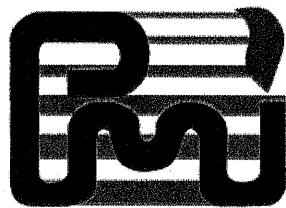


SUPPLIER TERMS & CONDITIONS



**PACIFIC
METALLURGICAL
INC.**

QUALITY HEAT TREATING

This document is applicable only to Pacific Metallurgical Approved Suppliers and their sub-tier suppliers.

This document specifies the quality requirements applicable to items purchased from the supplier as called out in the Purchase Order issued by Pacific Metallurgical Inc. Any deviations from this document, as part of a contractual agreement with the supplier, shall be reviewed and approved in writing by a PMI manager or delegate. This document is supplemental to any and all contractual agreements with the suppliers. In the event of a conflict or inconsistency between any of the terms contained herein and other documents, the negotiated contract or Purchase Order will take precedence.

Approval of Product

A legible and reproducible copy of a certificate of conformance with a signature and/or stamp of responsible representative shall accompany each returned order of product in order to ensure conformance to the applicable specification, drawing, and purchase order requirements. Include the revision level of all specifications called out on the certificate of conformance.

Qualification of Personnel

The Supplier's production and inspection personnel shall be trained and qualified, as appropriate.

Quality Management System

Suppliers shall maintain a Quality System. Any substantial changes to the Suppliers' quality system must be communicated to Pacific Metallurgical in writing.

Revision Level

Unless otherwise specified on the PMI purchase order, the latest specification and/or drawing revision in effect at the time the purchase order was written shall apply. In the event a document has been superseded, the latest revision of the superseding document shall apply.

Inspection

Any statistical techniques to be used for product acceptance shall be defined by the specification, drawing, or Purchase Order.

Test Specimens

The Supplier shall ensure that all test specimens supplied with material/parts are properly identified and retained with the order. All test specimens supplied with an order from Pacific Metallurgical are to be processed with the material/parts they accompany.

Nonconforming Product

Supplier product that does not meet engineering drawing and/or Purchase Order requirements shall be communicated to Pacific Metallurgical prior to product shipment. Supplier product discovered after shipment by the

Supplier to be nonconforming to any specification, drawing, and/or Purchase Order requirement shall be immediately disclosed to Pacific Metallurgical upon discovery along with a clear statement of the extent of the nonconformance. Suppliers that receive notification of nonconforming product shall take appropriate action to contain the nonconforming condition and prevent it from occurring again. The Supplier will be notified if a formal corrective action is required to be submitted to Pacific Metallurgical. The response shall be submitted within a time frame agreed upon between Pacific Metallurgical and the Supplier.

Organizational Changes

Pacific Metallurgical shall be notified by the Supplier, in writing, of any significant changes in approvals (for example: AS9100, Nadcap, D1-4426, etc.), product or process, changes in approved suppliers, and changes of the manufacturing facility location.

Record Retention

All certifications, test reports, and inspection reports, as well as receiving inspection, in-process inspection, final inspection records, and calibration records shall be retained for a minimum of 10 years unless otherwise approved by Pacific Metallurgical.

Supplier Flow down

The Supplier shall flow down to any sub-tier suppliers the applicable requirements in purchasing documents including key characteristics and Pacific Metallurgical's and their customer's requirements.

Right of Access

Pacific Metallurgical reserves right of entry to any place necessary in order to perform an on-site inspection of the Supplier's facility to determine and verify the quality of contracted work, records, and materials. Pacific Metallurgical will give reasonable notification to the Supplier prior to the on-site inspection. Right of entry is extended to any of Pacific Metallurgical's customers and regulatory authorities.

Supplier Acknowledgement and Acceptance

Company Name: _____

Company Representative (printed): _____ Title: _____

Representative's Signature: _____ Date: _____

PACIFIC METALLURGICAL

SUPPLIER TERMS & CONDITIONS

W4.6-02

Revision C

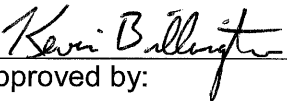
Issue Date: 11-23-15

1. REVISION HISTORY

<u>REVISION</u>	<u>ISSUE DATE</u>	<u>NATURE OF CHANGE</u>
A	3/3/11	New Release
B	7-26-12	“The Supplier’s quality system shall satisfy the requirements of AS9100 or a nationally recognized standard” removed from the Quality Management System section. Changes in approvals added to Organizational Changes section.
C	11-23-15	Minimum record retention period changed from 7 years to 10 years.

2. APPROVAL


Reviewed by:


Approved by: