

LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

JSF SDD CONTRACT NUMBER N00019-02-C-3002

Generated using Lockheed Martin CorpDocs 2011 Version

May 10, 2011

The following are the supplemental terms and conditions to be incorporated, in addition to those other terms and conditions (e.g., CorpDoc 3, CorpDoc 3a, CorpDoc 4, etc.), into subcontracts issued under the F-35 SOD prime contract Prime Contract N00019-02-C-3002 (the Prime Contract). These supplemental terms and conditions are subject to revision as prime contract terms, conditions, and requirements change.

1. The following FAR, DFARS and AFFARS clauses are added:

FAR 52.204-4 PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER (AUG 2000)

FAR 52.227-1 AND Aft 1 AUTHORIZATION AND CONSENT (JUL 1995) AND ALTERNATE 1 (APR 1984)

FAR 52.227-12 AND Alt 1 PATENT RIGHTS-RETENTION BY CONTRACTOR (LONG FORM) (JAN 1997) AND ALTERNATE 1 (JAN 1989). Applies if this contract is for experimental, developmental, or research work and Seller is a large business concern. Reports required by this clause shall be filed with the agency identified in this contract. If no agency is identified, contact Lockheed Martin's authorized purchasing representative identified on the face of the contract. FAR 52.227-12 Alternate 1 adds the following sentence at the end of Paragraph (b) of the basic clause: "The license shall include the right of the Government to sublicense foreign governments, their nationals, and international organizations pursuant to the following treaties or international agreements: JSF SDD Framework MOU."

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 "any country in which Seller performs work under this contract"

FAR 52.245-9 USE AND CHARGES (JUN 2007) Communications with the Government under this clause will be made through Lockheed Martin.

DFARS 252.204-7000 DISCLOSURE OF INFORMATION (DEC 1991) Note 2 applies. In paragraph (b), change 45 days to 30 days.

DFARS 252.209-7000 ACQUISITIONS FROM SUBCONTRACTORS SUBJECT TO ON-SITE INSPECTION UNDER THE INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY (NOV 1995) Applies if this contract exceeds \$100,000.

DFARS 252.222-7006 RESTRICTIONS ON THE USE OF MANDATORY AGREEMENTS (MAY 2010) The certification in paragraph (b)(2) applies to both Seller in its own capacity and to Seller's covered subcontractors.

DFARS 252.225-7009 DUTY-FREE ENTRY – QUALIFYING SUPPLIES (END PRODUCTS AND COMPONENTS) (AUG 2000) Note 2 applies.

DFARS 252.225-7010 DUTY-FREE ENTRY- ADDITIONAL PROVISIONS (AUG 2000)

DFARS 252.225-7012 PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES (AUG 2000) Applies if Seller is furnishing any of the items covered by this clause.

DFARS 252.225-7014 and Alt 1 PREFERENCE FOR DOMESTIC SPECIALTY METALS (MAR 1998) AND ALTERNATE 1 (MAR 1998) Applicable if the Work to be furnished hereunder contains specialty metals

DFARS 252.225-7022 RESTRICTION ON ACQUISITION OF POLYACRYLONITRILE (PAN) CARBON FIBER (JUN 1997)

DFARS 252.225-7025 RESTRICTION OF ACQUISITION OF FORGINGS (JUN 1997) Applies if the Work contains forging items described by the clause.

DFARS 252.225-7026 REPORTING ON CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (JUN 2000) Delete paragraph (c). DFARS 252.225-7032 WAIVER OF UNITED KINGDOM LEVIES-- EVALUATION OF OFFERS (APR 2003) Note 2 applies. Applies if Seller is a United Kingdom firm. "Contracting Officer means "Lockheed Martin."

DFARS 252.227-7013 and Alt 1 RIGHTS IN TECHNICAL DATA NONCOMMERCIAL ITEMS (NOV 1995) AND ALTERNATE 1 (JUN 1995) DFARS 252.227-7014 and Alt 1 RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION (JUN 1995) AND ALTERNATE 1 (JUN 1995)

CORPDOCs Supplement for F-35 SDD Contract (May 10, 2011)

DFARS 252.227-7036 DECLARATION OF TECHNICAL DATA CONFORMITY (JAN 1997) Note 3 applies. DFARS 252.234-7002 EARNED VALUE MANAGEMENT SYSTEM (APR 2008) Note 3 applies in paragraph (e).

DFARS 252.239-7016 TELECOMMUNICATIONS SECURITY EQUIPMENT, DEVICES, TECHNIQUES, AND SERVICES (DEC 1991) Applies if this contract requires securing telecommunications.

DFARS 252.242-7005 COST/SCHEDULE STATUS REPORT (MAR 1998) Notes 1 and 2 apply.

DFARS 252.243-7002 REQUESTS FOR EQUITABLE ADJUSTMENT (MAR 1998) note 1 applies.

DFARS 252.246-7001 WARRANTY OF DATA (DEC 1991) Notes 2 and 4 apply. The last sentence in paragraph (b) is changed to read as follows: The warranty period shall extend for three years after completion of delivery of the data to Lockheed Martin, or if the data is delivered to the Government, either by Lockheed Martin or Seller, the warranty period shall extend for three years after delivery to the Government."

DFARS 5352.223-9001 HEALTH AND SAFETY ON GOVERNMENT INSTALLATIONS (JUN 1997) Note 2 applies. Applies if Seller will perform work under this contract on a government installation.

AFFARS 5352.242-9001 COMMON ACCESS CARDS (CACs) FOR CONTRACTOR PERSONNEL (AUG 2004) Applies if Seller will perform work on a Government installation. All communication with the government required by this clause shall be conducted through Lockheed Martin.

2. The following Section H is added:

SECTION H - SPECIAL PURCHASE ORDER REQUIREMENTS

For purposes of this Section H, "Government" means the United States Government.

H-1 OBLIGATED FUNDS AND LIMITATION OF FUNDS

- A. LOCKHEED MARTIN shall not be obligated to pay SELLER an amount in excess of funds obligated herein for each program element as indicated below.

The funds set forth below shall be considered actually obligated by LOCKHEED MARTIN to SELLER as of the first day of each period. In the event LOCKHEED MARTIN terminates or issues a stop work order for all or a portion of one or more categories, funding for the affected task or portion thereof shall be frozen as of the date notice is given to SELLER.

A Termination Liability Funding Forecast shall be provided 30 days after receipt of an authorization to proceed with the work. Reports are required quarterly for the first four quarters; thereafter, updates shall be submitted as significant changes occur. "Significant change" is defined as a variance of 10% or \$500,000.00, whichever is less, to the program element price.

Program
Element
Prime Contract Number or <u>Change Authorization</u>
Funds
Obligated
Date
Obligated

- B. It is further recognized that the funds authorized in paragraph A., above, may be increased or decreased by LOCKHEED MARTIN at any by written notice to SELLER.
- C. It is understood and agreed by the Parties that this clause is applicable only until such time as the funds obligated for each program element equals the prices established therefore in the Contract and that when the Contract becomes fully funded, this clause shall be of no force and effect.

H-2 PERFORMANCE RESPONSIBILITY

- A. Total System Performance and Integration Responsibility (TSPIR) is the responsibility for the integration and necessary performance of the _____ (i.e. its systems and subsystems components), including the responsibility for undertaking any and all action

necessary to assure that the total system will meet all requirements as SELLER hereby expressly agrees to accept TISPR for the whether or not its systems, subsystems, or components are fabricated, manufactured, or assembled by SELLER or SELLER's subcontractors, and notwithstanding that any such subcontractor shall have been selected pursuant to any provision hereof encouraging or providing incentive for subcontracting with small or small disadvantage business concerns.

B. SELLER represents that it reviewed and agreed with the practicality and feasibility of the applicable Specification recited in the Statement of Work referenced in the Contract. LOCKHEED MARTIN agreed to execute this Contract based on SELLER's representation. Accordingly, notwithstanding any conflict or inconsistency which hereafter may be found between achievement CORPDOCs Supplement for F-35 SOD Contract (May 10, 2011)² of the performance requirements and adherence to SELLER's proposed design for the product identified in paragraph A., above, SELLER hereby warrants that the system to be delivered hereunder will meet as a minimum the performance requirements delineated in the Specification.

C. SELLER shall be fully responsible for the integration of all of its systems, sub-systems, and components and hereby agrees to make certain that any or all required inspection and acceptance test procedures are accomplished and are sufficient to meet the Specifications. Further, SELLER agrees that all systems, subsystems and components will be installed and integrated into the without any degradation of performance of that item or in the overall system performance. SELLER's responsibility to install and integrate subsystems and components without resultant degradation of performance of any such item is in addition to and not in substitution of its responsibility to insure that the total system will meet all requirements as provided in Paragraph A., above; and the requirements of this Paragraph C shall in no way excuse SELLER from compliance with any other requirements in this Special Contract requirement.

D. SELLER shall be fully responsible for the support of all its systems, subsystems and components, and shall provide such TSPiR support in accordance with the Statement of Work in this Contract. SELLER acknowledges the requirement to implement a LOCKHEED MARTIN approved TSPiR program that shall achieve the best balance of support requirements defined in the Statement of Work. SELLER's Supportability Plan shall define TSPiR program and its implementation. SELLER shall provide support for the SDD Systems, subsystems and components. SELLER is responsible for compliance with the requirements of the JSF Support Depot Harmonization Plan as referenced in the Statement of Work.

E. SELLER recognizes and agrees that its assumption of TSPiR has the following consequences:

(1) The cost of performing TSPiR is included in the price of the Contract and the SELLER shall not be entitled to any equitable adjustment in fulfilling the TSPiR responsibilities.

(2) SELLER is not relieved of its obligation to make timely delivery, nor is it entitled to any other adjustment because of

failure of SELLER to implement corrective action. F. SELLER further agrees that:

(1) Notwithstanding any conflict, ambiguity or inconsistency which may hereafter be discovered between specifications and drawings, SELLER shall, at no increase in Contract price and with no extension in the delivery schedule, assure that all deliverables and end item conform to the Specifications;

(2) Notwithstanding the right of LOCKHEED MARTIN to review SELLER's efforts and progress, particularly design reviews, PCA/FCA, approval of test procedures, and test or approval of Specifications and data items, which may be provided for elsewhere in this Contract, it is expressly understood that SELLER is completely responsible for the compliance of all Contract

deliverables end items with the provisions of Contract. Any review
LOCKHEED MARTIN shall not relive SELLER of its system integration and performance
responsibility.

G. Notwithstanding the "Changes" clause or any other clause of this Contract, SELLER hereby agrees that no SELLER generated changes to the SELLER generated Specifications under this Contract, that are reviewed and approved by LOCKHEED MARTIN, which may be necessary to permit achievement of the performance requirements specified herein for the SELLER proposed systems for the program, shall entitle SELLER to any increase in the Contract price set forth elsewhere in this Contract or to any extension in delivery times,

H-3 LOCKHEED MARTIN'S INTEGRATED MASTER PLAN/INTEGRATED MASTER SCHEDULE (IMS/IMP)

A. GENERAL DESCRIPTION. LOCKHEED MARTIN's IMP/IMS are documents which provide insight into the process and related schedules associated with accomplishing the design, development, fabrication, testing and delivery of the JSF Air System. The primary consideration in the application of the IMP/IMS is to field a JSF Air System that meets the contract specifications within the affordability constraints of the program.

B. DEFINITION OF TERMS. The IMP is divided into three categories: Events, Significant Accomplishments, and Accomplishment Criteria, as defined below. The IMS consists of Detail Tasks and Calendar Schedule relating to the LOCKHEED MARTIN IMP.

- (1) Event (IMP) The initiation or conclusion of an interval of major program activity.
- (2) Significant Accomplishment (IMP) Desired result within a specified event which indicates a level of design maturity (or progress) directly related to each product/process.
- (3) Accomplishment Criteria (IMP)- A definitive measure/indicator that the level of maturity (or progress) has been achieved.
- (4) Detailed Tasks (IMS) Detailed work effort to be completed in support of a specific Significant Accomplishment.
- (5) Calendar Schedule (IMS) Detailed schedule (dates) for the work effort to be completed.

C. SUPPORT OF LOCKHEED MARTIN's IMP and IMS. In the event of a conflict between SELLER and LOCKHEED MARTIN IMP and IMS, LOCKHEED MARTIN's IMP and IMS shall take precedence, unless otherwise approved by a duly authorized representative of LOCKHEED MARTIN.

D. CHANGES TO IMP. The IMP is contained in Section J of this Contract. Changes to the IMP can only be made by SELLER if agreed to by LOCKHEED MARTIN.

H-4 GOVERNMENT PROPERTY FOR THE PERFORMANCE OF THIS CONTRACT (COST-REIMBURSEMENT) (MAR 2008)

Pursuant to FAR Clause 52.245-1 "Government Property (Cost-Reimbursement, Time and Material, or Labor Hour Contracts) (JUN 2007) the Seller is authorized to use the following Government property on a rent-free basis in performing this contract:

(a) Government Property currently accountable under the following contract

(b) Government-Furnished Property provided under this contract: TBD

The Seller is responsible for scheduling the use of all property covered by this clause and the Government shall not be responsible for Seller-caused conflicts, delays, or disruptions to any work performed by the Seller due to use of any or all such property, either under this contract or any other contracts under which use of such property is authorized.

(c) Government Furnished Property Provided "As Is": The Government Furnished Items listed in (a) or (b), above, that are provided to the Seller in an "As-Is" condition pursuant to FAR 52.245-1 may be repaired or modified, to meet contractual requirements, as a direct cost to this contract, as defined in items (1) through (4), below.

(1) If "As-Is" Government Furnished Items listed in (a) or (b), above, require refurbishment, the cost of which does not exceed 50% of acquisition cost, then Seller may proceed with refurbishment using contract funds and without obtaining Contracting Officer approval.

(2) If refurbishment costs exceed 50% of acquisition cost, the Seller shall seek PCO authorization, through LOCKHEED MARTIN, prior to undertaking a repair.

(3) Any repair or modification of these items shall not affect the title of the Government.

(4) Any refurbishment of Government Furnished Items provided As-Is shall not negate the warranty. That is, the Government does not warrant the condition of these assets provided to the Seller.

H-5 DISCLOSURE OF INFORMATION (DFARS 252.204-7000 (DEC 1991) (DEVIATION)

(a) SELLER shall not release to anyone outside the SELLER's organization any information, regardless of medium (e.g., film, tape, document), pertaining to any part of this Contract or any effort directly related to the JSF Program unless-

- (1) LOCKHEED MARTIN and the JSF Program Office (JSFPO) have given prior written approval; or
- (2) The information is otherwise in the public domain before the date of release.

(b) Requests for approval shall identify the specific information to be released, the medium to be used, and the purpose for the release. "Information" includes but is not limited to, news releases, articles, manuscripts, brochures, advertisements, still and motion pictures, speeches, trade associations meetings, symposia, published professional papers. SELLER shall submit the original and 1 copy of the material proposed for release to the LOCKHEED MARTIN Authorized Procurement Representative, who will forward the request to the appropriate Contracts administrator who will then forward to the JSFPO.

Where practicable, requests and specific information may be provided to LOCKHEED MARTIN using an electronic medium appropriate for the security level of the information to be transmitted. SELLER must submit any requests to LOCKHEED MARTIN at least 20 working days before the proposed date for release. The JSFPO requires at least 15 working days to process any such request.

(c) SELLER shall include a statement indicating the project or effort depicted was or is sponsored by:
JSFPO
Arlington, VA

H-6 ALTERNATIVE DISPUTE RESOLUTION

Alternative Dispute Resolution is the preferred approach for settling Contract disputes. Accordingly, the parties confirm their mutual commitment to consider the use of Alternative Dispute Resolution (ADA) processes to avoid or resolve disputes under this Contract. Notwithstanding the foregoing, nothing herein limits the Parties' rights and remedies under the "Disputes" clause in Section I of this Contract.

H-7 PRESERVATION OF RIGHTS FOR INFORMATION PROVIDED ELECTRONICALLY

Information, whether delivered under any Supplier Data Requirements List (SDRL) or SELLER equivalent form of this Contract or in response to SELLER's Statement of Work provided to the Government or LOCKHEED MARTIN via the JSF Virtual Enterprise that would be deemed Technical Data under DFARS 252.227-7013, "Rights In Technical Data-Noncommercial Items," or Computer Software and Computer Software Documentation under DFARS 252.227-7014, "Rights in Noncommercial Software and Noncommercial Software Documentation," 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 or LOCKHEED MARTIN or delivery by SELLER 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 ACQUISITION STREAMLINING INITIATEVS

SELLER may submit a proposal for acquisition streamlining initiatives at any time during the performance of this Contract. However, any acquisition streamlining initiatives proposed by SELLER must be accompanied by supporting information. Such information must include cost and pricing data (if required by regulation), a risk assessment, and cost/benefit tradeoff analyses which clearly show that the proposed initiatives are cost effective, and a thorough discussion of whether the proposed initiatives comply with law and regulation. LOCKHEED MARTIN, at its sole discretion, will accept those acquisition streamlining initiatives that it considers desirable and bilaterally modify the Contract to incorporate those changes.

H-9 ENVIRONMENTAL CONTROLS (JAN 1991) (NAVAIR 252.223-9500)

For Contracts performed within the jurisdiction of the San Diego, California, Air Pollution Control District (implemented pursuant to stipulated Conditional Order of Abatement [Petition No. 1371] issued by San Diego, California, Air Pollution Control District and agreed to by the U.S. Navy). Notwithstanding that this Contract may require the use of paints or coatings which do not meet state or district requirements for reduced volatile organic compounds ("VOC's"), SELLER must comply with all federal, state and local regulatory requirements respecting air quality and emission limitations. It remains SELLER's responsibility to meet the requirements for reduced VOC's even where to do so will require the use of engineering controls or other special painting equipment.

H-10 DATA DELIVERY

All unclassified data and information, including technical data as defined in FAR 52.227-14, generated in the performance of this Contract shall be delivered electronically to the JSF Virtual Environment

(JSF Data Library (JDL) or Product Data Management System (PDM) . . .

H-11 MANAGEMENT OF SUPPLIERS

Notwithstanding any direction to the contrary herein, SELLER is required under this Contract to manage any and all lower tier subcontractors. SELLER shall not use a subcontractor's status as an agreed or directed source as a performance excuse or basis for equitable adjustment.

H-12 INDUSTRIAL PARTICIPATION

(a) It is anticipated that LOCKHEED MARTIN will be involved in a number of foreign industrial participation arrangements in various countries in connection with the sale of LOCKHEED MARTIN's products to foreign countries. SELLER agrees to cooperate with LOCKHEED MARTIN in fulfillment of such industrial participation obligations.

(b) LOCKHEED MARTIN encourages SELLER to develop a plan for creating industrial participation opportunities in many countries, including the following: Australia, Canada, Denmark, The State of the Netherlands, Norway, Italy, Turkey, and the United Kingdom. Any industrial participation credit value resulting from SELLER's procurements, investments or technology transfers related to work to be performed under this Contract shall accrue solely to the benefit of LOCKHEED MARTIN for its use.

(c) In addition, SELLER agrees to provide to LOCKHEED MARTIN, at no additional cost, a report every six (6) months during the performance of this Contract summarizing, by country, SELLER's lower tier industrial participation plan, investment plan, and technology transfer activity related to work to be performed under this Contract.

H-13 INVESTMENT

Any decision by SELLER at, or prior to, the date of award of this Contract or at or prior to the date of execution of any modification to this Contract to (i) incur costs, by reason of investment or otherwise, that are not expressly included in writing in the SELLER's bid, offer, or proposal to LOCKHEED MARTIN, agreed to by LOCKHEED MARTIN, and incorporated into this Contract's price, (ii) forego profit on costs, or (iii) apply a management decrement, is made at the sole risk of SELLER. SELLER acknowledges that the price of this Contract shall not be increased by any portion of incurred costs, foregone profit, or management decrement, for any reason, including, but not limited to, a termination for convenience of this Contract, notwithstanding any provisions of this Contract or applicable regulations governing termination for convenience settlements of purchase orders under United States Government prime contracts, unless LOCKHEED MARTIN expressly agrees in writing to pay such portion. LOCKHEED MARTIN, as set forth in the clause of this Contract entitled "Termination for Convenience (Fixed Price)," or "Termination (Cost Reimbursement)" may terminate this Contract for any reason if LOCKHEED MARTIN determines that it is in the LOCKHEED MARTIN's interest to do so. The term "any reason" includes, but is not limited to, termination of the LOCKHEED MARTIN's prime contract with the U.S. Government on any basis, convenience or default. A termination for default of this Contract is justified at any time where the circumstances provided in the clause of this Contract entitled "Default" apply.

H-14 SPECIAL TERMINATION COSTS (DFARS 252.249-7000) (1)

- (a) Definition "Special Termination Costs," as used in this clause, means only costs in the following categories as defined in FAR Part 31 of the Federal Acquisition Regulation (FAR)-
- (1) Severance pay, as provided in FAR 31.205-6(g);
 - (2) Reasonable costs continuing after termination, as provided in FAR 31.205-42(b);
 - (3) Settlement of expenses, as provided in FAR 31.205-42(g);
 - (4) Costs of return of field personnel from sites, as provided in FAR 31.205-35 and FAR 31.205-46(c);
 - (5) Costs in paragraphs (a)(1), (2), (3) and (4) of this clause in which subcontractors may be entitled in the event of termination.
- (b) Notwithstanding the Limitation of Cost/Limitation of Funds clause of this contract, the SELLER shall not include in its estimate of costs incurred or to be incurred, any amount for special termination costs to which the SELLER may be entitled in the event this contract is terminated for the convenience of LOCKHEED MARTIN.