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DAVE'S WORLD



A LOOK BACK AND FORWARD...

"Change before you have to." – Jack Welch

It has been a fun and interesting year at STI Electronics. We are a different kind of company now than we have ever been before. I trust you still experience great service and technical expertise from us and your feedback says you do. As you read this year end newsletter, you'll hear comments about the "economic downturn" or something similar several times. Yes, we have been affected by the downturn but we have also remodeled our business and sales are actually up more than 7% from 2008 and more than 35% from 2007. We survived the downturn by growing. We moved into a new facility that has exponentially grown our physical capacity and filled it with equipment and people that has made us much better equipped to meet a wider variety of needs of the 800+ customers we serve.

"The great thing in the world is not so much where we stand, as in what direction we are moving." – Oliver Wendell Holmes

Eleven new employees joined us this year (David, Brandy, Lynn, Betty, Pablo, Mike, Connor, Cory, Edna, Denise, and Eddy) and we welcome them and their unique individual contributions to our group. We also now have 10 people who have been with STI 10+ years and 6 others who should reach that milestone next year. I hope you realize that not only do we have experts on a wide variety of subjects in this industry but we also have truly good people. At our last bi-monthly pizza lunch, we had one employee announce we were starting a drive to collect canned food items for local needy families while another announced collecting new and slightly used shoes and coats as well. Another started a program to recycle the magazines in our break rooms to local nursing homes. Those programs are not unusual at STI and I believe they say a lot about the kind of people that work here.

In November, we were awarded a Global Innovation Award by Global SMT. Earlier in the year, we made the INC 5000 list for the 4th year (INC 500 twice). We were a finalist for the Alabama Manufacturer of the Year and also a finalist for the Madison County Employer of the Year. All of these awards are important to STI but above all are further indication that we are on the right path.

"Progress is the activity of today and the assurance of tomorrow" – Ralph Waldo Emerson

Our new and improved web site (www.stielectronicsinc.com <<http://www.stielectronicsinc.com>>) was recently unveiled with much more information than we've ever provided. My hope is in the next newsletter I'll be telling you about our new e-commerce programs and our new computer system.

"Change is inevitable - except from a vending machine." - Robert C. Gallagher

All of the good things of the past year, and the past 27 years, have happened because of you, our customer and for that I cannot thank you enough. You've kept me from having to find a real job and a wide variety of people thank you for that. Please let us know how we can serve you better in the future. I know next year will be interesting/exciting/challenging/fun in different kinds of ways and if you will continue to work with us, we will continue to change to serve you better.

Thank you again for your support and I wish you and yours a Merry Christmas and very happy, healthy, and prosperous 2010.

David E. Raby

Dave Raby
President/CEO
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A LOOK BACK AT 2009

BY: DIANA BRADFORD



What a year 2009 has been! We have been in the new facility for a year now and it is starting to feel like "home". We have had a great year, lots of growth, and new faces. I celebrated my 12th

year with STI in October and when I started I was one of 15 employees. We now have over 50 and still counting. I would like to thank all of our customers in Training Services and Training Materials for making 2009 a success.

We wish each of you a Merry Christmas and Happy New Year. May you be blessed in 2010. We look forward to working with you in the new year and please let us know if there is anything we can help you with.



TRAINING SERVICES

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2009 IN REVIEW

BY: PAT SCOTT



2009 has been a very busy year for STI's Training Services Department.

Our goal this past year has been to provide you with the best quality training possible.

We've been able to meet this goal because we arguably have the best instructors and training administrator around. Ann Duncan (Training Administrator), Frank Honyotski, Tom Borman, Michelle Moring and Brandy McGinniss have all been instrumental in our success.

This past year we've moved into our new facility. We now have two hands-on classrooms and one lecture room. Along with keeping these classrooms full our instructors also spend a lot of time on the road. Needless to say they never get bored.



From Left to Right: Pat Scott, Tom Borman, Ann Duncan, Michelle Moring, Frank Honyotski, & Brandy McGinniss.

In order to keep up with our busy schedule we have hired another instructor who will be starting with us in January.

We appreciate your business and look forward to seeing you in 2010.

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2010 TRAINING SCHEDULE



JANUARY/FEBRUARY/MARCH 2010

Month	Date	Class	Where
January	11-14	IPC/WHMA-A-620 Instructor (CIT) Certification	Madison, AL
	19-20	IPC-A-610 Instructor (CIT) Recertification	Madison, AL
	21-22	IPC J-STD-001 Instructor (CIT) Recertification	Madison, AL
	25-29	MSFC/NASA Solder Certification	Madison, AL
	25-29	IPC Rework/Repair Instructor (CIT) Certification	Madison, AL
February	08-09	IPC Rework/Repair (CIT) Recertification	Madison, AL
	10-11	IPC/WHMA-A-620 Instructor (CIT) Recertification	Madison, AL
	15-19	IPC J-STD-001 Instructor (CIT) Certification	Madison, AL
	22-25	IPC-A-610 Instructor (CIT) Certification	Madison, AL
March	01-05	IPC Rework Certified IPC Specialist (CIS) Certification Modules 1-6	Madison, AL
	08-12	MSFC/NASA Cable/Harness Certification	Madison, AL
	15-19	IPC-J-STD-001 CIS Certification	Madison, AL
	22-23	IPC-A-610 Instructor (CIT) Recertification	Madison, AL
	24-25	IPC-J-STD-001 Instructor (CIT) Recertification	Madison, AL
	26	IPC J-STD-001 DS Space Application addendum to J-STD-001D	Madison, AL

To register for a course or for additional information go to www.stielectronics-inc.com or e-mail us at training@stielectronicsinc.com.

YEAR END REVIEW

2009 has certainly been an especially challenging year for our industry with the continued significant transition of RoHS, Lead Free and the inherent issues. Lead Free is still arguably the most significant event since the inception of Surface Mount and Acquisition Reform for those of us that were around for those forays. I'm dating myself again.

As the process toward Lead Free production and materials has progressed, the availability of previously designed and developed tin lead component types has become limited. Component producers, anticipating the need to change, have often fully transitioned to RoHS compliant and are not inclined to maintain tin/lead production runs for obvious economic reasons. The situation continues to complicate production as well as production training issues for products requiring or desiring to not use lead free materials. For Training Materials, the challenge has been to maintain adequate tin/lead resources to insure uninterrupted availability for training on traditional component types. Looking to the future, this situation can only get worse but we are up to the challenge.

We do expect nontraditional component attachment technologies and designs to emerge in future state of the art production as a result of the lead free concerns for producability and reliability. The outcome should help to minimize these limitations while optimizing production windows. This should eventually improve characteristic concerns related to lead free processes.

Training Materials, as intended for training for production operations, can often provide insight for future production trends since they reflect anticipated production. Surprisingly, current trends for Training Materials reflect a slower than anticipated transition toward lead free. The continued demand for tin/lead training materials still far exceeds that of lead free. Typically this would suggest future production of tin/lead rather than lead free products within much of the production world that accomplishes solder

operation training. On the other hand it may reflect who is actually accomplishing production solder training and who does not. Production operations that do not conduct as much training for operators may be in the Lead Free production business.

We are nearing completion for the new Revision E for IPC-A-610 as well as J-STD-001. These are two of the most significant production standards within IPC committees. Included in the effort will be the revision of the associated Certification Training programs. As these revisions go, it is a reflection of serious effort over several years and the new standards will be a significant improvement for the Electronic Production Industry. Look for the official releases next spring.

We also continue to experience a stable growth market for training materials (also a good indicator of production trends) and along with all of you, we here at STI Training Materials look forward to a successful new year for 2010. Please let us know how we can better support your training needs.

May the holidays be filled with good friends, family and comfort of a blessed season.

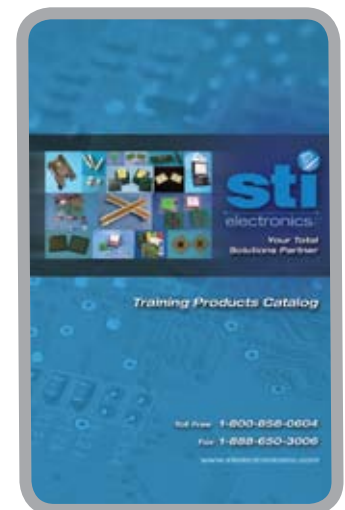


TRAINING MATERIALS



MEL PARRISH
DIRECTOR OF TRAINING
MATERIALS

CHECK OUT OUR NEW TRAINING PRODUCTS CATALOG



VISIT OUR WEBSITE AT
WWW.STIELECTRONICSIN.COM

ENGINEERING SERVICES



ENGINEERING SERVICES YEAR END REVIEW

BY: MARK MCMEEN, VP OF ENGINEERING SERVICES



What a year! – 2009 will go down as a milestone year for STI's Engineering Services Department. We moved into our new 54k square foot facility and added a new high speed SMT production line and added a test department. We have added a host of new people and added more equipment to each department. You will hear all the great things by department below; but I want to thank my staff and their staff for a great year. Growing is an exciting time and with it comes a lot of hard work and effort to make sure everything goes seamlessly and the customer does not see any slip in quality or on time delivery. Thanks to great people we are able to grow our business exponentially without our customers feeling any growing pains. Knowledgeable employees are the key and finding good employees that

are dedicated and knowledgeable are the essential ingredients to successful businesses and to the ability to grow in hard times. STI has a lot of talented and hard working employees and I want to say thank you for a job well done in 2009.

Equally important is our customers and it is a two way street. One must have good and knowledgeable customers which make for a good partnership and business relationships. Thanks to all the STI CUSTOMERS FOR A GREAT 2009. Without your business and development opportunities we would not have been able to have a banner year. This again is a two way street and we are cognizant of the need of adding capabilities to continue to meet your future requirements and needs and the move into our new facility is one step in our dedication and belief in our future together. Thanks again and we look forward to serving your needs and requirements in 2010. Below you will hear from each department manager and their additions for 2009.

STI'S QUALITY AND MANUFACTURING AREA 2009

BY: MEL SCOTT, DIRECTOR OF QUALITY



In addition to moving into our new facility in the December 2008 to January 2009 time frame it has been a good growth year for the Quality and Manufacturing groups here at STI Electronics with the addition of people, equipment, and capability. We have added capability in Quality and Manufacturing with key personnel additions and the acquisition of new equipment. Growth in equipment and personnel are essential ingredients

for success and enhanced capability.

Quality:

In August of 2009 we underwent our 2nd annual surveillance audit for ISO 9001:2000 and decided to update our Quality Management System to the requirements of ISO 9001:2008. We are now certified to the new requirements.

On the personnel side, Betty Cunningham has joined our Quality group as a Quality Engineer.

Continued on next page

STI'S QUALITY AND MANUFACTURING AREA 2009 (CONT.)

She comes to us with over 31 years of experience in military and high reliability commercial electronics manufacturing and quality assurance. She is assisting us in maintaining our ISO 9001-2008 Quality Program and getting us ready for AS 9100 certification in the future. She is also involved in maintaining high quality product output on the manufacturing floor. Quality of assembled products continues to be a key factor in our success and growth on the manufacturing side of the STI equation.



Betty Cunningham

MANUFACTURING

New personnel in the manufacturing area that joined STI as permanent employees in 2009 include Mike Soto, Denise Burnett and Edna Crutcher.

Mike joined STI as a Test, Programming and SMT Technician and comes to STI with 25 years experience in military and commercial electronics manufacturing, test, troubleshooting and repair. Denise comes to STI with 14 years of experience in military and commercial electronics manufacturing. Denise is a SMT Technician at STI. Edna joined STI in October also as a SMT Technician and has 30 years of experience in commercial and military electronics manufacturing. We welcome these key additions to the STI family

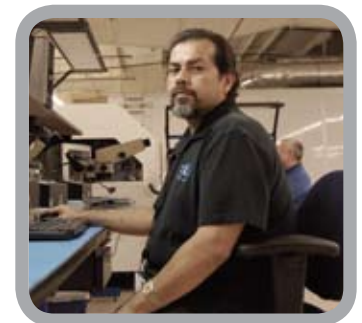
On the equipment front we added a new SMT manufacturing line when we moved into our new STI facility. Our SMT assembly and support equipment occupies approximately half of the 25,900 square feet of manufacturing floor space that is available. Needless to say, we have plenty of room to grow. We would like nothing more than to put in a dedicated SMT line for one of our customers/partners in the remaining 12,000 + square feet of floor space. Sorry, I digress, back to the new equipment. Our new SMT line is comprised of a MPM Momentum automated Stencil printer, a Juki FX-3 auto-

mated placement system, a Juki KE-2080L automated placement system, a YesTech YTV-F1S Automated Optical Inspection (AOI) system, a Heller 1913 Mark III reflow oven, a Technical Devices Nu/Clean 618 Aqueous Inline cleaning system and a SPEA 4040 Multimode Flying Probe test system. This line more than doubles our manufacturing capacity and provides increased manufacturing capability.

This new SMT line, in addition to our new employees, helped increase manufacturing sales by about 30% over the previous twelve months.

If you haven't been to STI in 2009, come visit, we would love to show you our new digs, toys and capabilities. Thanks for your support and business in 2009! We look forward to growing our relationship with each one of our customers in 2010. From our family to yours: "Have a safe and happy holiday season". See you in 2010.

NEW MANUFACTURING PERSONNEL



MIKE SOTO



DENISE BURNETT



EDNA CRUTCHER

MICROELECTRONICS LAB



MICROELECTRONICS/IC/DT

BY: CASEY COOPER, MICROELECTRONICS LAB MANAGER



This year gave birth to a plethora of new milestones for the Microelectronics Lab. First, we celebrated the new year with the move to our new facility which includes the new 1700 sq ft cleanroom for performing leading-edge research and development, materials evaluation and qualification, manufacturing and assembly, and electronics testing. Next, we regretfully said goodbye to our

applications engineer Richard Garnick and welcomed back former microelectronics application engineer David Robinson.



David Robinson

On a side note, I personally celebrated a new milestone in my life with the birth of my daughter Kate and wish to personally thank those who made it possible for me to take maternity leave. Words cannot express my appreciation of the quantity and quality of work Mark McMeen, Jonnie Johnson, and David Robinson accomplished during my leave. Thank you!

Looking forward, the Microelectronics Lab continues its focus on advanced packaging technologies and new applications employing STI's patented (US Patent No 7,116,557) Imbedded Component/Die Technology (IC/DT®) to meet the military and space communities' need to address size, weight, and power requirements for high reliability electronics hardware. To inquire if IC/DT® can resolve your electronics design challenges, please contact the Microelectronics Lab Manager Casey Cooper. We look forward to working with you in 2010!

ANALYTICAL LAB

BY: MARIETTA LEMIEUX



Where has the year gone!? 2009 sure has gone by quickly. STI's Analytical Lab has undergone some changes this past year. Aaron Olson decided to pursue other endeavors earlier this year. Thanks Aaron for almost nine years of dedication to STI. Not only was he a great asset to the Analytical Lab and STI in general, he was also a great friend to me personally and many of our customers and co-workers. He has been greatly missed, but at the same time we wish him all the best and a very bright future!

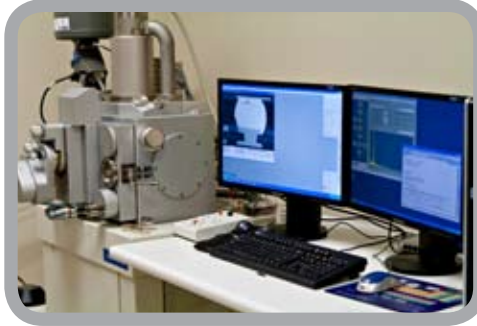
Lynn Norman joined the Analytical Lab as a Senior Materials Engineer a few months ago. He has extensive experience in Materials and failure analysis with a mere 25 years of experience behind his belt. If you have not had the pleasure of meeting Lynn yet, please come by to see us or feel free to give Lynn a call (256-705-5544).



ANALYTICAL LAB (CONT.)

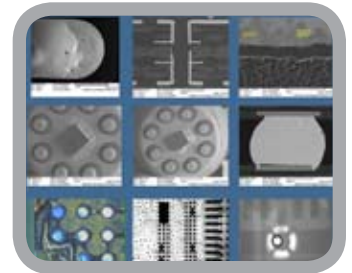
BY: MARIETTA LEMIEUX

Also, if you have not yet had the chance to see our setup in the new STI building, you have missed out! The analytical lab has approximately quadrupled in size, with room leftover to grow. We have updated one of our Scanning Electron Microscopes this year with the latest versions of both hardware and software so we can continue to provide you with high-magnification imaging and elemental analysis. We also added a brand new 600 SMD Omegameter for all your ROSE testing needs. Another addition to the lab this year is the RMD Instruments, LeadTracer-RoHS XRF analyzer. This handheld x-ray gun with a Co-57 x-ray source is a great and accurate tool for the elemental analysis of the RoHS prohibited elements and counterfeit component analysis.



I would also like to take this opportunity to thank all of our customers for continuing to allow us to provide your analytical services needs. It has been a true pleasure. Please continue to feel free to give either Lynn or myself (256-705-5531) a call with any questions you may have. We look forward to seeing you in 2010.

ANALYTICAL LAB



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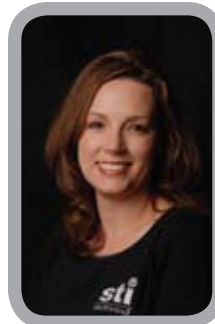
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YEAR END REVIEW

BY: **SISSIE ECKSTEIN, ELECTRONIC & INDUSTRIAL SALES MANAGER**



The Electronic Sales and Distribution Department of STI has had an interesting year. In the past year we have all seen the ups and downs of the economy. We have seen them here at STI too. It has given us the time to evaluate what we are doing and to concentrate on the things we do best. We have expanded our product lines to meet the needs of our customers. We are also working with our customers to establish tool cribs to help manage their inventory and reduce their cost. We have recently updated our website and encourage you to take a look at it when you have some time www.stielectronicsinc.com. With the new website it has allowed us to offer our Electronics Catalog as well as our Training Kits and Dummy Components Catalog online to better help you find the products that you need.

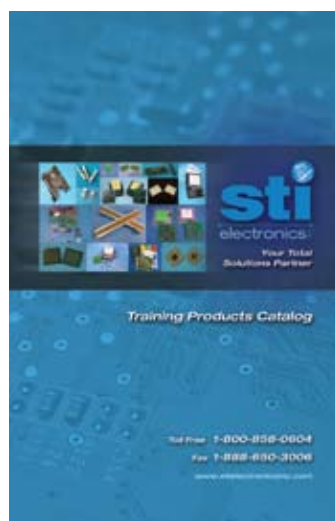
As the New Year is quickly approaching we are gearing up for new and exciting plans for next year. We will be adding an E-Commerce Site so that our customers will be able

to order products on line. This will allow you to order products anytime you want. As always our goal is to be a Total Solutions Partner for our Customers. We want to make it as easy as we can for you to call/email us for any of your product needs and know that you will get fast and friendly service.

We would like to say thank you to all our loyal customers and friends for continuing to help us grow.



From front to back: Sissie Eckstein, Kelly Smith, Dottie Grantham, Julia Adamczyk, and Brandon Champion.



INDUSTRIAL SALES

BY: RYAN KIRK

Who we are

STI 's Industrial offerings in distribution provide service, support, & solutions to a diverse market. We offer some of the best lines available in the industry, We have great customer service, a great salesforce covering most of the Southeast U.S., and we believe in providing a good product that provides the best solution for our customers needs and supporting our customers.

What we offer

With STI's Industrial product offerings we can provide our customers with turn key solutions to improve their productivity needs. Our product offerings cover many needs for our customers from: **Assembly Tooling - Air & DC, Torque Measurement & Quality Control, Automated Assembly, Material Handling, Hand Tools, Bits & Assembly Tool Accessories, Work Stations & Accessories, Tool Support & Suspension , Safety Products, Maintenance and Repair.**

SERVICE * SUPPORT * SOLUTIONS

If you have an application or project , give us a call and let us provide a solution to improve your productivity. Our friendly customer service can help or direct you to a member of our sales staff that can provide and support the best solution.

INDUSTRIAL SALES



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 COM

 ATLAS COPCO TOOLS	ASSEMBLY TOOLING & MATERIAL REMOVAL TOOLING				 ASG
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 APEX	HAND TOOLS, BITS & ASSEMBLY TOOL ACCESSORIES				 LUBBERING
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	 NASCO	 ASSEMBLY AUTOMATION			
 ASHLAND CONVEYOR	MATERIAL HANDLING, TOOL SUPPORT & SUSPENSION				 PRESTO
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Visit www.stielectronicsinc.com

JIM'S CORNER

JIM D. RABY, PE, TECHNICAL DIRECTOR



This special time of the year has come again, and each of us at STI and especially the Raby Family, feel so blessed to have been able to survive this down turn in the economy with a positive outcome. We are blessed to have clients like you that have helped us continue to grow. God has reached down and touched STI and its people and have kept us moving in a positive direction.

This year, Ellen and I had two great cruises, one being a 28 day trip around Australia, and the other being a trip back to Italy with David and Ashley. That was great to be able to spend time with them. To watch David continue to grow in guiding STI and Ashley, and spend time with Ashley. She is growing up so fast. She tells me that she will always be my princess. As most of you know she is riding and showing Tennessee Walking Horses, and she does her share of winning which makes us all proud. Sheila formed her own company "Walking With Grace", and has several horses big and little for Ashley to show.

I have caught a good number of fish this year, have some new fishing equipment and

look forward to a great 2010.

I have many things to be thankful for this Holiday season. We still have a Christmas tree and always will have, even though our president will have a holiday tree. We will do this to honor our God and Jesus Christ since they are the ones we truly rely on and are the foundation of this great country and our business. There is not a day that goes by that I do not give thanks for my family, my home, our business, our country, our service men and women and our employees by name. I also give praise and thanks for the fact we are still free to worship as we see fit, even though that seems to be in the sights of those who do not know or care for our constitution. I also give praise and thanks for our clients and friends that have been so good to STI.

May God Bless you and your family this Christmas season.

Happy New Year to you!

Jim D. Raby
jraby@stielectronicsinc.com