

SUPPLIER QUALITY REQUIREMENTS

MAGNESIUM ALLOY PRODUCTS COMPANY, INC.

2420 N. Alameda Street Compton, CA 90220 Telephone: (310) 605-1440 FAX: (310) 608-1637

1.0 PURPOSE

This document establishes requirements applicable to items ordered under this purchase order to assure that such items are of the required quality and reliability. It contains general requirements for product assurance which are applicable unless expressly excluded in the P.O. and Supplier Quality Requirement Clauses (SQR's), which apply when shown on the P.O.

2.0 GENERAL REQUIREMENTS

Supplier shall flow down applicable SQR's to sub-tier suppliers as needed to meet all requirements. Unless otherwise specified in the purchase order, the following general requirements apply to all P.O.'s:

A. PROHIBITED PRACTICES:

1. **Un-authorized Repairs:** Seller may not repair any part that is damaged or found to be faulty during fabrication without written permission from the Buyer.
2. **Non-conforming Product:** Non-conforming product identified by seller during the manufacturing process shall be isolated and the notification to Buyer made with recommended disposition. Supplier shall obtain approval of the disposition in writing from Buyer prior to implementing the corrective action to resolve the non-conformance.
3. **Change in Approved Processes, Materials or Procedures:** Seller shall not change any process, material and/or procedure without prior written approval from Buyer.
4. **Notification of Owner/Management/Facility Changes:** Seller shall immediately notify the Buyer of any change in Owner, and/or Upper Management. Seller shall not relocate any production, manufacturing and/or processing facilities during performance of the purchase order, without Buyer written approval.
5. **Sellers Disclosure:** Seller shall immediately notify Magnesium Alloy Products (MAP) in writing when discrepancies in Seller's processes or Product are discovered or suspected for products seller has delivered or will deliver under this agreement.
6. **Subcontracting:** No further sub-contracting is allowed on this order unless approved by MAP. Further subcontracting is justification for rejection of product by MAP.

B. RESPONSIBILITY FOR CONFORMANCE:

Neither surveillance, inspection and/or tests made by the Buyer or his Representatives at either the Seller's or Buyer's facility shall relieve the Seller of the responsibility to furnish items which conform to the requirements of the P.O.

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C. DOCUMENTATION:

The Buyer may refuse to accept items delivered under the purchase order if the seller fails to submit the certification documentation, test data or reports specified in the P.O.

D. CERTIFICATE OF COMPLIANCE AUDIT:

Certifications furnished under the terms of the P.O. shall be supported by test records and data and are subject to audit by the Buyer.

E. CORRECTIVE ACTION REQUESTS:

When a Quality problem exists, MAP may request corrective action from the seller. Such requests require timely responses and effective C/A. Requests for extension of due dates shall be directed to the Buyer or Quality Manager.

F. ACCESS TO FACILITIES:

MAP, Customers, Government Agencies and/or Regulatory Authorities reserve the right to access your facility to perform audits, inspections and investigate records, documents and processes on the manufactured/processed parts pertained to this order. The seller shall provide all reasonable assistance, supplies, equipment and facilities necessary to accomplish this task.

G. RECORD RETENTION:

Supplier shall maintain, on file at Suppliers facility, quality records traceable to the conformance of product delivered to MAP. Supplier will make such records available to all applicable Aviation authorities and MAP. Supplier shall retain such records for a period of not less than ten (10) years. At the end of this 10-year period, the supplier shall contact the organization for disposition of all records.

H. WORKMANSHIP:

Items delivered on this P.O. shall exhibit workmanship indicative of Aerospace Quality. Evidence of Flaws, Mishandling, Damage or abuse shall be cause for rejection. Items must be clean and free of Foreign Object Debris (FOD).

I. FLOW-DOWN REQUIREMENTS:

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DOMESTIC MATERIAL - All material used for fulfilling this purchase order must be from domestic stock and wholly manufactured and processed within the borders of the UNITED STATES OF AMERICA. The BUY AMERICAN ACT, FAR 52.225-3, dated January 1989 (In accordance with FAR 25.109[d], applies.

ITAR RESTRICTED USE – When applicable, the supplier shall adhere to the ITAR compliance requirements for performing work or service involving ITAR compliance. In accordance with ITAR 22 C.F.R. 120-130 International Traffic in Arms Regulation, all documents identified as ITAR controlled shall be identified, maintained in document control and segregated from non-ITAR documents. Documents identified as ITAR controlled shall be viewed only by a U.S. PERSON. A U.S. PERSON means an entity that is: a U.S. citizen or a legal resident, or U.S. organization incorporated to do business in the United States.

COUNTERFIT MATERIAL/PRODUCT (Ref. AS-5553 & AS-6174) -

1. Supplier shall only purchase products to be delivered or incorporated as work to MAP directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM) or through an OCM/OEM authorized distributor chain. Work shall not be acquired from an independent distributor or broker unless approved in advance and in writing by MAP.
2. Supplier shall immediately notify MAP with the pertinent facts if supplier becomes aware or suspects that it has furnished counterfeit work. When requested by MAP, supplier shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.
3. In the event that work delivered under the suppliers' contract with MAP constitutes or includes counterfeit work, the supplier shall, at its expense, promptly replace such counterfeit work with genuine work conforming to the requirements of the contract/P.O.
4. This clause applies in addition to any quality provision, specification, statement of work or other provision included in the contract addressing authenticity of work. To the extent such provision conflicts with this clause, this clause prevails.

CONFLICT MATERIALS - The Securities and Exchange Commission (SEC) has imposed the Dodd-Frank Wall Street and Consumer Act to restrict the use of conflict minerals. Conflict minerals include Tungsten, Gold, Tin or Tantalum (and its derivatives)

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mined from the Democratic Republic of Congo or adjoining countries. This act of Congress requires publicly traded companies to report any product containing conflict minerals. MAP expects you as our supplier to perform a due diligence review effort to determine potential conflict mineral sources. We require that you do not knowingly supply product to MAP that contains conflict minerals from any of the excluded sources.

FOD PREVENTION - Seller shall maintain a FOD Prevention Program in accordance with applicable portions of Aerospace Standard AS9146, Foreign Object Damage (FOD) Prevention Program - Requirements for Aviation, Space, and Defense Organizations.

J. SUPPLIER PERFORMANCE: It is the expectation of this organization that the performance of our suppliers maintains (at a minimum) On-Time Delivery >95% and Product Quality >98%. Failure to meet these requirements will result in corrective action and/or disqualification from future orders.

K. CONTRIBUTION AWARENESS – Suppliers provided products and services are expected to conform to the requirements explained in each purchase order description and these Quality Clauses, handling of components shall ensure that product safety is a top priority to prevent damage to parts and ethical behavior shall include (but not limited to) no favoritism, no gifts in exchange for work, no inappropriate exchange of information and the immediate notification when unethical behavior occurs.

3.0 SUPPLIER QUALITY REQUIREMENT CLAUSES (SQR'S)

SQR1 QUALITY SYSTEM

The Sellers Quality System shall comply with the requirements of:

- A. AS9100/ISO9001
- B. Nadcap approved processes
- C. COMMERCIAL – No Quality System required.

SQR2 CERTIFICATE OF CONFORMANCE

Seller shall provide a Certificate of Conformance that material and/or articles meet all the provisions of this purchase order. Certifications must accompany each production release delivered against this purchase order and must contain, as a minimum, the following:

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- Purchase Order Number
- Part number
- Part Revision letter/date
- Applicable specification number and revision as required
- A statement that conforming test reports and/or inspection records are on file and are subject to examination at any time.
- Signature of authorized Quality Representative and Date

SQR3 CERTIFIED MATERIAL TEST REPORTS

Chemical and Physical Material Test Reports reflecting acceptable test results shall accompany each shipment of articles defined in the purchase order. The supplier shall provide proper traceability of raw material to any product manufactured or produced on this purchase order.

SQR4 CONTROL OF SPECIAL PROCESSES

The Seller must be approved by MAP to perform the required special processes or must use special process suppliers acceptable to MAP customers. A list of such suppliers will be provided upon request.

When it is acceptable by MAP for supplier to use sub-tier suppliers, the requirements of the MAP P.O. shall be flowed down to the sub-tier with all process and product details identified as called out on the MAP P.O.

SQR5 MANUFACTURING APPROVAL REQUIRED

The item(s) indicated on our purchase order requires prior manufacturing approval of your facility by MAP. Notify our Purchasing Department immediately if you are not an approved supplier or if there has been a change in your approval status.

SQR6 FIRST ARTICLE INSPECTION REPORT (FAIR)

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The supplier shall provide a copy of the dimensional First Article Inspection Report with the first shipment of the product to MAP. The preferred form for the FAIR is "AS9102" latest revision or similar.

SQR7 INSPECTION REPORT – 100%

The supplier shall provide a 100% dimensional inspection report with the shipment of product to MAP. The report shall include the P/N, Raw Material Heat #, cover all B/P characteristics and Notes and indicate acceptance by the suppliers' Quality Control Dept. Note: AS9102 form 3 can be used to fulfill this requirement.

SQR8 MAP SOURCE INSPECTION REQUIRED

Upon completion of the order and prior to shipment, notify Magnesium Alloy Products' Purchasing Department so that arrangements can be made for a Quality Representative from Magnesium Alloy Products to visit your facility and perform a source inspection.

SQR9 GOVERNMENT SOURCE INSPECTION REQUIRED

During performance of this order, your Quality Control or Inspection System and Mfg. processes are subject to review by authorized Government Representatives.

SQR10 MAGNESIUM ALLOY PRODUCTS FURNISHED MATERIALS

Items manufactured under this purchase order agreement shall be fabricated from Magnesium Alloy Products Co. Inc. furnished material intended for the completion of this order only. The supplier shall not substitute, rework, or dispose of Magnesium Alloy Products Co. Inc. furnished material in any way, except as allowed for or instructed to do so in writing. Unused material must remain properly identified and returned with the last shipment of fabricated parts, unless instructed otherwise.

SQR11 CALIBRATION

The supplier shall provide and maintain a calibration system that meets at least one of the following requirements, as currently amended, in the performance of this contract.

- ISO 10012-1 "Quality Assurance Requirements for Measuring Equipment"
- ANSI/NCSL Z540-1 "American National Standard for Calibration"

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SQR12 DIGITAL PRODUCT DEFINITION (DPD)

Conformance to D6-51991 (Boeing DPD) is required to be maintained in the performance of this P.O./Contract.

SQR13 Statistical Process Control (SPC)

Preform SPC on provided key dimension as defined on PO

4.0 LOCKHEED MARTIN APPENDIX QX SPECIAL PROCESS REQUIREMENTS FOR SUB-TIERS

Seller shall ensure all Seller sub-tier POs or associated PO documents for Buyer-controlled processes include the following data elements:

1. Seller's unique Lockheed Martin Aeronautics identification number ("vendor code"); and
2. All QCS-001-controlled specifications, including revision, for which processing will be performed; and
3. Buyer-unique "process codes" for each Buyer-controlled process to be performed; and
4. Applicable program Finish Specification and revision; and
5. A statement with the words, "Processing directly related to a Lockheed Martin Aeronautics Company Purchase Order (PO) must be accomplished in accordance with process specifications in this PO and Lockheed Martin Aeronautics Company Appendix QJ;" and
6. A statement that Seller's sub-tier must file and maintain a copy of all POs containing the above statement and make these available for review by Buyer, upon request; and
7. A statement that Seller's sub-tier must submit a CoC with a unique certification number which contains the elements listed in Appendix QJ; and
8. Fracture durability classification or serialization, when required; and
9. A statement to ensure Seller's sub-tiers suitably wraps, boxes or racks parts to guard against shipping damage and to apply rust or corrosion protection; and
10. Maintain and provide records of all QCS-001 "Work" performed in accordance with Quality Appendix QJ Section II, paragraph G