



NEW SOURCE
CORPORATION

Corporate Office: 7500 TPC Blvd, Ste 1, Orlando, FL 32822

Certifications

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05/30/2023 – RE: Current Small Press Hard Alloy Aerospace Aluminum Extrusion Market Update, Manufacturing Lead Times, Additional Delay Notice, & Plan of Action

Dear Valued Customer,

As you may already be aware, Aluminum Extrusions have been an increasingly difficult challenge in the Supply Chain for the entire Aerospace Industry. This has been especially true since my previous Customer communication letter provided on 11/16/22. At that time, we announced a general delay across the board on all Mill Orders, as well as a notice to plan for 65 – 85 weeks for all new Extrusion Mill Orders. As a leading Distributor of Aluminum Extrusions in the Aerospace Industry, it is New Source Corporation's responsibility to continue to provide you with regular Market updates and events as they occur in the industry. We understand the importance of your business, planning, order scheduling, as well as forecasting. It is for this reason that I must now provide the latest market updates and provide a plan of action going forward.

Following onto my previous communication, Aluminum Extrusions have been experiencing unprecedented times for the majority of 2022, as well as the entirety of 2023 to date. Unfortunately, however, this trend is only seeming to continue. Please note, this notice primarily pertains to the Domestic Major Manufacturers of Small Press Hard Alloy Aerospace Extrusions. The majority of our Orders have been with these major players in the Market, in which we are now seeing even more delays than previously... additionally, Lead Times are only continuing to trend outwards. Unfortunately, this will now affect all current Open Orders with these Mills, as well as any Orders you may have through New Source with these Mills. **To start, please take this letter as an official notice that *all* of these referenced Orders will be delayed anywhere from 3 – 7 months of the current confirmed delivery date.**

I understand this is not good news and may also seem quite vague to give such a large delay range of 3 – 7 months. Please note, the delays are all dependent upon a wide assortment of factors, including but not limited to: DPAS Rating, Order Date, Billet, Press Size, Schedule, Shape complexity, and many other factors. Please also note, our Expediting team is diligently working to provide a full Open Order Report to each Customer as required, detailing which Orders will be late, as well as the expected re-promise date. At the very least, however, I wanted to provide our entire Customer base with this update as soon as we were made aware. Your Sales Rep and/or our Expediting Team will update you individually with any other delayed Orders.

Following this, new Mill Orders with these Major Manufacturers are subject to review and may be declined altogether. Certain orders may still be reviewed and accepted; however, they have now imposed approximately a **2 Month Halt in accepting the majority of new Mill Orders.** This unfortunately means that new Mill Orders from these Mills (and quotes) with New Source are also subject to review prior to acceptance. Assuming Orders re-open in 2 months as planned, New Source is also forecasting an approximate lead time of **90 – 100 Weeks** for these same Small Press Hard Alloy Orders. There are various reasons for this extreme announcement, which includes but is not limited to: Staffing, Capacity Constraints, extreme backlogs, unprecedented demand, increased build-rates from many Major Programs, as well as other internal issues on the Mill Level. Please note, this means that the referenced Mills Order books are essentially closed for Calendar **2024.**

All this being said, New Source Corporation remains committed to being your leading Supplier in the Industry for Aluminum Extrusions. For this reason, New Source already has a plan of action on how we can continue to support you in these uncertain & unprecedented times. First off, New Source already has thousands of Extrusions on Order with our Mills for stocking purposes. Our delivery dates range anywhere from Q2-2023 – Q2-2025. As we have been planning ahead for quite some time now, we will have a large amount of Items already inbound for future usage. Please know, we can always still supply you with our current stock or any mill inbound Material from these aforementioned Mills. Additionally, we have already begun the process of

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shifting our Supply Chain & Supplier options, in order to provide our Customers with creative solutions to still support the Industry.

Despite the current situation from the Major Manufacturers and their closed order books, I can confirm that **New Source Corporation will still be able to offer new Extrusion Mill Orders**. In fact, by utilizing alternate Manufacturers in both the Domestic & International Market, we will be able to offer the majority of Hard Alloy Small Press Extrusions in approximately a **30-Week Lead Time**. Please note, certain very complex shapes (ie, Hollows, semi-hollows, and others) may not be subject to these decreased lead times, due to Mill & Press capabilities. We will still be able to support you, however, and offer the majority of your needed Parts in this 30-week lead time for the foreseeable future.

There is a caveat to this, however. As we will be shifting certain portions of our Supply Chain to alternate & new Manufacturers, there will be many additional costs and price points to take into account. These additional costs include, but are not limited to: New Die / Tooling Charges, additional logistics & shipping charges, potential Import & Duty Charges, increased Overhead, and other incidental costs. For this reason, we may not be able to offer the same price points from these alternate Manufacturers that you have previously enjoyed with New Source. **Additionally, & transparently speaking, many of our Customers currently enjoy certain Long-Term Agreement (LTA) pricing or Right-to-Buy (RTB) Pricing. While we can still honor this pricing in some instances, any current LTA or RTB pricing would be subject to the 90 – 100 week lead times. Please note, however, in the event that we offer a 30-week lead time, any LTA or RTB pricing will not apply. We would need to re-quote and price on a transactional basis at this time.**

Lastly, as we understand the importance of planning and staying ahead, New Source has already begun investing in our stock levels from these alternate Manufacturers. New Source has already placed hundreds of Orders on the books with these Manufacturers in the last several months. These Orders have primarily consisted of ours (and your) regular usage Extrusion parts, in which we have forecasted additional demand. This is our plan of action to ensure that we continue to maintain the Extrusion stock levels that have become synonymous with the New Source Corporation name & brand. We will do everything in our power to ensure that you continue to receive the same service levels you have come to expect from New Source over the years. Please just note, as referenced above, these parts may be subject to increased prices and may need to be re-quoted accordingly. Your Sales Representative will be able to relay this to you for each quote on a case-by-case basis. We will always do the best we can, however, to provide the most competitive pricing possible and we are also always receptive to feedback. We have always been of a belief that transparency and communication is key. If at any point you require any additional explanation or information, please let your Sales Representative know and we will be happy to further discuss.

Please know, we will continue to keep you updated as anything changes. I will continue to send additional Customer Communication letters, as we deem relevant and as the Industry continues to progress. For the most up-to-date information, however, please continue to follow our blog page, which releases regular updates on our website several times each month (<https://newsourcedcorp.com/industry-latest/>). This letter will, in fact, be included in our next publication.

As this is quite a bit of information, I will summarize and highlight the key points below:

- **All Major Small Press Hard Alloy Extrusion Manufacturers have closed their books on accepting new Orders for at least the next 2 months (subject to review & some Items may be considered).**
- **Once Books re-open, Lead Times with these Mills will be: 90 – 100 Weeks.**

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- All Current Open Orders with aforementioned mills: **3 – 7 Month Delay (after current confirmed delivery date).**
- New Source will now offer **30 week lead times** for the foreseeable future on the majority of Hard Alloy Small Press Extrusions by utilizing alternate Manufacturers in the Domestic & International Markets.
- These alternate Manufacturers are incurring additional costs, which means New Source may need to re-quote certain Items at different price points.
- LTA & RTB Pricing will not apply for any quotes from these alternate Manufacturers.
- Please note, this does ***not*** affect Heavy Press or Soft Alloy. This is for Small Press Hard Alloy Extrusions only.

Thank you for your continued partnership and for your understanding! I also understand this is a large amount of information to absorb, so please feel free to call or e-mail me directly for any questions at all. I am more than happy to further discuss and provide any additional insight as needed.

Best Regards,

Jamie Barron – Vice President

New Source Corporation

407-977-8488 (ph)

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