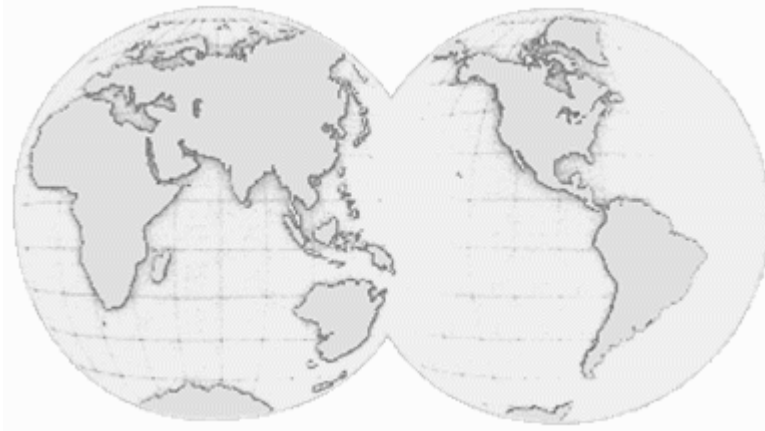




Global Quality Manual

Your Total Solution



On a Global Scale

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CONTROLLED DOCUMENT

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2 - Introduction to Kimball Electronics Group

Kimball Electronics Group (KEG) is a leading technology company providing engineering services, manufacturing, packaging and distribution of electronic assemblies, circuit boards and medical products on a contract basis to a variety of industries on a global scale.

KEG is a member of the [Kimball International](#) family of companies. A diversified furniture and electronics manufacturer, established in 1950, [Kimball International](#) maintains an international presence with operating locations throughout the United States and in five other countries. KEG is backed by the financial strength of an outstanding global organization.

KEG was established in 1961 to build electronic organs for our parent company. In the late 1980's we became focused solely on contract electronic manufacturing services. Since that time, it has been our mission to be a worldwide Electronics Manufacturing Service Industry leader in providing superior services and technology while growing profitably. Today, KEG is a leading contract manufacturer of durable goods electronics and serves a variety of industries on a global scale. KEG continues to make the customer the focus of everything we do and provides the highest industry quality through continual improvement.

[KEG's global facilities](#) are determined to continually improve quality through use of our quality management systems.

3 - Scope and Application

This Global Quality Manual is published to document the formal Quality Management System in use by all KEG facilities. Addendums to this Global Quality Manual may be used to define facility specific requirements and procedures. Exceptions and items that are not applicable to a specific facility will also be defined within addendums.

The Quality Management System has been developed and organized to ensure that all KEG processes comply with ISO 9001 and any other applicable QMS standards. Refer to the KEG Certification Registration Status Matrix for details of current certifications and registrations. KEG management endorses this manual to assure the required level of product quality and reliability for our customers.

This Global Quality Manual summarizes the basic policies and processes for the KEG Quality Management System which assure compliance with customer product requirements.

4 - Quality Management System

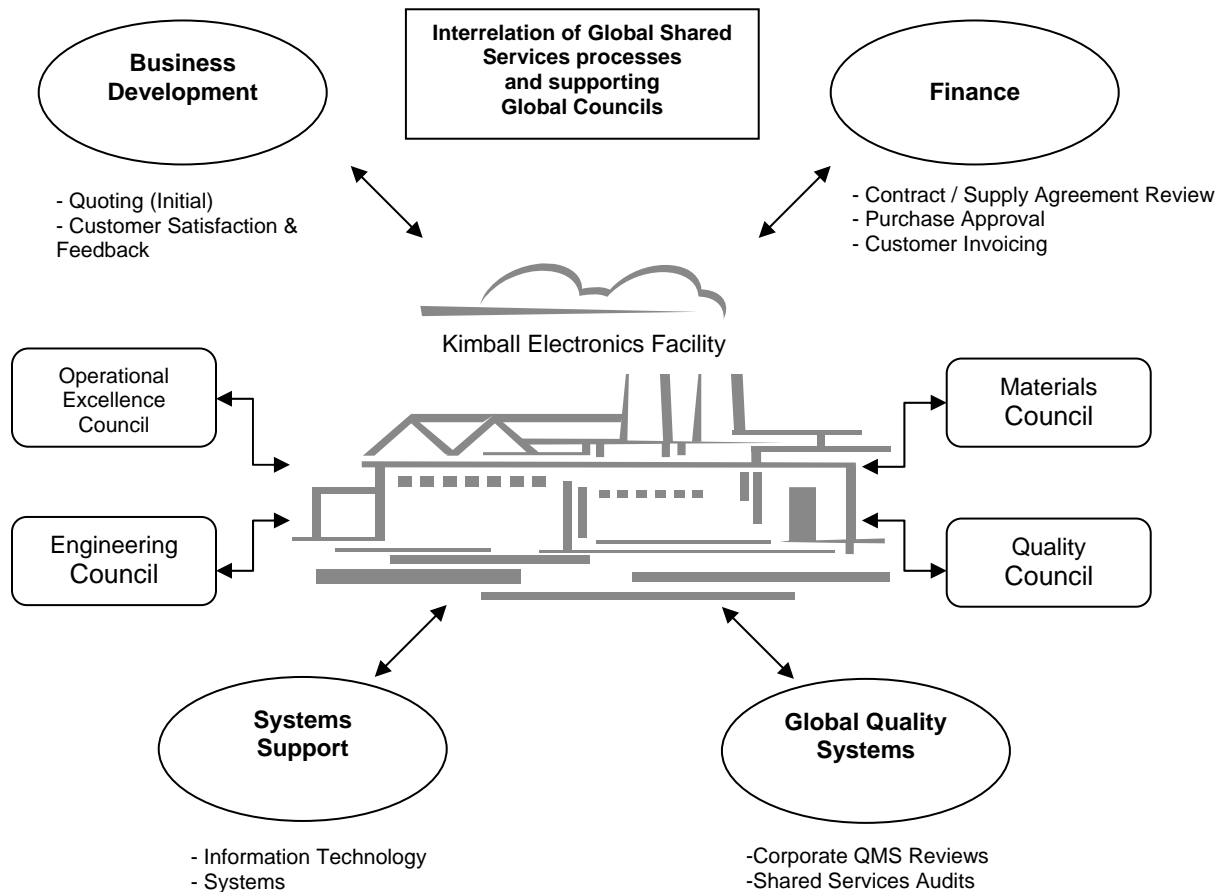
4.1 - General Requirements

Kimball Electronics Group's (KEG's) Quality Management System (QMS) directs business activities for meeting or exceeding customers' expectations, requirements and internal needs. The QMS is reviewed and monitored through Corporate and Facility management reviews to continually improve its effectiveness.

The QMS identifies the processes needed within the organization. The application, sequence, interaction, operation and control of these processes have been determined and are monitored for effectiveness by using Operational Excellence and facility specific metrics.

Refer to GP-GM-8.4-01 (Operational Excellence Metrics).

The interrelations of Global Shared Services processes with facility specific processes are documented within the applicable QMS procedures. KEG's Global Councils also support the interrelations of processes.



The interaction of various KEG QMS processes are defined in the facility specific addendums.

Resources and information are available to support, monitor, measure, analyze and continually improve our processes.

KEG identifies and ensures control over outsourced processes affecting product conformity with requirements. KEG accepts responsibility for quality and conformity of outsourced products and processes.

4.2 - Documentation Requirements

4.2.1 – General

KEG has determined the documentation needed to ensure the effective planning, operation and control of its processes. This documentation includes, but is not limited to:

- Statement of Quality Policy and Quality Objectives
- Quality Manual
- Procedures
- Instructions
- Records
- Additional documents as needed

Refer to GP-QM-4.2-01 (Documentation Requirements).

4.2.2 - Quality Manual

The scope of the Quality Management System for each facility is defined using this manual and facility specific addendums. Additionally, each KEG facility specific addendum will reference procedures and may define the facility and customer specific requirements, exceptions and items that are not applicable.

Where KEG is not product design responsible, exclusion is taken to the requirements of the ISO Quality Management System standards section 7.3. This exclusion does not apply to manufacturing process design.

4.2.3 - Control of Documents

KEG has established a document control system to ensure the integrity of all types of documents and records that affect our products and processes.

KEG follows a defined process for the review, distribution and implementation of all engineering specifications and changes. KEG ensures that implementation of the engineering changes meet the customer's and regulatory requirements.

Refer to GP-DC-4.2-02 (Engineering Change Procedure).

4.2.4 - Control of Records

Records are established and maintained to provide evidence of conformance to the QMS and its effectiveness. KEG meets internal, customer and regulatory requirements for retention of records.

5 - Management Responsibility

5.1 - Management Commitment

KEG's top management is committed to the development and implementation of our QMS and works to continually improve its effectiveness. This is accomplished through:

- communication of requirements,
- establishing our Quality Policy and Quality Objectives,
- management reviews,
- ensuring adequate resources are available and
- review of processes for effectiveness and when required, efficiency.

5.2 - Customer Focus

Top management ensures that customer requirements are determined and met, with the goal of increasing customer satisfaction. This is accomplished through various customer oriented processes (COPs), such as:

- Global Quoting
- Contract Review / Supply Agreement
- Supply Chain Management
- Purchasing / Import
- New Product Introduction (NPI)
- Customer Tooling Management
- Delivery / Export
- Customer Invoicing
- Return Material Authorization (RMA)
- Corrective and Preventive Action Process
- Customer Satisfaction and Feedback
- Transfer of Work (TOW)

Process description documents are used to define the customer oriented processes. This includes the following detail, as applicable:

- Related Processes
- Process Types
- Inputs
- Outputs
- Performance Metrics
- References to QMS Documentation
- ISO References

5.3 - Quality Policy

Kimball Electronics Group's Quality Policy:

- Our first priority is customer satisfaction; obtained through superior quality, customer service and continual improvement.
- Our Quality Management System will define the requirements for meeting our business needs, complying with regulatory requirements and the tools to be used for establishing, reviewing and measuring our quality objectives.
- We are all personally responsible for commitment and compliance to our Quality Management System, for ensuring its suitability, and for continually improving its effectiveness, in order to enhance our customers' satisfaction.

5.4 Planning

5.4.1 - Quality Objectives

KEG's top management assures that Quality Objectives are established at relevant functions and levels within KEG and are included in the KEG Business Plan. The Quality Objectives are measurable, consistent with the Quality Policy and used to deploy the Quality Policy.

Kimball Electronics Group's Quality Objectives:

Our Quality Objectives are to focus on our customers' expectations and satisfaction by measuring and improving:

- Customer Quality
- On Time Delivery
- Operational performance
- Compliance to our Quality Management System

These objectives are measured and monitored through Customer Satisfaction, Operational Excellence Metrics and other performance metrics. Refer to the following:

- GP-GM-8.2-01 (Customer Satisfaction Methodology)
- GP-GM-8.4-01 (Operational Excellence Metrics)

5.4.2 - Quality Management System Planning

KEG's top management ensures that:

- QMS planning is performed for meeting our Quality Objectives and defined requirements.
- When changes are planned and implemented to the QMS, its integrity is maintained.

This is achieved through a combination of corporate and facility level reviews with top management. At the corporate level, KEG's Global Quality Council implements and maintains the QMS.

5.5 Responsibility, authority and communication

5.5.1 Responsibility and authority

KEG utilizes Roles and Responsibilities descriptions and procedures to communicate responsibilities and authorities throughout the organization. Employees on all shifts are responsible for product quality and are empowered to stop production to correct quality issues. Each KEG facility has established a quality data system to promptly notify managers and responsible personnel of product and process non-conformities.

5.5.2 Management representative

KEG's top management at each facility has appointed the Management Representative for the QMS with the responsibility and authority for:

- ensuring that processes needed for the quality management system are established, implemented and maintained,
- reporting to top management on the performance of the quality management system and any needed improvements,
- and ensuring the promotion of awareness of customer requirements throughout the organization.

KEG's top management has designated overall responsibility and authority to the Business Manager / Program Managers for addressing our customers' requirements. These customer requirements include, but are not limited to:

- selection of special characteristics
- setting quality objectives
- related training
- corrective and preventive actions
- product design and development (if applicable).

5.5.3 Internal communication

KEG's top management ensures that appropriate communication processes are established within the organization and that communication takes place regarding the effectiveness of the quality management system.

KEG internal communication tools include, but are not limited to:

- Operational Excellence Metrics
- Corporate and Facility Management Reviews
- KEG Operation Reviews

5.6 Management review

Top management utilizes periodic Corporate and Facility Management Reviews to assess the status of the QMS. Elements of the KEG Corporate and/or Facility Management Reviews include as a minimum:

- review of the Quality Policy and Quality Objectives,
- customer satisfaction and feedback,
- cost of poor quality,
- results of audits,
- process performance and product conformity,
- status of preventive and corrective actions,
- follow-up actions from previous management reviews,
- changes that could affect the quality management system,
- recommendations for continual improvement,
- field failures
- new or revised regulatory requirements (if applicable)

Meeting minutes from the Corporate and Facility Management Reviews include decisions and action item assignments to address improvement and resource needs. These records are used to evidence achievement of the Quality Objectives and customer satisfaction with products provided.

Refer to GP-QM-5.6-01 (Corporate Quality Management System (QMS) Reviews).

6- Resource Management

6.1 Provision of resources

The resources needed to implement and maintain the QMS are determined and provided. This includes resources for continually improving the effectiveness of the QMS and enhancing customer satisfaction by meeting or exceeding our customers' requirements.

6.2 Human resources

Personnel performing work affecting product quality are competent on the basis of appropriate education, training, skills and experience. Each KEG facility determines and records the necessary competence and training information for personnel performing work that affects product quality. Each facility:

- Determines and assesses the necessary competence.
- Selects and trains personnel performing work affecting product quality.
- Assesses the effectiveness of training.
- Ensures employees are aware of the relevance and importance of activities and how they contribute to achieving the Quality Objectives.
- Retains records of training, education, experience, and skills.

Training requirements can include, but are not limited to:

- product design skills (applicable only when KEG has product design responsibility),
- on-the-job training (OJT),
- class room training,

Each KEG facility determines the processes used to motivate employees for achieving Quality Objectives, for making continual improvements and promoting innovation.

6.3 Infrastructure

KEG provides the appropriate infrastructure (buildings, workspace, utilities, process equipment and supporting services) to ensure product conformity. Business Planning is used to identify these needs and plan annual business requirements.

A multidisciplinary approach is used to develop and monitor the effectiveness of facility and equipment plans. Facility layouts optimize material travel, handling and value-added use of floor space, and facilitate synchronous material flow. This is supported through the NPI process, and may include tools such as 6 Sigma and Kaizan.

Each KEG facility maintains an individualized contingency plan specific to their processes and personnel in order to satisfy customer requirements in the event of an emergency.

6.4 Work environment

KEG provides the appropriate work environment to achieve product conformity, which includes personnel safety and cleanliness requirements. All employees are responsible for safety, with assigned personnel having responsibility for measuring and improving safety.

7 - Product Realization

7.1 Planning of product realization

KEG's New Product Introduction (NPI) Process is used for product realization. Product realization at KEG begins with the customer's "Request for Quote" and, upon acceptance, may include tasks and activities dealing with Product and/or Manufacturing Process Design and Development, Advanced Product Quality Planning (APQP) and Program Management. Customer requirements, technical specification references and acceptance criteria are also included in the planning of product realization as a component of the quality plan.

Refer to GP-EN-7.0-01 (New Product Introduction (NPI)).

KEG has a process to control and react to changes that impact product realization. Changes that apply to product and manufacturing processes are assessed and verified to ensure compliance with regulatory, statutory and customer requirements, including supplier caused changes. Changes are validated before implementation, when required.

Refer to GP-DC-4.2-02 (Engineering Change Procedure).

7.2 Customer-related processes

The Business Managers and Program Managers are the primary communication path between KEG and our customers. The appropriate Business Manager / Program Manager is responsible for obtaining all requirements as they relate to the product during the New Product Introduction process. These requirements include, but are not limited to:

- Customer specified
- Statutory and regulatory
- Safety and environmental
- Handling and storage

Conformity to customer requirements for designation, documentation and control of special characteristics is initiated during the NPI process, is documented in control plans, FMEAs, etc. and demonstrated within the manufacture of product.

It is KEG's policy, and management's commitment, to comply with all applicable government, safety and environmental regulations.

7.3 Design and development

KEG design and development efforts focus on error prevention rather than detection.

Responsibility for product design and development services are based on the individual KEG facilities contractual requirements. KEG facilities and/or contracts

that are "build to print" will be excluded from product design and development requirements.

The individual KEG facilities identify and develop engineering services and an effective process by which they will deliver engineering solutions as required.

KEG's NPI process documents the required steps and interactions necessary for successful design and development of product and manufacturing processes. The NPI process describes the roles and responsibilities for KEG personnel throughout this process.

This process includes a series of technical reviews and management toll gates to ensure integrity of the:

- design and development stages,
- verification and validation activities, and
- production readiness prior to entering full sustained production.

Refer to GP-EN-7.0-01 (New Product Introduction).

7.4 Purchasing

7.4.1 Purchasing process

KEG recognizes the importance of supplied materials to the quality of products and meeting customers' expectations. Supplier evaluation, qualification and monitoring processes have been developed. The extent of controls placed on suppliers and their products is based on effects to the final product. These processes and controls are used to ensure supplied components meet all specifications and requirements.

Refer to:

- GP-SS-7.4-01 (Strategic Sourcing)
- GP-SS-7.4-03 (Supplier and Component Qualification Process)
- GP-SS-7.4-04 (Supplier Monitoring and Escalation Process)
- GP-SS-7.4-05 (Purchasing and Import Process)

Records of the results of evaluations and any necessary actions arising from the evaluation shall be maintained.

The KEG Global Supplier Quality Manual details the requirements and expectations for all KEG suppliers. Additionally it defines KEG supplier quality management system requirements.

KEG purchases products, materials and services from approved sources. The use of customer-designated sources does not absolve KEG of the responsibility for ensuring the quality of purchased products.

7.4.2 Purchasing information

Each KEG facility is responsible for ensuring that purchasing information fully describes the product to be purchased. Each KEG facility also ensures the adequacy of specified purchase requirements prior to their communication to the supplier.

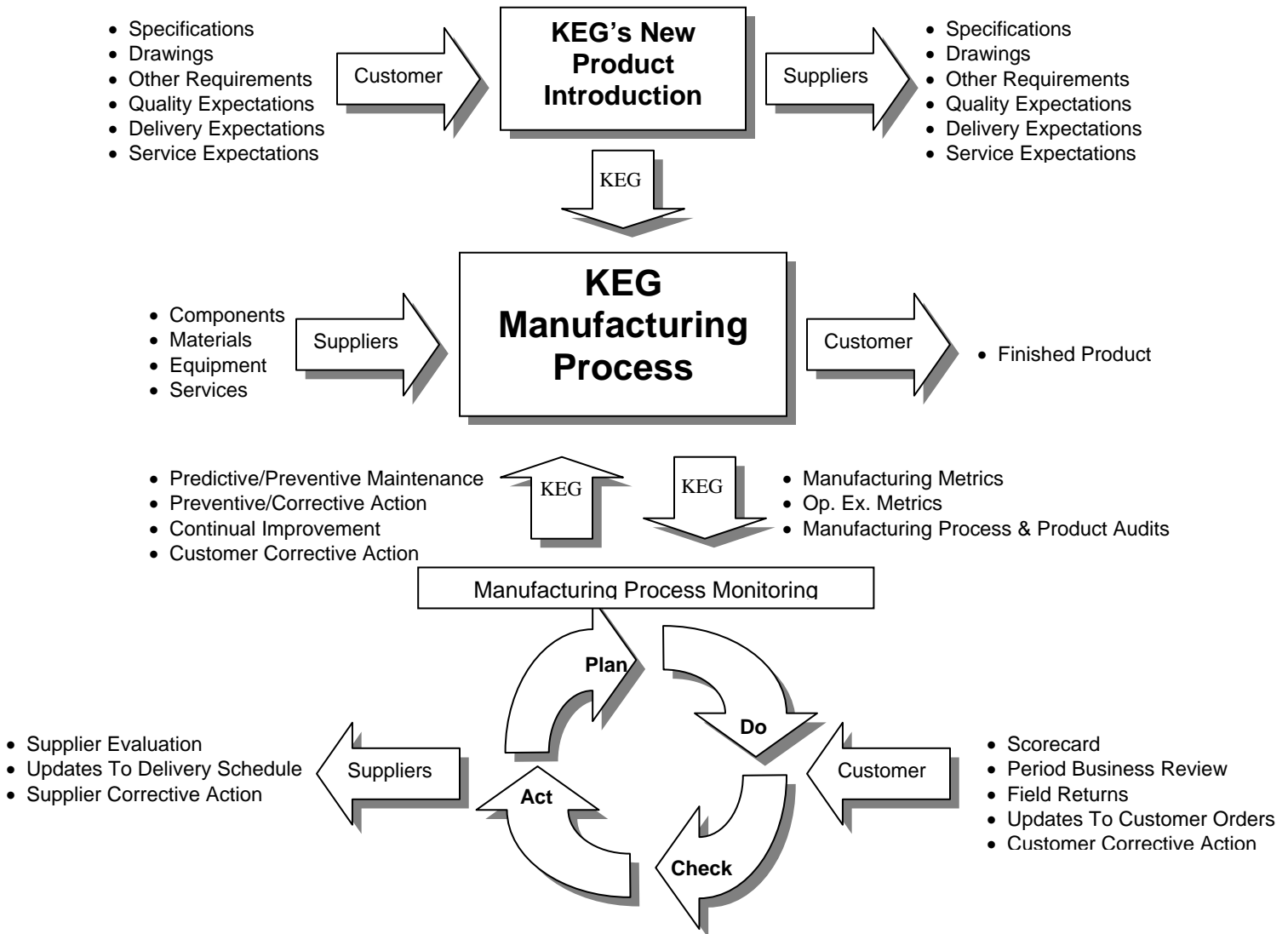
7.4.3 Verification of purchased product

Each KEG facility is responsible for methods to ensure that purchased product and suppliers meet requirements, such as:

- Receiving inspection
- Monitoring process fall out
- Supplier metrics (quality, delivery and service)
- Certificates of Compliance, Certificates of Analysis, etc.
- Third party verification

7.5 Production and service provision

The actual processes used to manufacture products for our customers are developed at the plant level and are specialized to our customers' needs. The following diagram depicts the major inputs to and outputs from the overall KEG manufacturing process.



7.5.1 Control of production and service provision

KEG utilizes methods to control manufacturing processes to ensure customer satisfaction. These methods include, but are not limited to:

- Process flows
- Process FMEAs
- Control plans
- Operator control instructions
- Job set up verifications
- Preventive and predictive maintenance
- Management of production tooling
- Production scheduling
- Feedback from failure analysis and returns

7.5.2 Validation of processes for production and service provision

KEG has developed an Entitlement (validation) process, as part of the NPI process, to validate processes and measurement systems throughout manufacturing. The Entitlement process includes, but is not limited to the following tools:

- Identification of critical to quality elements
- Establishment and validation of measurement systems
- Process capability studies
- Monitoring of quality performance
 - Rolled through-put metrics
 - Shipping defects
 - Customer failures

7.5.3 Identification and traceability

KEG identifies materials and products by suitable means throughout product realization, including the products' status.

Minimum traceability requirements are defined by the customer. KEG will meet these requirements, and may exceed them if needed to ensure product quality.

7.5.4 Customer property

KEG is responsible to identify, verify, protect and safeguard its customers' property. Customer property can include, but is not limited to:

- Tooling
- Equipment
- Returnable packaging
- Intellectual property
- Material

If any customer property is lost, damaged or otherwise found to be unsuitable for use, this shall be reported to the customer and records maintained.

KEG utilizes an intellectual property strategy to ensure that sensitive customer data is protected and access to such data is restricted. The confidentiality of company specific data is also ensured through the use of non-disclosure agreements.

7.5.5 Preservation of product

KEG is responsible for product preservation, including identification, handling, packaging, storage and protection of product through the internal manufacturing process and delivery to the customer. This includes, but is not limited to:

- Assessment of stock
- Inventory management
- First-In-First-Out (FIFO)
- Monitoring of shelf life
- Control of obsolete product

Refer to GP-SS-7.5-02 (Delivery and Export Process).

7.6 Control of monitoring and measuring devices

KEG is responsible to identify, develop, validate, implement and maintain measuring and monitoring devices. These devices are used to ensure product quality and customer satisfaction. The calibration system controls these devices and is used to:

- Verify prior to use
- Re-verify at specified intervals
- Adjust as necessary
- Protect from unauthorized adjustments
- Identify calibration status
- Protect from damage and deterioration
- Address out of calibration conditions, such as:
 - Assessment of effects
 - Customer notification
 - Product containment
 - Corrective action

7.6.1 Measurement system analysis

KEG uses measurement system analysis to validate measurement and test devices and systems.

7.6.2 Calibration/verification records

Records of the results of calibration and verification will be maintained.

7.6.3 Laboratory requirements

KEG is responsible to ensure the adequacy, competency, capability and record retention of any laboratory facilities used throughout the product realization process. When required, external laboratories will be accepted by the customer or accredited to ISO/IEC 17025 or equivalent.

8 - Measurement, Analysis and Improvement

8.1 General

KEG has established a system to provide monitoring, measuring and analysis of key process data to:

- Insure product quality
- Verify integrity of the quality management system
- Drive continual improvement throughout the organization

To accomplish these goals, KEG uses many tools, such as:

- Lean / Six Sigma techniques
- Quality System audits
- Operational Excellence Metrics
- Customer Scorecards
- Statistical Process Control
- Process Capability Studies
- Entitlement Process
- Operational Excellence Benchmarking

KEG provides the required training throughout the organization to allow these tools to be used effectively.

8.2 Monitoring and measurement

KEG's first priority is customer satisfaction. To measure, analyze and improve our performance, KEG uses tools such as:

- Customer Scorecards
- Periodic Business Reviews
- Business Manager relationship with the customer
- NPI Status Report
- Operational Excellence Metrics
- Individual Facility Metrics

Refer to GP-GM-8.2-01 (Customer Satisfaction Methodology).

KEG conducts internal audits to ensure the integrity of the Quality Management System and its processes. These audits include:

- Quality Management System audits
- Manufacturing process audits
- Product audits

To ensure the integrity of this program, KEG utilizes:

- Internal audit plans
- Qualified auditors
- Corrective and Preventive Actions
- Results and Status reporting

KEG monitors and measures appropriate processes and product characteristics utilizing tools such as:

- Process capability studies
- Statistical Process Control
- Operational Excellence Metrics
- Quality Management System audits

The results of these analyses are used to drive activities such as:

- Process improvement projects
- Continual improvements
- Corrective actions
- Preventative actions
- Reaction plans

8.3 Control of nonconforming product

To ensure product integrity and quality, KEG identifies and controls non-conforming materials and products. KEG facilities are responsible to create, implement and manage this process.

KEG recognizes its responsibility to promptly notify customers in the event that non-conforming material or products are shipped. Additionally, KEG will not intentionally ship non-conforming material without customer consent and approval. When regulatory requirements apply, non-conforming product cannot be accepted by concession unless the regulatory requirements have been met.

Refer to GP-QM-8.3-01 (Return Material Authorization (RMA) Procedure).

8.4 Analysis of data

Refer to:

- Section 8.1 above
- GP-GM-8.4-01 (Operational Excellence Metrics).

8.5 Improvement

KEG is committed to continual improvement and uses various improvement processes and tools, such as:

- Corrective Action
- Preventive Action
- Lean / Six Sigma projects
- Error proofing

There are many data sources that result in the use of these processes and tools, including:

- Internal, process and product audit results
- Failure analysis from field and customer returns
- Statistical process control
- Process FMEA
- Customer complaints
- Internal corrective and preventive action requests
- Management reviews (corporate and facility level)