

LOCKHEED MARTIN CORPORATION
PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)
ADDITIONAL TERMS AND CONDITIONS FOR SUBCONTRACTS/PURCHASE ORDERS
UNDER

UAE F-16 PROGRAM
A/C RE-50 (3075) REPAIR & RETURN, AND DELIVERY
OF UPDATED GE ENGINE F-110-GE-132 955M10601, S/N 628102
CONTRACT APPENDIX

Generated using Lockheed Martin CorpDocs 2010 Version

21 June 2010

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 PSFD is inapplicable to the performance of this Contract, the parties shall consider such clauses to be self-deleting and shall not impose any obligations upon the SELLER.

SUPPLEMENT TO CORPDOC 1 GENERAL PROVISIONS (2010 Version) CLAUSE 4. CHANGES

4.(c) The first sentence is revised as follows: "SELLER must assert its right to an equitable adjustment under this clause within twenty (20) days from the date of receipt of the written change order from LOCKHEED MARTIN."

Add the following: "(e) If any Item to be delivered under this Contract is an Item that is newly developed for this Contract or an Item that is modified to fit the requirements of this Contract, the following additional paragraphs apply:

- (1) If, in the judgment of LOCKHEED MARTIN, certain modifications are deemed essential or mandatory for safety purposes, during production, Seller shall, at no cost to LOCKHEED MARTIN, incorporate the modification into the Item(s).
- (2) Prior to delivery of the last Item and through the warranty period of the last Item, any modification kits for those Safety of Flight TCTOs considered mandatory by LOCKHEED MARTIN or the United States Government shall be provided to LOCKHEED MARTIN for systems already delivered, at no cost to LOCKHEED MARTIN."

CLAUSE 8. DEFINITIONS

Add the following definitions:

AOG	Aircraft on Ground.
BER	Beyond Economical Repair for a repairable item.
Brand New	A Product of recent manufacture, production or purchase and is unused. The term “New” shall have the same meaning.
Delivery or Dispatch Note	A document, generated on behalf of SELLER, which identifies inbound cargo.
Diminished Manufacturing Sources (DMS) or Obsolete	Products or components that are no longer being manufactured and therefore are no longer available for purchase from qualified suppliers.
Documentation	Includes, but is not limited to, Data, Operations Manuals, Software Documentation, Country Standard Technical Orders, Intermediate Commodity Technical Orders, Commercial Manuals required to be delivered under this Purchase Order.
End User Force	UAE Air Force and Air Defence (AF & AD).
Equipment	Alternate Mission Equipment, Support Equipment, Modular Mission Support System (MMSS), Test Equipment, Spares, GPIATE, CIATE, Training Equipment, QRWIC or other hardware related to the operation, maintenance and support of the Block 60 Aircraft.
IOR	Immediate Operational Requirement.
Latest Manufacture Year	The most recent year that a Manufactured Product is available for purchase.
LRU	Line Replaceable Unit - Product that can be replaced at Organizational Level of

	Maintenance.
New	A Product of recent manufacture, production or purchase and is unused. The term “Brand New” shall have the same meaning.
NSN	National Stock Number.
OEM	Original Equipment Manufacturer.
Product	Aircraft, Engines, Spare Parts, Ground Support Equipment, Training Aids, Assemblies, Sub-Assemblies, Tooling, Miscellaneous Equipment, Special Technical Publications, Technical Publications, Modification Kits, Test Benches, and other Products, manufactured and/or supported by SELLER and owned and/or operated by the END USER FORCE and/or LOCKHEED MARTIN.
Routine Orders	Orders other than AOG or IOR.
SB	Service Bulletin.
SELLER’s Working Day(s)	The days in which SELLER’s personnel located at SELLER’s facilities in the United States are present and available for work on the contract. Work days include Monday through Friday. U.S. national holidays, as well as facility closures due to severe weather, local and national emergencies, etc. are excluded.
Service(s)	All the tasks to be performed by SELLER to fulfill the requirements of LOCKHEED MARTIN, such as Technical Assistance, Training, Overhaul/ Repair/ Calibration/ Modification of Product and repair schemes.
SRU	Shop Replaceable Unit - Product that can be replaced at Intermediate Level of Maintenance (workshop).
TAT	Turn Around Time for repairable, overhauled, modified, and calibrated items
TCTO	Time Compliance Technical Order.

CLAUSE 18. INSPECTION AND ACCEPTANCE

Add the following new subparagraphs:

(e) Notwithstanding any other provisions of this Contract, final inspection and acceptance of any item(s) shipped to LOCKHEED MARTIN, LOCKHEED MARTIN’s customer, or designated site in the UAE, shall take place within two (2) months after delivery under this Contract.

(f) Rejected Product. In the event a Product is received by LOCKHEED MARTIN, LOCKHEED MARTIN’S customer, or designated site in the UAE and does not conform to contractual specifications, and/or modifications as agreed upon, LOCKHEED MARTIN may reject such Product and SELLER must arrange for replacement of rejected Product free of charge (including the freight and insurance charges) as per the agreed specifications and modifications. The rejected Products are to be collected by SELLER at its own cost and risk.

CLAUSE 23. PACKING AND SHIPMENT

Add the following new subparagraph:

(e) **DOCUMENTS**

(i) The following documents shall be inserted in each package for all Products in the package:

- a. Four (4) copies of the Dispatch Note of SELLER, listing the content of the concerned packing (one (1) copy outside and three (3) copies inside each package),
- b. Certificate of Conformity of the Product duly signed by the OEM Quality Control Organization,

(ii) SELLER shall state on the Dispatch Note the new part number supplied in lieu, as well as the part number ordered.

(iii) Unless otherwise specified in the Contract, delivery terms shall be:

- a. FOB Origin, Freight Collect for U.S. suppliers, and b. Ex Works for foreign suppliers.

Other delivery terms shall be as specified in the Contract.

CLAUSE 35. WARRANTY

Replace this clause with the following:

(a) WARRANTY FOR NEW PRODUCTS

SELLER warrants New Products supplied by it under this Contract, for a period of twelve (12) months from the date of delivery to LOCKHEED MARTIN, against all defects in material and workmanship. SELLER warrants design and/or software for Products newly developed by SELLER for delivery under this Contract.

(b) WARRANTY FOR REPAIRED/OVERHAULED/MODIFIED/CALIBRATED PRODUCTS

SELLER warrants the Product parts replaced during repair or overhaul against all defects in material, software and workmanship, for a period of twelve (12) months from the date of delivery to LOCKHEED MARTIN.

(c) WARRANTY CLAIM PROCESS:

(i) LOCKHEED MARTIN shall issue a Repair Request and warranty claim to SELLER by fax or other electronic means giving all available information to SELLER.

(ii) In order to reduce the period between discovery of defect and repair/replacement of defective parts, SELLER's specialist(s) (if any) at LOCKHEED MARTIN facilities in CONUS or at the END USER FORCE facilities in the UAE, whenever possible, shall assist LOCKHEED MARTIN in deciding if the defective Products have to be dispatched to SELLER's factory for repair/replacement or can be repaired locally. SELLER's Tech Rep is authorized to sign in Block 19 of Annex 3 approving the repair under warranty.

(iii) SELLER will give priority to repair/replacement of Products, part or parts of Products returned under warranty so as to reduce as much as possible the duration of said repair/replacement.

Add the following new **CLAUSE 36. NEW PRODUCT ORDERING**

(a) UNPRICED ORDERS

LOCKHEED MARTIN may place routine orders by fax or other electronic means.

(i) For Routine unpriced orders, LOCKHEED MARTIN shall issue RFQs and SELLER shall, within ten (10) days, quote price and lead time. Quotations shall be valid for one hundred ninety (190) days. Upon receipt of LOCKHEED MARTIN's Contract, SELLER shall, within three (3) days of receipt, acknowledge receipt and begin performance. In case of a discrepancy, SELLER will request changes to the Contract to bring the Contract into compliance and begin performance.

(ii) For Priority unpriced orders, upon receipt of this Contract, SELLER shall deliver the product within one week. If not available, SELLER shall take all actions necessary to expedite delivery of the product.

(b) **LIMITED SHELF LIFE OF PRODUCTS**

For Routine and Priority orders, the remaining shelf life of the Product must be more than ninety percent (90%) of the total shelf life from the date of Delivery of the Product. (c) **DMS, OBSOLETE OR ALTERNATIVE**

PRODUCTS

(i) In the event of any of the Products or GSE mentioned on a Request for Quotation prove to be DMS/Obsolete before receipt of the order, SELLER shall advise LOCKHEED MARTIN in the response to the Request for Quotation, and shall provide a quotation for a substitute.

(ii) If, as a result of DMS and/or vanished sources, SELLER is unable to procure a form/fit/functional part or component necessary to fulfill any of the requirements of a Purchase Order, SELLER shall take all necessary actions to find a solution and then shall promptly notify LOCKHEED MARTIN to discuss any potential resolutions. LOCKHEED MARTIN and SELLER will negotiate any potential resolution, including any adjustment to price and/or schedule.

(iii) In the event that SELLER realizes any of the Products or GSE mentioned on a Purchase Order have changed after receipt of the order, SELLER shall be entitled to supply alternative Products or GSE in lieu of the ordered Product on the provision that the same are interchangeable, with the same or better technical specifications. SELLER will advise LOCKHEED MARTIN of such changes prior to delivery of the Product and will update corresponding technical publications. Such changes will be included in the next technical publication update.

Add the following new **CLAUSE 37.0 SAFETY / MANDATORY MODIFICATIONS / OBSOLESCENCE / REPETITIVE FAILURES**

(a) SELLER shall notify LOCKHEED MARTIN of all safety / mandatory modifications approved as such by SELLER during the life of this agreement.

(i) For Products under warranty that were purchased under this agreement, SELLER shall provide the necessary kits to LOCKHEED MARTIN at no cost to LOCKHEED MARTIN for all safety / mandatory modifications and the related updating of the technical publications and all necessary tools, if not available to LOCKHEED MARTIN or its customers.

(ii) SELLER's warranty representative's team shall be sent to assist LOCKHEED MARTIN in the installation of these TCTO kits, or in the absence of SELLER team, the on-site SELLER's technical representatives shall assist LOCKHEED MARTIN maintenance technicians on the installation of said TCTO kits at no cost to LOCKHEED MARTIN.

(b) SELLER undertakes to inform LOCKHEED MARTIN if any modification is ordered by SELLER's customers including the US Government, or proposed by SELLER itself or embodied in the Product and subject to the approval of LOCKHEED MARTIN, whether or not affecting the operational capabilities of the Aircraft. SELLER will provide LOCKHEED MARTIN with the relevant technical information, cost and

schedule of implementation, save in the case of the above subparagraph (a). LOCKHEED MARTIN shall advise SELLER of its decision within three (3) months from date of notification by SELLER.

(c) LOCKHEED MARTIN may ask SELLER to make a proposal for studies relating to a specific modification for LOCKHEED MARTIN's own operational needs. All cost related to the study and implementation of such specific need shall be mutually agreed upon.

(d) SELLER shall inform LOCKHEED MARTIN by fax or any other means of communication immediately of any incidents, accidents, or Product deficiencies involving the safety of using an aircraft, including the actions to be taken.

(e) SELLER shall notify and support LOCKHEED MARTIN of obsolescence of Products due to a change in manufacturer/vendor or enhancements as the information becomes available from SELLER's Suppliers.

(f) In the event SELLER proposes an obsolescence modification that could lead to degradation or reduction in performance / reliability / durability parameters of a standalone system or integrated system and its related Equipment and GSE, SELLER shall propose a replacement Product study at no extra cost to LOCKHEED MARTIN.

(g) In the case of a repetitive defect/failure during the warranty period, defined as three (3) of the same type of failure, LOCKHEED MARTIN and SELLER will together investigate the reason(s) for such frequent defect/failure to find a solution to eliminate the repetitive nature of the defect/failure. Corrective steps will be defined, including study and implementation by SELLER free of charge, as mutually agreed upon, of corrective action or modification to correct the repetitiveness of the said defect provided that the repetitive defect/failure is the fault of SELLER or SELLER's suppliers.

Add the following new **CLAUSE 38.0 OTHER SERVICES**

(a) INVESTIGATIONS

(i) If requested by LOCKHEED MARTIN and in case of an Aircraft accident/incident, SELLER will send a team for a technical investigation. The results of such investigation shall be sent to the official flight safety and Directorate of Logistics authorities of LOCKHEED MARTIN. The results of such investigation shall be submitted both in hard copy (two (2) paper copies) and electronic copy (two (2) CDs).

(ii) If requested by LOCKHEED MARTIN, SELLER will conduct and provide technical studies to support subparagraph 42(a)(i) above.

(iii) The above services shall be within Contract prices. Add the following new **CLAUSE 39.0 POLITICS**

In the event SELLER or SELLER's employees perform any part of this Contract in the UAE, SELLER agrees that its employees shall refrain from participating in the politics of the UAE, and are forbidden to deal in any private business for profit in the UAE. In the event SELLER or SELLER's employees fail to comply with this clause, in addition to any other remedy LOCKHEED MARTIN may have, LOCKHEED MARTIN may request SELLER, at its own expense, to replace the employee(s) without any delay in the performance of this Contract.