

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

SUPPLIER TERMS, CONDITIONS & QUALITY CLAUSES

The Supplier requirements below apply to all Suppliers and sub-tier Suppliers providing materials and services to Advanced Composite Products & Technology Inc. (ACPT). Acceptance of a Purchase Order from ACPT binds the Supplier to the Terms and Conditions listed in this document and the Quality Code requirements listed on the Purchase Order. The Supplier is not authorized to outsource any portion of the Purchase Order requirements unless specifically authorized by ACPT and must flow down these requirements to any sub-tier Suppliers.

Note that the requirements below correspond with the requirements of ACPT's customers and the requirements of AS9100D, Clause 8.4.3.

a. the processes, products, and services to be provided, including identifying relevant technical data (e.g., specifications, drawings, process requirements, work instructions). Refer to ACPT'S Purchase Order.

b. the approval of: products and services; methods, processes, and equipment; the release of products and services;

- Each shipment must be accompanied by one legible copy of a statement of conformance unless otherwise noted in the Purchase Order. A certificate of conformance (C of C) supplied with the shipment must provide at a minimum: Supplier name, part number, purchase order number, the quantity of parts, engineering revision, serial numbers (if applicable), and for special processes or testing i.e., heat treating, chemical processing, Non-Destructive Testing (NDT), etc., requires title and signature and or Stamp of authorized Supplier representative.

- Material certifications shall show quantitative analysis of each element and physical testing as required by the specifications referenced. Certifications must reference all related specifications required by a drawing and list full chemical/physical properties and sources.

- Traceability for Raw Materials is required and shall be retained and provided to ACPT with the product.

c. competence, including any required qualification of persons; Supplier will ensure that employees and people working on its behalf are competent and trained in accordance with the requirements of AS9100D, where applicable.

d. the Supplier's interactions with ACPT; In addition to the other requirements recorded within this document, Suppliers shall hold all information received from ACPT in confidence and no third-party request for information will be authorized unless approved, in writing, by ACPT.

e. control and monitoring of Supplier's performance to be applied by ACPT; ACPT will score Suppliers based on Quality and Delivery. Suppliers will be issued corrective actions as warranted. Supplier late shipments or corrective actions will be reviewed at Management review meetings for increased action at Management's discretion. Any outcomes will be documented in Management Review Meeting Minutes. Suppliers that fail to perform in these areas may receive further Corrective Actions and may be considered for probation or removal from ACPT'S Approved Supplier List.

f. verification or validation activities that ACPT, or its customer, intends to perform at the Supplier's premises; ACPT and its customers reserve the right to perform verification and/or validation activities at the Supplier's premises.

g. design and development control; Design and development control does not apply to ACPT'S Suppliers.

h. special requirements, critical items, or key characteristics; As per the requirements of AS9100D Supplier is responsible for the validation, and periodic revalidation, of the ability to achieve planned results of the processes for production and service provision, where the resulting output cannot be verified by subsequent monitoring or measurement.

i. test, inspection, and verification (including production process verification); All gauges and instruments used to verify product shall be calibrated using standards whose accuracies are NIST traceable. All provided calibration certifications shall specifically state this traceability. The Supplier shall maintain a quality/inspection system that shall ensure all goods and services conform to contract requirements, whether manufactured or processed by the Supplier or procured from Sub-Tier Suppliers. If a supplier cannot maintain a quality/inspection system, ACPT shall be notified and may choose to assign a HIGH RISK to the Supplier.

j. the use of statistical techniques for product acceptance and related instructions for acceptance by ACPT; The Supplier shall use a sampling plan for product acceptance consistent with typical industry standards unless otherwise specified or agreed upon in writing by ACPT.

k. the need to: implement a quality management system (ACPT Quality Code A3).

- When specifically requested by ACPT in writing, the Supplier will maintain a quality system in compliance with recognized Quality Management Systems and/or approved by ACPT.
- use customer-designated or approved external providers, including process sources (e.g., special processes); when ACPT or by ACPT'S customers are required, Suppliers will use customer-specified sources.
- notify ACPT of nonconforming processes, products, or services and obtain approval for their disposition; The Supplier shall notify ACPT of nonconforming processes, products, or services and obtain approval for their disposition. Supplier products or services discovered after shipment by the Supplier to be nonconforming to any engineering drawing and/or Purchase Order requirement shall be immediately disclosed to ACPT upon discovery, including but not limited to quantity shipped, date shipped, and the extent of the nonconformance. Suppliers that receive notification of Nonconforming products shall take appropriate action to contain the nonconforming condition and prevent it from occurring again. The Supplier will be notified if formal Corrective Action is required to be submitted to ACPT. Errors with paperwork shall be resolved within 24 hours.

- prevent the use of counterfeit parts (see AS9100_D 8.1.4); To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability, the Supplier shall institute controls that include staff training on the effect and identification of counterfeit/suspect parts, the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation as appropriate. Material and part substitutions are not allowed without ACPT authorization.
- notify ACPT of changes to certification status, processes, products, or services, including changes of their external providers or location of manufacture, and obtain ACPT'S approval; Supplier will notify ACPT of any change in certification status (suspension, expiration or non-continual), ownership, Management, or location and are subject to re-survey and approval. Supplier will notify ACPT of any product or process changes or changes in approval status that affect ACPT'S product and are subject to re-survey and approval. This includes changing sub-tier suppliers that will likely affect the form, fit, or function of ACPT's contracted product.
- flow down to external provider's applicable requirements, including customer requirements; Suppliers shall flow down to Sub-Tier Suppliers the applicable requirements as required by the purchase order either specifically or by reference.
- provide test specimens for design approval, inspection/verification, investigation, or auditing;

When ACPT or its customer requests, the Supplier will provide test specimens for inspection/verification, investigation and/or auditing purposes.

- retain documented information, including retention periods and disposition requirements; Unless otherwise specified on the Purchase Order, the latest specification revision in effect at the time the lot of material/parts were initially manufactured or processed shall apply. In the event a document has been superseded, the latest revision of the superseding document shall apply. All certifications, test reports, inspection reports, and receiving inspection, in-process inspection, final inspection, and calibration records shall be retained as specified by ACPT's Quality Code A8. Upon request, these records will be made available to ACPT, ACPT'S customers, or regulatory agencies.
- *prevent Foreign Object Debris (*ACPT requirement Quality Code F1) Supplier is required to establish and maintain a Foreign Object Debris (FOD) prevention program that employs appropriate housekeeping practices to ensure timely detection and removal of residue/debris generated during operations and normal daily tasks.

I. the right of access by ACPT, ACPT'S customer, and regulatory authorities to the applicable areas of facilities and applicable documented information at any level of the supply chain; ACPT and ACPT'S customers reserve the right to perform an on-site inspection of the Supplier's facility or visit the facility. ACPT will give reasonable notice to the Supplier before the on-site inspection. The on-site inspection may include surveillance of the Supplier's facilities, procedures, production methods, processes, and the Supplier's Quality System. The Supplier shall furnish, at no cost, the necessary data as required by applicable drawings, Purchase Order, specifications, and inspection instructions to facilitate the on-site inspection.

m. ensuring that persons are aware of: their contribution to product or service conformity, their contribution to product safety, the importance of ethical behavior. Suppliers shall be committed to the highest standards of ethics and business conduct. Suppliers must comply with the law, honor commitments, act in good faith, and be accountable. Suppliers must strive to maintain full compliance with all laws and regulations applicable to the operation of the business and customer relationships. Suppliers must not offer, promise, authorize, or provide, directly or indirectly, anything of value (including business gifts or courtesies) with the intent or effect of inducing anyone to engage in unfair business practices. Suppliers will avoid involvement in activities that may be perceived as a conflict of interest. Suppliers will respect the legitimate proprietary rights and intellectual property rights of customers and Suppliers and take proper care to protect sensitive information, including confidential, proprietary and personal information. The Supplier will support product safety by ensuring robust Management of special requirements, critical items and key characteristics. If there are concerns with respect to product safety, the Supplier will communicate them to ACPT. Suppose there is a concern at the Supplier's premises with respect to safety during the manufacture of the product. In that case, the Supplier will notify its employees of the concern and, whenever possible, mitigate the concern.

The supplier will ensure that employees and people working on its behalf are aware of:

- Their contribution to product or service conformity
- Their contribution to product safety
- The importance of ethical behavior

ACPT QUALITY CODES

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 REQUIREMENTS

When specifically requested by ACPT, Supplier will maintain a quality system in compliance to recognized Quality Management Systems and/or approved by ACPT. such as, AS9100, ISO9001, or MIL-

Q-9858A 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 competent and qualified to perform required work related to ACPT Purchase Order; 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 shall notify ACPT of changes to certification status, processes, products, or services, including changes of their external providers or location of manufacture, and obtain ACPT'S approval; Supplier will notify ACPT of any change in certification status (suspension, expiration or non-continual), ownership, Management, or location and are subject to re-survey and approval. Supplier will notify ACPT of any product or process changes or changes in approval status that affect ACPT'S product and are subject to re-survey and approval. This includes changes suppliers sub-tier suppliers that will likely affect the form, fit, or function of ACPT's contracted product.

A4 ACPT, Inc. SOURCE SURVEILLANCE

Source surveillance shall be conducted by ACPT, Inc. at the Supplier'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 Supplier and shall be subject to witness by ACPT, Inc. quality representative. The Supplier 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 Supplier 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 Supplier'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 Supplier'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 Supplier and any Sub-Tier Supplier performing special process shall have special process approval by ACPT; or the Supplier's system to control its own Sub-Tier's 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 Sub-Tier Suppliers does not relieve the Supplier of the responsibility for exercising those control measures necessary to ensure that work performed by Sub-Tier Suppliers 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 Supplier shall have the records of approval on file and available for review by the ACPT quality representative. The Supplier shall provide a listing of the processing sources utilized for each process specification for each shipment. This listing shall include processes accomplished by the Supplier as well as the Sub-Tier Suppliers.

A7 PREVENTION OF COUNTERFEIT PARTS

Operational controls shall be implemented to assure the prevention of counterfeit or suspect counterfeit parts or materials used 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 10 years, 15 years for Purchase Orders identified for Flexial production, 20 years for Material Test Reports for Purchase orders identified for G&D Industries production, 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 Supplier shall submit with each shipment, a certificate of conformance, shall be dated and bear the signature and title of an authorized Supplier'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 Supplier for materials being supplied, quantity shipped and contract number. Materials that have shelf-life controls will not be accepted with less than 85 Percent shelf life remaining unless approved by ACPT Quality Management.

B1A NONCONFORMING MATERIALS NOTIFICATION

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 Supplier's representative, by either an inspection stamp or signature and title. Materials that have shelf-life controls will not be accepted with less than 85 Percent shelf life remaining unless approved by ACPT Quality Management.

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." Materials that have shelf-life controls will not be accepted with less than 85 Percent shelf life remaining unless approved by ACPT Quality Management.

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 Sub-Tier 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 Supplier 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 Supplier shall submit with each shipment a certificate of conformance, signed by an authorized Supplier'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 maintain on file at the suppliers 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 Supplier, 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 Supplier shall perform 100% inspection of critical or key characteristics identified in the ACPT engineering document. The Supplier 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 Supplier, part number, purchase order number, serial number(s) and quantity of parts shipped. Certification must be validated by an authorized representative of the Supplier'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 REQUIRMENTS-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 Supplier 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

Supplier 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 Supplier 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 Supplier's facility to assure program documentation and effectiveness. The Supplier 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 Supplier 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. For Purchase Orders identified for United Launch Alliance (ULA), the Supplier 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 Supplier 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 Supplier'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) Supplier 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

Supplier 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.