

LOCKHEED MARTIN AERONAUTICS COMPANY
PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)
ADDITIONAL TERMS AND CONDITIONS

FOR SUBCONTRACTS/PURCHASE ORDERS UNDER

Contract Number: N00019-18-C-1041

FY18 Annualized

Generated using Lockheed Martin CorpDocs 2017 Version

Revision 1: 10 May 2018

The Terms and Conditions listed below are incorporated by reference and made a part of this Contract. Unless otherwise limited in this Contract, each document applies in its entirety.

In the event of a conflict between the version or date of a clause set forth in this document and the version or date of a clause set forth in the identified CorpDocs, the version or date of the clauses set forth in this document shall take precedence.

To the extent that any clause included in this document is inapplicable to the performance of this Contract, the parties shall consider such clauses to be self-deleting and they shall not impose any obligations upon SELLER.

PART I. DELETIONS: The following clauses are deleted in their entirety from the applicable CorpDocs incorporated into this Contract:

RESERVED

PART II. MODIFICATIONS: The dates or versions of the following FAR, DFARS, and other agency clauses are modified as follows and are incorporated into the Contract:

DFARS 252.203-7004 DISPLAY OF FRAUD HOTLINE POSTER(S) (DEC 2012) (Contact the Lockheed Martin Authorized Procurement Representative for the identity of the location specified in subparagraph (b)(2) of the clause.) (Applies to subcontracts in excess of \$5M subcontracts performed entirely outside the United States.)

PART III. ADDITIONS: The following FAR, DFARS, and other agency clauses are incorporated into this Contract in addition to those set out in the applicable CorpDocs:

FAR 52.222-17 NONDISPLACEMENT OF QUALIFIED WORKERS (MAY 2014) (Applies to subcontracts for services in excess of \$150,000. Not applicable to Commercial Items as defined in FAR 2.101.)

FAR 52.222-41 Service Contract Labor Standards (May 2014)

FAR 52.222-42 STATEMENT OF EQUIVALENT RATES FOR FEDERAL HIRES (MAY 2014)
(Applies if this subcontract is subject to FAR 52.222-41. The information contained in the blanks of this clause is specified elsewhere in this contract.)

FAR 52.222-62 PAID SICK LEAVE UNDER EXECUTIVE ORDER 13706 (JAN 2017) (Applies if this contract is subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, and are to be performed in whole or in part in the United States.)

FAR 52.228-3 Workers' Compensation Insurance (Defense Base Act) (APR 1984) (Applies if Seller will perform work subject to the Defense Base Act 42 U.S.C. 1651 et seq.)

FAR 52.228-4 Workers' Compensation and War-Hazard Insurance Overseas (APR 1984)

FAR 52.229-8 Taxes -- Foreign Cost-Reimbursement Contracts (MAR 1990) (In paragraph (b), "Contracting Officer" and "Government of the United States" mean "Lockheed Martin." The blank is completed with ___ (intentionally left blank)_____. Not applicable to Commercial Items as defined in FAR 2.101.)

FAR 52.232-39 UNENFORCEABILITY OF UNAUTHORIZED OBLIGATIONS (JUN 2013)
(Applies to subcontracts where software or services will be retransferred to the Government.)

FAR 52.245-9 USE AND CHARGES (APR 2012) (Communications with the Government under this clause will be made through Lockheed Martin.) (Applies to subcontracts where Government property will be provided.)

FAR 52.246-15 CERTIFICATE OF CONFORMANCE (APRIL 1984) (Applies if shipping is direct to the Government.)

DFARS 252.204-7009 LIMITATIONS ON THE USE AND DISCLOSURE OF THIRD PARTY CONTRACTOR REPORTED CYBER INCIDENT INFORMATION (AUG 2015) (Applies if this Contract involves services that include support for the Government's activities related to safeguarding covered defense information and cyber incident reporting.)

DFARS 252.211-7006 PASSIVE RADIO FREQUENCY IDENTIFICATION (JUN 2016) (Applies to subcontracts where the subcontractor will make direct shipments meeting the criteria at FAR 211.275-2 to the Government of items covered by the clause.)

DFARS 252.211-7008 USE OF GOVERNMENT-ASSIGNED SERIAL NUMBERS (SEP 2010)
(Applies to subcontracts where the supplier will be in the possession of Government property for the performance of the subcontract.)

DFARS 252.219-7004 SMALL BUSINESS SUBCONTRACTING PLAN (TEST PROGRAM) (OCT 2014) (Applies to subcontractors that participants in the DoD Test Program for the Negotiation of Comprehensive Small Business Subcontracting Plans. Not applicable to Commercial Items as defined in FAR 2.101.)

DFARS 252.225-7027 RESTRICTION ON CONTINGENT FEES FOR FOREIGN MILITARY SALES (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.)

DFARS 252.225-7028 EXCLUSIONARY POLICIES AND PRACTICES OF FOREIGN GOVERNMENTS (APR 2003) (Not applicable to Commercial Items as defined in FAR 2.101.)

DFARS 252.225-7040 CONTRACTOR PERSONNEL SUPPORTING U.S. ARMED FORCES DEPLOYED OUTSIDE THE UNITED STATES (AUG 2015) (Applies if Seller will deploy persons or otherwise provide support in the theater of operations to U.S. military forces deployed outside the United States. Communications with the Contracting Officer shall be made through Lockheed Martin.)

DFARS 252.228-7001 GROUND AND FLIGHT RISK (JUN 2010) (In paragraph (a)(1)(i) "this contract" means "the prime contract." The following is added at the beginning of the clause: "Communications between Seller and the Government shall be made through Lockheed Martin. Any equitable adjustment provided for this clause shall be implemented in this contract to the extent such adjustment is implemented in the prime contract." Subparagraphs (d)(2)(ii), (d)(3)(ii) and the last sentence of subparagraph (j)(2) are deleted. Not applicable to Commercial Items as defined in FAR 2.101.)

DFARS 252.229-7003 TAX EXEMPTIONS - ITALY (MAR 2012) (The blank in paragraph (b) is completed with ____TBD_.) (Applies to subcontracts where work will be performed in Italy. Not applicable to Commercial Items as defined in FAR 2.101.)

DFARS 252.229-7006 VALUE ADDED TAX EXCLUSION (UNITED KINGDOM) (DEC 2011) (Applies if Seller is a United Kingdom firm. "This contract" means "the prime contract." Not applicable to Commercial Items as defined in FAR 2.101.)

DFARS 252.234-7002 EARNED VALUE MANAGEMENT SYSTEM (MAY 2011) (Applies to cost or incentive contracts valued at \$20,000,000 or more. "Government" means "Lockheed Martin and Government." Paragraphs (i) and (j) are deleted. Does not apply for Commercial Items as defined in FAR 2.101)

DFARS 252.234-7004 COST AND SOFTWARE DATA REPORTING SYSTEM (NOV 2010) (Applies to contracts that exceed \$50 million. In paragraph (b), "Government" means Lockheed Martin. Does not apply for Commercial Items as defined in FAR 2.101)

DFARS 252.237-7023 CONTINUATION OF ESSENTIAL CONTRACTOR SERVICES (OCT 2010) ("Contracting Officer" means Lockheed Martin. The term "Government" includes Lockheed Martin.) (Applies to all subcontracts for mission essential services.)

DFARS 252.239-7001 INFORMATION ASSURANCE CONTRACTOR TRAINING AND CERTIFICATION (JAN 2008) (Applies to all subcontracts where subcontractor personnel will access DoD information systems)

DFARS 252.239-7016 TELECOMMUNICATIONS SECURITY EQUIPMENT, DEVICES, TECHNIQUES, AND SERVICES (DEC 1991) (Applies if this contract requires securing telecommunications. Does not apply for Commercial Items as defined in FAR 2.101)

DFARS 252.243-7002 REQUESTS FOR EQUITABLE ADJUSTMENT (DEC 2012) ("Government" means "Lockheed Martin.") (Applicable to subcontracts exceeding \$150,000. Does not apply for Commercial Items as defined in FAR 2.101)

DFARS 252.245-7001 TAGGING, LABELING, AND MARKING OF GOVERNMENT-FURNISHED PROPERTY (APR 2012) (Applies to subcontracts where the items furnished by the subcontractor will be subject to serialized tracking.)

DFARS 252.245-7004 REPORTING, REUTILIZATION, AND DISPOSAL (MAY 2013) ("Contracting Officer" means Lockheed Martin.) (Applies to subcontracts where government property is located at supplier facilities.)

NAVAIR 5252.247-9508 PROHIBITED PACKING MATERIALS (JUN 1998) (Applies if Seller will make shipments under this contract directly to the Government.)

The use of asbestos, excelsior, newspaper or shredded paper (all types including waxed paper, computer paper and similar hygroscopic or non-neutral material) is prohibited. In addition, loose fill polystyrene is prohibited for shipboard use.

NAVAIR 5252.247-9509 PRESERVATION, PACKAGING, PACKING AND MARKING (JUL 1998) (Applies if Seller will make shipments under this contract directly to the Government. In subparagraph (b), "Contract Number" means "Lockheed Martin's prime contract number and the number assigned to this contract.")

(a) Preservation, packaging and packing shall conform to prevailing industry standards for the type of commodity purchased under this contract.

(b) All packages will be clearly marked with applicable contract number/delivery order number, and will contain appropriate packing slip. All deliveries will be marked for and/or consigned as specified, relative to each CLIN, above . (c) In the event of any discrepancy in material shipped (overage, technical rejection, damage), the contractor shall, immediately upon request of the Contracting Officer, furnish disposition instructions. Normally, such disposition instruction shall be a properly completed Commercial Bill of Lading which includes, but is not limited to, the mode of shipment, routing, special handling, and so forth.

(d) If the contractor is required to install equipment upon delivery, then the contractor shall inform the Government of the date of shipment from the contractor's facilities and the anticipated date of arrival at the site. This report shall be made no later than the actual date that the shipment is made from the contractor's facilities. The report may be made by facsimile or e-mail, to the point of contact listed in Section G. All transportation, rigging, drayage, packing, unpacking, and handling necessary to accomplish the installation shall be the responsibility of the contractor.

NAVAIR 5252.247-9510 PRESERVATION, PACKAGING, PACKING AND MARKING FOR FOREIGN MILITARY SALES (FMS) REQUIREMENTS (NAVAIR) (OCT 2005) (Applies if Seller will make shipments under this contract directly to the Government.)

(a) Unless specified elsewhere in the contract, packing and packaging shall comply with MIL-STD-129. Packing and packaging materials shall provide protection from abuse during handling and from

environmental, magnetic, and electrical damage during handling and subsequent future storage, possibly under less than desirable conditions.

(b) Marking: All unit and exterior containers/packs shall as a minimum be marked as follows:

- (1) FMS Case Number.
- (2) Part Number (with CAGE Code).
- (3) For - the organization/address the material is shipped to.
- (4) The applicable MILSTRIP number (identified separately for each line item of the contract/delivery order)
- (5) Project Code number.
- (6) Project Directive Line Item (PDLI) Number.
- (7) Requisition Serial Number (RSN).
- (8) Quantity.
- (9) From - the contractor's address shipped from.
- (10) Ship to - the shipping address provided in the contract.
- (11) Transportation Priority
- (12) Required Delivery Date

(c) The contractor shall affix labels to the outside of each external pack warning all handlers that fragile, delicate, etc., equipment is contained within and to warn against particular improper handling and storage procedures/conditions as may be applicable to the item(s) ordered.

Part IV. SECTION H –PRIME CONTRACT SPECIAL PROVISIONS

For purposes of this Section H, "Government" means the United States Government. The following Section H clauses are incorporated into the Contract in full-text:

H- 3 USE OF DATA OR SOFTWARE WITH LESS THAN GOVERNMENT PURPOSE RIGHTS

If the SELLER believes it to be in the best interest of the F-35 program to consider use or incorporation of any noncommercial technical data, noncommercial computer software, or noncommercial computer software documentation with less than Government Purpose rights other than assertions previously accepted under SELLER's F-35 contracts, the SELLER shall submit a written request for approval to the BUYER prior to use or incorporation. The request for approval shall describe:

1. alternatives evaluated;
2. the benefit to the F-35 program for using the noncommercial technical data, noncommercial computer software, or noncommercial computer software documentation with less than Government Purpose Rights;
3. the name of the entity asserting less than Government Purpose Rights;
4. the basis for the assertion (per DFARS 252.227-7017), to include sufficient information to enable the BUYER to provide to the Contracting Officer to evaluate any listed assertions;
5. a Rough Order of Magnitude cost estimate to obtain a Government Purpose Rights license as defined in DFARS 252.227-7013 (Rights in Technical Data – Noncommercial Items) and DFARS 252.227-7014 (Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation).

BUYER shall provide timely notice of the Government's response upon receipt from the Contracting Officer. Nothing in this clause precludes the Government from challenging any data rights assertions pursuant to DFARS 252.227-7019 or DFARS 252.227-7037.

H-5 PRESERVATION OF RIGHTS FOR TECHNICAL DATA, COMPUTER SOFTWARE, AND COMPUTER SOFTWARE DOCUMENTATION ACCESSED, DELIVERED, O

Information, whether delivered pursuant to the Contract Data Requirements List (CDRL) or provided in response to any other requirement contained in this contract, which would be deemed "technical data" under DFARS 252.227-7013, Rights in Technical Data-Noncommercial Items (FEB 2014), or "computer software" and "computer software documentation" under DFARS 252.227-7014, Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (FEB 2014), if it were delivered in written form, shall not lose its status as technical data, computer software, or computer software documentation solely because access by the Government, delivery by the Contractor, or provision by the Contractor is by electronic means. The rights of the parties shall be as specified in DFARS 252.227-7013 and DFARS 252.227-7014.

H-8 DISCLOSURE, USE AND PROTECTION OF PROPRIETARY INFORMATION (NAVAIR 5252.227-9511) (FEB 2009)

(a) During the performance of this contract, the Government may use an independent services contractor (ISC), who is neither an agent nor employee of the Government. The ISC may be used to conduct reviews, evaluations, or independent verification and validations of technical documents submitted to the Government during performance.

(b) The use of an ISC is solely for the convenience of the Government. The ISC has no obligation to the prime contractor. The prime contractor is required to provide full cooperation, working facilities and access to the ISC for the purposes stated in paragraph (a) above.

(c) Since the ISC is neither an employee nor agent of the Government, any findings, recommendations, analyses, or conclusions of such a contractor are not those of the Government.

(d) The prime contractor acknowledges that the Government has the right to use ISCs as stated in paragraph (a) above. It is possible that under such an arrangement the ISC may require access to or

the use of information (other than restricted cost or pricing data), which is proprietary to the prime contractor.

(e) To protect any such proprietary information from disclosure or use, and to establish the respective rights and duties of both the ISC and prime contractor, the prime contractor agrees to enter into a direct agreement with any ISC as the Government requires. A properly executed copy (per FAR 9.505-4) of the agreement will be provided to the Procuring Contracting Officer.

H-15 TAXES AND DUTIES

(a) The contract prices include all applicable taxes and duties, as defined in FAR 52.229-6, Taxes-Foreign Fixed-Price Contracts (FEB 2013) and FAR 52.229-8, Taxes-Foreign Cost-Reimbursement Contracts (MAR 1990), except for:

- (1) Customs duties, import and export taxes, and similar charges imposed by Participants to the Joint Strike Fighter Production, Sustainment, and Follow-On Development Memorandum of Understanding (MOU) or Foreign Military Sales (FMS) customer of the F-35 Lightning II program;
- (2) Value Added Taxes (VAT) or consumption taxes, imposed by the Country Concerned, as defined in FAR 52.229-6 and 52.229-8, on goods or services delivered in the Country Concerned under this contract.

(b) If the Contractor is required to pay or bear any tax or duty specified in subparagraphs (a)(2) above, including any interest or penalty, the Contractor shall follow the procedures specified in FAR 52.229-6, Taxes-Foreign Fixed-Price Contracts (FEB 2013) and FAR 52.229-8, Taxes-Foreign Cost-Reimbursement Contracts (MAR 1990).

(c) Nothing outside of exceptions listed above alleviates the Contractor from the requirements of FAR 52.229-6 or 52.229-8.

H-17 TRAVEL APPROVAL AND REIMBURSEMENT PROCEDURES (NAVAIR)(OCT 2013) - ALT I (OCT 2013)

(a) General. Performance under this contract may require travel by Contractor personnel. If travel, domestic or overseas, is required, the Contractor is responsible for making all necessary arrangements for its personnel. These include but are not limited to: medical examinations, immunizations, passports/visas/etc., and security clearances.

(b) Travel Approval Process. No prior approval is required for travel under this contract.

(c) Travel Policy.

- (1) Travel arrangements shall be planned in accordance with the Federal Travel regulations, prescribed by the General Services Administration for travel in the conterminous 48 United States, (hereinafter the FTR) and the Joint Travel Regulation, Volume 2, DoD Civilian Personnel, Appendix A, prescribed by the Department of Defense (hereinafter the JTR).
- (2) The Government will reimburse the Contractor for allowable travel costs incurred by the Contractor in performance of the contract in accordance with FAR Subpart 31.2.
- (3) For purposes of reimbursement of travel expenses, the Contractor's official station is defined as within 50 miles of the Contractor's regular work site. (If Contractor has more than one regular work site, the official station is defined as within 50 miles of each of its regular work sites.)

(4) The Contractor's documentation for the reimbursement of travel costs (e.g., receipts) shall be governed as set forth in FAR Subpart 31.2, the FTR, and the JTR.

(5) Car Rental for a team on temporary duty (TDY) at one site will be allowed provided that only one car is rented for every four (4) members of the TDY team. In the event that less than four (4) persons comprise the TDY team, car rental will be allowed if necessary to complete the mission required.

(6) Whenever work assignments require TDY aboard a Government ship, the Contractor will be reimbursed at the per diem identified in the JTR.

H-20 LIABILITY INSURANCE (NAVAIR 5252.228-9501) (MAR 1999) (Applies if Seller will be performing work on a Government installation.)

The following types of insurance are required in accordance with the clause entitled, "FAR 52.228-7, "Insurance--Liability to Third Persons" and shall be maintained in the minimum amounts shown:

(a) Comprehensive General Liability: \$200,000 per person and \$500,000 per accident for bodily injury.

(b) Automobile Insurance: \$200,000 per person and \$500,000 per accident for bodily injury and \$500,000 per accident for property damage.

(c) Standard Workman's Compensation and Employer's Liability Insurance (or, where maritime employment is involved, Longshoremen's and Harbor Worker's Compensation Insurance) in the minimum amount of \$100,000.

(d) Aircraft public and passenger liability: \$200,000 per person and \$500,000 per occurrence for bodily injury, other than passenger liability; \$200,000 per occurrence for property damage. Passenger bodily injury liability limits of \$200,000 per passenger, multiplied by the number of seats or number of passengers, whichever is greater.

H-24 NOTICE REGARDING THE DISSEMINATION OF EXPORT-CONTROLLED TECHNICAL DATA (NAVAIR 5252.227-9507) (OCT 2005)

(a) Export of information contained herein, which includes release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITARs), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.

(b) For violation of export laws, the contractor, its employees, officials or agents are subject to:

(1) Imprisonment and/or imposition of criminal fines; and

(2) Suspension or debarment from future Government contracting actions.

(c) The Government shall not be liable for any unauthorized use or release of export-controlled information, technical data or specifications in this contract.

(d) The contractor shall include the provisions or paragraphs (a) through (c) above in any subcontracts awarded under this contract.

H-25 SEGREGATION OF COSTS

The Seller shall segregate all costs incurred under this Order from the costs of all other work currently being performed, and from all contracts that are subsequently received.