

SMK FABRICATORS, INC.

PURCHASE ORDER TERMS AND CONDITIONS

1. SMK Fabricators, Inc. (SMK), Purchase Order, (P.O.), number must show on all Invoices, Packing Slips, Packages, Bills of Lading, and Correspondence.
2. SMK will not accept any deliveries made by Conway Freight, or its subsidiaries.
3. Attach a copy of the MSDS (if any) to the packing slip.
4. Freight is not inspected prior to acceptance of delivery. SMK reserves the right to file a claim for damages upon unwrapping, uncrating, and thorough visual inspection of product.
5. Seller is responsible for packaging product in accordance with commercial standard ASTM D3951 or a recognized equivalent commercial packaging standard.
6. Seller is responsible for any damages that occur during shipping.
7. If the P.O. is related to a Lockheed Martin or Spirit P.O. additional terms and conditions apply. See below for a list of these conditions.
8. Clean parts removing any foreign objects and debris.
9. We reserve the right to review the processes and records associated with the order at all suppliers' facilities with appropriate notification. This right extends to our customers, applicable regulatory agencies, and any sub-tier suppliers used in the fulfillment of this order.
10. Conformance records showing the items on the P.O. meet specifications are required for each different line item.
11. Suppliers must maintain conformance and traceability records regarding the product or service provided in regards to this order.
12. When utilizing sampling inspection, the method must be in accordance with a statistically valid standard (i.e. ANSI Z1.4 or equivalent). This must also be in conformance with a C=0 acceptance plan, meaning NO lots with known nonconformities can be accepted and shipped.
13. All special processes required by P.O. must be performed by qualified personnel and the processes be periodically validated to ensure output meets requirements. Process validation records will be made available upon request.
14. Any differences between what is listed on P.O. and what is provided by the supplier must be clearly identified, communicated, and approved prior to shipping.
15. Suppliers are not, under any circumstance, granted MRB authority to alter the product characteristics.
16. Detection of a nonconforming product regarding any order (currently in work or previously shipped) must be promptly communicated to our quality department for risk assessment.
17. If providing calibration services, all certificates must identify standards used and must be traceable to NIST (National Institute of Standards Technology).
18. Additional terms and conditions may be printed on the individual P.O.

If this P.O. is for Processing related to a Lockheed Martin P.O., the following additional terms and conditions apply:

SMK Fabricators, Inc. Lockheed Vendor ID #009300

Manufacturer's Processing Certifications are required and must include Finish Code. "Buyer" refers to SMK and/or Lockheed Martin acting through its Lockheed Martin Aeronautics Company business unit. "Seller" refers to Vendor.

"Processing to be accomplished in performance of this purchase order is directly related to a Lockheed Martin Aeronautics Company purchase order and must be accomplished in accordance with process specification(s) on this purchase order and the revision in effect as of the date of the P.O. of Lockheed Martin Aeronautics Company Appendix QJ and Appendix QX. All requirements of such Appendix QJ paragraph 12, a. through f. shall be accomplished. Appendix QJ and Appendix QX are located at <http://www.lockheedmartin.com/material-management/>."

"Flowdown of engineering specification requirements the then current revision, in effect as of the date of this purchase order, of each of the following specification documents, is hereby incorporated into this purchase order by this reference:

1. Engineering Materials and Approved Products (EMAP) Database
2. C130 Material and Process Specifications
3. F/A-22 Materials & Process Engineering Specifications & Standard Parts Documents
4. Preferred Parts Handbook (PPH)
5. F/A-22 Parts Procurement Manual (PPM)
6. Standard Process Specification (STP)
7. Process Specifications and Process Bulletins
8. Standard Material Specifications (STM)

Seller hereby agrees that (1) it has obtained or will timely obtain from Buyer each of such specification documents listed in 1 through 8 above and (2) in performance of its obligations in connection with the purchase order, Seller shall comply with such specification documents and all other requirements of the purchase order, unless Seller is otherwise directed by Buyer. The EMAP Database, C130 Material and Process Specifications, and F/A-22 Materials & Process Engineering Specifications & Standard Parts Documents, items 1 through 3 can be accessed on the Lockheed Martin website at <http://www.lockheedmartin.com/material-management>. A downloaded version of Lockheed Martin Aeronautics Company Specification, documents 4 through 8, are not available online and must be obtained from the Buyer. Seller must have an appropriate fully executed EMAP/PPH Proprietary Information Agreement (PIA) with Lockheed Martin Corporation acting through and on behalf of its Lockheed Martin Aeronautics Company to gain access to such specification documents. If Seller has not entered into any such PIA, it shall fill out the EMAP/PPH Proprietary Information Agreement found on the website referenced above and fax the completed PIA to 770-494-7121, to the attention of the "PIA Coordinator". Seller shall include the language of all the above text, starting with the title "Flowdown of Engineering Specification Requirements", in its entirety, including this paragraph, in Seller's purchase orders with its suppliers with instructions for it to be inserted in purchase orders at every tier where Seller or suppliers at any tier may elect to use a Buyer approved source for controlled processes. Buyer approved sources and controlled processes can be found on the Lockheed Martin Aeronautics Company – Material Management website at <http://www.lockheedmartin.com/material-management>.

9. Facility Access: Seller shall provide or obtain for Buyer, Buyer's customers and regulatory agency personnel, access to any and all facilities, including those facilities of Seller's subcontractors, where work is being performed or is scheduled to be performed. Buyer shall have the right to perform in-process inspections, audits or system surveillance at Seller's and Seller's subcontractors' facilities as part of verification of conformance to the requirements of the P.O. Denial of any such access may result in inactivation of Seller's approval. Seller shall include the provisions of this facility access requirement in its P.O.'s with its subcontractors. Seller shall provide, at no increase in price, cost or fee to Buyer, government or appropriate regulatory agencies, suitable facilities at Seller and Seller's subcontractors' manufacturing locations for Buyer, government and regulatory agency representatives to perform compliance verification. Seller shall provide Buyer's field representative with internet access via one of the following methods:
 - a. Direct non-digital telephone line
 - b. High-speed internet access via Seller's network
 - c. ISDN line
 - d. DSL line
10. Seller shall ensure that applicable Quality Clause Q4R FOD requirements are followed and flowed down to Seller's subcontractors at every tier.
11. Counterfeit Work: (a) For purposes of this clause, Work consists of those parts delivered under this contract that are the lowest level of separately identifiable items (e.g., articles, components, goods and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable. (b) Seller agrees and shall ensure that Counterfeit Work is not delivered to Buyer. (c) Seller shall only purchase products to be delivered or incorporated as Work to Buyer 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 independent distributors or brokers unless approved in advance in writing by Buyer. (d) Seller shall immediately notify Buyer with the pertinent facts if Seller becomes aware or suspects that is has furnished Counterfeit Work. When requested by Buyer, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. (e) Seller shall ensure that Counterfeit Work requirements are followed and flowed down to Seller's subcontractors at every tier.

"Work accomplished in performance of this P.O. is directly related to a Lockheed-Martin Corp. P.O. issued through its Aeronautics sector and must be done in accordance with P.O. Seller shall ensure that applicable quality FOD requirement clause Q4R is followed and flowed down at every tier."

File and maintain a copy of all purchase orders containing the above statement and make available for review, upon request.

If this P.O. is for Material related to a Lockheed Martin P.O. the following additional terms and conditions apply:

1. Please send confirmation of receipt.

2. Reference Right to Buy Contract Attachment 3 Rev. N.
3. Material Certifications required.
4. Vendor to verify heat treat per NDT51500. Material must meet Class "A" Ultrasound Inspection requirements per NDT5101 or MIL-STD-2154.
5. Defense Priorities Allocation System (DPAS) rating DO-A1. This rating gives F16, F/A-22, and F-35 Program Purchase Orders Priority over Commercial orders.

"Work accomplished in performance of this P.O. is directly related to a Lockheed-Martin Corp. P.O. issued through its Aeronautics sector and must be done in accordance with P.O. Seller shall ensure that applicable quality FOD requirement clause Q4R is followed and flowed down at every tier."

File and maintain a copy of all purchase orders containing the above statement and make available for review, upon request.

If this P.O. is for Processing related to a Spirit P.O. the following additional terms and conditions apply:

1. Clean parts removing any foreign objects and debris.
2. Certifications are required and must contain Finish Codes.
3. Ensure parts are suitably wrapped to guard against shipping damage.
4. These requirements must be flowed down to Seller's subcontractors at every tier.

"Work to be accomplished in performance of this P.O. is directly related to D1-4426 P.O. and must be accomplished in accordance with Spirit requirements and specifications on this P.O."

File and maintain a copy of all purchase orders containing the above statement and make available for review, upon request.

If this P.O. is for Material related to a Spirit P.O. the following additional terms and conditions apply:

1. Please send confirmation of receipt.
2. Material Certifications are required.
3. These requirements must be flowed down to Seller's subcontractors at every tier.

"Work to be accomplished in performance of this P.O. is directly related to a Spirit P.O. issued through its Aeronautics Sector and must be done in accordance the requirements of BAC D1-4426".

File and maintain a copy of all purchase orders containing the above statement and make available for review, upon request.

END OF PURCHASE ORDER TERMS AND CONDITIONS