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QUALITY MANAGEMENT SYSTEM

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Phoenix Logistics Vision Statement

Phoenix Logistics, Inc. will be the premier provider of integrated data transmission solutions for worldwide military and aerospace markets. Our customers will be the world's largest 100 military/aerospace prime contractors. We will bring unrivaled value to our customers by acting as an integral team member and partner that surrounds their applications with exceptional service, superior quality, outstanding value, and complete systems integration. We will provide full product life-cycle support from design, pre-production, through production, and on to end of life.

Phoenix Logistics Mission Statement

To enhance the success of our customers, Associates and suppliers by providing unrivaled value, service and quality in integrated data transmission solutions to global military and aerospace markets.

Phoenix Logistics Core Values

At PLI our guiding principle is simple: do the right thing. Doing the right thing means living our core values every day.

- **Integrity:** we are committed to conducting ourselves honestly, ethically, and morally in each and every action and interaction, and to building trust in all our relationships. We believe that every individual we interact with deserves to be treated with dignity and respect.
- **Leadership:** we believe as a company and as individuals we have a responsibility to be leaders in our industry, leaders in our workplace, and leaders in our community.
- **Accountability:** as a company and as individuals we own our actions and accept full responsibility for them. We take responsibility for our performance in all of our decisions and actions.
- **Excellence:** we are committed to pursue best practices and the highest quality in everything we do. We do it right the first time and put processes in place to ensure that it's done right every time thereafter. We show pride, enthusiasm, and dedication in everything we do.
- **Responsiveness:** we have a genuine concern for customers and are committed to always responding with a sense of urgency.
- **Value:** we believe every action we take as individuals and as a company must create value for our customers, our associates, our suppliers, or our shareholders.



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1.0 SCOPE

This Quality Manual describes Phoenix Logistics' (PLI) Quality Management System; the structure and processes which comply with the requirements of the ISO9001 and AS9100 Quality Management System Standards.

2.0 NORMATIVE REFERENCE

Documents related to this policy are the standards referenced in section 1.0

3.0 TERMS AND DEFINITIONS

Terms and Definitions are the same as the standards referenced in section 1.0

4.0 QUALITY MANAGEMENT SYSTEM

4.1 GENERAL

PLI's Quality Management System, as outlined in this Quality Manual, assures product conformance to specified requirements via controlled processes and product specifications, along with provisions for Quality planning and verification of requirements.

4.2 DOCUMENTATION REQUIREMENTS

4.2.1 General

PLI's Quality Management System documentation includes; Quality Manual, Operating Procedures, Work Instructions, Customer and Regulatory documents.

4.2.2 Quality Manual

PLI has established, documented and maintains a Quality Management System.



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5.0 MANAGEMENT RESPONSIBILITY

5.1 MANAGEMENT COMMITMENT

The Leadership Team at Phoenix Logistics is committed to providing the highest quality products possible. The products being provided by Phoenix Logistics are data transmission solutions for military and aerospace markets. Maximizing product quality and resulting customer satisfaction is of paramount importance to the company. Minimizing waste and maximizing efficiency are vital to Phoenix Logistics attaining the growth goals of the company and providing the quality products that our customers require.

The Leadership Team is committed to the development and implementation of the Quality Management System and in the continuous improvement of its effectiveness.

5.2 CUSTOMER FOCUS

The Leadership Team communicates customer requirements to PLI Associates and develops specific action plans to continually enhance customer satisfaction.

5.3 QUALITY POLICY

Phoenix Logistics, Inc. is committed to meet its customers' Quality and Delivery requirements by continually improving the effectiveness of its Quality Management System.

5.4 PLANNING

5.4.1 Quality Objectives

PLI Leadership Team ensures that measurable quality objectives are defined and established at relevant functions and levels within PLI.

PLI top level objectives are:

Customer Quality 99.55 %
Customer Delivery 99.55%

5.4.2 Quality Management System Planning

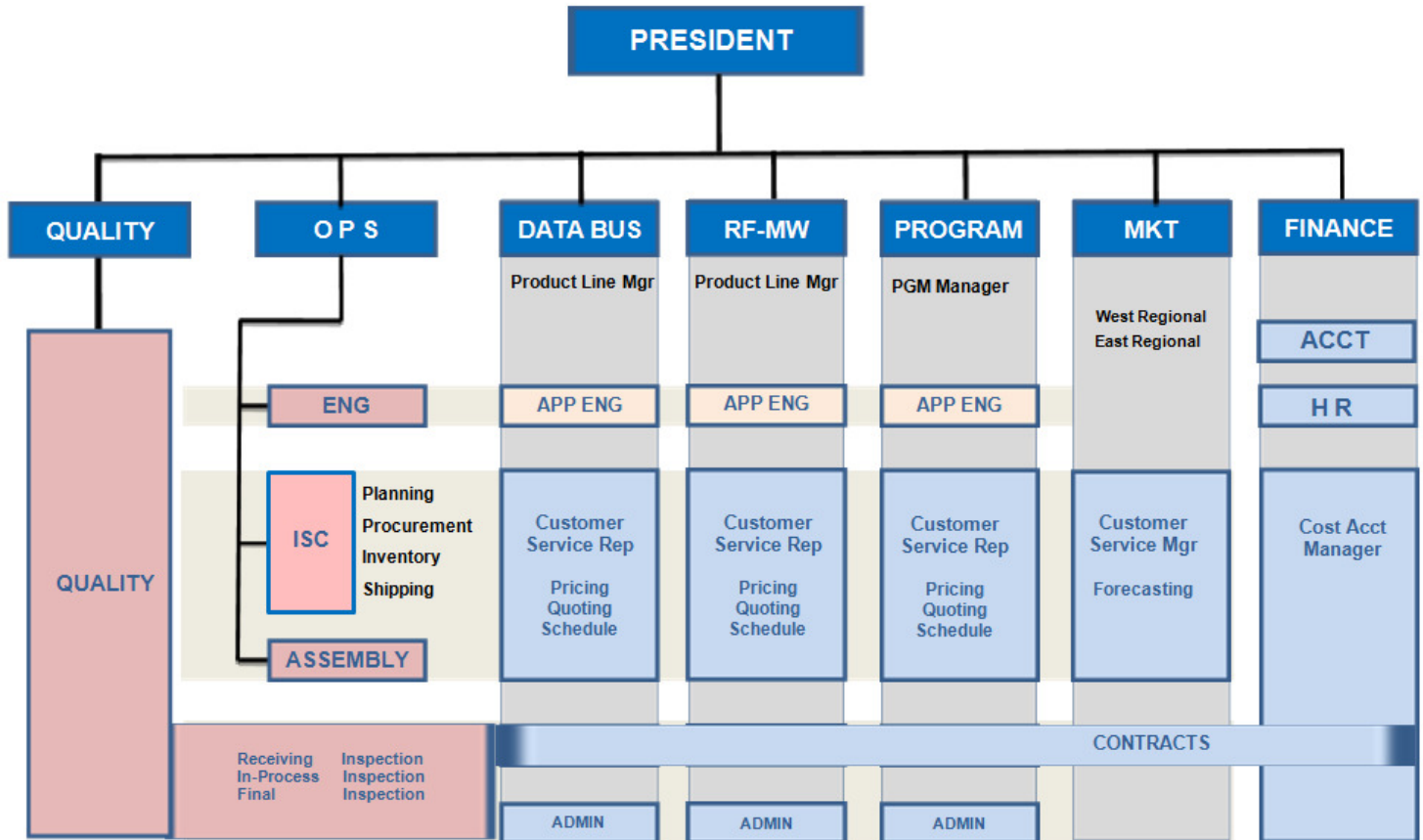
Planning of the Quality Management System is conducted to ensure that all goals and objectives are attained and any changes to the system will not adversely impact those goals and objectives.

5.5 RESPONSIBILITY, AUTHORITY AND COMMUNICATION

5.5.1 Responsibility and Authority

The Leadership Team is committed to communicating and delegating all responsibility and goals to functions and/or individual Associates within their function as appropriate.

ORGANIZATION CHART



5.5.2 Management Representative

The Quality Manager has been appointed as management representative who has defined authority for oversight of the Quality Management System. All PLI Associates are actively involved and responsible for the Quality Management System

5.5.3 Internal Communication

The Leadership Team ensures that appropriate communication processes are established within PLI and that communication takes place regarding the effectiveness of the quality management system.

5.6. MANAGEMENT REVIEW

5.6.1 General

The Leadership Team shall review the quality system once a year as a minimum. The purpose of the review is to assess the effectiveness and continuing suitability of the Quality Management System to the Standards, PLI's Quality Policy and Quality Objectives. Conclusions and recommendations of the reviews shall be recorded and maintained in PLI's ERP/MRP System.

5.6.2 Review Input



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Management review can include any and all business, customer and quality data.

5.6.3 Review Output

Minutes are kept in the system from each Management Review with all actions items assigned to improve effectiveness of the system, improve product quality and accomplish all defined goals.

6.0 RESOURCE MANAGEMENT

6.1 PROVISION OF RESOURCES

The Leadership Team provides the resources to implement and maintain the quality management system, continually improve its effectiveness, and enhance customer satisfaction.

6.2 HUMAN RESOURCES

6.2.1 General

The Leadership Team shall identify and provide adequate resources to comply with all requirements of this document.

6.2.2 Competence, Awareness and Training

Training is managed at the department level; assessing and documenting the proficiency of all Associates. Through training, PLI Associates are made aware of the importance of their activities and how they contribute to the achievement of the quality objectives. All training, education, skills, and experience records are maintained in PLI's ERP/MRP System.

6.3 INFRASTRUCTURE

Infrastructure is provided and maintained to achieve conformity to product requirements.

6.4 WORK ENVIRONMENT

PLI does maintain the appropriate environmental conditions to achieve conformance to product requirements.

7.0 PRODUCT REALIZATION

7.1 PLANNING FOR PRODUCT REALIZATION

PLI plans and develops processes needed for product realization. These processes and all related documentation are maintained and controlled via PLI's ERP/MRP System.

7.1.1 Project Management

The Integrated Product Team (IPT) is used to plan and manage product realization in a structured and controlled manner to meet requirements at acceptable risk, within resource and schedule constraints.

7.1.2 Risk Management

Risk Management is an established process within the Integrated Product Team (IPT). Risks are assessed, managed, and communicated through the IPT meetings. Records of risk management, criteria, assessment, mitigation actions, and acceptance are kept in the ERP/MRP System.

7.1.3 Configuration Management



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Configuration management planning, identification, change control, status accounting, and audit (validation) is maintained within PLI's ERP/MRP System's Engineering Change Request module. Records of configuration management are maintained in the ERP/MRP System.

7.1.4 Control of Work Transfers

PLI controls work transfers through Purchase Order and drawing/specification requirements. Conformity to requirements is verified through First Article Inspection and receiving inspection.

7.2 CUSTOMER-RELATED PROCESSES

7.2.1 Determination and 7.2.2 Review of Requirements Related To the Product

PLI Management determines and reviews all requirements related to the product. This process is managed and controlled by PLI's ERP/MRP System.

7.2.3 Customer Communication

PLI shall determine and implement effective arrangements for communicating with customers through the ERP/MRP System in relation to: Product information, inquires, contracts, contractually binding issues, or order handling, including amendments.

PLI also uses its ERP/MRP System to capture and record communication related to Customer feedback and complaints; using the reporting and measurements tools within the system to continuously monitor and improve the customer relationship.

7.3 DESIGN AND DEVELOPMENT

7.3.1 Design & Development Planning, 7.3.2Inputs, 7.3.3Outputs, 7.3.4Review, 7.3.5Verification, and 7.3.6Validation.

PLI's design and development process is fully managed within the ERP/MRP System under the Engineering Task Request (ETR) module.

Interfaces between different groups involved in design and development are managed through planned meetings of the Integrated Product Team (IPT) where effective communication and clear assignment of responsibility is ensured.

Responsibilities and authorities are built into the ETR's electronic workflow. Records of inputs, outputs, reviews, verification, and validation are maintained within the ETR module in the ERP/MRP System.

7.3.6.1 Design and Development Verification and Validation Testing

Design verification and validation tests are planned, controlled, reviewed, documented, and records maintained within PLI's ERP/MRP System.

7.3.6.2 Design and Development Verification and Validation Documentation

Reports, calculations, test results, etc., are maintained within the ERP/MRP System.

7.3.7 Control of Design and Development Changes

PLI has an established Engineering Change Request process automatically controlled within its ERP/MRP System.

7.4 PURCHASING

7.4.1 Purchasing Process



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All requirements for purchased products are defined and maintained within the ERP/MRP System.

PLI is responsible for evaluating and selecting suppliers based on their ability to supply product to requirements. Supplier selection, evaluation, and re-evaluation is based on customer requirements, manufacturing capabilities, quality systems, financial resources, product development support, price, delivery, and/or previous history. Records of the selection, evaluation, and re-evaluation are maintained in the system.

All suppliers are periodically reviewed to ensure their performance is meeting the requirements defined by PLI. Suppliers not meeting expectations, will be evaluated whether to inactivate (disqualify) or to work with the supplier to achieve the necessary conformance.

7.4.2 Purchasing Information

PLI's purchase orders describe the product to be purchased. Quality clauses are included on the PO and describe the quality management system requirements by PLI and any special conditions needed for acceptance of the order.

7.4.3 Verification of Purchased Product

PLI receiving ensures that the purchased product meets the specified purchase requirements as listed on the purchase order and meets the requirements of the drawing and/or purchase specification.

7.5 PRODUCTION AND SERVICE PROVISION

7.5.1 Control of Production and Service Provision

PLI's planning process is identified, controlled, and monitored via its ERP/MRP System taking into consideration all AS9100 applicable production conditions.

7.5.1.1 Production Process Verification

PLI conducts First Article Inspections (FAI) according to AS9102 and/or customer requirements. Records of FAIs are maintained within the ERP/MRP System.

7.5.1.2 Control of Production Process Changes

PLI controls and maintains production process changes via Engineering Change Requests within the ERP/MRP System.

7.5.1.3 Control of Production Equipment, Tools, and Software Programs

PLI has an established process for controlling and monitoring the condition of production equipment and tools. The process is defined in the Gage Control Process operating procedure and the Equipment List and Preventive Maintenance work instruction.

7.5.1.4 Post-Delivery Support

Nonconforming product found after delivery is identified, recalled, and dispositioned through the Return Material Authorization Process and Control of Nonconformance Process. Actions taken, investigation, and reporting are maintained in the ERP/MRP System.



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7.5.2 Validation of Processes for Production and Service Provision

Special processes are monitored and controlled through the Receiving Inspection process. Records are maintained within the ERP/MRP System.

7.5.3 Identification and Traceability

PLI product is identified throughout the product realization process by utilizing the ERP/MRP System.

7.5.4 Customer Property

Customer furnished material (CFM) shall be identified, verified, and safeguarded. Loss, damage, or unsuitability of a customer's material is documented in the system and reported to the customer. Customer property is segregated from PLI property.

7.5.5 Preservation of Product

PLI preserves the conformity of product during internal processing and delivery to the intended destination. All parts are identified, packaged, handled, and stored in a manner that provides adequate protection from damage, deterioration, shelf life expiration, and/or foreign object contamination. All parts are packaged to prevent damage or deterioration during shipping and storage. Packaging materials used meet the requirements of common carriers for intended means of delivery.

7.6 CONTROL OF MONITORING AND MEASURING EQUIPMENT

PLI controls and monitors the measuring and monitoring devices used in the manufacturing of its products with a register of these devices in its ERP/MRP System. A calibration process has been established where appropriate environmental conditions are assured, and documented in the Gage Control Process operating procedure.

8.0 MEASUREMENT, ANALYSIS AND IMPROVEMENT

8.1 GENERAL

PLI plans and implements the monitoring, measurement, and analysis of products, processes, systems and controls through our system ensuring continued focus on improving the relationship with our customers.

8.2 MONITORING AND MEASUREMENT

8.2.1 Customer Satisfaction

PLI uses Customer rating reports, daily communication and corrective actions all contained within our ERP/MRP System to periodically assess customer satisfaction.

8.2.2 Internal Audit

PLI has an established Internal Auditing Process where Internal Audits are conducted at planned intervals and records are maintained within the system. Audit results are reviewed to determine whether PLI's internal processes conform to Customer requirements, to the AS9100 Standard, and to PLI's established Quality Management System with all actions taken documented in the ERP/MRP System. This process has been documented in the Internal Auditing operating procedure.



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8.2.3 Monitoring and Measurement of Processes

PLI monitors and measures its processes. When planned results are not achieved or a non-conformance is found, corrective action is taken and tracked in the ERP/MRP System.

8.2.4 Monitoring and Measurement of Product

PLI monitors and measures its product with accept and reject criteria maintained in the system and compared against product inspections. PLI's First Article Inspection Process is per AS9102 and all documentation is maintained in the ERP/MRP System.

8.3 CONTROL OF NONCONFORMING PRODUCT

PLI has an established process for the control of non-conforming product and all records are maintained in the ERP/MRP System. The process has been defined in the Control of Non-conforming Product, Corrective and Preventive Action operating procedure.

8.4 ANALYSIS OF DATA

PLI collects and analyzes data to evaluate the effectiveness of its Quality Management System and to identify opportunities for continual improvement.

8.5 IMPROVEMENT

8.5.1 Continual Improvement

PLI continuously improves the effectiveness of its Quality Management System.

8.5.2 Corrective and 8.5.3 Preventive Action

PLI has an established Corrective and Preventive Action Process and all documents, actions and results are maintained within the ERP/MRP System. The process is defined in the Control of Non-conforming Product, Corrective and Preventive Action operating procedure.