

LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

RAF C-130J Enabling Arrangement

In addition to the terms and conditions in the CORPDOC, the following terms and conditions are added to this contract:

A. DEFINITIONS

The following additional terms shall have the meanings set forth below:

"Prime Contract" means the contract between LOCKHEED MARTIN and its customer under which this PO is issued

"Government" and "Her Majesty's Government" mean "government of the United Kingdom" except in the phrase "U.S. Government" where it means the "government of the United States of America"

"Authority" means LOCKHEED MARTIN's customer, the United Kingdom Secretary of State for Defence; "MoD" means "United Kingdom Ministry of Defence" "UK" means the "United Kingdom of Great Britain."

B. WARRANTY

In addition to the warranty terms stated in the CORPDOC, if the Items delivered under this PO are, or are to be, incorporated in an end item(s) to be delivered to LOCKHEED MARTIN's customer(s), SELLER's obligation under this clause shall be extended to one year after delivery of such end items to such customer(s).

C. INCORPORATION OF DEFCON CLAUSES

The United Kingdom Ministry of Defence Acquisition Regulation Clauses (DEFCONs) referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Contract. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead.

D. AMENDMENTS REQUIRED BY PRIME CONTRACT

SELLER agrees that upon the request of LOCKHEED MARTIN it will negotiate in good faith with LOCKHEED MARTIN relative to amendments to this Contract to incorporate additional provisions herein or to change provisions hereof, as LOCKHEED MARTIN may reasonably deem necessary in order to comply with the provisions of the applicable Prime Contract or with the provisions of amendments to

such Prime Contract. If any such amendment to this Contract causes an increase or decrease in the cost of, or the time required for, performance of any part of the Work under this Contract, an equitable adjustment shall be made pursuant to the “Changes” clause of this Contract.

E. DEFCON FLOWDOWN CLAUSES

The following DEFCON clauses apply to this Contract : REFERENCE TITLE

DEFCON 68 (Edn 09/97) Control of Dangerous Articles and Substances.

Applies in any subcontract where hazardous material may be delivered. Change Clause 1 to read as follows: “The SELLER shall provide information about any hazardous materials or substances to be supplied under the Contract to LOCKHEED MARTIN”.

DEFCON 76 (Edn 10/04) Contractor’s Personnel at Government Establishments

Applies if Contractor will be accessing U.K. Government facilities.

DEFCON 117 (Edn 08/02) Supply of Documentation for NATO Codification Purposes.

Communications between SELLER and the Authority under this clause shall be made through LOCKHEED MARTIN.

DEFCON 501 (Edn 04/04) Definitions and Interpretations.

Applies to the extent that any DEFCON included in this contract contains any of the defined terms. The provisions of this clause are in addition to any definitions included elsewhere in this contract. The following is added after “instrument” at the end of Clause 3: “in effect at Contract award.” The following definitions are incorporated:

“Authority” shall mean The Secretary of State for Defence for Great Britain and Northern Ireland.

“Days” shall mean calendar days unless otherwise specified. “Subcontract” shall mean subcontracts or orders that are entered into by the Contractor with their suppliers for the performance of this Contract between the Contractor and the

Authority, and “Subcontractor” shall mean the supplier in such a subcontractor or order. “Work Package” is an individual package of work, with a specific defined requirement within the scope of the CEA to be contracted between the Parties against a unique Contract Number in accordance with the principles of and utilizing the Terms and Conditions agreed within the CEA. Where a “Work Package” has been contracted against a unique Contract Number, the term “Work Package” within the CEA and Terms and Conditions called up shall be read as “Contract.”

DEFCON 502 (Edn 09/97) Specifications.

In paragraph 4, the reference to DEFCON 614 is changed to "the termination for default provisions of this contract." The remedies described in this clause may be exercised by Lockheed Martin against SELLER if Lockheed Martin is so directed by the Authority. SELLER agrees to bear the entire cost of liability arising from violation of this provision by SELLER or its subcontractors. Change Clause 1 to read as follows: "For the purposes of the Contract, "the Specification" shall include any mutually agreement upon technical requirement, sample, pattern, specification, plan drawing or statements of work, which individually or collectively, forms part of the Contract." Change Clause 3 to read as follows: "A Representative of the Authority may, by notice, after consultation with the Contractor as necessary, alter its requirements as from a date and to the extent specified by the Authority. Upon receipt of such notification, the Contractor shall engage in good faith negotiations with the Authority for an amendment to the Contract, with equitable adjustments to price, schedule and other Terms and Conditions, as appropriate. The Articles or Services shall be in accordance with the Contract so altered."

DEFCON 513 (Edn 09/97) Value Added Tax

DEFCON 521 (Edn 10/04) Sub-Contracting to Supported Employment Enterprises

Applies if SELLER is located in the United Kingdom or to any further subcontract issues in the United Kingdom

DEFCON 624 (Edn 04/00) Use of Asbestos in Arms, Munitions or War Materials. Applies if SELLER will be furnishing parts or material under this Contract. **DEFCON 643** (Edn 10/02) Price Fixing Part I of the Appendix to the Condition applies. "The Contractor" means "Lockheed Martin." Price Fixing. 'For the purposes of Clauses 3(4) and (6) only of DEFCON 643 (Price Fixing) [and Clauses 3 and 4 of Part I and Part II of Appendix to DEFCON] the relevant officials of the Government of USA or the UK Government shall be the authorised representatives of the Authority.'

DEFCON 654 (Edn 10/98) Government Reciprocal Audit Arrangements. The overseas government referred in the clause refers to the United States Government.

DEFCON 656 (Edn 10-04) Break.

For the purposes of this DEFCON, the period of notice requires is at least 3 months. "Authority" means "Lockheed Martin." The indemnity referred to in paragraph (c) shall

apply to the extent Lockheed Martin is indemnified by its customer in connection with this contract.

DEFCON 684 (Edn 01/04) Limitations Upon Claims in Respect of Aviation Products

The indemnity covered by this clause applies only to the extent indemnity is extended directly by the Authority. No indemnity nor contribution shall be provided by Lockheed Martin.

F. SUPPLY OF INFORMATION ABOUT SUBSTANCES REFERRED TO IN THE MONTREAL PROTOCOL

(a) As a signatory to the Montreal Protocol on Substances that deplete the Ozone Layer, Her Majesty's Government is committed to the reduction of the production and consumption of those Substances controlled under the Protocol. SELLER shall supply a list specifying:

- (1) All substances listed at paragraph (b) below contained in the Items (including the packaging thereof, whether or not specified in this PO)
- (2) The quantity of each of the substances at paragraph (b) below contained in the Items;
- (3) Where in the Items (including packaging) the substances listed at paragraph (b) below are contained; or
- (4) Any designs to be procured under the PO, which would include any of the controlled substances
- (4) Or confirm that none of the substances listed at paragraph (b) below are contained in or have been used in the supply of the Items.

(b) PROTOCOL SUBSTANCES

MONTREAL PROTOCOL SUBSTANCES	
CFCs - Production of controlled CFCs has stopped	
CFC-11 (Trichlorofluoromethane)	CFC-211
CFC-12 (Dichlorodifluoromethane) CFC-13	CFC-212
CFC-111	CFC-213
CFC-112	CFC-214
CFC-113 (Trichlorotrifluoroethane) CFC-114	CFC-215
(Dichlorotetrafluoroethane) CFC-115	CFC-216
(Chloropentafluoroethane)	CFC-217

The above substances are also used in Blends. e.g.:- CFC-500 (CFC-12/HFC-152a) CFC-502 (CFC-115/HCFC-22)			
HALONS - Production of controlled Halons has stopped			
Halon-1211 (Bromochlorodifluoromethane - BCF) Halon-1301 (Bromotrifluoromethane - BTM) Halon 2402			
HBFCs - No production after 31st December 1995			
CHFBr ₂	C ₃ HF ₆ Br	C ₂ HF ₄ Br	C ₃ H ₂ F ₅ Br
CHF ₂ Br	C ₃ H ₂ FBr ₅	C ₂ H ₂ FBr ₃	C ₃ H ₃ FBr ₄
CH ₂ FBr	C ₃ H ₃ F ₂ Br ₃	C ₂ H ₄ FBr	C ₃ H ₄ F ₂ Br ₂
C ₂ H ₂ F ₂ Br ₂	C ₃ H ₃ F ₃ Br ₂	C ₃ HFBr ₆	C ₃ H ₄ F ₃ Br
C ₂ H ₂ F ₃ Br	C ₃ H ₃ F ₄ Br	C ₃ HF ₂ Br ₅	C ₃ H ₅ FBr ₂
C ₂ H ₃ FBr ₂	C ₃ H ₄ FBr ₃	C ₃ HF ₃ Br ₄	C ₃ H ₅ F ₂ Br
C ₂ H ₃ F ₂ Br	C ₂ HFBr ₄	C ₃ H ₂ F ₂ Br ₄	C ₃ H ₆ FBr
C ₃ HF ₄ Br ₃	C ₂ HF ₂ Br ₃	C ₃ H ₂ F ₃ Br ₃	
C ₃ HF ₅ Br ₂	C ₂ HF ₃ Br ₂	C ₃ H ₂ F ₄ Br ₂	
HCFCs - Production to be run down and phased out by 2015 (Certain use controls apply)			
HCFC-21	HCFC-141	HCFC-225ca	HCFC-243
HCFC-22	HCFC-141b	HCFC-225cb	HCFC-244
HCFC-31	HCFC-142	HCFC-226	HCFC-251
HCFC-121	HCFC-142b	HCFC-231	HCFC-252
HCFC-122	HCFC-151	HCFC-232	HCFC-253
HCFC-123	HCFC-221	HCFC-233	HCFC-261
HCFC-124	HCFC-222	HCFC-234	HCFC-262
HCFC-131	HCFC-223	HCFC-235	HCFC-271
HCFC-132	HCFC-224	HCFC-241	
HCFC-133	HCFC-225	HCFC-242	
Carbon Tetrachloride (CCl ₄) - production has stopped			
1,1,1-Trichloroethane (C ₂ H ₃ Cl ₃) - No production after 1 st December 1995			
Methyl Bromide (CH ₂ Br) - Production limits apply			

G. PRICE FIXING (APPLICABLE TO FIXED PRICE CONTRACTS)

(a) For the purpose of estimating the costs of production of the Items to be furnished under the prime contract, SELLER shall, at all times before prices for those articles have been finally fixed, afford such facilities as LOCKHEED MARTIN or the Authority may reasonably require for their representatives to visit SELLER's premises and examine any or all of the processes involved in, and the plans for, the manufacture of the Items to be furnished under this PO.

(b) In this Article, the expression "the prime contract" means the contract between LOCKHEED MARTIN and the Authority in connection with which, or for the purposes of which, this PO has been made.

H. SUPPLY OF DOCUMENTATION FOR NATO CODIFICATION PURPOSES

(a) For Items furnished by SELLER to LOCKHEED MARTIN and items procured by SELLER from a lower tier subcontractor or vendor, SELLER will furnish to LOCKHEED MARTIN the name of the actual manufacturer(s) and his/their drawings or part numbers and applicable technical data, plus draft item identifications if required. All necessary data and related draft item identifications required will be submitted at the earliest practicable date but in all instances within the time limits specified by this PO.

(b) For as long as at least five aircraft remain in service, SELLER will provide to LOCKHEED MARTIN updating information regarding all modifications or design changes made to the equipment or spare parts. When draft item identifications are to be furnished, these will be provided in accordance with the guide for the preparation of item identifications furnished by the designated agency of the producing country.

I. PATENTS

[This Article shall apply only to work performed by SELLER under this PO in the United Kingdom.]

(a) Under the provisions of Sections 55 and 56 of the Patents Act 1977, and Section 12 of the Registered Designs Act, 1949, and subject to specific approval of the Authority, SELLER is hereby authorized for the purpose of tendering for or performing this PO (but not otherwise) to use in accordance with the said provisions any invention or design to which the said provisions relate (hereinafter referred to as invention or design except as qualified by the parentheses in paragraph (g) of this Article) and to use any model, document or information relating to any such invention or design which may be required for that purpose.

(b) By Section 57 of the Patents Act, 1977, and Section 12 of the Registered Designs Act, 1949, SELLER is released by the Authority from liability under any license, assignment, assignation or agreement to make any payments, whether by way of royalties, license fees or similar expenses in respect of SELLER's use of any invention or design in accordance with paragraph (a) of this Article, or the use of any model, document or information relating thereto for the purpose of tendering for or performing this PO.

(c) No royalty, license fee or similar expense in respect of the use by SELLER of any invention or design mentioned in paragraph (a) above for the purpose of tendering for or performing this PO, or in respect of the use by SELLER of any model, document or information mentioned in paragraph (a) above will be allowed as a proper item of cost incurred by SELLER unless it shall have been specifically agreed to by LOCKHEED MARTIN and no such royalty, license fee

or similar expense not so agreed shall be included in LOCKHEED MARTIN's tender, quotation, offer, acceptance or contract price. If any claim in respect of use or alleged use of any invention or design as is mentioned in paragraph (a) above is made against SELLER it shall be referred to LOCKHEED MARTIN.

(d) SELLER shall within 3 months, or such additional time as may be agreed, of the date of this PO supply LOCKHEED MARTIN with a statement setting out the details of any license or other agreement under which SELLER would or might, but for the authorization of paragraph (a) above of this Article and the release from liability to make payment of paragraph (b) of this Article, have been liable to make any payment in respect of the use of any invention or design, or the use of any model, document or information. Thereafter SELLER shall as soon as may be reasonably practicable upon entering into any license or other agreement as aforesaid after the date of this PO and that license or other agreement is not included in the aforesaid statement supply LOCKHEED MARTIN with the details of such license or other agreement. If any claim for any such payment as is mentioned in paragraph (b) above is made against SELLER it shall be referred to LOCKHEED MARTIN.

(e) SELLER shall inform LOCKHEED MARTIN as soon as possible after the date of this PO of any invention or design to which the foregoing provisions of this Article relate, the use of which, by SELLER, is known by SELLER to be likely to be required for the purpose of this PO, and which SELLER would not have been entitled to use if this authority had not been given.

(f) If and insofar as SELLER has already given to LOCKHEED MARTIN any of the information required under paragraphs (d) and (e) above in connection with a previous contract it shall be sufficient for SELLER to identify such contract and the letter giving such information.

(g) SELLER shall not be entitled to claim or include as an element in SELLER's price any payment by way of royalty, license fee or similar expense for the use in the performance of this PO of any invention (whether patented or not), design (whether registered or not), drawing, model, plan, document or information whether owned by SELLER or not, unless the payment has been specifically agreed to by LOCKHEED MARTIN.

(h) In the event of SELLER placing any lower tier subcontract for the purpose of this PO, SELLER shall request or shall require the lower tier subcontractor to request the Authority to confer on the lower tier subcontractor like authority in respect of the lower tier subcontract as is conferred on SELLER by paragraph (a) above in respect of this PO and the Authority will, upon being so requested, confer upon the lower tier subcontractor such like authority, and the provisions of paragraphs (b), (c) and (g) of this Article shall apply to anything done by the lower tier subcontractor for the purpose of tendering for or performing the lower

tier subcontract in like manner as those provisions apply to anything done by SELLER for the purpose of tendering for or performing this PO.

(i) SELLER shall make reasonable efforts to incorporate in any lower tier subcontract for the purpose of this PO provisions whereby there shall subsist between SELLER and the lower tier subcontractor rights and obligations in respect of the lower tier subcontract corresponding to those subsisting between LOCKHEED MARTIN and SELLER in respect of this PO by virtue of paragraphs (d), (e) and (g) of this Article and SELLER shall take all reasonable steps to secure that the lower tier subcontractor observes the obligations so imposed upon SELLER and shall upon obtaining any information from the lower tier subcontractor in accordance with any provision so incorporated in the lower tier subcontract pass that information to the Authority without delay.