

**Advanced Composite Products & Technology, Inc.
15602 Chemical Lane
Huntington Beach, CA. 92649**

Quality Clause Terms and Conditions

Advanced Composite Products and Technology, Inc., hereinafter shall be called ACPT, Inc. notwithstanding any other provisions, all articles furnished hereunder are subject to the Inspection clause of the General Provisions of the Purchase Order and the following special inspection clauses(s) when indicated by clause number(s) in the schedule of the Purchase Order. Articles defined in the schedule of the Purchase Order will not be accepted by ACPT, Inc. if the contractor fails to submit certification, documentation, test data, and reports specified herein.

A1 RIGHT OF ACCESS

ACPT, its customers and regulatory authorities reserve the right of access to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

A2 GOVERNMENT INSPECTION

Government Inspection is required prior to shipment of this material. Upon receipt of this contract, promptly notify the Government's Representative who normally services your plant so that appropriate planning for Government Inspection can be accomplished in accordance with applicable specifications. A copy of the contract shall be furnished to the Government's Representative upon receipt.

A3 QUALITY PROGRAM REQUIRMENTS FOR AS9100, ISO9001, or MIL-Q-9858A

The contractor's quality system shall conform to the requirements of AS9100, ISO9000, or MIL-Q9858A and is subject to review and approval at all times by ACPT or customer. The suppliers must maintain an acceptable product quality and on-time delivery performance. The supplier must ensure that persons are aware of their contribution to product or service conformity; their contribution to product safety; and the importance of ethical behavior.

A3A NOTIFICATION OF CHANGES

The supplier will provide, in writing, advance notification to ACPT of any change(s) to tooling, facilities, materials or processes at the contractor's sub-tier that will likely affect the form, fit, or function of ACPT's contracted product. This includes, but is not limited to, changes in fabrication, assembly, handling, testing, facility location, **changes of suppliers** or introduction of a new sub-tier.

A4 ACPT, Inc. SOURCE SURVEILLANCE

Source surveillance shall be conducted by ACPT, Inc. at the contractor's facilities or where designated in this contract prior to shipment. Inspection/test and in process inspection/test of the articles defined in this contract shall be performed by contractor and shall be subject to witness by ACPT, Inc. quality representative. The contractor shall contact the ACPT Quality Source representative prior to the start of fabrication so that mandatory in process inspection/test points can be agreed upon. The contractor shall have available and present upon request, documented evidence of his inspection/test performance including in process and/or final test. This may be used for the acceptance of hardware or material. Required documentation for shipment must be completed and signed by the contractor's authorized quality representative, and available for the ACPT quality representative's review. The government or ACPT's customer reserves the right to inspect any or all of the work included in this purchase agreement at the supplier's plant. Verification by the customer does not preclude rejection by the customer.

A5 INSPECTION SYSTEM REQUIREMENTS FOR AS9100, ISO9000, or MIL-I-45208A

The contractor's inspection system shall conform to the requirements of AS9100, ISO9000, or MIL-I-45208A and is subject to review and approval at all times by ACPT, Inc.

A6 SPECIAL PROCESS APPROVAL

When the ACPT Purchase order requires special processing in accordance with specifications designated by ACPT, the contractor and any subcontractor performing special process shall have special process approval by ACPT; or the contractor's system to control its own subtiers shall have been approved by ACPT. Prior to the start of fabrication, identification of process(es) and processor(s) shall be requested through ACPT Buyer or ACPT quality representative. ACPT approval of special process subcontractors does not relieve the contractor of the responsibility for exercising those control measures necessary to ensure that work performed by subcontractors is in accordance with specification requirements. Should contractually imposed requirements dictate processing in accordance with an ACPT internal specification, the special process approval may be for a corresponding public specification. This special process approval does not authorize deviation to, or take priority over, the contractually imposed processing requirement. Required certifications must reference Public specification approval as well as the ACPT internal specification to which processing was accomplished. The contractor shall have the records of approval on file and available for review by the ACPT quality representative. The contractor shall provide a listing of the processing sources utilized for each process specification for each shipment. This listing shall include processes accomplished by the contractor as well as the subcontractors.

A7 Prevention of Counterfeit Parts

Operational controls shall be implemented to assure the prevention of counterfeit or suspect counterfeit part or material use and their inclusion in product(s) delivered to ACPT. ACPT must be notified of any such condition.

A8 RECORDS

Records and other objective evidence of inspection, testing, processing and fabrication shall be retained by the supplier for a minimum of **15** years after the completion of the contract unless otherwise specified by the customer or regulatory agencies. The records shall be traceable to the originator. These records shall be identified and stored to enable the records to be readily located and retrieved and in a manner that minimizes deterioration or damage and prevents loss. The supplier shall notify ACPT within 90 days prior to destroying any records pertaining to ACPT contracts to ensure ACPT has an opportunity to collect any records.

A9 CONTRACT / PURCHASE ORDER REVIEW

All ACPT Purchase Orders shall be reviewed by supplier's Quality Manager or designee prior to release for production, to assure that all quality requirements are reflected in production and inspection procedures. The supplier shall meet all requirements of ACPT's Purchase Order.

B1 MATERIAL AND PROCESS CONFORMANCE

The contractor shall submit with each shipment, a certificate of conformance, shall be dated and bear the signature and title of an authorized contractor's representative, stating that the materials furnished to ACPT are in conformance with applicable requirements of the contract, drawings and specifications and that supporting documentation is on file and will be made available to ACPT or government representatives upon request. Certification shall include name of contractor for materials being supplied, quantity shaped and contract number.

B1A The supplier shall notify and provide documentation to ACPT of any nonconforming product. ACPT shall provide the supplier with the proper documentation for nonconforming material approval. Supplier shall flow down all applicable requirements to sub-tier supplier in the purchase order.

B2 CHEMICAL AND PHYSICAL TEST REPORTS

One copy of test reports indicating chemical composition and/or actual physical properties identifiable to each lot, batch or heat treat lot shall accompany each shipment and shall be validated by an authorized contractor's representative, by either an inspection stamp or signature and title.

C1 TIME AND TEMPERATURE SENSITIVE MATERIAL

Time and temperature storage conditions must be attached to the packing sheet and accompany each shipment to be delivered hereunder. The outer most shipping box must be marked to indicate "time and temperature sensitive material" and "temperature storage range in degrees".

D1 PRELIMINARY REVIEW AUTHORITY

The supplier is delegated preliminary material review authority (PMR) for hardware non-conformance's. This authority is limited to dispositions of rework to engineering requirements, return to previous operation for reprocessing, scrap (unless material is supplied by ACPT), repair to a ACPT approved standard repair instruction (SRI), and return to subtier supplier. This

authority does not extend to the use of a material review board (MRB) for the purpose of changing engineering criteria, which can only be accomplished by drawing change. This delegation of PMR authority may be rescinded at any time by written notification from ACPT quality assurance.

D2 ACPT CUSTOMER SOURCE INSPECTION REQUIREMENTS

During performance on this order, your quality control or inspection system and manufacturing processes are subject to review, verification, and analysis by authorized ACPT customer representatives. ACPT customer inspection is not required unless you are otherwise notified. A copy of this purchase order will be furnished to your government representative or ACPT customer representative upon request. The ACPT's customer reserves the right to inspect any or all of the work included in this purchase agreement at the supplier's plant.

D3 CHEMICAL AND PHYSICAL ACCEPTANCE TEST(S)

One (1) copy of an independent laboratory chemical analysis and physical test report for each lot, batch, or heat test of the end item shall accompany each shipment. Test reports shall list the parameters tested and shall reflect readings taken during test(s). All reports must be signed by an authorized agent of the supplier or testing laboratory.

D4 MATERIAL SAFETY DATA

Supplier shall submit a Material and Safety Data Sheet or equivalent with the shipment. Articles defined in the purchase agreement are subject to ACPT inspection at destination and will not be accepted by ACPT if the contractor fails to ship the above data. Upon receipt at ACPT, the data will be sent to Occupational Safety and Health.

D5 CERTIFICATE OF CONFORMANCE

The contractor shall submit with each shipment a certificate of conformance, signed by an authorized contractor's representative stating that the items furnished to ACPT are in conformance with requirements of the Contract, drawings and specifications and that supporting documentation is on file and will be made available to ACPT or Government representatives upon request. The supporting documentation, to be maintained on file at the supplier's facility shall include as a minimum file copies of related certification of conformance, inspection reports, test reports, or similar documentation traceable to the manufacture of the item showing that it has been manufactured and tested in accordance with contract requirements. Certification shall include the name of the Contractor, commercial and government entity (CAGE) number of the manufacturer or manufacturer's name and address, the manufacturer's part number, quantity shipped, the ACPT purchase order number, and the manufacturer's applicable traceability information required by the specification (e.g. lot/date code, heat, batch) for each lot/manufacturing combination comprising the part number shipment.

D6 CRITICAL or KEY CHARACTERISTICS INSPECTION REQUIREMENTS

The contractor shall perform 100% inspection of critical or key characteristics identified in the ACPT engineering document. The contractor shall submit a certification of compliance with each shipment attesting that all critical characteristics have been verified to meet the requirements of the engineering document(s). The certification shall contain as a minimum a listing of the critical

characteristics verified, the name of the contractor, part number, purchase order number, serial number(s) and quantity of parts shipped. Certification must be validated by an authorized representative of the contractor's quality department, by either an inspection stamp or signature and a date in which the inspection occurred.

E1 MECHANICAL DETAIL DIMENSIONAL REQUIREMENTS

Supplier is required to inspect every part on this purchase order for all drawing requirements. The results must be documented on an inspection record and made available for the ACPT source quality representative to review and verify as deemed necessary. When numerical values are specified, actual values must be recorded. Check marks are not acceptable. Duplicate measurements on a lot of parts may be recorded showing minimum and maximum values for each characteristic. Any discrepancies from drawing requirements must be identified for the source quality representative's attention. The inspection report shall be submitted with the parts when surveillance by a source quality representative is not a requirement of the contract or when submittal is specified elsewhere in the contract. The instrument(s) used for the final acceptance must be calibrated and have sufficient accuracy, stability, range and resolution required for the intended measurement.

E1A CONFORMANCE REQUIREMENTS-MECHANICAL DETAILS

Inspection and/or machining must be accomplished in a temperature controlled environment to comply with drawing requirements.

E1B STATEMENT OF WORK

Articles defined in this Purchase agreement are subject to additional requirements per a statement of work, which must be met to achieve compliance to contract requirements. Articles will not be accepted by ACPT if contractor fails to comply with the requirements of the statement of work.

E2 ACPT DOCUMENTATION ACCEPTANCE (DROP SHIP)

Articles ordered under this contract are to be drop shipped to a destination other than ACPT. Final acceptance is contingent upon the submittal and approval of the quality data required by this contract at ACPT.

E3 SINGLE DATE/LOT CODE

Parts delivered against this contract shall be from a single date/lot code. Authorization for shipments with multiple date/lot codes must be pre-coordinated with your ACPT buyer.

F1 FOREIGN OBJECT DAMAGE (FOD) PREVENTION

Contractor shall maintain a FOD control program assuring work is accomplished in a manner preventing foreign objects or material from entering and remaining in deliverable items. Maintenance of the work area and control of tools, parts and material shall preclude the risk of FOD incidents. The contractor shall document and investigate all FOD incidents assuring elimination of the root cause. ACPT shall have the right to perform inspections, verifications, and FOD prevention program audits at contractor's facility to assure

program documentation and effectiveness. The contractor shall identify a FOD control person responsible for implementing FOD prevention awareness and training. Prior to closing inaccessible or obscured areas and compartments during assembly the contractor shall inspect for foreign objects/materials. Tooling, jigs, fixtures and test and handling equipment shall be maintained in a state of cleanliness and repair to prevent FOD. Contractor shall provide a statement of certification that deliverable products are free of any foreign materials that could result in FOD to the installed products or companion components/systems.

F2 MATERIAL CERTIFICATION

The contractor shall submit with each shipment a Certificate of conformance in accordance with either (a) and/or (b) below, which shall be dated and bear the signature and title of an authorized contractor's representative, stating that the materials furnished are in conformance with applicable requirements of the contract, drawings, specifications and that supporting documentation is on file and will be made available to ACPT or Government representatives upon request. (a) Contractor furnished material – certification shall include quantity shipped, purchase order number, name of manufacturer for materials being supplied. When applicable per material specification, include manufacturer's lot or batch number and actual values stated for chemistry and physical properties. For aluminum alloys, chemistry may be stated within range limits. (b) ACPT furnished materials – certification shall reflect that ACPT furnished material was used in the manufacture of the hardware and no substitutions were made without ACPT authorization. When substitutions have been authorized, the certification will include the source, nature and date of authorization.

F3 FIRST ARTICLE INSPECTION REQUIRED

Contractor shall perform First Article Inspection (FAI) on the first production lot in accordance with AS9102 or ISO9000. First Article Inspection will be repeated when the part undergoes a change in engineering configuration, has not been in production within the last 12 months or new/reworked dies or molds are used for production.