

**LOCKHEED MARTIN AERONAUTICS COMPANY
SUPPLEMENTAL CLAUSES FOR SUBCONTRACTS - PRODUCTION
DATED JULY 16, 2014**

1. DEFINITIONS

The following terms shall have the meanings set forth below:

- (a) "Contract" means the instrument of contracting, such as "Purchase Order", "PO", "Subcontract", or other such type designation, including these General Provisions, all referenced documents, exhibits and attachments. If these terms and conditions are incorporated into a "master" agreement that provides for releases, (in the form of a Purchase Order or other such document) the term "Contract" shall also mean the Release document for the Work to be performed.
- (b) "SELLER" means the party identified on the face of this Contract with whom LOCKHEED MARTIN is contracting.
- (c) "LOCKHEED MARTIN" means LOCKHEED MARTIN CORPORATION, acting through its companies or business units as identified on the face of this Contract. If a subsidiary or affiliate of LOCKHEED MARTIN CORPORATION is identified on the face of this Contract, then "LOCKHEED MARTIN" means that subsidiary or affiliate.
- (d) "LOCKHEED MARTIN Procurement Representative" means a person authorized by LOCKHEED MARTIN's cognizant procurement organization to administer and/or execute this Contract.
- (e) "Work" means all required labor, articles, materials, supplies, goods, and services constituting the subject matter of 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> (available under "Terms & Conditions", subheading "ES&H"). SELLER agrees to indemnify LOCKHEED MARTIN against any loss, damage or liability, including removal costs, by reason of SELLER's violation of this warranty.
- (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 <http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> under the "Terms & Conditions" section, then drop

down the "Forms and Information" section. Alternatively, contact the LOCKHEED MARTIN Procurement Representative for an electronic copy.

(c) Contract 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: <http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> available under "Terms & Conditions" subheading "ESH." Alternatively, contact the LOCKHEED MARTIN Procurement Representative for an electronic copy.

(d) Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH"): If work delivered by SELLER under this Contract will be incorporated into deliverable goods for use in the European Economic Area, SELLER may be required to identify any Substances of Very High Concern from the Candidate List as defined under European Union Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Upon request, SELLER agrees (1) to provide to LOCKHEED MARTIN, at no increase in price, information regarding the identified chemical's name, amount contained, by weight, total part weight and safe usage information, based on the Candidate List in place at the time of receipt of request, (2) to utilize the LOCKHEED MARTIN generated survey file as issued with no modification, (3) to submit response within 45 days upon receipt of request, and (4) to permit LOCKHEED MARTIN to disclose such information to the customer or regulatory authorities for the purpose of compliance with the REACH regulation. If at any time, the product's chemical composition change after a response is provided, SELLER is required to provide LOCKHEED MARTIN with the revised information. LOCKHEED MARTIN reserves the right to request REACH information up to twenty-four months after contract closeout. Current Candidate List chemicals can be found on the European Chemicals Agency website available

at: http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp. SELLER is required to monitor the Candidate List on a regular basis and provide to LOCKHEED MARTIN information on new Substances of Very High Concern as they are added. LOCKHEED MARTIN reserves the right to re-survey SELLER if new chemicals are added to the Candidate List before product shipment to the European Economic Area. For more information on REACH, please contact the LOCKHEED MARTIN REACH Program Office at reach.info@lmco.com.

4. SHIPPING INSTRUCTIONS

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

(b) If a ship-to address is provided in the detail for a specific line item, that address overrides the header-level ship-to address for that line item.

(c) SELLER shall utilize LOCKHEED MARTIN's Carrier Selection Guide located at <http://csg.lmtas.com> unless otherwise directed by LOCKHEED MARTIN's Procurement Representative.

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

5. TAXES

(a) If this Contract contains Work to be shipped to a LOCKHEED MARTIN Texas facility or taxable services to be performed in the state of Texas, the state of Texas exemption certificate for sales and use tax no. 15218936324 or Texas sales 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 contains Work 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 exemption certificate for sales, excise, and use tax no. 033-79-597-92-6 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 contains Work to be shipped to a LOCKHEED MARTIN California facility or taxable services to be performed in the state of California, the state of California direct payment exemption certificate for sales, excise, and use tax no. SZ OHC 99901399 prevail 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 pull-down menu "Terms & Conditions," subheading "FOD." Alternatively, contact LOCKHEED MARTIN's Procurement Representative for an electronic copy.

7. A83 NOTE, "ENGINEERING SPECIFICATION REQUIREMENTS"

If A83 is incorporated at the item level of this Contract, SELLER must comply with the requirements as set out in the A83 text. The A83 text is located on the LOCKHEED MARTIN external webpage at: <http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> under "Engineering" then "A83."

8. F-35 PROGRAM SPECIFIC REQUIREMENTS *(Applies only to Contracts for the F-35 Program)*

(a) Government Process Surveillance. Some of the Work on this Contract may contain Work that has been assigned U. S. Government source inspection (GSI) by the Defense Contract Management Agency (DCMA) at the prime contractor level. When GSI has been assigned on Work which is not being direct shipped (DD-250'd), Government Quality Assurance stamping of shipping documents is required prior to each shipment, unless the requirement for stamping of 100% of shipping documents has been waived in writing by SELLER's local DCMA.

(b) F-35 IUID Bar-Coding Label Requirements for Build-To-Package (BTP) Parts.

(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.

9. 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.

10. PERFORMANCE ASSURANCE WARRANTY

In addition to all other remedies LOCKHEED MARTIN may have at law, equity or under other provisions of this, including but not limited to the Warranty and Inspection provisions, if any nonconforming Work is identified within the warranty period, LOCKHEED MARTIN shall be entitled to receive and SELLER shall pay to LOCKHEED MARTIN as a warranty expense: (1) the lesser of \$4,000 or 5% of the price of the nonconforming Work for LOCKHEED MARTIN's processing costs for supplier responsible non-conformances, except where the nonconformance is identified by the SELLER prior to delivery (for example, a Supplier Quality Assurance Report (SQAR)) in which case the warranty expense shall be the lesser of \$2,500 or 5% of the price of the nonconforming Work and (2) all costs incurred by LOCKHEED MARTIN to remove and replace the nonconforming Work, including without limitation all costs incurred by LOCKHEED MARTIN relating to the removal of such nonconforming Work, the reinsertion of conforming Work and any testing necessitated by the reinstallation of SELLER's conforming Work. Notwithstanding any other provision of this Contract, all such costs shall be deemed direct damages.

11. 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. SELLER shall be entitled to a ten (10) day grace period. In the event SELLER fails to make delivery of an item within the grace period, then the amount of liquidated damages shall accrue at the rate of one and one-half percent (1.5%) of the price of the portion of the Work

which is subject to delay for each day of delay beginning on the first day of the scheduled delivery date. The liquidated damages charged shall not exceed twenty-five percent (25%) of the price of the portion of the Work delayed. 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 or non-feasibility of otherwise obtaining an adequate remedy.

(b) Liquidated damages arising under this Contract, may be deducted by LOCKHEED MARTIN, in whole or in part, from any payments due SELLER following the late delivery of any such Work. 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 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 the SELLER.

(c) 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.

12. 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 affected Work.

13. SUPPLIER COLLABORATION

If this Contract (i) has the text "CONTRACT ISSUED THROUGH SAP" indicating it was processed using LOCKHEED MARTIN's SAP purchasing systems, and (ii) SELLER has been on-boarded and formally notified by LOCKHEED MARTIN as being capable of using LOCKHEED MARTIN's collaboration tools, then 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"), Supply Network Collaboration ("SNC") and Transportation Management System ("TMS").

14. SUPPLIER 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.

15. 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://contractor.lexisnexis.com/CS/welcome.do?lmc> for new and renewal pre-screening requests.

16. SELLER'S ACCESS TO LOCKHEED MARTIN'S SYSTEMS OR APPLICATIONS

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. The 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.

17. CONFIGURATION MANAGEMENT *(Applies only to Contracts for the F-16 Program)*

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

- 16PP151D, *Supplier Configuration Management Requirements*, the version effective as of the release date of this Contract. (Applicable to all Contracts issued under F-16 prime contracts with the exception of the UAE Block 60 prime contract)
- CMA-0003, *F-16 Block 60 Configuration Management Requirements for Supplier and Subcontractors*, the version effective as of the release date of this Contract. (Applicable to all Contracts issued under the F-16 Block 60 prime contract.)

The Configuration Management documents may be obtained from LOCKHEED MARTIN's website: <http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> under "Configuration Management"