

LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

**ADDITIONAL TERMS AND CONDITIONS FOR SUBCONTRACTS/PURCHASE ORDERS
UNDER**

FYOC III C-130 Program
Contract FA8625-06-C-6456

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For all subcontracts issued under the subject Prime Contract, the following terms and conditions, applicable as noted, are incorporated by reference in addition to those other terms and conditions (the CorpDoc Series, etc.) to be used for subcontracts issued under such Prime Contract. The language of the incorporated clause(s) should be modified so that "Government" and "Contracting Officer" mean LOCKHEED MARTIN, "Contractor" means SELLER, and "Subcontractor" means SELLER's Subcontractors.

Part I. Clauses

1. Change and Follow-On Proposals

Circumstances may arise during the course of performance under this PO where Buyer may request Seller to submit to Buyer technical and cost proposals relating to (1) anticipated changes or modifications to this PO prior to the implementation of the change or modification under the Changes clause of this PO, or (2) potential follow-on POs for the Items furnished hereunder. In such cases, Seller agrees to furnish to Buyer a technical and/or cost proposal as requested within thirty (30) days of the request. Seller agrees to furnish current information to Buyer in sufficient detail for Buyer to determine price reasonableness and cost realism. Information furnished by Seller shall be submitted in the manner and in the detail specified in the pricing instructions included in Buyer's request for proposal.

2. Lower-Tier Subcontracts

Notwithstanding any other provision of this PO, Seller shall not procure any of the completed or substantially completed Items described herein from any other party, by subcontract or otherwise, without the prior written consent of Buyer.

3. Defense Security Cooperation Agency Requirements

The Items furnished under this PO may be used in performance of a contract between Buyer and Buyer's customer which will be financed in whole or in part with United States Government Foreign Military Sales (FMS) credits administered by the Defense Security (DSAA).Cooperation Agency (DSCA). If Buyer notifies Seller that the Items furnished under this PO are intended for use on a DSCA financed contract, Seller agrees to furnish to Buyer, at no additional cost to Buyer, the certifications and representations required by the DSCA which are applicable to the Items furnished by Seller.

4. Product Support Requirements

- a. In consideration of the award of this PO, Seller undertakes to support the Items from the date of acceptance of the Items: (i) until twenty five years after final acceptance by Buyer's customer of the last aircraft containing Seller's Items; or (ii) as long as there are at least five (5) C-130J aircraft in operation in the world; whichever is the later, by providing or maintaining facilities for the supply of quantities of spare parts and support equipment as are necessary to meet orders by Buyer and its customers to maintain the Items in effective operation.
- b. Seller shall undertake during the support period described above to meet orders placed by Buyer or its customers for Items of spare parts and support equipment at prices no greater than those applying to Seller's most favored customer for like quantities and under like terms and conditions.
- c. Where during the support period described above Seller intends to close a facility for the supply of any spare parts or support equipment, Seller upon final decision to do so shall provide Buyer with forty-eight (48) months a notice in writing of the closure, and shall specify in the notice the latest date on which Buyer may place orders for the final production run. In the event that Seller during the support period described above decides to close its facilities for manufacture of Items relevant to the Items and in respect of which it has a proprietary interest or is for any other reason unable to continue to supply such Items, Seller shall grant to Buyer and its customers a royalty free, non-exclusive, irrevocable license to manufacture or perform, or have manufactured or performed such Items to maintain the Items in effective operation; and also to supply such data as Seller may possess and as may be necessary for the manufacture or performance of such Items.
- d. Seller shall make reasonable efforts to include the rights of Buyer contained in this clause in all lower tier subcontracts.
- e. Neither Buyer nor its customers shall be bound to order any spare parts and support equipment from Seller.

5. Barred Software

- a. Seller, unless it has obtained Buyer's prior written consent, which Buyer may withhold in Buyer's sole discretion, shall not provide Buyer with software that incorporates or embeds software in, or uses software in connection with, as part of, bundled with, or alongside any (1) open source, publicly available, or "free" software, library or documentation, (2) software licensed under the General Public License ("GPL") or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License, the Sun Industry Standards License, or variations thereof, including without limitation licenses referred to as "GPL-Compatible, Free Software License" (hereinafter referred to as the "Barred Licenses") or (3) software provided under a license that (a) subjects the provided software to any of the Barred Licenses, or (b) requires the provided software to be licensed for the purpose of making derivative works or be redistributable at no charge, or (c) obligates Buyer to sell, loan, distribute, disclose or otherwise make available or accessible to any third party(ies) (i) the provided software or any portion thereof, in object code and/or source code formats, or (ii) any products incorporating the provided software, or any portion thereof, in object code or source code formats.
- b. Seller, at its own expense, shall defend Buyer, Buyer's employees, and/or Buyer's customers against any and all claims, suits and other actions relating to the use of provided software, however arising, including without limitation those arising from claims of violation of Barred License provisions or claims

of infringement of any patent, trademark, copyright or trade secret right relating to the use of any Barred License in Items furnished by Seller.

Part II. FAR Clauses

Citation

Clause Name

52.203-6 **Restrictions on Subcontractor Sales to the Government (JUL 1995) Alternate I (OCT 1995)** Applies if this PO exceeds \$100,000.

52.203-7 **ANTI-KICKBACK PROCEDURES (JUL 1995)**
(IAW FAR 3.502-3) (Applicable when the simplified acquisition threshold is exceeded)

52.203-12 **Limitation on Payments to Influence Certain Federal Transactions (SEP 2005)** Applies if this contract exceeds \$100,000. Change the beginning of paragraph (c)(1) to read: "Seller shall file with Lockheed Martin a disclosure form..." change "such person" to "Seller" in paragraphs (c)(1) and (c)(2). contract exceeds \$100,000 and if (1) this is a cost-reimbursement, incentive, time and materials or price-redeterminable contract, (2) if Seller was required to furnish cost or pricing data, or (3) this contract requires Seller to furnish cost, funding or performance reports. Alternate II applies if Seller is an educational institution or non-profit institution.

52.215-10 **Price Reduction for Defective Cost or Pricing Data (OCT 1997)** Applies whenever Seller was required to furnish cost or pricing data in connection with this contract. "The Contracting Officer" means "Lockheed Martin or the Contracting Officer." "United States" and "Government" mean "Lockheed Martin." The rights and obligations under this clause shall survive completion of the work and final payment under this contract.

52.215-11 **Price Reduction for Defective Cost or Pricing Data – Modifications (OCT 1997)** Applies if submission of cost or pricing data is required for modifications under this contract. "The Contracting Officer" means "Lockheed Martin or the Contracting Officer." "United States" and "Government" mean "Lockheed Martin." The rights and obligations under this clause shall survive completion of the work and final payment under this contract.

52.215-12 **Subcontractor Cost or Pricing Data (OCT 1997)** Applies if this contract exceeds \$650,000 and is not otherwise exempt from the requirement to provide cost or pricing data.

52.215-13 **Subcontractor Cost or Pricing Data – Modifications (OCT 1997)** Applies if this contract exceeds \$650,000 and modifications under this contract are not otherwise exempt from the requirement to provide cost or pricing data.

52.215-14 **Integrity of Unit Prices (OCT 1997)** Applies if this contract exceeds \$100,000. Paragraph (b) is deleted.

52.215-15 **Pension Adjustments and Asset Reversions (OCT 2004)** Applies if this contract meets the applicability requirements of FAR 15.408(g). Communication/notification required under this clause from/to Seller to/from the Contracting Officer shall be through Lockheed Martin.

52.215-20 **Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (OCT 1997)** "Contracting Officer" means "Lockheed Martin."

52.215-21 **Requirements for Cost or Pricing Data or Information Other Than Officer**" means "Lockheed Martin."

52.219-8 **Utilization of Small Business Concerns (MAY 2004)**

52.219-9 **Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (JUL 2005)** Applies if this PO exceeds \$500,000, unless Seller is a small business concern. Contracting Officer" means "Buyer" in the first sentence of paragraph (c).

52.222-35 **Affirmative Action for Special Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans (DEC 2001)** Applies if this PO exceeds \$25,000.

52.222-36 **Affirmative Action for Workers with Disabilities (JUN 1998)** Applies if this PO exceeds \$10,000.

52.222-37 **Employment Reports on Disabled Veterans, Veterans of the Vietnam Era and Other Eligible Veterans (DEC 2001)** Applies if this PO is for \$25,000 or more.

52.225-13 **Restrictions on Certain Foreign Purchases (MAR 2005)** Communication required under this clause from/to Seller to/from the Contracting Officer shall be through Buyer.

52.227-1 **Authorization and Consent (JUL 1995)**

52.227-2 **Notice and Assistance Regarding Patent and Copyright Infringement (AUG 1996)** Applies if this contract exceeds \$100,000. "Contracting Officer" means "Lockheed Martin." "Government" means "Government and Lockheed Martin."

52.232-32 **Performance-Based Payments (FEB 2002)** Applies where performance-based payments will be made to subcontractor. "Contracting Officer" and "Government" means "Lockheed Martin." Subparagraph (c)(2) is deleted.

52.244-6 **Subcontracts for Commercial Items (DEC 2004)**

52.245-17 **Special Tooling (APR 1984)** "Contracting Officer" means "Buyer," "Government" means "Buyer or the Government" except in paragraph (c) where it means "Buyer." The time period set forth in paragraph (i) is changed to 180 days.

52.248-1 **Value Engineering (FEB 2000)** Applies if this contract exceeds \$100,000. "Contracting Officer" means "Lockheed Martin," "contracting office" means "US Government contracting office," "Government" means "Lockheed Martin" except in subparagraph (c)(5) and paragraph (m) where it means "Lockheed Martin and the Government." Also, "Government" does not mean "Lockheed Martin" in the phrase "Government costs."

52.249-2 **Termination for Convenience (Fixed-Price) (JUL 2005)** "Government" and "Contracting Officer" mean "Buyer" except in paragraph (m) where "Government" means "Buyer and the Government" and "Contracting Officer" means "Buyer and the Contracting Officer." In paragraph (d) the reference to "one year" is changed to "six months," and in paragraph (k) the reference to "90 days" is

changed to “forty-five (45) days.” Paragraph (i) is deleted.

Part III. DEARS Clauses

Citation Clause Name Date

252.203-7001 **Prohibition on Persons Convicted of Fraud or other Defense Contract-Related Felonies (DEC 2004)** Applies if this contract exceeds \$100,000. The terms "contract" "contractor" and "subcontract" are not modified in paragraphs (a) through (d). Paragraph (g) is deleted.

252.208-7000 **Intent to Furnish Precious Metals as Government Furnished Material (DEC 1991)** Paragraph (d) expressly required the clause be included in all solicitations for subcontracts unless it is known that the item being purchased does not contain precious metals.

252.211-7000 **Acquisition Streamlining (DEC 1991)** Applies if this contract exceeds \$1,000,000. "Government" means "Lockheed Martin."

252.211-7003 **ITEM IDENTIFICATION AND VALUATION (JUN 2005)**
(Applicable as called out in the individual supplier statement of work)

252.219-7003 **Small, Small Disadvantaged and Women-owned Small Business Subcontracting Plan (DoD Contracts) (APR 1996)** Applies if FAR 52.219-9 is included in this contract. Paragraph (g) is deleted.

252.219-7004 **Small, Small Disadvantaged and Women-owned \Small Business Subcontracting Plan (Test Program) (JUN 1997)** Applies to participants in the DoD Test Program for the Negotiation of Comprehensive Small Business Subcontracting Plans.

252.225-7006 **Quarterly Reporting of Actual Contract Performance Outside the United States (JUN 2005)** Applies if this contract exceeds \$500,000. Paragraph (c) is deleted.

252.225-7012 **Preference for Certain Domestic Commodities (JUN 2004)**

252.225-7013 **Duty – Free Entry (JUN 2005)** Paragraph (g) expressly requires that the clause be included in all subcontracts for: (i) Qualifying country components; or (ii) Nonqualifying country components for which the Contractor estimates that duty will exceed \$200 per unit.

252.225-7016 **Restriction on Acquisition of Ball and Roller Bearings (JUN 2005)** Does not apply if this PO is for a commercial item. If the PO is for other than a commercial item, applies if the supplies contain ball or roller bearings. "Contracting Officer" means "Lockheed Martin or Contracting Officer."

252.225-7027 **Limitation on Sales Commissions and Fees (APR 2003)** The reference to the clause in paragraph (a) means FAR 52.203-5. The blank in paragraph (b)(1) is completed with "any Government." Subparagraph (b)(2) is deleted.

252.225-7028 **Exclusionary Policies and Practices of Foreign Governments (APR 2003).**

252.225-7030 **Restriction on Acquisition of Carbon, Alloy, & Armor Steel Plate (OCT 1992)** While flow down is not expressly required by the clause, it should be included in subcontracts for

carbon, alloy, and armor steel plate in Federal supply class 9515, or described by American Society for Testing Materials (ASTM) or American Iron and Steel Institute (AISI) specifications, furnished as a deliverable item under the prime contract.

252.243-7001 **Pricing of Contract Modifications (DEC 1991)**

252.243-7002 **Requests for Equitable Adjustment (MAR 1998)** Applies if this PO exceeds \$100,000. "Government" means "Buyer or the Government"

252.246-7000 **Material Inspection and Receiving Report (MAR 2003)** Applicable only if subcontract authorizes direct shipments by the subcontractor to the Government.

252.249-7002 **Notification of Anticipated Contract Termination or Reduction (DEC 1996)** Applies if this contract equals or exceeds \$500,000. "Contracting Officer" means "Lockheed Martin." Subparagraphs (d)(1) and the first 5 words of subparagraph (d)(2) are deleted.

Part IV. **AFAR Supplement Clauses**

5352.242-9000 **CONTRACTOR ACCESS TO AIR FORCE INSTALLATIONS (JUN 2002)** Applies if Seller will perform work on a Government installation. "Contracting Officer" means "Lockheed Martin." In paragraph (e) "the prime contractor" means "Seller."

5352.223-9000 **Elimination of Use of Class I Ozone Depleting Substances ODS) (APR 2003)** The blank in paragraph (d) is completed with "None." In paragraph (d) "Contracting Officer" means "Lockheed Martin."

Part V. **AFMCFAR Supplement Clauses**

5352.247-9006 **MARKING OF WARRANTED ITEMS (AFMC) (JUL 1997)**