

LOCKHEED MARTIN

APPENDIX R (REPAIRS / REBUILDS)

1. DEFINITIONS

“Condemn” or “Condemnation” is a determination, with LOCKHEED MARTIN’s written concurrence, that an Item is not susceptible to Rework or Repair.

“Item” any hardware, software, assembly, subassembly, component, subcomponent, module, part or other like item provided to SELLER for Rework, Repair, Replace or Condemnation under this Contract.

“Rework” is a procedure, approved by LOCKHEED MARTIN, applied to a non-conforming Item to cause it to conform completely to drawing, specification, and requirements as set forth in this Contract and any Authorizing Document issued hereunder.

“Repair” is the subjection of a non-conforming Item to a LOCKHEED MARTIN approved procedure designed to reduce but not completely eliminate the non-conformance to the extent that the Item still does not completely conform to the Item’s original specifications, but its functionality is unimpaired.

“Retest OK” or “RTOK” is the determination that the nonconformance cannot be verified.

“Replace” or “Replacement” is the substitution of any Item which is determined by SELLER not to be susceptible to Rework or Repair, with a new Item, having the most current engineering revision level of the Item.

“Rebuild” the Product or Article shall be disassembled, inspected, repaired as necessary, reassembled, tested, and approved to the same acceptance criteria (i.e. acceptance test procedure) in the same manner and to the same tolerances and limits as a new item with either new or used parts.

“Warranty Item” is any Work that is determined to be SELLER’s responsibility for nonconformance and that is returned to SELLER within the established warranty period or correction of deficiency period.

2. ADMINISTRATION –DETERMINATION OF REPAIR or REBUILD COST AND REQUIRED NOTIFICATIONS FOLLOWING RECEIPT OF ITEM

(a) SELLER shall notify LOCKHEED MARTIN by electronic transmission within 72 hours of receipt of an Item at SELLER’s facility. The notification is to include:

- (1) Origination point of the Item,
- (2) Date Item received on SELLER’s dock (On-Dock Date),
- (3) LOCKHEED MARTIN part number,

- (4) Part nomenclature,
- (5) Part serial number,
- (6) Authorizing Document number, and
- (7) Job control/QAR number, if any.

(b) If SELLER cannot verify the nonconformance, SELLER shall immediately notify LOCKHEED MARTIN and return the Item in accordance with the quality appendix and shipping instructions specified in the Purchase Order.

(c) If SELLER, at any time, determines that the anticipated total Rework, Repair or Rebuild cost of an Item will exceed seventy-five (75) percent of a new unit, then, the Item shall be regarded as beyond economical repair (“BER”), and SELLER shall immediately notify LOCKHEED MARTIN and provide estimated total Repair, Rework or Rebuild cost and an estimated cost and delivery schedule for a replacement Item. Regarding the item designated as ‘BER’, LOCKHEED MARTIN may elect to either 1) authorize the repair, rework, rebuild or modification, or 2) provide the SELLER direction to scrap the article; following disposition, a scrap certificate shall be provided to LOCKHEED MARTIN.

(d) SELLER shall notify LOCKHEED MARTIN if a nonconformance has been evaluated as not susceptible to Rework, Repair or Rebuild. SELLER shall identify to LOCKHEED MARTIN Items that are BER or, in the alternative, are non-repairable. SELLER shall not take any action to Condemn an Item unless and until LOCKHEED MARTIN has provided written disposition instructions to SELLER.

(e) If an Item is to be subject to Rework, Repair or Rebuild:

- a. The Supplier shall perform the inspection, test, check, and disassembly (repair or rebuild) work necessary and shall furnish to LOCKHEED MARTIN a detailed fixed price proposal for the repair or rebuild task except when the Supplier is obligated to perform the repair or rebuild without additional compensation under this purchase order.
- b. The Supplier shall furnish LOCKHEED MARTIN a fixed price proposal and schedule for the modification tasks identified in the order which have not been covered by any other proposal that has been or will be submitted under this purchase order except that no proposal need be submitted for those modification tasks that the Supplier is obligated to perform without additional compensation under this Purchase Order. LM shall not be obligated to pay any costs incurred by SELLER in preparing or submitting a proposal.
- c. The repair, modification or rebuild proposal shall identify the article, the order number (Purchase Order Number) and shall contain a breakdown of the man-hour and material requirements segregated as between repair and modification. This proposal shall be submitted to LOCKHEED MARTIN within a target of ten (10) workdays after receipt of an article.
- d. Upon completion of required negotiations, LOCKHEED MARTIN shall issue an appropriate change order formalizing the repair/modification or rebuild tasks.
- e. Damaged, illegible, or missing instructions or data plates shall be restored to a safe and functional condition or replaced with new parts.

- 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 Article, and suitable caps shall be provided for electrical connectors to prevent damage during handling and shipment.

3. ADMINISTRATION –REPAIR and REBULD REQUIREMENTS

(a) Subject to the provisions of this Contract, SELLER shall Rework or Repair the Item to the extent necessary for the Item to conform to the specifications under which the Item was originally procured, except as may otherwise be conveyed in writing by LOCKHEED MARTIN. In performance of the Rework or Repair of the Item, SELLER shall not assume material review authority that exceeds that authority originally granted by LOCKHEED MARTIN. Replacement materials and parts required to perform Rework or Repair will be those specified in applicable design engineering drawings and/or specifications.

(b) Subject to the provisions of this Contract, SELLER shall for items undergoing rebuild, the Product or Article shall be disassembled, inspected, repaired as necessary, reassembled, tested, and approved to the same acceptance criteria (i.e. acceptance test procedure) in the same manner and to the same tolerances and limits as a new item with either new or used parts, unless such requirements are modified as set forth below. For a new engine, all parts used must conform to the production drawing tolerances and limits for new part or be of approved oversized or undersized dimensions.

(c) For an Item of LOCKHEED MARTIN design, SELLER shall Rework, Repair and Rebuild any nonconformance that has been approved for Rework or Repair, pursuant to a procedure reviewed and approved by LOCKHEED MARTIN’s material review board (“MRB”) or SELLER shall notify LOCKHEED MARTIN, by submitting to LOCKHEED MARTIN a Quality Assurance Report (“QAR”), if the Item is susceptible to Rework or Repair only with LOCKHEED MARTIN’s MRB review and approval. Upon LOCKHEED MARTIN’s MRB concurrence, SELLER shall proceed with the authorized Rework or Repair of the nonconformance.

(d) SELLER shall provide the parts and materials and accomplish the Rework, Repair or Rebuild of Item(s) or portions thereof in accordance with the applicable design specifications and drawings to the extent necessary to Rework, Repair or Rebuild an Item so that it meets the requirements under which the Item was originally procured.

(e) Notwithstanding SELLER’s obligation to Rework, Repair or Rebuild an Item to conform to the specifications under which the Item was originally procured:

- (1) SELLER shall replace with new parts “O” rings, back-up seals, and similar parts in hydraulic or pneumatic assemblies during Rework, Repair or Rebuild only when removed during the course of the Rework, Repair or Rebuild.
- (2) SELLER shall touch up minor scratches and chipped paint surfaces by using matching enamel or lacquer as specified in the procurement specification and/or the related specification control drawing. More severely

marred surfaces shall be repainted with matching paint to give adequate protection with a smooth, even surface. Marred anodized surfaces shall be coated with alodine. Color shade variations in finish due to paint touch up during Rework, Repair or Rebuild are permissible.

(3) SELLER shall restore damaged, illegible, or missing instructions or data plates to a legible condition or replace with new instructions and/or plates, as the case may be.

(4) SELLER shall Rework, Repair or Rebuild broken, cracked or severely damaged brackets, gussets, or other similar structural components to a safe and functional condition or Replace them with new parts.

(5) SELLER shall, upon completion of acceptance test, seal all ports or vents with suitable plugs where applicable to prevent contamination or foreign matter from entry into an Item that has been subjected to Rework, Repair or Rebuild and provide suitable caps for electrical connectors to prevent damage during handling and shipment.

(6) SELLER shall inspect and test each Item subjected to Rework, Repair or Rebuild in accordance with the procurement specification and the specification control drawing under which the Item was originally procured. The Item will be considered acceptable if it passes the acceptance criteria and tests set forth in such instructions or specifications and meets the criteria set forth in paragraph (1) through (6) above.

(f) Upon completion of the Rework, Repair or Rebuild, SELLER shall annotate the corrective action taken on any applicable repair documents, (e.g. LM Quality Assurance Rejection form, AFTO 349 form, AFTO 350 form, COC, etc) and return such form to LOCKHEED MARTIN's Procurement Representative.

(g) For items undergoing Rebuilds, the CoC should specifically state the following: ["This is to certify that SELLER rebuilt the subject unit \(P/N XXXXXXXX, SN XXXXXXXX\) to PAH specifications IAW Appendix R."](#)

4. TURN-AROUND TIME (TAT)

(a) The repair TAT is the time from the date the Purchase Order is issued to the time the repaired asset is received by LOCKHEED MARTIN at the delivery point listed in this Contract.

(b) SELLER shall repair or rebuild and return the items herein in within a 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.

5. INSPECTION

Unless directed otherwise by LOCKHEED MARTIN in writing, all items repaired or modified under this item shall be subject to Buyer Source Inspection.

6. INVOICES

In addition to any other invoice requirements applicable to this Contract, repair invoices must provide the following:

1. Identification of the affected Purchase Order Number
2. Complete description of the repair performed
3. A list of individual part numbers repaired including the following for each:
 - a. Labor Hours by category
 - b. Repair parts used

7. RTV REPAIRS FOR COATED PARTS

(a) For all parts received by SELLER requiring additional work/coating/hardware, SELLER shall document the receipt condition.

(b) SELLER shall document any changes to the coatings or additional hardware resulting from their repair.

(c) Upon completion of Rework or Repair, but prior to shipment, SELLER shall notify the LOCKHEED MARTIN Buyer of the following:

1. The part meets the Buy Part configuration as normally delivered
2. The part is in a configuration that includes Coatings and/or extra hardware
3. The vendor rework resulted in additional removals of Coatings or LM installed hardware.

(d) SELLER shall ensure any part received is returned to the delivery address as assigned on the Repair PO.