LOCKHEED MARTIN CORPORATION

SUPPLEMENTAL CLAUSES FOR SUBCONTRACTS – PRODUCTION

1. DEFINITIONS

The following terms shall have the meanings set forth below:

“LOCKHEED MARTIN” has the definition set forth in the applicable CorpDocs incorporated into this Contract.

“Contract” has the definition set forth in the applicable CorpDocs incorporated into this Contract.

“SELLER” has the definition set forth in the applicable CorpDocs incorporated into this Contract.

“Work” has the definition set forth in the applicable CorpDocs incorporated into this Contract.

2. REFERENCED DOCUMENTS

Copies of documents referenced in this Contract may be obtained from the LOCKHEED MARTIN Aeronautics Supply Chain Management (“SCM”) internet home page at http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html or from the LOCKHEED MARTIN Procurement Representative.

3. ENVIRONMENTAL, SAFETY AND HEALTH

(a) Hazardous Material: SELLER warrants that the Work delivered or brought onto LOCKHEED MARTIN’s premises in the performance of this Contract, do not contain any of the hazardous material listed on the hazardous materials elimination list (“HMEL”), the version effective as of the release date of this Contract, under the heading "I. Banned Materials." The HMEL is available at the following location: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html under "Terms & Conditions", subheading "ES&H".

(b) Hazardous Material Shipments to the Fort Worth Facility Only; (i) LOCKHEED MARTIN Aeronautics requires each shipment of hazardous material to be accompanied by a completed hazardous material information form to be attached to the packing slip for products delivered to the Fort Worth facility. The completed form (Form Number 11914) is required to assist LOCKHEED MARTIN Aeronautics with the environmental reports to comply with state and federal environmental regulations. This form can be accessed on the LM Aero Supply Chain Management external website at the following website: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html under the "Terms & Conditions", subheading "Forms and Information".

(c) Contractor Environment Safety & Health Handbook: If, during the performance of this Contract, SELLER or SELLER’s employees, subcontractors or agents enter onto LOCKHEED MARTIN’s premises, the requirements outlined in PM-8013 Contractor Environment Safety & Health Handbook, the version effective as of the release date of this Contract (“PM-8013”) and the applicable site Environment Safety & Health Orientation for Marietta, Fort Worth, or Palmdale shall apply, the version effective as of the release date of this Contract. PM-8013 and the applicable site Environment Safety & Health Orientation for Marietta, Fort Worth, or Palmdale can be viewed on LOCKHEED MARTIN’s website at the following location: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html under "Terms & Conditions" subheading "ESH."
4. SHIPPING INSTRUCTIONS

(a) SELLER shall ship the Work in accordance with the PM-5010 “SUPPLIER/SELLER SHIPPING INSTRUCTIONS”, version effective as of the release date of this Contract. PM-5010 is incorporated in this Contract by reference and applies to all Work shipped except the Work, if any, specified for shipment on DD-250, which shall be shipped in accordance with PM-801, hereby incorporated by reference. PM-5010 and PM-801 may be obtained from LOCKHEED MARTIN’s website: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html under “Traffic,” subheading “Shipping Terms.”

(b) SELLER shall promptly notify LOCKHEED MARTIN’s Procurement Representative of any shipment originating outside the United States.

5. TAXES

(a) If this Contract is for the procurement of licensable vehicles, rentals/leases, or a purchase from a supplier that provides motel/hotel/lodging, LOCKHEED MARTIN shall pay taxes directly to SELLER. If this Contract contains Work (other than the procurement of licensable vehicles, vehicle rentals/leases, or motel/hotel/lodging) to be shipped to a LOCKHEED MARTIN Texas facility or taxable services to be performed in the state of Texas, the state of Texas Direct Payment Exemption Certification, Limited Sales, Excise and Use Tax No. 15218936324 or Texas Sales and Use Tax Resale Certificate No. 15218936324 prevail unless otherwise specified. LOCKHEED MARTIN will be responsible for the payment of any Texas sales and use tax applicable to this purchase.

(b) If this Contract is for the procurement of licensable vehicles, rentals/leases, or a purchase from a supplier that provides motel/hotel/lodging, LOCKHEED MARTIN shall pay taxes directly to SELLER. If this Contract contains Work (other than the procurement of licensable vehicles, vehicle rentals/leases, or motel/hotel/lodging) to be shipped to a LOCKHEED MARTIN Georgia facility or taxable services to be performed in the state of Georgia, the state of Georgia Direct Payment Permit number DP-4228352 prevail unless otherwise specified. LOCKHEED MARTIN will be responsible for the payment of any Georgia sales and use tax applicable to this purchase.

(c) If this Contract is for the procurement of licensable vehicles, rentals/leases, or a purchase from a supplier that provides motel/hotel/lodging, LOCKHEED MARTIN shall pay taxes directly to SELLER. If this Contract contains Work (other than the procurement of licensable vehicles, vehicle rentals/leases, or motel/hotel/lodging) to be shipped to a LOCKHEED MARTIN California facility or taxable services to be performed in the state of California, the state of California Resale Certificate No. 99-901470 DP prevails unless otherwise specified. LOCKHEED MARTIN will be responsible for the payment of any California sales and use tax applicable to this purchase.

6. FOREIGN OBJECT DAMAGE

If, during the performance of this Contract SELLER or SELLER’s employees, subcontractors or agents enter onto LOCKHEED MARTIN’s premises, they may each be required to review information on the FOD prevention program and acknowledge by their respective signatures that they have done so before being allowed to enter FOD awareness areas. In addition, access to FOD Control or Critical areas at the Marietta site requires instructor lead FOD certification. Guidance on the instructor led training process as well as other FOD information for all sites is included in the FOD prevention program information which can be viewed at http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html under “Terms & Conditions,” subheading “FOD.”
7. A83 NOTE ENGINEERING SPECIFICATION REQUIREMENTS

If “A83 NOTE ENGINEERING SPECIFICATION REQUIREMENTS” is incorporated at the item level of this Contract, SELLER shall comply with the following requirements:

(a) SELLER shall comply with latest revision, as of the effective date of this Contract, for all specifications or other documents incorporated herein, unless a specific revision number is referenced. If a specific revision number is referenced SELLER shall comply with the specified revision. The requirements set forth in the databases, specification, or other documents herein are incorporated into this Contract by reference.

(b) The databases, specifications, and other documents incorporated herein are LOCKHEED MARTIN Proprietary Information and as such are protected in accordance with the Proprietary Information Agreement (PIA) executed between the parties.

(c) SELLER shall include the requirements of this ENGINEERING SPECIFICATION REQUIREMENTS (A83) in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to LOCKHEED MARTIN.

(d) The following requirements are only applicable to LOCKHEED MARTIN designed parts.

(i) Engineering Materials and Approved Products (EMAP) (Applicable to all programs except F-16, F-2 and T-50)

(ii) Material and Process Specifications (Applicable to all programs)
Location: LOCKHEED MARTIN external web page:

(iii) Preferred Parts Handbook (PPH) - Volumes 1-5 (Applicable to the C-130, C-27, C-5, P-3, S-3 and F-22 programs)
Location: The Preferred Parts Handbook (PPH), Volumes 1-5, Document is not on-line and shall be obtained from the LOCKHEED MARTIN Procurement Representative.

(iv) Preferred Parts Handbook (PPH) - Volumes 6 is online and available as the Design Support Database (DSD) (Applicable to the C-130, LM100J, C-27, C-5, P-3, S-3, and F-22 programs). The C-130, LM100J, C-27, C-5, P-3, and S-2 should use the C-130 information in DSD. Location: LOCKHEED MARTIN external web page:

(e) The following requirements are applicable to F-35 Standard Hardware or when the drawing specifies the following note:

"Approved sources for this part are listed in the F-35 Parts Classification and Management Database maintained by LOCKHEED MARTIN Aeronautics F-35 Components Engineering. Items procured to the standard from sources other than those listed in the F-35 Parts Classification and Management Database are considered non-compliant."

The approved manufacturers for parts for the F-35 Program are set forth in 2GNA00001. The approved manufacturers listed are approved only for the listed source or part number. The sources or manufacturer part numbers are approved only when made by the manufacturer listed on the drawing revision specified. Callout part numbers that do not appear in this list are not approved for use on the program and have no approved sources.

**8. INVOICING INSTRUCTIONS**

In addition to other instructions set out in this Contract invoices shall include at a minimum the following information:

(a) Name and address of the SELLER;

(b) Invoice date and invoice number;

(c) This Authorizing Document number and Line Item Number;

(d) Part number, description, quantity, unit of measure, unit price, and extended price;

(e) Shipping and payment terms;

(f) Name and remit address to which payment is to be sent;

(g) Name, title, phone number, and mailing address of person to notify in the event of a defective notice; and

(h) As applicable, Electronic Funds Transfer (EFT) banking information.

**9. LIQUIDATED DAMAGES FOR DELIVERED NON-CONFORMING WORK**

(a) Should SELLER deliver Work that is non-conforming to the requirements set forth in this Contract (“Non-Conforming Work”), then LOCKHEED MARTIN shall be entitled to receive, and SELLER shall pay, compensation in the form of liquidated damages and not as a penalty.

(b) LOCKHEED MARTIN shall be entitled to receive and SELLER shall pay liquidated damages at the lesser of $4,000 or 5% of the price of the Non-Conforming Work for LOCKHEED MARTIN’s administrative costs associated with processing Non-Conforming Work.

(c) SELLER agrees that liquidated damages in the foregoing amounts are reasonable in light of the anticipated harm caused by the delivery of Non-Conforming Work; the difficulties of the proof of loss; and the inconvenience, expense, or non-feasibility of otherwise determining and obtaining an adequate remedy.
(d) In no event shall failure to assess liquidated damages be considered a waiver of LOCKHEED MARTIN’s rights in this or any other articles or clauses. Except for the non-performance of subcontractors at any tier, SELLER shall not be liable for liquidated damages if the failure to deliver Conforming Work arises from causes beyond the control and without the fault or negligence of SELLER.

(e) The remedies contained in this clause are in addition to any remedies LOCKHEED MARTIN may have at law, equity, or under other provisions of this Contract.

10. LIQUIDATED DAMAGES FOR LATE DELIVERY

(a) Should SELLER fail to make delivery of any Work in accordance with the delivery schedule in this Contract, then LOCKHEED MARTIN shall be entitled to receive, and SELLER shall pay, compensation in the form of liquidated damages and not as a penalty.

(b) LOCKHEED MARTIN shall be entitled to receive and SELLER shall pay liquidated damages accruing at the rate of one and one-half percent (1.5%) of the price of the Work subject to delay for each day of delay beginning on the tenth day after the scheduled delivery date. The liquidated damages charged shall not exceed twenty-five percent (25%) of the price of the late Work.

(c) SELLER agrees that liquidated damages in the foregoing amounts are reasonable in light of the anticipated harm caused by the late delivery; the difficulties of the proof of loss; and the inconvenience, expense, or non-feasibility of otherwise determining and obtaining an adequate remedy.

(d) In no event shall failure to assess liquidated damages be considered a waiver of LOCKHEED MARTIN’s rights in this or any other articles or clauses. Except for the non-performance of subcontractors at any tier, SELLER shall not be liable for liquidated damages if the failure to deliver Work on time arises from causes beyond the control and without the fault or negligence of SELLER.

(e) The remedies contained in this clause are in addition to any remedies LOCKHEED MARTIN may have at law, equity, or under other provisions of this Contract.

11. WITHHOLDS FOR NONCONFORMANCES

Notwithstanding any provision to the contrary in this Contract, including the Inspection of Supplies – Fixed-Price Clause, in the event LOCKHEED MARTIN is subject to a withhold by its Customer because of a nonconformance in the SELLER’s Work, a corresponding withhold shall be assessed against and shall be paid by the SELLER as a temporary or permanent reduction, as the case may be, in the price of the Work.

12. SUPPLIERS REPORTING (Applies only if the Contract does not contain a Supplier Data Requirements List (“SDRL”) requirement for such status)

(a) SELLER shall, after receipt of this Contract, submit status to LOCKHEED MARTIN of the following tasks:
(1) Acknowledgement and verification that all required Engineering and Specifications are received from LOCKHEED MARTIN.

(2) Acknowledgement and verification that all Planning and Programming is scheduled and/or complete.

(3) Acknowledgement and verification that all LOCKHEED MARTIN or Government furnished tooling and/or material identified in the Contract have been received.

(4) Acknowledgement and verification that all required material is received for each deliverable schedule item.

(5) Identify the current manufacturing stage for each hardware deliverable required under this Contract.

(6) Identify the current quantity and on-dock commitment date for each hardware deliverable required under this Contract.

(b) SELLER shall submit a report of the status of the above tasks to LOCKHEED MARTIN in a format and frequency as requested by LOCKHEED MARTIN.

13. SELLER’S ACCESS TO LOCKHEED MARTIN’S SYSTEMS OR APPLICATIONS AND COLLABORATION

(a) All users who require access to LOCKHEED MARTIN’s systems or applications shall obtain an individual Exostar account and a LOCKHEED MARTIN Two-Factor Authentication (2FA) security credential. SELLER shall be responsible for maintaining an active account and the annual fees associated with Exostar account management. Users may contact their Exostar Organization Administrator for access and information on obtaining the Lockheed Martin Two-Factor Authentication (2FA) security credential.

(b) SELLER shall maintain current company information, Contract acknowledgments, delivery status and shipment of product using LOCKHEED MARTIN’s online collaboration tools, Procure-to-Pay (“P2P”), Transportation Management System (“TMS”) and Supply Chain Collaboration (SCC) Hub.

14. BACKGROUND CHECKS

SELLER’s personnel, including SELLER’s subcontractors, who will be performing Work, handling materials, or providing services within the operations, facilities, and premises owned, leased, or operated by LOCKHEED MARTIN, shall register with the LOCKHEED MARTIN Contractor screening services provider. These SELLER personnel needing access to LOCKHEED MARTIN premises shall be pre-identified and pre-screened at least ten (10) business days prior to presentation at these premises for badging and access. SELLER shall comply with the process located at: https://ca.fadv.com/CA/welcome.do?lmc for new and renewal pre-screening requests.

15. OFFICE SPACE AND FURNITURE

(a) LOCKHEED MARTIN shall make available office space and office furniture, as may be required by SELLER’s liaison and technical assistance personnel who will be stationed at LOCKHEED MARTIN’s Aeronautics’ plants, without direct charge to SELLER.

(b) SELLER shall make available office space and office furniture as may be required by LOCKHEED MARTIN’s personnel, who will be stationed at SELLER’s plant, without direct charge to LOCKHEED MARTIN.

16. CORRECTION OF WORK CONDITIONALLY ACCEPTED WITH DEFICIENCIES
(a) If, upon SELLER’s tender of deliverable Work, LOCKHEED MARTIN identifies one or more deficiencies therein, LOCKHEED MARTIN may elect to provisionally or conditionally accept such deliverable and require the SELLER, upon receipt of notice identifying the deficiencies, to promptly correct such deficiencies at no increase to the Contract price.

(b) If, at the time of tender, the method of correction has not been determined, SELLER will proceed with all diligence to determine the corrective action required. When the method of correction has been established by SELLER and approved by LOCKHEED MARTIN, SELLER will proceed to correct such deficiency.

(c) If LOCKHEED MARTIN determines that the Work will not be returned to the SELLER’s plant for correction, but that such correction will be accomplished at LOCKHEED MARTIN’s facility, LOCKHEED MARTIN may elect to have LOCKHEED MARTIN’s customer or LOCKHEED MARTIN’s personnel, in lieu of SELLER personnel, make such corrections, using SELLER-furnished material or kits, in which event the SELLER agrees to negotiate an equitable adjustment for the work not accomplished by the SELLER.

(d) Where, with advance approval by LOCKHEED MARTIN, deliveries have been made before completion of all testing, SELLER will notify LOCKHEED MARTIN, in writing, upon completion of the testing of changes required to the delivered Work and recommend a proposed method, date, and location for accomplishing the rework or replacement of the Work.

17. RETENTION OF SPARES MANUFACTURING CAPABILITIES

(a) “Special Tooling” means jigs, dies, fixtures, molds, patterns, taps, gauges, and all components of these items including foundations and similar improvements necessary for installing special tooling, and which are of such a specialized nature that without substantial modification or alteration their use is limited to the development or production of particular supplies or parts thereof or to the performance of particular services. Special tooling does not include material, special test equipment, real property, equipment, machine tools, or similar capital items.

(b) “Special Test Equipment” means either single or multipurpose integrated test units engineered, designed, fabricated, or modified to accomplish special purpose testing in performing a contract. It consists of items or assemblies of equipment including foundations and similar improvements necessary for installing special test equipment, and standard or general purpose items or components that are interconnected and interdependent so as to become a new functional entity for special testing purposes. Special test equipment does not include material, special tooling, real property, and equipment items used for general purposes or property that with relatively minor expense can be made suitable for general purpose use.

(c) SELLER agrees to retain Special Tooling and Special Test Equipment capability and assume the obligation to support and provide replenishment spare parts and assemblies for the hardware items delivered under this Contract for a period of ten (10) years following the last delivery of hardware under this Contract.

(d) SELLER further agrees to negotiate a similar agreement with subcontractors having Special Tooling or Special Test Equipment that may be required to support the hardware items delivered under this Contract.

18. MANUFACTURING SPAN TIME (Applies only if this Contract is for production hardware.)

LOCKHEED MARTIN shall have the right to request and SELLER shall provide, at no additional cost, SELLER’s manufacturing cycle or run times for deliverable hardware and the components and detailed parts used to manufacture the deliverable hardware.

19. RIGHT TO BUY

(a) LOCKHEED MARTIN suppliers, at any tier, which are providing supplies to LOCKHEED MARTIN in connection with the prime contract or higher-tier subcontract under which this Contract is issued ("Qualified Supplier"), may procure the deliverable...
hardware set forth in this contract; provided such Qualified Supplier are financially sound and capable of carrying out the obligations of the terms and conditions of the contract.

(b) The price of the hardware shall be the price set forth in this Contract for comparable quantities and comparable delivery schedules, and the terms and conditions of any such sale shall be substantially similar to the terms and conditions of this Contract.

(c) SELLER shall enter into a separate contract with any such Qualified Supplier, if any, for such procurement, and SELLER shall look to the purchaser under any such contract for satisfaction of any and all obligations there under.

20. INVESTMENT

Any decision by SELLER to: (i) incur costs, by reason of investment or otherwise prior to the date of award of this Contract, (ii) forego profit or fee, or (iii) contract at a price below SELLER’s cost, is made at the sole risk of SELLER. SELLER acknowledges that the price of this Contract shall not be increased for such actions, for any reason, including, but not limited to, a termination for convenience of this Contract, unless LOCKHEED MARTIN expressly agrees in writing to pay such portion.

21. UNDEFINITIZED CONTRACTS

In consideration for and as an obligation of this Contract SELLER shall accept undefinitized contracts or contract modifications required to support LOCKHEED MARTIN’s prime contract requirements. The undefinitized action may take the form of new contracts or contract modifications.

22. F-16 PROGRAM REQUIREMENTS (Applies only if this Contract is in support of the F-16 Program)

SELLER shall establish and maintain configuration management and interchangeable policies and procedures in accordance with the following applicable documents:

(i) 16PP151D, Supplier Configuration Management Requirements, the version effective as of the date of this Contract. (Applicable to all Contracts issued under F-16 prime contracts with the exception of the UAE Block 60 prime contract)

(ii) CMA-0003, F-16 Block 60 Configuration Management Requirements for Supplier and Subcontractors, the version effective as of the date of this Contract. (Applicable to all Contracts issued under the UAE F-16 Block 60 prime contract.)

(iii) 16PP026 F-16 Program Interchangeability – Replaceability (I-R) Requirements for Coproducers and Suppliers, the version effective as of the date of this Contract.

The documents may be obtained from LOCKHEED MARTIN’s website: http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html under “Configuration Management”

23. F-35 PROGRAM REQUIREMENTS (Applies only to Contracts for the F-35 Program)

F-35 IUID Bar-Coding Label Requirements for Build-To-Package (BTP) Parts
(a) (1) The IUID bar-coding label requirements set out in DFARS 252.211-7003--Item Unique Identification and Valuation, of this Contract may have been updated since the issuance of the build-to-packages. To determine if IUID bar code labels are required, SELLER shall refer to the “UID type” field in the Product Data Manager (PDM) system. The field will be populated with either of the following:

(i) UID Type 1 (UID part), or

(ii) UID Type 2 (non-UID part)

(2) UID type 1 designates that IUID bar-coding labels are required. The separate notes list (SNL), which contains the part marking notes that used to appear on the face of the engineering drawing, will be automatically generated by PDM and furnished to SELLER.

(3) UID type 2 designates that IUID bar-coding labels are not required.

(4) The UID type attribute in the PDM system takes precedence over the UID type attribute in the face-of-drawing note.

(b) Engineering Revision Level for F-35 Build-to-Print Parts

The “Item Description” section for each contract line item includes a field titled “Drawing Revision Number”. For F-35 Build-to-Print parts, the Drawing Revision Number represents the Engineering Revision Level which is the top-level revision level for all engineering technical requirements within the Build-to-Package. The applicable Drawing Revision Number is located within the Build-to-Package Top-Level Engineering Revision Level in LM Aero’s Product Data Manager System. The Engineering Revision Level is also commonly referred to as the PDM Part Object Revision Level.