

10/21/2016

BLUE AEROSPACE LLC
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D&B Number: 101954373

Attention: Jonathan Belton, Quality Assurance Manager
CC: Moti Markowicz, Vice President Operations
Subject: Supplier Engagement and End Item Acceptance

Lockheed Martin Aeronautics Company (LM Aero) has as one of its goals to receive "Right the First Time and All the Time Quality" from our suppliers. When our suppliers' products have exhibited a history of high-level quality performance, LM Aero's confidence in its supply chain increases and our product oversight activities can be modified.

LM Aero's Seller Quality Requirements document Appendix QX addresses the requirements for either LM Aero or the supplier to perform the necessary actions to ensure items conform to purchase order (PO) requirements. Effective immediately, and subject to the limitations noted herein, your company is authorized for End Item Acceptance (EIA) Delegation. LM Aero's EIA delegation should be viewed as a privilege, and can be revoked at any time. The decision to award EIA delegation lies solely with the LM Aero Supplier Quality Management (SQM) organization and its representatives.

LM Aero will revise its EIA in your facility based on the provisions of this letter and Appendix QX Seller Quality Requirements. While LM Aero PO or contract will continue to specify Buyer Acceptance at Source, LM Aero will accept product based on your company's existing procedures, processes, and systems unless your company is notified to the contrary. This authorization supersedes any previous letter delegating EIA. **As evidence of your company's acceptance of product, an employee from your Quality Assurance organization must sign or stamp the PO authorized shipping document and include the following wording with their signature or stamp: "On Behalf of LM Aero".**

Additionally, you are required to complete BCL-060 "Minimum Requirements for End-Item Acceptance" or equivalent internal document which meets LM Aero minimum requirements, for every lot delivered, and you shall retain these documents and make available upon Buyer request for no less than 12 months from the ship date.

BCL-060 "Minimum Requirements for End-Item Acceptance" can be accessed via LM Aero external website at: www.lockheedmartin.com/us/aeronautics/materialmanagement.html under Quality Requirements > Forms.

You are required to provide your LM Aero assigned Supplier Quality Engineer (SQE) with evidence that you have trained and authorized specific individuals to accept product on behalf of LM Aero under this EIA delegation authority. Your LM Aero assigned SQE shall have the authority to demand rescission of an individual's authorization based on the performance of delivered products. In addition, you are required to notify the SQE if and when there are any changes to the persons with this authority you assign to represent your company.

NOTE:

- If your company's item manufacture, acceptance or shipment will be at or from a location other than the contracted PO address for which this EIA delegation is issued, you shall issue a sub-delegation to your sub-tier supplier, sister company, etc. that defines the requirements of this EIA delegation.
- Your company shall have a proceduralized process for delegating acceptance of items. In addition, prior to issuing a sub-delegation, your company shall submit a plan to the LM Aero's SQE assigned to your facility and receive the SQE's approval per Appendix QX.
- If your company receives a contract from Lockheed Martin Pinellas located in Pinellas Park, Florida or Lockheed Martin Aero Parts Johnstown in Johnstown, Pennsylvania, and the work is for a program or Item covered by this Letter

of Delegation, this Letter of Delegation applies to your company.

LM Aero's SQE will continue to perform surveys, process validation and surveillance activities in accordance with Appendix QX. LM Aero's delegation of EIA is not a disengagement strategy but rather a method whereby LM Aero and its respective suppliers can jointly engage in preventive practices aimed at reducing both product risk and process disruption. The EIA Delegation does not nullify any other requirement outlined in the PO or that of Seller Quality Requirements document Appendix QX.

If you have any questions, please contact your LM Aero assigned SQE. The name and contact information of your assigned SQE can be found in the SQM system. Follow these steps to find your SQE:

- 1) Access link to SQM: <https://sgm.lmaeronautics.com>
- 2) Follow screen prompts for logging into the website.
- 3) Under "Supplier Information" select "Supplier Summary".
- 4) Under "LM Aeronautics Assignments" section, your SQE is labeled as "Primary PQA Representative".

Limitations to EIA Delegation:

LM Aero reserves the right to review product at the final acceptance point.

The following are the only Programs your company is being delegated for End Item Acceptance:

C-130,P-3/S-3,MISC

End Item Acceptance is still required if one or more of the following apply:

- Your company's product is for any Program not listed above;
- Your company's product requires the completion of a First Article Inspection (FAI) compliant to the exit criteria defined in Quality Clause Q2A;

NOTE: Quality Clause Q2A FAI exit criteria requires successful validation of pieces from 3 consecutive production lots/batches. When Supplier produces larger lot/batch size but delivers in smaller quantities, only the first delivery from each of the production lots/batches represents an exception to this delegation. Delegation is applicable for subsequent deliveries from same lot/batch.

- Your company's product has a two-year lapse in shipment to LM Aeronautics;
- Your company has requested LM Aeronautics Material Review Board disposition on a Supplier Quality Assurance Report (SQAR);
- The Buyer PO Item, that your company is supplying, is for Aircraft Tooling being sent to a Buyer facility;
- Your company is notified that acceptance of your product is being withheld for product or feature validations such as those contained within a Production Verification Review (PVR);
- Your company is providing Hologram labeled parts (New Certified Parts Manufacturers under the Hologram Products Program);
- Your Company is notified that this EIA Delegation is no longer in effect

If and when any of the above limitations exist, do not ship product until you have contacted and obtained final acceptance of product from your LM Aero assigned SQE.

For this EIA delegation to take effect, you are required to acknowledge your receipt of this letter and your understanding and acceptance of the delegation conditions stated herein.

Share this EIA delegation status with your senior level management along with your contracts, quality and shipping personnel to ensure complete compliance to its provisions.

Acknowledge your understanding and acceptance of the delegation set forth in this letter with your electronic signature within 7 days of receipt by replying to sender and all copied in original email. If there are any changes to this EIA delegation, you will receive a new letter of delegation defining its scope.

Regards,
Lockheed Martin Aeronautics Company

/s/
Nick Tedford
Senior Manager
Supplier Quality Management
Quality & Mission Success

/cc/
Alicia Kendrella
Procurement Representative
Supply Chain Management

