

**To: Leif Lee Aero Int'l**

The only things which can be improved are those things which can be measured. At the beginning of 2007 we created just such a measure, the Vendor Scorecard which gave performance ratings for 2006. It is now time to review 2007's performance. Our intent is to communicate your quality ratings so that we can recognize the top performers for their commitment to quality and challenge the lower performers to commit to quality improvement in 2008.

The scorecard takes into account three different measurable attributes of quality and rates them on a zero to five scale, with zero being the worst and five being the best. Failed Inspection is a measure of the pass/fail percentage of the PO's coming through our warehouse inspection, the lower the failure percentage, the higher the rating. Customer Returns is a measure of the customer returns percentage on your product(s), the lower the returns percentage, the better the rating. As with the other attributes, Dollar Chargeback is a rating of the dollars charged back to you for failed inspections. These three ratings are then weighted, 40/30/30, to achieve the overall rating. This rating is then measured again the rating scale below with your specific ratings listed in the table.

<b>Ratings between 4.4 and 5.0</b>	<b>Outstanding Performance</b>
<b>Ratings between 3.7 and 4.3</b>	<b>Above Average Performance</b>
<b>Ratings between 3.0 and 3.6</b>	<b>Average Performance</b>
<b>Ratings between 2.3 and 2.9</b>	<b>Below Average Performance</b>
<b>Ratings between 1.6 and 2.2</b>	<b>Poor Performance</b>
<b>Ratings between 0.0 and 1.5</b>	<b>Extremely Poor Performance</b>

	<b>FAILED INSPECTION RATING</b>	<b>CUSTOMER RETURNS RATING</b>	<b>DOLLAR CHARGEBACK RATING</b>	<b>OVERALL RATING</b>
<b>Aero Int'l</b>	<b>5.00</b>	<b>4.00</b>	<b>5.00</b>	<b>4.70</b>

Our goal is that every vendor have an overall average at 3.0 and above. Your performance has put you into a select group of our best quality vendors. For that, we want to say THANK YOU and keep up the good work!!!!!!

Regards,

Jerry Duncan  
Senior Quality Manager