SUPPLIER REQUIREMENTS FOR PARTICIPATION IN BUYER'S PREFERRED SUPPLIER INSPECTION DELEGATION (PSID) PROGRAM

A. PURPOSE-

This document defines Buyer's PSID program that delegates authority to selected supplier representatives to accept hardware on behalf of McDonnell Douglas Corporation (Buyer). Hardware thus accepted will replace the specific Buyer component's receiving/source inspection function.

S. SCOPE-

This program is supplier specific. Each Buyer component will specify by purchase document which part numbers are to be accepted under the terms of this document.

C. DEFINITIONS

1. DESIGNATED SUPPLIER REPRESENTATIVE (DSR) - The individual(s) assigned as a focal point for all activities associated with the PSID Program at the seller facility. The DSR is a seller designated individual(s) selected from the Sellers Quality Assurance Department with authority to administer the PSID process at the Supplier.
2. SPONSORING COMPONENT - The Buyer component which approves a supplier for PSID status. If a supplier is approved by more than one component, each is a sponsoring component.

0. REQUIREMENTS

1. PROGRAM ENTRY

a. PROGRAM ENTRY REQUIREMENTS. Suppliers considered for the PSID program must exhibit performance in accordance with the following table;

<table>
<thead>
<tr>
<th>DATE</th>
<th>QUALITY PERFORMANCE</th>
<th>PSC LEVEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present through November 1996</td>
<td>95%</td>
<td>None</td>
</tr>
<tr>
<td>December 1995</td>
<td>98%</td>
<td>None</td>
</tr>
<tr>
<td>December 1997</td>
<td>98%</td>
<td>Bronze</td>
</tr>
<tr>
<td>December 1999</td>
<td>98%</td>
<td>Silver</td>
</tr>
</tbody>
</table>

b. SYSTEMS EVALUATION - All Suppliers considered for PSID must have achieved Preferred Supplier Certification or successfully passed a Quality System evaluation (when an approved Quality System is imposed) in accordance with CQAR 9 and have no open findings within the past 12 months.

2. MAINTENANCE - Suppliers are required to maintain entry level performance and Quality System approval to remain in the PSID program, Individual components may require higher level of criteria.

PSID Suppliers providing goods and services where an approved Quality System is not imposed will be reviewed for compliance to the written PO requirements/ SOW. The frequency of the review will be determined by individual components based on product complexity. Corrective Action will be required if performance levels fall below criteria referenced in D. 1 above.

3. The Supplier shall appoint personnel to act as Designated Supplier Representatives (DSR's) from their Quality Assurance department. The personnel shall have experience with ME)C specifications, standards and Buyer product to assure that all
4. Sellers must assure that only designated DSRs accept product for Buyer under the terms of the purchase document.

5. Participation in the PSID program does not relieve the supplier of its obligation to control nonconforming material in accordance with existing purchase document requirements.

6. The supplier is responsible for performing all inspections required to insure compliance of the deliverable product with all purchase document requirements.

7. The supplier will show evidence of compliance and certify acceptance of all product test/inspections by affixing an impression from an Buyer-provided block stamp prominently on the shipping document. The DSR shall affix the assigned supplier's acceptance stamp within the block stamp. Impression stamps shall be legible and shall not obscure pertinent information on the shipping document.

8. The supplier shall complete and maintain PSID Shipping Log (Buyer Form 1018) or equivalent in accordance with the requirement stated on the noted form.

9. Seller's failure to comply with the above stated requirements may result in the revocation of its PSID status. Revocation will result in the initiation of additional quality requirements to the purchase document.

Signature on File

C. R. Mercer
Buyer Quality Assurance
Process Action Team (PAT)