

3. Is the company certified to ISO 9001-2000?

4. Is the company certified to AS9100B?

5. List any other certifications?

6. Does the company utilize a formal employee-training program? ^{Yes No}

7. Are employee-training records maintained?

Please forward the following with this completed questionnaire if checked:

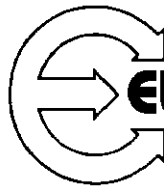
Copies of any certifications (ISO, QS, AS, etc.)

Please complete this entire form and: e-mail

Fax (or)

Mail

To: Name



ELLIOTT MANUFACTURING

B.W. Elliott Manufacturing Co., LLC
Box 773, Binghamton, NY 13902
Tel: (607) 772-0404 Fax: (607) 772-0431

Address

PO Box 773, 11 Beckwith Avenue Binghamton, NY 13902-0773

Fax

607-348-1398

e-mail

Sue.martel@elliottmfg.com

Location: "I" drive/Documents/QC/Forms/Purchasing

Date: 10/30/08

Scorecard Supplier Letter

Dear Valued Supplier,

Elliott Manufacturing is growing. We've doubled our business in the last eight years; and we expect to double again within the next three! Along with this growth comes the clearer-than-ever realization that our supplier/partners are vital players in our overall business.

In an effort to further develop strong and enduring supplier relationships, we have created a program that will help us (and you) to better understand and measure your performance.

We are happy to announce the launching of Elliott's Supplier Scorecard Program. We consider -
----- to be a **key supplier**, and as such we will be providing a performance summary (scorecard) to you on a quarterly basis. We will be measuring and reporting on QUALITY and DELIVERY performance in the following way:

Quality: We will measure the total number of your **good pieces** as a percentage of the total number of pieces received from you.

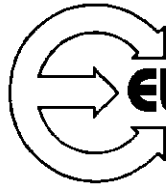
Delivery: We will measure the total number of your **on time deliveries** as a percentage of your total deliveries for the last quarter.

The **Overall** rating is the average of quality and delivery rating.

Suppliers will fall into one of four categories –

- Excellent – 100% (Green)
- Acceptable – 90-99% (Yellow)
- Conditional – 80-89% (Orange)
- Unacceptable – < 80% (Red)

We are excited to be entering into this measurement process with our suppliers. We believe that this will lead us into a stronger and more fact driven relationship.



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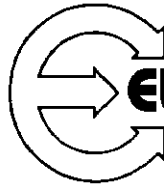
B.W. Elliott Manufacturing Co., LLC
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Best regards,

Elliott Manufacturing Procurement Team

Key Vendor Ratings

| Ratings | Benefits / Consequences |
|-------------------------|---|
| Excellent (100%) | <ul style="list-style-type: none">•Remain on key vendor list•Become preferred vendor in sourcing system.•Criteria of dock-to-stock program•Letter of acknowledgement |
| Acceptable (90-99%) | <ul style="list-style-type: none">•Remain on key vendor list•Become preferred vendor in sourcing system.•Criteria of dock-to-stock program |
| Conditional (80-89%) | <ul style="list-style-type: none">•Subject to review after being "conditional" for 4 consecutive quarters. |
| Unacceptable (<80%) | <p>The following actions will be taken based on Elliott's evaluation:</p> <ul style="list-style-type: none">•Send warning letter with scorecard•Request signed response from vendor•Send Corrective Action Request•Request capability study of certain part numbers•Schedule site visit•Actively identifying new supplier•Remove from key vendor list |



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Date: 10/30/08

Dock to Stock Supplier Letter

Dear Valued Supplier,

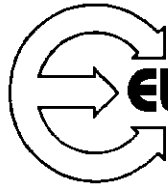
Your company has been supplying the attached item(s) at a consistently high level of quality. This points to the fact that your manufacturing processes are in control, and that your quality programs are effective.

We would like you to provide documentation with each shipment of these items so that we can qualify your incoming material without having to perform a redundant physical inspection at our site. In many cases, you may already be supplying some or all of this data. Please see the attached check list showing the specific data that we need by part number.

Your help with this goes a long way in strengthening our relationship. As a key supplier, you enjoy a "preferred" status in our Procurement system. We appreciate your cooperation with this initiative. Please let us know if you have any questions regarding this information. We will expect the data outlined on the attached checklist to accompany your next shipment.

Best regards,

Elliott Manufacturing Procurement Team



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B.W. Elliott Manufacturing Co., LLC

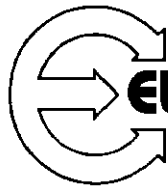
Box 773, Binghamton, NY 13902

Tel: (607) 772-0404 Fax: (607) 772-0431

Documentation Required Check Sheet

- Detailed Inspection Sheet
- Material Certification
- Certificate of Conformance
- Process Certificate
- Test Data

Checked box indicates documentation required with each shipment.



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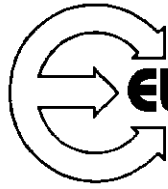
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REVISION PAGE

| Revision | Date | Description | Completed By |
|----------|----------|--|--------------|
| 1 | 11/11/04 | Initial Release | Sue Martel |
| D | 10/20/08 | Inserted Page Numbers | Sue Martel |
| D | 10/20/08 | Updated page 3, Key Suppliers shall be evaluated | Sue Martel |
| D | 10/20/08 | Removed statement no material shall be returned without a new Purchase Order. | Sue Martel |
| D | 10/20/08 | Added "existing" to number 14, "C" | Sue Martel |
| D | 10/20/08 | Added Supplier has 10 days to complete root cause analysis and submit, 30 days to submit completed corrective action from date of issue. | Sue Martel |
| D | 10/20/08 | Added and updated Quality rating system. | Sue Martel |
| D | 10/20/08 | Added page 21, Standard Supplier Discussion Format – Root Cause and Corrective Action Guide | Sue Martel |
| D | 10/20/08 | Removed "B.W." | Sue Martel |
| D | 10/20/08 | Changed "Vendor" to "Supplier" | Sue Martel |
| D | 10/30/08 | Added Warning Letter | Sue Martel |
| D | 10/30/08 | Added Key Supplier Survey | Sue Martel |
| D | 10/30/08 | Added Dock To Stock Letter | Sue Martel |
| D | 10/30/08 | Added four rating levels and consequences. | Sue Martel |



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| | | | |
|---|----------|---|------------|
| D | 10/30/08 | Added Documentation Required Check Sheet | Sue Martel |
| D | 10/30/08 | Supplier Score Card Letter | Sue Martel |
| - | 7/21/09 | Requires clarification for Supplier Surveys, Notification of non conformances at Supplier. Procurement and Quality to review and update accordingly | Sue Martel |