SELLER QUALITY REQUIREMENTS
QCS-001 PROCESSING SOURCES

Notice: A hard copy of this document may not be the document currently in effect. The current version is always the version on the Lockheed Martin network.

*** REVISED** **** ADDED**

A. GENERAL REQUIREMENTS

* 1. The terms "Item(s)", (including "item(s)" with lower case "i"), "PO", and "Buyer" as used herein, have the same meaning as terms "Work", "Contract", "Seller", and LOCKHEED MARTIN, respectively.

2. Seller shall use the QCS-001 Directory to identify both the process sources and the controlled processes that require Buyer approval, prior to use for Items delivered to Buyer.

* Seller shall have Internet access for obtaining requirements of the "PO", of which this document is a part ("PO").

3. Language - Unless otherwise authorized by Buyer in writing, all records, reports, specifications, drawings and other documentation shall be in English.

* 4. Supplier Control - Seller is responsible for ensuring all Items procured from its suppliers for this PO conform to all requirements of this PO.

* 5. Seller's documented quality system shall provide for the review of the PO to ensure that quality requirements are incorporated into manufacturing planning, and inspection and test instructions, as applicable, to assure compliance with the PO. Seller shall retain evidence of such review as defined in Section/paragraph N.1 of this PO.

* 6. Seller shall utilize written instructions for all manufacturing, processing and inspection operations. Instructions shall be in the form of planning, manufacturing operation sheets, shop orders, travelers or any other identifying document. Such instructions shall identify, in sufficient detail, the controls and conditions of manufacturing peculiar to the Item being manufactured, assembled, inspected and tested. Changes to planning instructions shall be traceable and approved prior to use (refer to paragraph O).

7. Certified Materials - Seller shall establish controls to prevent the use of non-certified materials when certified materials are required.

8. Seller shall establish controls to ensure that material subject to age control, shelf life, or environmental controls are properly identified, monitored and maintained.

9. Seller shall control drawings, specifications and supplemental instructions and changes thereto to the extent necessary to ensure that only documents of the revision specified in the PO are utilized.

10. Seller shall maintain a system to ensure removal of obsolete documentation from the manufacturing, inspection and test areas.

* 11. Notification - Seller shall notify Buyer when:
- Seller or Seller's sub-tiers are found to be non-compliant to Buyer specifications,
- Seller's sub-tier is disapproved by Seller
- Seller or Seller's sub-tiers are disapproved by a Government Agency,
- Government/Industry Data Exchange Program ("GIDEP") Alert is required or received affecting Buyer Items.

B. Quality System

* 1. Seller shall maintain a documented Quality System that meets the requirements of the PO including, without limitation, this Appendix QJ.

C. Access to Facilities

1. Work under this PO is subject to Buyer's periodic surveillance/audit of Seller's compliance with Seller's internal procedures and other documents applicable to this PO.

* 2. 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 this PO. 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 POs with its subcontractors.

   a. 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.

   b. Seller shall provide Buyer's Field Representative with internet access via one of the following methods:
      - Direct Non-Digital telephone line
      - ISDN line
      - DSL Line
      - High-Speed Internet Access via Seller's Network

3. Seller shall include the provisions of this paragraph "C" in each purchase order, if any, with each of its subcontractors where Item processing is being performed or is scheduled to be performed in connection with the PO, and shall require that this paragraph "C" is inserted in all subcontracts at every tier, and noting that the term Buyer refers to LOCKHEED MARTIN acting through its Lockheed Martin Aeronautics Company business unit.

D. Contract Review and Planning

1. Seller must maintain and control QCS-001 processes through written processing instructions and/or planning.

* NOTE: Seller shall ensure that work instructions and/or planning include, as a minimum, the applicable requirements in paragraph O of this Appendix QJ.

2. Seller shall have a system in place to ensure that all Buyer unique requirements are translated to operational processing instructions and/or planning.

3. Seller shall review all sub-tier purchase orders to ensure that such sub-tier purchase orders contain referenced specification(s), revision level(s) and drawing(s) requirement(s).

* 4. Seller shall have a documented system to ensure that processing instructions and/or planning changes are reviewed, at a minimum, by its production, engineering (when available and/or applicable), and quality organizations.

5. Seller shall clearly define control of processes, training, certification of its personnel, interpretation of results, and final disposition of parts in documented procedures.

* 6. Seller shall ensure that its personnel have the required training and experience commensurate with the requirements necessary for the performance of this PO.

* 7. Seller shall inspect Items or materials received from Buyer or Items from Buyer's sub-tiers for verification of condition, quantity, serialization, when required, and dimensional data, when required.

* 8. Seller shall have a documented quality system for controlling and maintaining traceability of Items processed. The use of correction fluids and/or correction tapes on Seller documentation for traceable Buyer Items is prohibited.

* 9. Prior to performing any QCS-001 controlled process, Seller shall review QCS-001 to ensure Seller is approved to perform such process.

* 10. Seller shall ensure that, for any furnace used for curing, or embrittlement relief, the furnace/oven chart(s) and/or supporting documentation are identified with process planning or traveler number, time in, time out, quantity, stamped or signed off as directed herein by Seller's operator to assure Item traceability is maintained.

E. Selection, Control and Requirements Flow Down to Every Tier

1. Seller's documented quality system shall include procedures for determining the capability of sub-tier suppliers prior to issuance by Seller of a purchase order to any such sub-tier .

* 2. When Seller performs a Quality System Survey or Evaluation for a sub-tier facility, Seller shall document the results of each survey or evaluation.

3. Seller is responsible for ensuring all materials, services and components it procures for incorporation into Items processed for Buyer conform to all requirements of the PO.

* 4. Seller shall define and establish a program for determining the need for periodic re-survey or re-evaluation of Seller's sub-tiers to ensure compliance with the PO.

* 5. Prior to production and award of subcontracts, Seller shall institute a program that will ensure control of its quality and control of such quality at sub-tiers at all levels for all Items procured by Seller in support of the PO.

* 6. Seller shall include the applicable portions of the PO in each of its purchase orders, if any, with each of its sub-tiers where processing is being performed or is scheduled to be performed in connection with the PO and require that, where applicable, such portions are inserted in all subcontracts at every tier.

* 7. Seller shall include in its purchase orders to its sub-tiers the applicable revision and amendment level, as applicable, for referenced Buyer specifications and other Buyer and/or Seller documents.

* 8. Seller shall include a complete description of Buyer requirements in purchase orders issued to Seller's sub-tiers.

* 9. Seller shall maintain a documented Receiving Inspection function to ensure material and/or Items received from Seller's sub-tiers are inspected to and meet the requirements of the PO. Verification of Item(s) conformance to drawings, specifications and requirements of the PO shall be in accordance with inspection plans, including sampling where applicable, surveys, and certifications of conformance at Seller or Seller's sub-tier's facilities, as appropriate. Seller shall properly physically segregate inspected Items from Items awaiting inspection.

* 10. Seller shall identify and document incoming material as to acceptance or rejection status. Seller shall ensure that such material is identifiable to the PO and material certifications.

F Selection, Control and Contract Flow Down to Quality Control Specification (QCS)-001 Sources

***** 1. Prior to use, for Items delivered to Buyer, Seller shall use QCS-001 to identify the process sources, processes and specifications requiring Buyer approval. By Buyer definition, and for Seller's benefit, a controlled process is an operation performed on an Item where the operation is not readily conducive to being inspected subsequent to its conclusion. Controlled processes have verifiable controls inherent to the process, i.e. heat treat, plating, non-destructive testing, etc.

* 2. Seller is not required to use approved sources listed in QCS-001 for standard hardware (nuts, bolts, washers, etc.) ordered to military, federal or industry specifications or standards (e.g., MS, AN, NAS, etc.) or for metallic raw material (plate, sheet, bar, extrusion, etc.) purchased from a mill.

* 3. Buyer hereby authorizes Seller to use Nadcap approved sources for Industry Standard processes controlled by QCS-001. Seller shall ensure that a source is currently approved by Nadcap, prior to a source performing processing on Items. Seller may access Nadcap approved sources at http://www.pri.sae.org or http://www.eauditnet.pri.sae.org. Upon request by Buyer, Seller shall provide Buyer with objective evidence that Seller selected and used a source approved by Nadcap at the time processing was performed and at the time Item(s) is/are delivered to Buyer. Buyer does not mandate Seller's use of Nadcap approved sources and shall not be responsible for any cost associated with Nadcap accreditation or the use of a Nadcap approved source or process. Buyer shall have the right to validate any Nadcap approved source or process using normal survey practices, and shall have the right to disapprove Seller's use of any such source in connection with this PO.

* 4. The list of both Buyer-controlled processes and Buyer-approved sources can be found on Buyer's Internet Home Page at:
http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html

- Highlight "Quality Requirements"
- Select "Supplier Quality Management System"
- Select "Supplier Quality Management" and follow instructions

* 5. Seller shall use Buyer-approved sources for Buyer-controlled processes, either Buyer "Unique" or "Consensus Industry Standard (CIS)" processes, except as noted in F.3 above.

* 6. Seller shall review the list of Buyer-approved sources for Buyer-controlled processes, prior to using a process source for a controlled process listed in QCS-001, and select process sources that are approved by Buyer. Seller shall provide objective evidence of Seller's review to Buyer upon request.

* 7. If Seller performs or directs its sub-tier to perform processes controlled by QCS-001 without Buyer's prior approval, Buyer shall have the right to disapprove Seller's quality system.

8. Seller's utilization of Buyer-approved sources does not relieve Seller from the obligations to ensure subcontracted sources are in full compliance with applicable process specifications and to deliver conforming Items. Upon request by Buyer, Seller shall provide objective evidence that such compliance was attained and that such conforming Items were delivered.

9. Seller shall be responsible for ensuring that Seller or QCS-001 sources have the appropriate revision level of the process standards/specifications prior to performing processing in connection with the Items.

10. Seller shall maintain objective evidence that each Buyer-approved process source selected by Seller is being monitored to ensure compliance with all applicable process specifications. Upon request by Buyer, Seller shall promptly provide Buyer with objective evidence of such compliance.

* 11. Seller shall ensure process controls are established and required process control tests are accomplished at required intervals to ensure continued compliance with process specifications.

* 12. Seller shall ensure all Seller sub-tier purchase orders and/or associated purchase order documents for Buyer-controlled processes include the following data elements, statements, or the statement in the Note after 12.f:

** a. Seller's unique LM Aero identification number ("vendor code") and all LM Aero unique "process codes" for each Buyer-controlled process to be performed,

b. a statement with the words, "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 Lockheed Martin Aeronautics Company Appendix QJ",

c. a statement that Seller's supplier must file and maintain a copy of all purchase orders containing the above statement and make these available for review by Buyer, upon request,

d. a statement that Seller's supplier must submit a Certificate of Conformance ("CoC") with a unique certification number containing the following information:

1. title and specification number (including revision letter) of the process,
2. name and address of the process or non-destructive testing ("NDT") facility,

** 3. Seller's supplier's unique LM Aero identification number ("vendor or processor code),

i. If processor is utilized based on a Nadcap approval, a statement to the effect "Source utilized based on current Nadcap accreditation" shall be included,

4. date the CoC was issued,
5. purchase order part number,
6. quantity of parts (to include quantity accepted/ rejected),
7. signature and title of authorized quality agent of Seller, and
8. fracture durability classification or serialization, when required.

* e. a statement to ensure Seller's sub-tiers suitably wraps, boxes or racks parts to guard against shipping damage and to apply rust or corrosion protection, and

f. a statement requiring Seller's sub-tier to identify specification(s) title, specific revision level(s) and drawing(s) requirement(s) to be performed by a QCS-001 source.

* Note: Seller can also use the following statement in lieu of the above statements a. – f. to meet the requirements of this paragraph:

* Include Seller's unique LM Aero identification number (vendor code) and a statement with the words, "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 this PO of Lockheed Martin Aeronautics Company Appendix QJ. All requirements of such Appendix QJ paragraph 12. a. - f. shall be accomplished. Appendix QJ is located at http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html."

* 13. Seller shall review testing lab CoC to ensure all required testing has been accomplished and meets all requirements of the applicable testing specification. Upon Buyer's request, Seller shall provide objective evidence of Seller's review .

14. Seller shall submit all requests for additional QCS-001 process approvals in writing to Buyer.

G. Seller's Performance of QCS-001 Processes

* 1. When performing QCS-001 Controlled Processes in Seller's facility, Seller shall accomplish QCS-001 processes in accordance with the applicable process specification(s) and the then current Lockheed Martin Aeronautics Company Appendix QJ. Appendix QJ is located at:

http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html
Highlight "Quality Requirements" and select "Appendices"

****H. QCS-001 Requirements for Seller-Designed items**

1. Seller has the responsibility and authority to approve and control its own processing sources, including in-house processes with the following exception:

For those Seller designs invoking Buyer-designed technical specifications that require LM Aeronautics Materials and Processes Engineering ("M&PE") qualification or approval, Seller shall ensure LM Aero M&PE qualifies and/or approves the Seller's source prior to use, or Seller may use a source approved in QCS-001.

Seller shall notify and disclose details to Buyer when Seller and/or any of its sub-tiers are determined non-compliant with Buyer requirements, specifications, are disapproved by Seller and/or a Government Agency, or when Seller or a Government Agency initiates a GIDEP Alert related to Seller actions .

2. Seller shall ensure that the assignment of personnel is commensurate with their respective levels of experience, training and proficiency.

3. Buyer shall have the right to review and maintain surveillance of Seller's system for approval and control of Buyer-approved processes, including those performed in-house. If Buyer determines Seller's system has failed to control processing or testing, Buyer shall have the right to withdraw Seller's authority to approve and control Buyer-approved processes listed in QCS-001. In the event of withdrawal of such authority, Buyer shall have the right to direct Seller, at no increase in price, cost or fee to Buyer, to use Buyer-approved sources listed in QCS-001.

4. Seller design shall include Buyer drawings identified as Source Control Drawings or Specification Control Drawings for purposes of Paragraph H.

* **I. Calibration**

Seller shall maintain a documented calibration system for the calibration and maintenance of tools, jigs, inspection and test equipment. Seller's calibration system shall be compliant to prevailing industry requirements in accordance with Seller's Quality Management System ("QMS"), including without limitation ISO 17025, ISO10012-1, ANSI Z540.

*** J. Control and Processing Nonconforming Material and Corrective Action**

* 1. Seller shall implement and maintain a documented quality system that provides for identification, documentation, segregation and disposition of nonconforming material. Seller shall ensure effective corrective action is taken (including repetitive nonconformances dispositioned "Use-As-Is" by Buyer's or Seller's Material Review Board ("MRB") actions) to prevent, minimize, or eliminate nonconformances. Seller's QMS shall ensure that non-conforming material is not used for production purposes.

* 2. Seller shall maintain records of all nonconforming material, dispositions, assignable causes, corrective actions, and effectiveness of corrective actions for the period specified in this PO.

3. Seller shall evaluate each nonconformance for its potential to exist in previously produced or delivered Items. If a nonconformance exists, Seller shall notify Buyer, in writing, within 24 hours for issues impacting flight safety, and, in writing, within 5 working days for all other issues.

* 4. Seller shall respond to all Buyer requests for corrective action. When requested by Buyer, Seller shall provide trend data and findings for Buyer returned Items.

* 5. Seller shall assess all Buyer identified nonconformances, whether or not Item(s) was/were returned to Seller, and take appropriate actions to ensure causes of nonconformance are corrected. Seller shall notify Buyer of actions taken to prevent recurrence by completing Supplier Confirmation/Action Report (SCAR) for all Buyer identified nonconformances. The SCAR form can be obtained at: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html > Quality Requirements > Forms.

* 6. Seller shall submit SCAR to assigned Supplier Quality Engineer (SQE) within 30 days of Preliminary Notification of Nonconformance (via e-mail).

* 7. Seller shall submit to Buyer all details (such as specification, noncompliance and date work was performed) on all Seller rejections associated with work performed by a QCS-001 or Nadcap approved source.

* **K. Material Review Authority**

1. Material Review Authority for Seller-Designed Items

* a. Seller has Material Review Authority ("MRA"), except for nonconformances that affect a parameter controlled by Buyer drawing or specification, where form, fit or function, interchangeability, service life or reliability is affected. Seller shall submit dispositions of nonconformances, if any, affecting any such parameter(s) to Buyer for approval.

b. Buyer has the right to remove MRA if Seller demonstrates abuse of the MRA process.

2. Material Review Authority for Buyer-Designed Items:

* a. Seller disposition authority is limited to scrapping of Items, eliminating the nonconformance by rework to engineering, or returning to Seller. On Items of Buyer design, Seller shall document nonconformances for submittal to Buyer's Material Review Board ("MRB") for dispositions as required by this PO. Seller's continued processing, prior to Buyer's MRB disposition, of any Buyer-designed Items containing a nonconformance prior to Buyer's MRB disposition will be at Seller's risk.

* b. If Buyer has delegated MRA to Seller on Buyer-designed Items, Seller shall exercise such MRA except for nonconformances of a parameter that affects form, fit, function, interchangeability, service life or reliability.

c. Seller shall submit requests for MRA on Buyer-designed Items in writing to Buyer.

3. Material Review Board Submittals

* a. Seller's request for Buyer MRB disposition of Seller or Buyer-designed Items shall be submitted in accordance with Buyer instructions located at: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html > Quality Requirements > Corrective Action.

* b. Seller shall not incorporate any nonconformances into any Item, process, procedure or data that affects a parameter controlled by Buyer drawing or specification or affects form, fit or function, interchangeability, service life or reliability unless and until Seller has received prior written approval from Buyer to do so.

c. Buyer and Buyer's customers shall each have the right to refuse to accept any nonconformances. When Government Source Inspection is a requirement of this PO, and Buyer's customer has delegated MRA to Seller's cognizant Government source representatives, Seller shall submit material review dispositions to Seller's local Government representative for concurrence.

* d. Prior to delivering Items that have Buyer MRB dispositions, Seller shall ensure that root cause analysis and corrective action plans for all discrepancies have been completed. Seller shall submit corrective action plans to the Buyer or Buyer's Representative with final acceptance paperwork.

L. Product Certifications and Acceptance

* 1. Seller's documented quality system shall provide a means for maintaining accurate indication of inspection status, at all times while in the possession of Seller, and during shipment to Buyer, for Items to be delivered to Buyer.

a. Seller shall use inspection stamps of a design distinctively different from inspection stamps used by Buyer and Buyer's Customers.

* b. Seller's documented quality system shall provide a method for the control and issuance of inspection stamps and for the prevention of unauthorized use of such stamps. If indication of inspection status is accomplished using signatures or initials, Seller shall have a documented procedure addressing how signatures or initials are distinguished and/or controlled. The use of signatures or initials are prohibited for Non-Destructive Testing Inspectors. Upon request by Buyer, Seller's procedure shall be available for review.

* 2. Certificate of Conformance

* a. Seller shall prepare a Certificate of Conformance ("CoC") asserting that the Items contained within this shipment are in total compliance with the requirements of this PO. Items provided under this PO must meet all applicable requirements. Any exceptions shall be annotated in the delivery package. A copy of the CoC shall be included with Seller's product shipper.

* b. Seller's CoC prepared for each shipment shall include the following data elements/ information:

1. title and specification number (including revision letter) of the process,
2. name and address of the process or NDT facility,
3. Buyer's assigned processor number,
4. date the CoC was issued,
5. purchase order part number,
6. quantity of parts (to include quantity accepted/ rejected),
7. signature and title of authorized quality agent of seller, and
8. fracture durability classification or serialization when required.

* c. When QCS-001 controlled processes are performed by Seller or Seller's sub-tier(s), Seller shall provide Buyer, at time of Buyer's acceptance, objective evidence that Seller or such sub-tier(s) used is/are approved by Buyer on date of acceptance by Buyer, regardless of when processing was performed. If Seller and/or sub-tier(s) used were approved at the time processing was performed but subsequently is/are not approved at time of Buyer's acceptance, Seller shall contact Buyer for Item(s) disposition.

d. If and when Buyer's customer requires source inspection, Seller shall obtain objective evidence of Buyer's customer representative's inspection by signature and title or by stamp on any shipping documents required by the PO.

* 3. Buyer Inspection at Source Requirements

a. The point of acceptance is indicated on each PO issued. The Point of Contact for Buyer Supplier Quality Engineers (SQEs) can be found at: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html > Quality Requirements > Information. Seller is responsible for ensuring all requirements of this PO have been met. Buyer shall have the right to conduct surveillance and/or audits at any time, without increase in price, cost or fee to Buyer.

1. Items designated "Buyer Accept at Source" shall be subject to final acceptance by Buyer's SQE at Seller's facility prior to shipment.
2. Items designated "Buyer and Government Accept at Source" shall be subject to acceptance by Buyer's SQE and the assigned Government Representative at Seller's facility prior to shipment.
3. Items designated "Seller at Source" shall be subject to acceptance by Seller's quality assurance representative prior to shipping. Should Seller's performance result in a change to the point of acceptance to "Buyer at Source", Seller shall be subject to costs associated with the added task.
4. Items designated "Purchase Order Administrator/User" are not subject to acceptance by SQE.

b. When this PO calls for "Buyer Accept" or "Buyer and Government Accept at Source" Seller, not less than five (5) days after receipt of this PO, shall notify Buyer's SQE who normally services Seller's facility, unless Seller has received written Buyer authorization to accept Items and/or processing on behalf of Buyer. The notification shall include PO number, date of scheduled shipment and any special security clearance required to perform Buyer activities. If Seller does not know Buyer SQE assigned to this facility, Seller may request this information from Buyer.

c. When this PO calls for "Buyer Accept at Source", Seller shall notify Buyer's SQE not less than 48 hours prior to Items being ready for shipment, unless Seller has received written Buyer authorization to accept Items and/or processong on behalf of Buyer.

d. Seller shall not claim entitlement to an increase in the PO price, cost, or fee based upon an assertion that "Buyer Accept" or "Buyer and Government Accept at Source" imposes additional cost(s) or task(s) on Seller.

e. Work under this PO is subject to Buyer's periodic surveillance/audit of Seller's compliance with Seller's internal procedures and other documents applicable to this PO.

M. Changes to Seller's Operations

* 1. Quality System Changes - Seller shall notify Buyer, in writing, of any adverse change in its quality system status resulting in the loss of 3rd Party registrar's certification status, or any action taken by Seller's customer, the Government, Federal Aviation Agency (FAA) or Civil Aviation Agency (CAA). Seller shall also notify Buyer upon any sale, relocation or transfer of Seller's manufacturing operations or upon any change in the quality organization, process or

procedures that could affect conformity verification of Items. Notification by Seller shall be made within 30 days of such changes.

2. Seller shall notify Buyer within 48 hours of any changes in Nadcap accreditation and/or NDT Level II or III personnel, and all other personnel changes within five (5) normal work days.

N. Records

* 1. Seller shall maintain complete records of all manufacturing, process capability (if applicable), inspection and test, including copy of CoC. Seller shall make records available to Buyer, upon request, for at least three (3) years after completion of this PO and for longer periods as may be specified elsewhere in this PO. Upon request, Seller shall forward specific records to Buyer at no additional cost, price, or fee to Buyer. For at least seven (7) years after completion of this PO, Seller shall maintain and provide to Buyer upon request, records of all QCS-001 process control tests performed by Seller, and inspection records of processed Items.

* 2. Seller shall maintain special processing activity data on each Buyer-approved process performed for Buyer, including processes performed by Seller on Buyer Items, or any QCS-001 Source utilized, and Seller shall compile a quarterly Usage Report of this activity data and submit it to Buyer at http://elli.lmtas.lmco.com/qads/QCS001Menu.asp. Seller shall also include in this Usage Report all special processing activity accomplished which may have been subcontracted by Seller's sub-tier manufacturing sources. Fax and e-mail submittals are prohibited, and will not be accepted by Buyer. Seller shall submit the quarterly Usage Report within fifteen (15) calendar days after the end of each calendar quarter, even if no QCS-001 sources were utilized during a calendar quarter. Usage Reports shall not be input prior to the end of each calendar quarter. Seller's Usage Report shall consist of processing activity accomplished in the following activity categories:

a. Seller subcontracting special processing activity to QCS-001 or Nadcap approved sources,
b. Seller performing special processes on LM Aero Items for other LM Aero suppliers,
c. Seller performing special processes on LM Aero Items the Seller manufacturers, and
d. Seller's sub-tier manufacturing source(s) who subcontract special processing activity to QCS-001 or Nadcap approved sources.

Note: Usage Reporting is not required when Seller is performing QCS-001 processes for non-LM Aero contracts.

Seller's Usage Report shall contain the following data elements and information:

a. QCS-001 source name,
b. Buyer's assigned QCS-001 Source number,
c. process specification used by specification number, and
d. quarterly frequency of use, e.g., "lots, batches"

O. Minimum Processing Instructions and/or Planning Requirements

* 1. Seller and Seller's sub-tiers shall ensure that processing instructions and/or planning include and meet, at a minimum, the requirements in the Addendum to Appendix QJ located at the same site as Appendix QJ: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html >Quality Requirements >Appendices for each process performed.

* 2. Upon Buyer's request therefor, Seller shall provide to Buyer, at no increase in price, cost or fee to Buyer, copies of such processing instructions and/or planning.

** 3. Seller shall submit all above noted Seller processing instructions and/or planning for Buyer Items classified by Buyer as "Critical", i.e. Fatigue/Fracture Critical, Fracture/Durability Critical, Safety Critical, etc., to Buyer for LM Aero Program Level III review, approval and signature.