

ALLEN AIRCRAFT PRODUCTS, INC.



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November 21, 2022

ATTN: Supplier Leadership  
Subject: Supplier Performance Expectations  
(QAP 8.4 Purchasing Process)

The intent of this letter is to effectively communicate Allen Aircraft Products, Inc. expectations for its suppliers with regards to product quality and delivery performance.

Supplier performance is measured monthly and summarized quarterly with the expectation that supplies meet a minimum of 97% on-time delivery and 98% acceptable quality level. Performance levels below these targets are categorized based on risks to the business and shown in table 1:

Level	Delivery	Quality
Acceptable	≥ 97%	≥ 98 %
Caution	≥ 85% to < 97%	≥ 85% to < 98%
Unacceptable	< 85%	< 85%

Table 1: Performance Levels

During quarterly performance reviews supplier performance is re-evaluated with action taken when performance levels fall below acceptable levels.

**Caution Level:** For on time delivery less than 97% and above 85% and/or quality of delivered parts less than 98% and above 85% for the quarter, a cautionary letter will be sent to alert the supplier that performance is below acceptable levels. In addition, suppliers having two consecutive quarters were cautionary levels of delivery and/or quality are achieved a corrective action will be initiated for an improvement plan to achieve acceptable level. Suppliers achieving three cautionary levels or two cautionary levels and one unacceptable level in a four quarter period shall be placed on probation status within our approved suppliers list.

**Unacceptable Level:** For on time delivery less than 85% and/or quality of delivered parts less than 85% for the quarter, a corrective action will be initiated requesting an improvement plan to achieve acceptable performance levels. Suppliers achieving an unacceptable delivery and/or quality Level for two consecutive quarters shall be place on probation within our approved suppliers list.

Suppliers on probation status will be given two quarters to achieve an acceptable level. If an acceptable level is not achieved the supplier will then be moved to suspended status. When placed on suspended status the supplier will be ineligible for the award of new business. Two consecutive quarters of suspended status shall result in a disapproved status and removal from the Approved Source List.

Sincerely,  
*Ken Duncan*  
Ken Duncan  
Quality Assurance Director  
Allen Aircraft Products, Inc.