## Document Change History

<table>
<thead>
<tr>
<th>Revision</th>
<th>Description of Revision/Change</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>Original Issue</td>
<td>Original release</td>
<td>24 February 2014</td>
</tr>
</tbody>
</table>
1. Any equipment or portions thereof (herein referred to as the “Article”) sent to Seller for repair, rework or  
modification, shall be processed in accordance with Seller’s internal manufacturing or Lockheed Martin  
instructions to the extent necessary to produce an acceptable Article meeting the requirements under which  
the Article was originally procured (except as those requirements are modified herein). Such manufacturing  
or repair instructions may include, but are not limited to service bulletins, approved manuals and/or  
procedures and all applicable design specifications or drawings.

2. Articles returned to Seller shall be accompanied by a Lockheed Martin Quality Assurance rejection document  
identifying the discrepancy and/or malfunction.

3. With appropriate Buyer direction, or as may be authorized by a master repair requirements contract, Seller  
shall perform fault isolation and/or testing of the Article pursuant to the directions on the prescribed form  
accompanying the Article.

4. If no master repair requirements contract is currently established, the Seller shall prepare a proposal in  
accordance with the following steps
   a. Lockheed Martin is not obligated to pay any costs incurred by Seller in preparing or submitting the  
      proposal.
   b. Seller shall perform the inspection, test, check, and disassembly work necessary and shall furnish  
      Lockheed Martin with a detailed fixed price proposal for the task except when Seller is obligated to  
      perform the repair, rework or modification without additional compensation under the PO.
   c. If during the initial review, Seller identifies the Article as Beyond Economical Repair (BER) based on  
      the Program percentages below, or Beyond Physical Repair (BPR), Seller shall immediately notify  
      Lockheed Martin. Upon receipt of the notification, Lockheed Martin may elect to either (1) authorize  
      the repair, rework or modification or (2) provide the Seller direction to scrap the Article. If directed to  
      scrap, Seller shall proceed with the scrap and provide a scrap certificate to the Buyer.


<table>
<thead>
<tr>
<th>Program</th>
<th>BER Percentage</th>
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<tbody>
<tr>
<td>C-5</td>
<td>Seventy Five percent (75%)</td>
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<tr>
<td>C-130J</td>
<td>Seventy Five percent (75%)</td>
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<tr>
<td>F-16</td>
<td>Seventy Five percent (75%)</td>
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<tr>
<td>F-35</td>
<td>Sixty five percent (65%)</td>
</tr>
<tr>
<td>P-3</td>
<td>Seventy Five percent (75%)</td>
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d. The proposal shall identify the Article, the order number (Release Contract Number) and a  
   breakdown of the man-hour and material requirements segregated. The proposal shall be submitted  
   to the Buyer within a target of ten (10) workdays after receipt of an Article.

e. If Seller’s proposal exceeds the Truth In Negotiation Act (TINA) Public Law 87-653 threshold,  
   Certified Cost or Pricing Data shall be required in accordance with FAR 15.408 Table 15-2; or Seller  
   may submit a request for exception from submission of Certified Cost or Pricing Data. In order to  
   ensure full compliance with FAR 15.408 Table 15-2, Seller shall complete and submit the Certified  
   Cost or Pricing Data Checklist, F 330, available at  

f. If applicable and required, Seller shall complete and submit the Cost Accounting Standards Notices &  
   Certification, RF 540, available at  
5. Seller shall separately report any royalty expense included as a cost element in Seller’s quotation, if the royalty expense exceeds $250.
   b. If required, Seller may be required to drop ship the Article to a destination identified by Lockheed Martin or in the PO. If applicable, Seller must provide to Lockheed Martin a complete shipping data package which includes, but is not limited to, a packing slip and freight bill.
   c. If the PO is a rated order certified for national defense, emergency preparedness, and energy program use under the Defense Priorities and Allocations System (DPAS) (15 CFR 700), the Seller shall be required to follow all requirements of this regulation.
   d. All communication concerning Lockheed Martin's solicitation or Seller's proposal shall be made through the authorized Lockheed Martin Procurement Representative identified in this PO.
   e. Seller is requested to submit the proposal and inquiries via electronic means (email, excel documents, etc.) to the Lockheed Martin Procurement Representative identified in the PO.

6. Upon completion of required negotiations, Lockheed Martin shall issue an appropriate contractual change.

7. In performance of repair, rework or modification of the Article, Seller shall not assume material review authority which exceeds that originally granted to Seller by Lockheed Martin.

8. Unless directed otherwise by Lockheed Martin in writing, all Articles shall be subject to Lockheed Martin Source Inspection.

9. The Article shall be repaired, reworked or modified in accordance with applicable procurement and design specifications and drawings, tests and acceptance criteria to the extent necessary to produce a serviceable Article, unless such requirements are modified as set forth below.
   a. All replacement materials and parts shall be those specified in applicable design engineering drawings and/or specifications.
   b. When removed during the repair, "O" rings, back-up seals, and similar parts shall be replaced with new parts in hydraulic or pneumatic assemblies.
   c. Minor scratches and chipped paint surfaces shall be touched up by using matching enamel or lacquer as specified in the Procurement Specification. More severely marked surfaces shall be repainted with matching paint to give adequate protection with a smooth and even surface. Marred anodized surfaces shall be coated with alodine. Color shade variations in finish due to paint repair are permissible.
      NOTE: Seller shall insure all touch-up actions are accomplished in accordance with approved authorizations from LOCKHEED MARTIN or a QCS-001 control processor in accordance with Lockheed Martin quality requirements on the specific product.
   d. Damaged, illegible, or missing instructions or data plates shall be restored to a safe and functional condition or replaced with new parts.
e. No cleaning of burned, scorched, or otherwise discolored surfaces is required if such cleaning is merely for cosmetic reasons to improve appearance, other than standard cleaning that can be performed without causing additional damage,

f. Upon completion of acceptance test, all ports or vents shall be sealed with suitable plugs, where applicable, to prevent contamination or foreign matter from entry into the repaired Article, and suitable caps shall be provided for electrical connectors to prevent damage during handling and shipment.

g. All unique requirements associated with part marking and identification such as Item Unique Identification (IUID) shall be maintained in accordance with the Procurement Specification under which the Article was originally procured.

10. Upon completion of task, SELLER shall complete the Lockheed Martin Quality Assurance rejection document and forward to the Buyer.

11. Repaired Articles shall be delivered as a serviceable Article within a target dock-to-dock Turn-Around Time (TAT) of thirty (30) days. If, in the course of performing the work, Seller determines that this target cannot be met, Seller shall immediately provide Lockheed Martin the pertinent facts relating to such delay and the anticipated ship date.