

**COMMERCIAL FACILITIES CONSTRUCTION
PURCHASE ORDER TERMS AND CONDITIONS
FOR WORK TO BE PERFORMED AT MARIETTA, GEORGIA
NOT UNDER ANY GOVERNMENT CONTRACT**

1 – DEFINITIONS

As used throughout this PO and documents related to performance hereunder, the following terms shall have the meanings set forth below except as otherwise noted:

(a) The terms "Buyer" and "Lockheed Martin" mean Lockheed Martin Corporation acting through its Lockheed Martin Aeronautics Company, Marietta, Georgia.

(b) "Contractor" and "Seller" shall mean the legal entity to whom this Purchase Order is issued.

(c) The term "schedule" means the typed provision of any purchase order to which this PO applies."

(d) The term "Work" means the supplies, clauses and services to be furnished hereunder and includes without limitation raw materials, components, intermediate assemblies, sub-assemblies, services, data, end products, and all work to be performed under this PO.

(e) The term "Purchase Order" and "PO" means this Purchase Order and includes all change notices and change orders to any such orders.

(f) The term "Authorized Procurement Representative" means the person or persons authorized by Lockheed Martin to alter, modify or change the provisions of this PO. Unless otherwise provided, Lockheed Martin's Authorized Procurement Representative shall be designated by name in the purchase orders issued hereunder.

(g) The term "contract price" means the price for the work and services shown on this PO.

(h) The term "Contractor Environment, Safety & Health Handbook" means the ES&H rules and regulations applicable to Contractors which perform work/services or deliver goods on LM Aero-owned or operated facilities. The Contractor ES&H Handbook is incorporated herein and is made a part hereof by this reference.

(i) The term "lower tier subcontract" means any contract including purchase orders issued hereunder.

2 – INDEPENDENT CONTRACTOR

Contractor is an independent contractor in all its operations and activities hereunder and the employees furnished by Contractor to perform work pursuant to this PO are Contractor's employees exclusively without any relation whatsoever to Lockheed Martin. Said employees shall be paid by Contractor for all services performed under this PO and Contractor shall be responsible for all obligations and reports covering Social Security, Unemployment Insurance, Workers' Compensation, Income Tax, and any other reports and deductions required by local, state, and/or federal law or regulation. Contractor is not granted, expressly or impliedly, any right or authority to create any obligation or liability on behalf of or in the name of Lockheed Martin, or to bind Lockheed Martin in any manner whatsoever.

3 - SPECIFICATIONS AND DRAWINGS

(a) Contractor shall keep on the work site a copy of the drawings and specifications and shall at all times give Lockheed Martin access thereto. Anything mentioned in the specifications and not shown on the drawings, or shown on the drawings but not mentioned in the specifications, shall be of like effect as if shown or mentioned in both. In the case of difference between drawings and specifications, the specifications shall govern. In the case of discrepancy in the figures, in the drawings, or in the specifications, the matter shall be promptly submitted to Lockheed Martin, who shall promptly make a determination in writing. Any adjustment by Contractor without such a determination shall be at its own risk and expense. Lockheed Martin shall furnish from time to time such detailed drawings and other information as considered necessary, unless otherwise provided.

(b) Whenever in the specifications or upon the drawings the words "directed," "required," "ordered," "designated," "prescribed," or words of like import are used, it shall be understood that the "direction," "requirement," "order," "designation," or "prescription," of Lockheed Martin is intended and similarly the words "approved," "acceptable," "satisfactory," or words of like import shall mean "approved by," or "acceptable to," or "satisfactory to" Lockheed Martin, unless otherwise noted.

(c) Where "as shown," "as indicated," "as detailed," or words of similar import are used, it shall be understood that the reference is made to the drawings accompanying this PO unless stated otherwise. The word "provided" as used herein shall be understood to mean "provide complete in place," that is "furnished and installed."

(d) Shop drawings means drawings submitted to Lockheed Martin by Contractor, or any lower-tier subcontractor pursuant to a construction contract, showing in detail (1) the proposed fabrication and assembly of structural elements and (2) the installation (i.e. form, fit, and attachment details) of materials of equipment. It includes, drawings, diagrams, layouts, schematics, descriptive literature, illustrations, schedules, performance and test data, and similar materials furnished by Contractor to explain in detail specific portions of the work required by this PO. Lockheed Martin may duplicate,

use, and disclose in any manner and for any purpose shop drawings delivered under this PO.

(e) If this PO requires shop drawings, Contractor shall coordinate all such drawings, and review them for accuracy, completeness, and compliance with the requirements of this PO, and shall indicate Contractor's approval thereon as evidence of such coordination and review. Shop drawings submitted to Lockheed Martin without evidence of Contractor's approval may be returned for resubmission. Lockheed Martin will indicate an approval or disapproval of the shop drawings and if not approved as submitted, shall indicate Lockheed Martin's reasons therefor. Any work done before such approval shall be at Contractor's own risk. Approval by Lockheed Martin shall not relieve Contractor from responsibility for any errors or omissions in such drawings, nor from responsibility for complying with the requirements of this PO, except with respect to variations described and approved in accordance with paragraph (f) below.

(f) If shop drawings show variations from the requirements of this PO, Contractor shall describe such variations in writing, separate from the drawings, at the time of submission. If Lockheed Martin approves any such variation, Lockheed Martin shall issue an appropriate modification to this PO, except that, if the variation is minor or does not involve a change in price or in time of performance, a modification need not be issued.

(g) Contractor shall submit to Lockheed Martin for approval four copies (unless otherwise indicated) of all shop drawings as called for under the various headings of these specifications. Three sets (unless otherwise indicated) of all shop drawings, will be retained by Lockheed Martin and one set will be returned to Contractor.

(h) This Clause shall be included in all lower tier subcontracts at any tier.

4 - LAYOUT OF WORK

Contractor shall lay out its work from Lockheed Martin established base lines and bench marks indicated on the drawings, and shall be responsible for all measurements in connection with the layout. Contractor shall furnish, at its own expense, all stakes, templates, platforms, equipment, tools, materials, and labor required to lay out any part of the work. Contractor shall be responsible for executing the work to the lines and grades that may be established or indicated by Lockheed Martin. Contractor shall also be responsible for maintaining and preserving all stakes and other marks established by Lockheed Martin until authorized to remove them. If such marks are destroyed by Contractor or through its negligence before their removal is authorized, Lockheed Martin may replace them and deduct the expense of the replacement from any amounts due or to become due to Contractor.

5 - ORGANIZATION AND DIRECTION OF THE WORK

(a) When this PO is executed, Contractor shall submit to Lockheed Martin a chart showing the general executive and administrative organization, the personnel to be

employed in connection with the work under this PO, and their respective duties. Contractor shall keep the data furnished current by supplementing it as additional information becomes available.

(b) Work performance under this PO shall be under the full-time resident direction of: (1) Contractor, if Contractor is an individual; (2) one or more principal partners, if Contractor is a partnership; or (3) one or more senior officers, if Contractor is a corporation, association, or similar legal entity. However, if Lockheed Martin approves, Contractor may be represented in the direction of the work by a specific person or persons holding positions other than those identified in this paragraph.

6 - SCHEDULES OF THE WORK

(a) Upon the request of Lockheed Martin, Contractor shall, within five days after the work commences under the PO or another period of time determined by Lockheed Martin, prepare and submit to Lockheed Martin for approval three copies of a practicable schedule showing the order in which Contractor proposes to perform the work, and the dates on which Contractor contemplates starting and completing the several salient features of the work (including acquiring materials, and equipment). The schedule shall be in the form of a progress chart of suitable scale to indicate appropriately the percentage of work scheduled for completion by any given date during the period. If Contractor fails to submit a schedule within the time prescribed, Lockheed Martin may withhold approval of payments for work in process until Contractor submits the required schedule.

(b) Contractor shall enter the actual progress on the chart as directed by Lockheed Martin, and upon doing so shall immediately deliver three copies of the annotated schedule to Lockheed Martin. If, in the opinion of Lockheed Martin, Contractor falls behind the approved schedule, Contractor shall take steps necessary to improve its progress, including those that may be required by Lockheed Martin, without additional cost to Lockheed Martin. In this circumstance, Lockheed Martin may require Contractor to increase the number of shifts, overtime operations, days of work, and/or the amount of construction, and to submit for approval any supplementary schedule or schedules in chart form as Lockheed Martin deems necessary to demonstrate how the approved rate of progress will be regained.

(c) Failure of Contractor to comply with the requirements of Lockheed Martin under this Clause shall be grounds for a determination by Lockheed Martin that Contractor is not prosecuting the work with sufficient diligence to ensure completion within the time specified in this PO. Upon making this determination, Lockheed Martin may terminate Contractor's right to proceed with the work, or any separable part of it, in accordance with the default terms of this PO.

7 - SUPERINTENDENCE BY CONTRACTOR

At all times during performance of this PO and until the work is completed and

accepted, Contractor shall directly superintend the work or assign and have on the worksite a competent superintendent who is satisfactory to Lockheed Martin and has the authority to act for Contractor.

8 - PERMITS AND RESPONSIBILITIES

Contractor shall, without additional expense to Lockheed Martin, be responsible for obtaining any necessary licenses and permits, and for complying with any Federal, state, and municipal laws, codes, and regulations applicable to the performance of the work. Contractor shall also be responsible for all damages to persons or property that occur as a result of Contractor's fault or negligence. Contractor shall also be responsible for all materials delivered and work performed until completion and acceptance of the entire work, except for any completed unit of work which may have been accepted under this PO.

9 - SITE INVESTIGATION AND CONDITIONS AFFECTING THE WORK

(a) Contractor acknowledges that it has taken steps reasonably necessary to ascertain the nature and location of the work, and that it has investigated and satisfied itself as to the general and local conditions which can affect the work or its cost, including but not limited to: (1) conditions bearing upon transportation, disposal, handling, and storage of materials; (2) the availability of labor, water, electric power, and roads; (3) general weather conditions; (4) the conformation and conditions of the ground; (5) applicable security requirements; and (6) the character of equipment and facilities needed preliminary to and during work performance. Contractor also acknowledges that it has satisfied itself as to the character, quality, and quantity of surface and subsurface materials or obstacles to be encountered insofar as this information is reasonably ascertainable from an inspection of the site, including all exploratory work done by Lockheed Martin, as well as from the drawings and specifications made a part of this PO. Any failure of Contractor to take the actions described and acknowledged in this paragraph shall not relieve Contractor from responsibility for estimating properly the difficulty and cost of successfully performing the work, or for proceeding successfully to perform the work without additional expense to Lockheed Martin.

(b) Lockheed Martin assumes no responsibility for any conclusions or interpretations made by Contractor based on the information made available by Lockheed Martin. Nor does Lockheed Martin assume responsibility for any understanding reached or representation made concerning conditions which can affect the work by any of Lockheed Martin's officers, agents, subcontractors or employees prior to the execution of this PO, unless that representation is expressly stated in this PO. Any such representations or understandings made but not so expressly stated in this PO and for which liability is not expressly assumed by Lockheed Martin herein shall be deemed only for the information of Contractor and Lockheed Martin and shall not render Lockheed Martin responsible or liable therefor.

10 - MATERIAL AND WORKMANSHIP

(a) All equipment, material, and supplies incorporated into the Work covered by this PO shall be new and of the most suitable grade for the purpose intended, unless otherwise specifically provided in this PO. References in the specifications to equipment, material, Supplies, or patented processes by trade name, make, or catalog number, shall be regarded as establishing a standard of quality and shall not be construed as limiting competition. Contractor may, at its option, use any equipment, material, Supplies, or process that, in the judgment of Lockheed Martin, is equal to that named in the specifications, unless otherwise specifically provided in this PO.

(b) Contractor shall obtain Lockheed Martin's approval of the machinery and mechanical and other equipment to be incorporated into the work. When requesting approval, Contractor shall furnish to Lockheed Martin the name of the manufacturer, the model number, and other information concerning the performance, capacity, nature and rating of the machinery and mechanical and other equipment. When required by this PO or by Lockheed Martin, Contractor shall also obtain Lockheed Martin's approval of the material or Supplies which Contractor contemplates incorporating into the work. When requesting approval, Contractor shall provide full information concerning the material or Supplies. When directed to do so, Contractor shall submit samples for approval at Contractor's expense, with all shipping charges prepaid. Machinery, equipment, material and Supplies that do not have the required approval shall be installed or used at the risk of subsequent rejection.

(c) All work under this PO shall be performed in a skillful and workmanlike manner. Lockheed Martin may require, in writing, that Contractor remove from the work any employee Lockheed Martin deems incompetent, careless, or otherwise objectionable.

11 - AVAILABILITY AND USE OF UTILITY SERVICES

(a) Lockheed Martin shall make all reasonably required amounts of utilities available to Contractor from existing outlets and supplies, as specified in this PO. Contractor shall carefully conserve all utilities furnished by Lockheed Martin.

(b) Contractor, at its expense and in a workmanlike manner satisfactory to Lockheed Martin, shall install and maintain all necessary temporary connections and distribution lines, and all meters required to measure the amount of each utility used for the purpose of determining usage. Before final acceptance of the work by Lockheed Martin, Contractor shall remove all the temporary connections, distribution lines, meters, and associated paraphernalia.

12 - SAFETY PROVISIONS

(a) Contractor shall comply with all Federal, State, Local and other safety laws and regulations and standards in the performance of work hereunder.

(b) Lockheed Martin shall furnish to Contractor a copy of Lockheed Martin's

Environmental, Safety and Health (ESH) Requirements for Contractors, Vendors and Suppliers prior to Contractor's starting work on property owned by or under the control of Lockheed Martin. Contractor agrees to comply with all provisions set forth therein.

13 - NOTIFICATION OF CHANGES

(a) As specified in the clause of this PO entitled Direction and Redirection of Effort, only Lockheed Martin's Authorized Procurement Representative may direct or redirect Contractor's effort hereunder. In the event, however, Contractor considers any conduct including any action, inaction, written or oral communication by Lockheed Martin or Lockheed Martin's customer to constitute a change to this PO, other than a written change order issued by Lockheed Martin's Authorized Procurement Representative, Contractor shall notify Lockheed Martin in writing as soon as possible but in no event later than fifteen (15) days from the date Contractor identifies the conduct considered to constitute a change to this PO. On the basis of the most accurate information available to Contractor, the notice shall state:

(1) The date, nature and circumstances of the conduct regarded as a change;

(2) The name, function, and activity of each Lockheed Martin employee, customer employee and Contractor employee involved in or knowledgeable about such conduct;

(3) The identification of any documents and the substance of any oral communication involved in such conduct;

(4) The particular elements of contract performance which Contractor considers to be affected by the conduct, including an estimate of any cost or schedule impact;

(5) Contractor's estimate of the time by which Lockheed Martin must respond to Contractor's notice to minimize cost, delay or disruption of performance.

(b) Contractor shall take no action in reliance on the conduct considered to constitute a change unless and until Lockheed Martin's Authorized Procurement Representative issues a written change order covering the conduct in question.

14 - CHANGES

(a) Lockheed Martin may at any time, by written order from Lockheed Martin's Authorized Procurement Representative, and without notice to sureties or assignees, if any, make changes in the Work within the general scope of this PO or any purchase order issued hereunder, including changes:

(1) In the specifications (including drawings and designs),

(2) In the method or manner of performance of the Work,

(3) In the Lockheed Martin furnished facilities, equipment, materials, services, or site; or,

(4) Directing acceleration in the performance of the Work or other schedule changes.

(b) Except as may otherwise be expressly provided in this PO, if any such change under subparagraphs (a)(1), (2), or (3) above causes an increase or decrease in the time required for performance of the PO, whether or not changed by the order, Lockheed Martin shall make an equitable adjustment in the delivery schedule, and the affected purchase order(s) shall be modified accordingly in writing.

(c) Except as may otherwise be expressly provided in this PO, if any change under paragraph (a) above causes an increase or decrease in the cost of performance of any part of this PO, whether or not changed by the order, Lockheed Martin shall make an equitable adjustment in the contract price, and the affected purchase order(s) shall be modified accordingly in writing.

(d) Contractor must submit any proposal for adjustment under this clause within twenty five (25) days from the date of receipt of the written change order from Lockheed Martin. The proposal for adjustment should include an estimate of costs for excess or obsolete material, work-in-process or other property using the forms and in the detail prescribed by generally acceptable accounting principles. If Contractor's proposal for adjustment includes the cost of property made obsolete or excess by the change, Lockheed Martin shall have the right to prescribe the manner of the disposition of the property.

(e) Contractor agrees that its failure to submit any proposal for adjustment within the applicable time period shall constitute a waiver thereof unless Contractor requests in writing, prior to the expiration of the applicable time period, that a time extension for filing its proposal for adjustment be granted by Lockheed Martin. Any such extensions shall not be unreasonably disapproved and shall be effective if authorized in writing by Lockheed Martin' Authorized Procurement Representative.

(f) Nothing contained in this Clause shall excuse Contractor from proceeding without delay with this PO as changed.

15 - INSPECTION OF WORK

(a) "Work" includes, but is not limited to labor materials, equipment, and engineering when required by the Statement of Work.

(b) Contractor shall maintain an adequate inspection system acceptable to

Lockheed Martin and shall perform such inspections as will ensure that the work performed under this PO conforms to contract requirements. Contractor shall maintain complete inspection records and make them available to Lockheed Martin. All work shall be conducted under the general direction of Lockheed Martin and is subject to Lockheed Martin inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of this PO.

(c) Lockheed Martin inspections and tests are for the sole benefit of Lockheed Martin and do not:

(1) Relieve Contractor of responsibility for providing adequate quality control measures;

(2) Relieve Contractor of responsibility for damage to or loss of the material for acceptance;

(3) Constitute or imply acceptance; or

(4) Affect the continuing rights of Lockheed Martin after acceptance of the completed work under paragraph (i) below.

(d) The presence or absence of a Lockheed Martin inspector does not relieve Contractor from any requirement of this PO, nor are the inspectors authorized to change any term or condition of the specification without the written authorization of Lockheed Martin's Authorized Procurement Representative.

(e) Contractor shall promptly furnish, without additional charge, all facilities, labor, parts, supplies, and material reasonably needed for performing such safe and convenient inspections as may be required by Lockheed Martin. Lockheed Martin shall perform all inspections and tests in a manner that will not unnecessarily delay the work.

(f) Contractor shall, without additional charge, replace or correct work found by Lockheed Martin not to conform to the requirements of this PO, unless Lockheed Martin consents to accept the work with an appropriate adjustment in contract price. Contractor shall promptly segregate and remove rejected material from the premises.

(g) If Contractor does not promptly replace or correct rejected work, Lockheed Martin may (1) by contract or otherwise, replace or correct the work and charge the cost to Contractor, or (2) terminate for default Contractor's right to proceed.

(h) If, before acceptance of the entire work, Lockheed Martin decides to examine already completed work by removing it or tearing it out, Contractor, on request, shall promptly furnish all necessary facilities, labor, and material. If the work is found to be defective or nonconforming in any material respect due to the fault of Contractor or its lower tier subcontractors, Contractor shall defray the expenses of the examination and of satisfactory reconstruction. However, if the work is found to meet the requirements of this PO, Lockheed Martin shall make an equitable adjustment for the additional services

involved in the examination and reconstruction, including, if completion of the work was thereby delayed, an extension of time.

(i) Unless otherwise specified in this PO, Lockheed Martin shall accept, as promptly as practicable after completion and inspection, all work required by this PO or that portion of the work Lockheed Martin determines can be accepted separately. Acceptance shall be final and conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or Lockheed Martin's rights under any warranty or guarantee.

16 - WARRANTY

Contractor for itself, its successors and assigns, does hereby warranty to Lockheed Martin that all materials and equipment furnished under this PO shall be new unless otherwise specified by Lockheed Martin, and that

(a) The materials (herein defined as including but not limited to fixtures, clause, supplies, equipment, and parts thereof) provided for the work under said PO shall be of good quality and free from fault or defect due to design (except to the extent such design is prescribed in the specification furnished by Lockheed Martin, workmanship, or material content, shall be free from fault under conditions of proper and normal use and be in conformance with the PO documents.

Should any materials not be free of such fault or defect or otherwise fail to meet the requirements of the PO, Lockheed Martin may, within one (1) year after actually discovering such defect or nonconformance reject the materials and direct the Contractor to proceed at once to make alterations or furnish new materials. All costs of removing such defective or nonconforming materials, furnishing and install new materials or making alterations of materials, and all costs of tests made necessary by failure of the materials to meet this Warranty and other requirements of the PO, and all costs resulting from damage to other materials, work or the work site due to the defective or faulty materials, shall be borne by the Contractor.

(b) There shall be no omissions of materials and should there be any such omission, Lockheed may direct the Contractor to proceed at once to furnish and install the materials omitted. All costs of furnishing and installing such materials, and all costs of test made necessary by such omission, shall be borne by the Contractor.

(c) The performance of said contract shall be free from improper workmanship. Should any workmanship fail to meet the requirements of the PO. Lockheed Martin may direct the Contractor to correct such work or otherwise perform to meet other requirements of this contract. All costs of correcting such work, or otherwise performing, and all costs of tests made necessary by the failure of the work to meet this Warranty or other requirements of said PO, and all costs resulting from damage to other work, materials, or the work site due to the improper workmanship, shall be borne by the Contractor.

(d) The provisions hereof are applicable to any new materials installed, any

alteration to presently installed materials, and any work corrected or otherwise performed pursuant to this Warranty.

(e) Upon the Contractor's failure to proceed promptly to comply with the terms of this Warranty, Lockheed Martin may perform, or may have performed, such work as Lockheed Martin deems necessary to fulfill such Warranty and the Contractor shall reimburse Lockheed Martin promptly for all costs incurred by Lockheed Martin for such work.

17 - TERMINATION - STOP-WORK

A. TERMINATION FOR CONVENIENCE.

(a) Lockheed Martin may terminate the performance of work under this PO in whole or from time to time in part if Lockheed Martin determines that a termination is in Lockheed Martin's interests. Lockheed Martin shall terminate by delivering to Contractor a Notice of Termination specifying the extent of termination and the effective date.

(b) After receipt of a Notice of Termination, and except as directed by Lockheed Martin's Authorized Procurement Representative, Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this Clause.

(1) Stop work as specified in the Notice of Termination.

(2) Place no further lower tier subcontracts for materials, services or facilities except as necessary to complete the continued portion of this PO.

(3) Terminate all lower tier subcontracts to the extent they relate to the work terminated.

(4) Assign to Lockheed Martin, as directed by Lockheed Martin's Authorized Procurement Representative, all right, title, and interest of Contractor under the lower tier subcontracts terminated, in which case Lockheed Martin shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by Lockheed Martin's Authorized Procurement Representative, settle all outstanding liabilities and termination settlement proposals arising from the termination of lower tier subcontracts; the approval or ratification will be final for the purposes of this Clause.

(6) As directed by Lockheed Martin's Authorized Procurement Representative, transfer title and deliver to Lockheed Martin (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated, and (ii) the completed or partially

completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to Lockheed Martin.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that Lockheed Martin may direct, for the protection and preservation of the property related to this PO that is in the possession of Contractor and which Lockheed Martin has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by Lockheed Martin's Authorized Procurement Representative, any property of the types referred to in subparagraph (6) above; provided, however, that Contractor (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at the prices approved by, Lockheed Martin. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by Lockheed Martin under this PO, credited to the price or cost of the work, or paid in any other manner directed by Lockheed Martin's Authorized Procurement Representative.

(c) After termination, Contractor shall submit a final termination settlement proposal to Lockheed Martin in the form and with the certification prescribed by Lockheed Martin's Authorized Procurement Representative. Contractor shall submit the proposal promptly, but no later than six (6) months from the effective date of termination. Contractor's failure to submit its claim within the foregoing period shall constitute a waiver thereof unless Lockheed Martin, upon Contractor's written request, grants an extension of the required period for filing of the claim, which request shall not be unreasonably denied.

(d) Subject to paragraph (c) above, Lockheed Martin and Contractor may agree upon the whole or any part of the amount to be paid because of the termination. The amount may include a reasonable allowance for profit on work done prior to the effective date of termination. However, the agreed amount, whether under this paragraph (d) or paragraph (f) below, exclusive of costs shown in paragraph (e)(3) below, may not exceed the total contract price as reduced by (1) the amount of payments previously made, and (2) the contract price of work not terminated. The affected purchase order(s) shall be amended, and Contractor shall be paid the agreed amount. Paragraph (e) below shall not limit, restrict, or affect the amount that may be agreed upon to be paid under this paragraph.

(e) If the parties fail to agree on the whole amount to be paid because of the termination of work, Lockheed Martin shall pay Contractor the amounts determined by Lockheed Martin as follows, but without duplication of any amounts agreed to under paragraph (d) above:

(1) For contract work performed before the effective date of termination, the total (without duplication of any items) of:

(i) The cost of this work;

(ii) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of this PO if not included in subdivision (i) above; and

(iii) A sum, as profit on (i) above, determined by Lockheed Martin to be fair and reasonable; however, if it appears that Contractor would have sustained a loss on the entire PO had it been completed, Lockheed Martin shall allow no profit under this subdivision (iii) and shall reduce the settlement to reflect the indicated rate of loss.

(2) The reasonable costs of settlement of the work terminated, including:

(i) Accounting, legal, clerical and other expenses reasonably necessary for the preparation of termination settlement proposals and supporting data;

(ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

(iii) Storage, transportation and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory.

(f) Except for normal spoilage, and except to the extent that Lockheed Martin expressly assumed the risk of loss, Lockheed Martin shall exclude from the amounts payable to Contractor under paragraph (e) above, the fair value, as determined by Lockheed Martin, of property that is destroyed, lost, stolen, or damaged so as to become undeliverable to Lockheed Martin or a third party Lockheed Martin.

(g) Generally accepted United States accounting principles shall govern all costs claimed, agreed to, or determined under this Clause.

(h) In arriving at the amount due Contractor under this Clause, there shall be deducted:

(1) All unliquidated advance or other payments to Contractor under the terminated portion of this PO;

(2) Any claim which Lockheed Martin has against Contractor under this PO; and

(3) The agreed price for, or the proceeds of sale of, materials, supplies, or other things acquired by Contractor or sold under the provisions of this Clause and not recovered by or credited to Lockheed Martin.

(i) If the termination is partial, Contractor may file a proposal with Lockheed Martin for an equitable adjustment of the price(s) of the continued portion of the PO. Lockheed Martin shall make any equitable adjustment agreed upon. Any proposal by Contractor for an equitable adjustment under this Clause shall be requested within forty five (45) days from the effective date of termination unless extended in writing by Lockheed Martin's Authorized Procurement Representative.

(j) (1) Lockheed Martin may, under the terms and conditions it prescribes, make partial payments against costs incurred by Contractor for the terminated portion of the PO, if Lockheed Martin believes that the total of these payments will not exceed the amount to which Contractor will be entitled.

(2) If the total payments exceed the amount finally determined to be due, Contractor shall repay the excess to Lockheed Martin upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by Contractor to the date the excess is repaid. Interest shall not be charged on any excess payment due to a reduction in Contractor's termination settlement proposal because of retention or other disposition of termination inventory until ten (10) days after the date of the retention or disposition, or a later date determined by Lockheed Martin because of the circumstances.

(l) Unless otherwise provided in this PO, Contractor shall maintain all records and documents relating to the terminated portion of this PO for three (3) years after final settlement. This includes all books or other evidence bearing on Contractor's costs and expenses under this PO. Contractor shall make these records available to Lockheed Martin, at Contractor's office, at all reasonable times, without any direct charge. If approved by Lockheed Martin, photographs, microphotographs, or other authentic reproductions may be maintained instead of original records and documents.

B. TERMINATION FOR DEFAULT.

(a) Lockheed Martin may, by written notice to Contractor, terminate the right of Contractor to proceed with the work (or the separable part of the work) under this PO: (1) if Contractor refuses or fails to prosecute the work or any separable part of the work, with the diligence that will insure its completion within the time specified in this PO including any extension granted by Lockheed Martin, or fails to complete the work within this time, or (2) Contractor makes an assignment for the benefit of creditors, undergoes receivership, institutes voluntary proceedings in bankruptcy, or is adjudged bankrupt. In either event, Lockheed Martin may take over the work and complete it by contract or otherwise, and may take possession of and use any materials, appliances, and facilities on the work site necessary for completing the work. Contractor and its sureties shall be liable for any damage to Lockheed Martin resulting from Contractor's refusal or failure to complete the work within the specified time, whether or not Contractor's right to proceed with the work is terminated. This liability includes any increased costs incurred by Lockheed Martin in completing the work.

(b) Contractor's right to proceed shall not be terminated as provided in paragraph (a)(1) above, nor Contractor charged with damages under this Clause, if:

(1) The delay in completing the work arises from unforeseeable causes beyond the control and without the fault or negligence of Contractor. Examples of such causes include (i) acts of God or of the public enemy, (ii) acts of Lockheed Martin, (iii) acts of another contractor in the performance of a subcontract with Lockheed Martin, (iv) fires, (v) floods, (vi) epidemics, (vii) quarantine restrictions, (viii) strikes, (ix) freight embargoes, (x) unusually severe weather, or (xi) delays of lower tier subcontractors and suppliers at any tier arising from unforeseeable causes beyond the control and without the fault or negligence of both Contractor and Contractor's lower tier subcontractors and suppliers; and

(2) Contractor, within ten (10) days from the beginning of any delay (unless extended by Lockheed Martin) notifies Lockheed Martin in writing of the causes of the delay. Lockheed Martin shall ascertain the facts and the extent of the delay. If, in the judgment of Lockheed Martin, the findings of fact warrant such action, the time for completing the work shall be extended.

(c) If, after termination of Contractor's right to proceed, it is determined that Contractor was not in default, or that the delay was excusable, the rights and obligations of the parties shall be the same as if the termination had been issued for the convenience of Lockheed Martin.

(d) The rights and remedies of Lockheed Martin in this Clause are in addition to any other rights and remedies provided by law or under this PO.

C. STOP-WORK ORDER.

(a) Lockheed Martin may order Contractor to suspend, delay, or interrupt all or any part of the work under this PO for the period of time that Lockheed Martin determines appropriate for the convenience of Lockheed Martin.

(b) If the performance of all or any part of the work is, for an unreasonable period of time, suspended, delayed, or interrupted (1) by an act of Lockheed Martin in the administration of this PO, or (2) by Lockheed Martin's failure to act within a reasonable time, an adjustment shall be made for any increase in the cost of performance of this PO (excluding profit) necessarily caused by the unreasonable suspension, delay, or interruption, and the affected purchase order(s) modified in writing accordingly. However, no adjustment shall be made under this Clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of Contractor, or for which an equitable adjustment is provided for or excluded under any other term or condition of this PO.

(c) A claim under this Clause shall not be allowed (1) for any costs incurred more

than twenty (20) days before Contractor shall have notified Lockheed Martin in writing of the act or failure to act (but this requirement shall not apply as to a claim resulting from a suspension order), and (2) unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under this PO.

18 - COST AND PERFORMANCE

(a) Lockheed Martin shall at all times have access to all work being performed hereunder by Contractor or by any of its subcontractors and suppliers, and shall have access to all books, records, correspondence, instructions, plans, specifications, drawings, memoranda, payroll records, vouchers, bills, receipts and all other information of whatsoever kind relating to performance of this PO (or otherwise evidencing Contractor's, subcontractor's and supplier's, costs and expenses, and their payment thereof.) Contractor shall preserve all such records, data and information and shall provide Lockheed Martin with reasonable access thereto for not less than thirty-six (36) months after final payment of the contract price. Contractor shall ensure that its subcontractors and suppliers agree to the above provisions in their POs with Lockheed Martin.

(b) Prior to acceptance of the work hereunder, Contractor agrees to provide Lockheed Martin with a construction and equipment cost breakdown for all items of labor, materials, equipment, supplies, services and all other expenditures of whatever nature which may be chargeable to the work by Contractor for each of its subcontractors. The construction and equipment cost breakdown requirements shall be provided to Lockheed Martin in such a manner as to provide reasonable cost allocations and description for depreciation and insurance purposes.

19 - PAYMENTS

(a) Except as may otherwise to provided in this PO, the Contractor shall be paid the PO price following completion and final acceptance by Lockheed Martin of all work called for by the Purchase Order, and after Contractor, shall have furnished to Lockheed Martin full and complete waivers or releases of all materialman's and mechanic's liens (of Contractor, its subcontractors and suppliers) in such form as required by Lockheed Martin. Payment will be made upon the submission by Contractor of a final invoice prepared on the same basis as indicated in paragraphs (c) and (d) of this Clause, provided that Lockheed Martin may withhold part or all of such payment on the basis indicated in paragraph (b) of this Clause.

(b) Contractor agrees that if (i) defective work has not been remedied, (ii) any claim is filed or reasonable evidence exists that a claim probably will be filed against Contractor, the premises or the work for unpaid material, labor or services, or (iii) Contractor has failed to make the required payments to the subcontractors for material, labor or services, then in any such event, Lockheed Martin may withhold part or all of the payment or payments hereinabove referred to until such conditions have been remedied or removed or provided for satisfactorily to Lockheed Martin.

(c) Invoices shall be in the format required by Lockheed Martin, be serially numbered, shall be prepared and submitted in triplicate, one of which must be marked "original." Lockheed Martin's Purchase Order number must appear on all copies of invoices.

(d) If this contract provides that monthly billings are to be made to Contractor, the following provisions shall be applicable in lieu of the foregoing paragraph (a):

(1) Payments may be made to Contractor based on a percentage or stage of completion of work and upon submission of properly prepared and certified invoices. Payments may be made as work progresses at the end of each calendar month, or as soon thereafter as practicable, based on actual costs certified and approved by Lockheed Martin. The actual costs of material delivered and work performed on the site since date of last invoice may be included.

(2) In making such monthly payments, there shall be retained 10% of actual and estimated amounts until final completion and acceptance of all work covered by this contract.

(3) All material delivered on the site, or incorporated into the work, and any other work covered by monthly payments made shall thereupon become the sole property of Lockheed Martin, but this provision shall not be construed as relieving Contractor from the sole risk and responsibility for such materials and work upon which payments have been made, or to relieve Contractor from the obligation to restore or replace any damaged work or materials, or as a waiver of the right of Lockheed Martin to require the fulfillment of all of the terms of this PO on schedule.

(4) After completion of all work hereunder by Contractor and acceptance by Lockheed Martin, and after Contractor shall have furnished to Lockheed Martin full and complete waivers of all materials men's and mechanics' liens, Lockheed Martin shall pay to Contractor the full amount of the cost of the work, less all amounts theretofore paid.

(5) If (i) defective work has not been remedied, (ii) any claim is filed or reasonable evidence exists that a claim probably will be filed against the Contractor, the premises or the work for unpaid material, labor or services, or (iii) Contractor has failed to make the required payments to the subcontractors for material, labor or services, then in any such event, Lockheed Martin may withhold part or all of the payment or payments hereinabove referred to until such conditions have been remedied or removed or provided for satisfactorily to Lockheed Martin.

(6) Invoices serially numbered, shall be prepared and submitted in triplicate, one of which must be marked "original." Lockheed Martin's Purchase Order number must appear on all copies of invoices.

20 - PERFORMANCE AND PAYMENT BONDS

Contractor shall, if requested by Lockheed Martin before or within thirty (30) days after execution of this PO, furnish a performance and payment bond each in the amount and form and issued by surety companies authorized to do business in the State of Georgia. The cost of such bonds shall be included in Contractor's price.

If it develops that Contractor cannot furnish a satisfactory bond or bonds, Lockheed Martin shall have the right to terminate this PO without liability of any kind.

21 - INSURANCE - WORK ON LOCKHEED MARTIN PREMISES

(a) Unless otherwise specified by Lockheed Martin, Contractor shall, at its own expense, provide and maintain during the entire performance of this PO, at least the kinds and minimum amounts of insurance set forth below:

<u>Type of Work</u>	<u>Limits</u>	
	<u>Bodily Injury</u>	<u>Property Damage (Per Person/Occurrence)</u>
Non-hazardous	\$250,000	\$250,000/500,000
Hazardous	\$500,000	\$500,000/\$1,000,000
Extra Hazardous	\$1,000,000	\$1,000,000/2,000,000

(b) For the purposes of this Clause, the terms "Extra Hazardous," "Hazardous," and "Non-Hazardous" have the following meanings:

(1) Extra Hazardous Work means work such as (i) heavy construction work, (ii) work performed in manufacturing or flight areas of Lockheed Martin's premises where aircraft or aircraft assemblies are exposed, and (iii) work performed directly in or upon aircraft or aircraft assemblies.

(2) Hazardous Work means all other work performed in manufacturing or flight areas of Lockheed Martin's premises. Except as covered by subparagraph (b)(1)(ii) above, minor construction work, regardless of where such work is performed, shall be considered as Hazardous Work.

(3) Non-Hazardous Work means all work performed outside of manufacturing and flight areas, except for work, such as construction work, which is considered as Hazardous or Extra Hazardous Work.

(c) Upon Lockheed Martin's request, Contractor shall provide to Lockheed Martin satisfactory evidence in writing that the required insurance has been obtained. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or material change adversely affecting Lockheed Martin's interests shall not be effective (1) for such period as the laws of the state in which this PO is to be performed prescribe or (2) until thirty (30) days after the insurer or Contractor gives written notice to Lockheed Martin, whichever period is longer.

(d) Contractor shall insert the substance of this Clause, including this paragraph (d) in lower tier subcontracts under this PO which require work on Lockheed Martin's premises and shall require lower tier subcontractors to provide and maintain the required insurance required in paragraph (a) above.

22 - DIFFERING SITE CONDITIONS

(a) Contractor shall promptly, and before the conditions are disturbed, give a written notice to Lockheed Martin of (1) subsurface or latent physical conditions at the site which differ materially from those indicated in this PO, or (2) unknown physical conditions at the site, of an unusual nature, which differ materially from those ordinarily encountered and generally recognized as inhering in work of the character provided for in this PO.

(b) Lockheed Martin shall investigate the site conditions promptly after receiving the notice. If the conditions do materially so differ and cause an increase or decrease in Contractor's cost of, or the time required for, performing any part of the work under this PO, whether or not changed as a result of the conditions, an equitable adjustment shall be made under this Clause and the affected purchase order(s) modified in writing accordingly.

(c) No request by Contractor for an equitable adjustment to this PO under this Clause shall be allowed, unless Contractor has given the written notice required; provided, that the time prescribed in (a) above for giving written notice may be extended by Lockheed Martin at Lockheed Martin's election.

(d) No request by Contractor for an equitable adjustment to this PO for differing site conditions shall be allowed if made after final payment under this PO.

23 – ACCEPTANCE AND PERFORMANCE

(a) No notice, order, direction, determination, requirement, consent, approval or certification under this PO shall be of any effect unless in writing.

(b) Acceptance of this PO, either by acknowledgement or performance of services, constitutes acceptance of the terms and conditions set of this PO. No change, modification or revision to this PO shall be valid unless in writing and signed by an authorized procurement representative of Lockheed Martin.

(c) Performance must be in strict compliance with the schedule and other terms of this PO.

24 - OPERATIONS AND STORAGE AREAS

(a) Contractor shall confine all operations (including storage of materials) on Lockheed Martin premises to areas authorized or approved by Lockheed Martin. No unauthorized or unwarranted entry upon, passage through, or storage or disposal of materials shall be made upon Lockheed Martin or Government premises. At Lockheed Martin's option, areas adjacent to the work area may be made available for use by Contractor without cost whenever such use will not interfere with Lockheed Martin or Government use or purposes, and with respect to Government premises, subject to any required approval by the Government.

(b) Temporary buildings (e.g. storage sheds, shops, offices) and utilities may be erected by Contractor only with the advance written approval of Lockheed Martin, and shall be built with labor and materials furnished by Contractor without expense to Lockheed Martin. The temporary buildings and utilities shall remain the property of Contractor and shall be removed by Contractor and the premises restored to original condition at Contractor's expense upon completion of the work. With the written consent of Lockheed Martin, the buildings and utilities may be abandoned and need not be removed.

(c) Contractor shall, under regulations prescribed by Lockheed Martin, use only established roadways, or use temporary roadways constructed by Contractor when and authorized by Lockheed Martin. When materials are transported in prosecuting the work, vehicles shall not be loaded beyond the loading capacity recommended by the manufacturer of the vehicle or prescribed by any Federal, state or local law or regulation. When it is necessary to cross curbs or sidewalks, Contractor shall provide adequate protection against damage. In the event of damage, Contractor shall repair or pay for the repair of any damaged curb, sidewalks, or roads.

25 - PROTECTION OF EXISTING VEGETATION, STRUCTURES, EQUIPMENT, UTILITIES, AND IMPROVEMENTS

(a) Contractor shall preserve and protect all structures, equipment, and vegetation (such as trees, shrubs, and grass) on or adjacent to the work site, which are not to be removed and which do not unreasonably interfere with the work required under this PO. Contractor shall only remove trees when specifically authorized to do so, and shall avoid damaging vegetation that will remain in place. If any limbs or branches of trees are broken during performance of the work required under this PO, or by the careless operation of equipment, or by workmen, Contractor shall trim those limbs or branches with a clean cut and paint the cut with a tree pruning compound as directed by Lockheed Martin.

(b) Contractor shall protect from damage all existing improvements and utilities (1) at or near the work site and (2) on adjacent property of a third party, the locations of

which are made known to or should be known by Contractor. Contractor shall repair any damage to those facilities, including those that are the property of a third party, resulting from failure to comply with the requirements of this PO or failure to exercise reasonable care in performing the work. If Contractor fails or refuses to repair the damage promptly, Lockheed Martin may have the necessary work performed and charge the cost to Contractor.

26 - ACCIDENT PREVENTION

(a) Contractor shall provide and maintain work environments and procedures which will (1) safeguard, the public, Lockheed Martin and Government personnel, property, materials, supplies and equipment exposed to Contractor operations and activities; (2) avoid interruptions of Lockheed Martin and Government operations and delays in project completion dates; and (3) control costs in the performance of this PO.

(b) For these purposes on contracts for construction, dismantling, demolition, or removal of improvements, Contractor shall:

(1) Provide appropriate safety barricades, signs, and signal lights;

(2) Comply with the safety requirements of Lockheed Martin;

(3) Comply with the standards issued by the Secretary of Labor at 29 CFR Part 1926 and 29 CFR Part 1910;

(4) Ensure that any additional measures Lockheed Martin determines to be reasonably necessary for this purpose are taken.

(c) If this PO is for construction or dismantling, demolition or removal of improvements with any Department of Defense agency or component, Contractor shall comply with the pertinent provisions of the U.S. Army Corps of Engineers Safety and Health Requirements Manual, EM 385-1-1, in effect on the date of the solicitation to which this PO relates.

(d) Whenever Lockheed Martin or the Contracting Officer becomes aware of any noncompliance with these requirements or any condition which poses a serious or imminent danger to the health or safety of the Public or Lockheed Martin and Government personnel, Lockheed Martin shall notify Contractor orally, with written confirmation, and request immediate initiation of corrective action. This notice, when delivered to Contractor or Contractor's representative at the site of the work, shall be deemed sufficient notice of the noncompliance and corrective action required. After receiving the notice, Contractor shall immediately take corrective action. If Contractor fails or refuses to take corrective action promptly, Lockheed Martin may issue an order stopping all or part of the work until satisfactory corrective action has been taken. Contractor shall not be entitled to any equitable adjustment of the contract price or extension of the performance schedule on any stop work order issued under this Clause.

(e) Contractor shall insert this Clause, including this paragraph (e), with appropriate changes in the designation of the parties, in subcontracts.

27 - CLEANING UP

Contractor shall at all times keep the work area, including storage areas, free from accumulations of waste materials. Before completing the work, Contractor shall remove from the work site and premises of Lockheed Martin any rubbish, tools, scaffolding, equipment, and materials that are not the property of Lockheed Martin. Upon completing the work, Contractor shall leave the work area in a clean, neat, and orderly condition satisfactory to Lockheed Martin.

28 - OTHER CONTRACTS

Lockheed Martin may undertake or award other contracts for additional facilities work. Contractor shall fully cooperate with the other contractors and with Lockheed Martin employees and shall carefully adapt scheduling and performing the work under this PO to accommodate the additional work, heeding any direction that may be provided by Lockheed Martin. Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Lockheed Martin's employees.

29 - PATENT INDEMNITY, TRADEMARKS AND COPYRIGHTS

To the extent that the Supplies to be furnished hereunder are produced to detailed designs not originated and furnished by Lockheed Martin or by a process or method, the use of which is not specifically directed by Lockheed Martin, Lockheed Martin shall have no responsibility to Contractor for patent infringement and Contractor guarantees that the sale or use of such Supplies or the use of such process or method hereunder will not infringe any United States or foreign patents, trademarks or copyrights. Contractor shall defend, indemnify and hold Lockheed Martin and its customers harmless from any loss, cost, damage, expense (including attorney's fees) or liability which may be incurred on account of infringement or alleged infringement of patent rights, trademarks or copyrights with respect to such Supplies, and defend, at its own expense, any action or claim in which such infringement is alleged by third parties, provided Contractor is notified of such actions or claims against Lockheed Martin.

30 - NOTICE TO LOCKHEED MARTIN OF LABOR DISPUTES

(a) If Contractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this PO, Contractor shall immediately give notice, including all relevant information, to Lockheed Martin.

(b) Contractor agrees to insert the substance of this Clause, including this paragraph (b) in all lower tier subcontracts issued hereunder, except that each lower tier

subcontract shall provide that in the event its timely performance is delayed or threatened by delay by any actual or potential labor dispute, the lower tier subcontractor shall immediately notify the next higher tier subcontractor or Contractor, as the case may be, of all relevant information concerning the dispute.

31 - COMPLIANCE WITH LAWS

Contractor agrees to comply with all applicable local, state and federal United States laws and executive orders and regulations issued pursuant thereto, and Contractor agrees to defend, indemnify and hold harmless Lockheed Martin from any claim, suit, cost, loss, damage, expense (including attorney's fees) or liability by reason of Contractor's violation hereof.

32 – INDEMNIFICATION

Contractor shall defend, indemnify, and hold harmless Lockheed Martin, its officers, employees and agents from any claim, suit, loss, cost, damage, expense (including attorney's fees), or liability by reason of property damage or personal injury (including death) to any person, including Contractor's employees, of whatsoever nature or kind arising out of, as a result of, or in connection with such performance occasioned in whole or in part by the actions or omissions of Contractor, its officers, employees, agents or subcontractors at any tier. Contractor shall take all precautions necessary, special or otherwise and shall be responsible for compliance with all Federal, state and local safety laws in the performance of this PO. Without in any way limiting the foregoing undertakings, Contractor and its subcontractors at any tier shall maintain personal liability and property damage insurance in reasonable limits covering the obligations set forth herein and shall maintain proper Workers' Compensation Insurance covering all employees performing hereunder.

33 - SPECIAL PLANT CONDITIONS

(a) ALLOCATION OF WORK The specifications are divided into sections in an effort to separate the work by major trades insofar as possible. Any overlapping of trades or failure to include all work of a given trade under the appropriate heading will not relieve Contractor of his responsibility to provide a turnkey job, complete in every respect.

(b) INTERFERENCES As the work progresses, Lockheed Martin will cooperate with Contractor in locating and identifying interferences in the work. When interferences are encountered in the work, Contractor shall notify Lockheed Martin for verification and identification. In all cases, Contractor shall proceed with extreme care in the vicinity of utilities and existing installations. If such are damaged by Contractor, Contractor shall repair or replace the damaged installation to the satisfaction of Lockheed Martin with no additional cost to Lockheed Martin.

(c) CONCURRENCE WITH PLANT OPERATIONS Contractor will be required to conduct all phases of the work in such a manner as to preclude the possibility of any

interferences with or delay to Lockheed Martin's personnel and/or production work and shall be prepared at all times to readily yield right of way to Lockheed Martin's transportation system. Removal of excavated material and debris, delivery of material, and other traffic to and from the work area will be scheduled so as not to interfere with Lockheed Martin's plant operations.

(d) **CONTRACTOR'S VEHICLES** Contractor's trucks or vehicles identified with permanent type lettering will be allowed in the plant area. No privately owned vehicles will be admitted until proper certification and evidence of required insurance coverage have been filed with and approved by Lockheed Martin, and a vehicle pass has been secured from Lockheed Martin's Construction Contract Administrator.

(e) **EQUIPMENT LIMITATIONS** Lockheed Martin reserves the right to limit the type of equipment used by Contractor. Use of equipment that may cause damage to nearby equipment and/or endanger personnel will be especially controlled.

(f) **IN-PLANT TRAFFIC** Contractor shall schedule and arrange his work operations so that all of Lockheed Martin's traffic will have freedom of movement through the area at all times. Contractor will be advised by Lockheed Martin as to the sequence of construction necessary for existing traffic conditions.

(g) **PERSONNEL AND DELIVERY OF MATERIALS** All personnel, including those delivering materials, shall be instructed by Contractor as to the applicable plant regulations and the location of the job site.

(h) **SAFETY MEASURES.** Contractor will be required to provide all safety equipment and shields and any other means necessary to preclude the possibility of injury and/or damage to Contractor's and Lockheed Martin's personnel, equipment, or product, as determined by the location of the job site.

(i) **PROTECTION OF OTHER WORK PARTS, ETC.** It is the prime responsibility of Contractor not to damage any parts, materials, equipment, etc. with any operations required to complete this work. Contractor will be held financially responsible for all of its damages.

(j) **ENTRANCE TO THE PLANT.** Entrance of personnel, vehicles and all other materials will be allowed only through gates designated by Lockheed Martin.

(k) **OVERHEAD WORK.** Contractor shall provide approved barricades to block off areas when overhead work is in progress. Contractor will be allowed to work over existing doors only on weekends or with the approval of Lockheed Martin. All floor areas, parts, materials, equipment, etc. shall be covered with drop cloths or otherwise protected from foreign material when work is being performed overhead. Contractor will be required to clean all debris, dust, and dirt that falls on floors, equipment, etc. as a result of his operations. This matter shall be cleaned up before the end of each work period.

(l) USE OF LOCKHEED MARTIN'S EQUIPMENT. Contractor shall under no condition use any equipment, tools, or appliances belonging to Lockheed Martin unless specifically noted otherwise in the specifications.

(m) WASTE MATERIALS. Contractor shall be responsible for all waste materials and debris accumulating as the result of excavation, demolition, etc. and shall dispose of same as directed by Lockheed Martin. Contractor shall also be responsible for all hazardous waste generated in the performance of its work and shall comply with all of Lockheed Martin's procedures as directed by Lockheed Martin.

(n) PROTECTION OF EXISTING UTILITIES. Contractor shall protect all existing utilities against damage which may result in interruption of service during the progress of the work. All utility service lines which are damaged shall be repaired without delay by Contractor and at no additional expense to Lockheed Martin. All repairs necessary to reinstate fire protection systems to their design capabilities shall be made immediately by qualified personnel at Contractor's expense.

(o) CONSTRUCTION WATER. Construction water is available near the job site. Contractor shall furnish all valves, fittings, hoses, etc., as required. All temporary lines, fittings, etc., shall be furnished, installed, connected, and maintained by Contractor in a workmanlike manner satisfactory to Lockheed Martin, and shall be removed by Contractor in like manner at his expense prior to acceptance of the work.

(p) COMPLIANCE WITH HAZARD COMMUNICATION. Contractor shall comply with the Hazard Communication Program in accordance with the department of Labor's Occupational Safety and Health Administration Regulation, 29 CFR 1910.1200, "Hazard Communication."

(q) HAZARD COMMUNICATION PROGRAM. Lockheed Martin maintains a list of hazardous chemicals in use at Lockheed Martin's Facilities. A set of appropriate Material Safety Data Sheets (MSDS) for those chemicals is available at the Facilities Engineering Office and at other strategic locations in the plant. If Contractor's employees will work at Lockheed Martin's facilities, Contractor must review its Purchase Order for information about hazardous chemicals. Contractor shall furnish (1) a list of all chemicals, paints, cleaners, compounds, and other liquid products that will be used in the performance of Work and (2) a copy of the MSDS for those materials that are hazardous according to OSHA (29 CFR 1910.1200). Contractor will provide such a listing in advance of performing any work. Contractor must inform its employees of the hazards they may encounter in their work and must provide appropriate clothing, respirators, and equipment as required to perform their jobs safely. Contractor may use MSDSs from Lockheed Martin's Material Safety Reference Points to help in this matter. Contractor shall have copy of MSDS available at construction office at all times.

(r) SAFETY RULES AND REGULATIONS. Prior to commencement of any work, Contractor shall review with their employees, and subcontractors all applicable safety rules and regulations, including the Buyer's **Contractor Environment, Safety & Health Handbook**, which is incorporated herein and is made a part hereof by this

reference. Contractor shall be required to certify in writing that these safety rules and regulations have been reviewed with all of its employees and subcontractors.

(s) **SPRAY PAINTING AND USE OF CHEMICALS.** All work involving spray painting or the use of any chemical must be approved by Lockheed Martin prior to the commencement of that work. Material Safety Data Sheets on these products shall be submitted by Contractor for the review of hazardous materials and the method of application.

(t) **BANNED MATERIALS.** Contractor warrants and represents that items delivered under this Purchase Order do not contain Polychlorinated Biphenyls (PCBs), 2,4-Dichlorophenoxyacetic acid, 2,4,5-Trichlorophenoxyacetic acid, asbestos, benzene, dioxins, hydrazine, mercury or pentachlorophenol, and agrees to indemnify Lockheed Martin against any loss, cost, damage or liability, including removal costs, by reason of Contractor's violation of this warranty.

(u) **SMOKING POLICY.** Contractor will ensure that all personnel, subcontractors, vendors, etc. comply with Lockheed Martin's smoking policy.

(v) **PROJECT INVITATION SUSPENSION.**

(1) If, in the opinion of Lockheed Martin, Contractor is failing to properly execute contractual obligations hereunder, Lockheed Martin may temporarily cease to invite Contractor to bid on additional work until Contractor has satisfactorily resolved deficiencies regarding contractual obligations. Failure to properly execute contractual obligations includes, but is not limited to, unsatisfactory progress as related to the construction schedule, and delays resulting from Contractor operations or negligence.

(2) In addition to Lockheed Martin's options under Paragraph (1), if, in the opinion of Lockheed Martin, Contractor is mishandling or improperly disposing of hazardous materials or waste products at Lockheed Martin's facility, Lockheed Martin may order Contractor to cease work hereunder until such violations are corrected to the satisfaction of Lockheed Martin. During this work stoppage, Lockheed Martin shall not be obligated to Contractor for payments, and no extensions of time shall be given for the completion of Contractor's work.

(w) **CLOSEOUT DOCUMENTS.** Contractor shall submit to Lockheed Martin, all required closeout documents within thirty (30) calendar days after completion of all work (excluding administrative tasks) associated with this project. Closeout documents include, without limitation, items such as: payroll reports, as-built and original tracing drawings, operation and maintenance data, security employee badges (if expired), final invoice and other required documents.

34 - DIRECTION AND REDIRECTION OF EFFORT

While Lockheed Martin's engineering and technical personnel may from

time-to-time render assistance to Contractor concerning the Supplies to be furnished by Contractor, Lockheed Martin's Authorized Procurement Representative shall be the only individual authorized to direct and/or redirect the effort or in any way amend any of the terms of this PO.

35 - FOREIGN NATIONALS

(a) For the purpose of this Clause, foreign nationals are all persons not citizens of, or immigrant aliens to, the United States. Nothing in this Clause is intended to waive any requirement imposed by any U.S. Government agency with respect to employment of foreign nationals or export control.

(b) Contractor acknowledges that the equipment/technical data used, generated or delivered in the performance of this PO is controlled by the International Traffic in Arms Regulation (ITAR) 22 CFR 121-128, and may require an export license before assigning any foreign national to perform work under this PO or before granting access to foreign nationals to any equipment/technical data generated or delivered in the performance of this PO (See 22 CFR 125.03 in this regard). Contractor agrees to notify Lockheed Martin reasonably in advance so that Lockheed Martin may notify the Contracting Officer ten (10) working days prior to assigning or granting access to any work or technical data obtained, used, generated or delivered in performance of this PO. This notification will include the name and country of origin of the foreign national, the specific work or data to which the person will have access, and whether the foreign national is cleared to have access to technical data (Reference: Section 3 of DoD 5220.22-M "Industrial Security Manual for Safeguarding Classified Information").

(c) The above requirements shall not be construed as an application for an export license nor shall they in any way be interpreted to impede Contractor's right to apply for an export license. However, if the Contracting Officer disagrees with the application, Contractor will be so notified.

36 – USE OF BUYER’S DATA

(a) "Buyer's data" as used herein means data, designs or other information owned by Buyer. Seller shall not reproduce, use or disclose any data, designs, drawings or other information belonging to or supplied by or on behalf of Buyer, except as necessary in the performance of this PO or other POs with Buyer. Upon Buyer's request, such data, designs, drawings, and other information, and any copies thereof, shall be returned to Buyer. Where Buyer's data, designs, drawings or other information are furnished to Seller's lower tier subcontractors for performance of this or other subcontracts with Buyer, Seller shall insert a similar provision in Seller's subcontracts with its lower tier subcontractors.

(b) Buyer shall be considered the "person for whom the work was prepared" for the purpose of authorship in any copy-rightable work created by Seller under this PO.

37 - NOTIFICATION OF DEBARMENT/SUSPENSION STATUS

Contractor shall provide immediate notice to Lockheed Martin in the event of being suspended, debarred or declared ineligible by any Government agency, or upon receipt of a notice of proposed suspension or debarment from any Government agency, during the performance of this PO.

38 - GIFTS, GRATUITIES, AND KICKBACKS

(a) Lockheed Martin may, by written notice to Contractor, terminate this PO for default if Lockheed Martin has reasonable cause to believe that gratuities or kickbacks were offered or given by Contractor, or any agent or representative of Contractor, to any officer, employee or representative of Lockheed Martin with a view toward securing this PO or securing favorable treatment with respect to awarding, amending or the making of any determinations with respect to the performance of this PO.

(b) Lockheed Martin complies with the Anti-Kickback Act of 1986, 41 U.S.C. 51-58, ("the Act") and related laws and regulations. By acceptance of this PO Contractor agrees:

(1) to comply with the Act;

(2) to report possible violations of the Act to and cooperate with Lockheed Martin and/or the Government in connection with the investigation of any actual or alleged violation of the Act;

(3) to indemnify Lockheed Martin against any loss, cost damage or liability by reason of Contractor's violation of the Act including, but not limited to, any amount that Lockheed Martin is directed by the Contracting Officer to withhold from Contractor; and that Lockheed Martin may terminate this PO for default in the event of Contractor's violation of the Act in connection with this PO.

(c) The rights and remedies of Lockheed Martin provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided at law, in equity, or under this PO.