



Modern Industries Inc.

Fabrication of MD Helicopters Inc. Products Purchase Order Quality Requirements

1. Supplier shall notify Modern Industries' (MII) Purchasing Department when:
 - a. The PO price and suppliers quoted price are different, no price on the PO, or are unable to comply with all PO and Quality Requirements. Non-Compliance may render the product unfit for use.
 - b. Any non-conformance from the requirements of the drawing specification, delivery or purchase order requirements must be reported with cause and corrective action in writing. All nonconformances shall be documented within shipping documents and individual parts specifically identified as non-conforming.
2. Modern Industries maintains a 3-day ship window on all shipments. Any shipment arriving outside this window is subject to refusal of shipment and returned to supplier at the supplier's expense.
3. Material for set-up piece to be furnished by supplier.
4. Modern to supply material for purchased pieces. (Machining & Special Process Suppliers Only).
5. In the event material is scrapped and it is the supplier's fault, supplier will be debited the total cost of Modern Industries investment of said product. (Machining & Special Process Suppliers Only).
6. The supplier shall have a Quality System compliant to ISO 9001 or AS 9100 and Calibration per ISO 10012-1 and ISO 10012-2 to the extent necessary to comply with requirements of this PO. This system shall be documented and be available for review by an MII representative prior to the initiation of production and throughout the life of the purchase order. At a minimum the supplier shall have in place a documented system that addresses the following areas (as required):
 - a. Management Responsibility
 - b. Quality System
 - c. Contract Review
 - d. Design Control
 - e. Document & Data Control
 - f. Purchasing
 - g. Control of Customer Supplied Product
 - h. Product Identification & Traceability
 - i. Process Control
 - j. Inspection & Testing
 - k. Calibration & Control of Inspection, Measuring, & Test Equipment
 - l. Inspection & Test Status
 - m. Control of Nonconforming Product
 - n. Corrective Action

- o.** Handling, Storage, Packaging, Preservation, & Delivery
 - p.** Control of Quality Records
 - q.** Internal Quality Assessment
 - r.** Training
 - s.** Servicing
 - t.** Statistical Techniques
- 7.** Supplier is not to subcontract items listed on the PO without MII's written approval.
 - 8.** Return parts, prints, documents and gages in the same containers as received unless otherwise directed in writing from MII.
 - 9.** Supplier is not to change or modify without MII's written approval operations, process, or an approved technique sheet that has been identified as being Fixed, Frozen or Significant.
 - 10.** Supplier is to ensure Customer Approved Vendors are utilized for ALL special processes.
 - 11.** Supplier must ensure control of their sub-tiers and ensure all PO requirements are flowed down.
 - 12.** Maintain all Quality Records for a minimum of seven years or forward all Quality Records to MII with shipment.
 - 13.** When applicable; maintain test specimens used for testing to assure process of product conformity as required by governing specification.
 - 14.** Furnish certifications identifying processes performed. Certifications shall provide current specification level, items such as, but not limited to thickness, hardness, results, or special process parameters with each shipment.
 - 15.** Provide First Article Inspection Report (FAI) for each new part number, revision level, new lot, or as required.
 - 16.** 100% Inspection Required.
 - 17.** Each shipment shall be accompanied with a Certificate of Conformance Material Certification, Certification for each Special Process performed and Detailed Inspection Report (DIP).
 - 18.** Part(s) must meet customer drawing, specifications and current revision level. Certification for material and special processes will be required with each shipment.
 - 19.** Qualified Personnel shall complete inspection and Tests as applicable.
 - 20.** Packaging. Metal-to-Metal contact is prohibited. Product must be packaged to protect from damage.
 - 21.** MII, its Customers and Regulatory Agencies reserve the right of access to the supplier's premises to determine quality of work, records and material on parts and processes noted herein.
 - 22.** In the event of a failure including, but not limited to, form, fit or function; the supplier shall provide a written and detailed failure analysis with appropriate objective evidence upon request.

REVISION LIST:

DATE	CHANGE DESCRIPTION
07/25/2008	Initial Release
02/15/2010	Added ISO 9001 and AS 9100