



**Subject: Vectron Sourced Product Manufacturing
Change – Preliminary Notification**

Date: Jan 24, 2008

**From: J. B. Fortune
VI-Hudson**

To: Vectron Customers

Vectron has been informed by one of our partners, KQT that they are expanding their manufacturing facility in Yantai, China in order to accommodate their growing business. This expansion will allow KQT to react quicker to Vectron's growing demands for shorter lead times and increased capacity.

Vectron currently purchases crystal products manufactured in this facility and the expansion will allow XO and VCXO products to also be produced there. KQT is following a strict protocol to exactly copy the success of their Korean facility and all products will be built using the same crystals, components, processes, assembly and test equipment. This "copy exact" process is an industry standard and has been a success at Vectron and other FCP manufacturers.

Vectron has qualified the Yantai facility for crystal products sold to customers. Once the expansion of the Yantai facility is complete and the facility is capable of manufacturing the XO/VCXO product, Vectron will conduct process and product audits. Vectron will also perform qualification on devices KQT plans to manufacture for Vectron in this facility to ensure Vectron's and our customers' quality and reliability expectations are met. We expect this to be complete in March, 2008.

KQT is a valued partner to Vectron and this expansion will allow them to increase their portfolio of products, reduce manufacturing lead times and increase capacity. We look forward to working with KQT's Yantai facility on opportunities for new and existing products.

Regards,

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