



LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

**Prime Contract 1/525/435/285AF
Saudi C-130H Repair/Overhaul**

For use with the latest version Lockheed Martin CorpDocs

November 17, 2016

Original Document

For all subcontracts issued under the subject Prime Contract, incorporate the following terms and conditions, applicable as noted, in addition to those other terms and conditions (CorpDocs, etc.) to be used for subcontracts issued under the Prime Contract. In the event of a conflict between the version or date of a clause set out in this document and the version or date of a clause set out in the identified CorpDocs, the version or date of the clauses set out in this document shall take precedence.

1. Add the following clause(s):

SC 11.1 Warranty The management of all warranties on the items/work under the subject of this Contract, whether obtained under this Contract or under any previous contracts, shall be performed by the Contractor at no cost to the RSAF. Appropriate documents and assistance will be provided by the RSAF but notification of the claims to the previous contractor shall be the only responsibility of the Contractor with respect to warranties under previous contracts. For warranty items under previous contracts, the Contractor shall not be responsible for quality, delivery or risk of loss or damage. If the Contractor decides to pursue litigation against the previous Contractor, the Contractor shall obtain the approval of the Director of Projects for pursuing the case and approval for the likely legal and other costs.

SC 11.2 The Contractor shall be fully responsible for repairing or replacing any items and components proven defective during the first year from their initial delivery dates, at no cost to RSAF.

SC 11.3 The Contractor shall submit to the RSAF a separate written guarantee issued by the manufacturer or supplier certifying that each of the items has been manufactured according to the specifications contained in this Contract, including all of its annexes. The guarantee shall be given immediately after the delivery, or partial delivery, as applicable, of the shipment concerned. The Contractor shall provide a Certificate of Conformity, as shown in Part 4, Annex C. The inspection and reporting of items that do not conform to specifications shall be carried out in accordance with the Statement of Work.

SC 11.4 The Contractor shall document and issue to the RSAF an exhaustive list of every item that is subject to any warranty, complete with details of the part number, description and value of the item, with full the details of the warranty, including the commencement and expiry of each individual warranty.

SC 11.5 Unless expressly provided for otherwise, all items used in the manufacture of the items ordered under this Contract, whether new or reworked, shall conform to the specifications, drawings, samples and other descriptions as set forth in this Contract, unless approved otherwise by the Government. In all cases and where not specified, such materials and components shall be of the most suitable grade of their respective kinds for their intended use and all workmanship shall be in strict conformance with this Contract and subject to sound manufacturing practice. The Contractor warrants the work and items required under this Contract against defects in the items, components, equipment, and workmanship, regardless of whether the same were furnished or produced by the Contractor or by any of its vendors or subcontractors of any tier thereof.

SC 11.6 Warranties detailed in the Statement of Work shall be provided in addition to the requirements herein. The Contractor shall separately submit a written Statement of Warranty for each item worked. The duration of the warranties, for each deliverable or Engineering Activity as detailed in the Statement of Work shall commence from the date of the issue of the Certificate of Acceptance or the Certificate of Performance as appropriate. Warranties detailed herein and in the Statement of Work shall include warranties on all items and equipment provided under this Contract, irrespective of whether items are supplied by the Contractor or a third party. The Contractor shall extend to the RSAF the manufacturer's and vendors' warranties and guarantees and shall enforce and take the maximum advantage of all such warranties on behalf of the RSAF. The Contractor shall provide Certificates of Conformity. The items will be inspected and Acceptance Certificates shall be issued by the RSAF in accordance with the Statement of Work. Items which do not conform to specification shall be returned to the Contractor at its expense under the RSAF ROID procedures as set out in the RSAF Manual 67-1.

SC 11.7 Upon receipt of written notice from the Government of any breach of warranty due to defective materials, equipment, workmanship, manufacture, or malpractice, the defective items shall be reworked, replaced or redesigned within the delivery or turnaround times as specified in Part 4, Statement of Work. The Contractor shall perform such tests as required by the Government to verify that such replacement complies with the requirements of this Contract. All costs incidental to such

repair or replacement and testing thereof, including the removal, replacement and reinstallation of equipment and materials necessary to gain access, and all other costs, including transportation, as specified in paragraph 9.5 above, incurred as a result of the breach of warranty, shall be borne by the Contractor. Should the Contractor fail to promptly rectify the breach of warranty in accordance with the Government's written notice, the Government may perform, or cause to be performed, the necessary repair/rework or replacement of the items entirely at the Contractor's expense.

SC 11.8 Structural components which fail to perform while under warranty shall be replaced with serviceable components by the Contractor, free of charge. If the Contractor does not have such components readily available, it shall immediately arrange to procure and air courier them to the RSAF. While awaiting delivery, the Contractor shall borrow like components from the RSAF if available, and install them as appropriate.

SC 11.9 The Contractor shall give a separate written guarantee, in which he shall guarantee the repaired or overhauled items or any parts thereof, against defects in material and/or workmanship. All repairs and overhauls shall be guaranteed by the Contractor to function properly for a period of one (1) year, or as per the SOW if different, from the date of arrival at the final destination at Jeddah. Such guarantee shall cover total replacement or repair, at the Contractor's discretion, without additional costs to the Government provided that the Government did not subject the item to damage through misuse, accident, lack of maintenance, negligence or poor storage.

SC 11.10 The Contractor shall, with respect to items being procured, and upon timely notice, attempt to the extent possible, obtain any particular or special contract provisions and warranties desired by the RSAF. The Contractor further agrees to exercise, upon the request from RSAF, any rights (including those arising under any warranties) the Contractor may have under any contract connected with the procurement of any item(s). The list of vendors, for items as per the Contract to be warranted, shall be forwarded within three months of signing this Contract.

SC 11.11 The above note warranties are not intended to be a limitation but are in addition to all other warranties, guarantees, rights and remedies provided in or arising out of the Contract or otherwise under the law.

SC 15 The Contractor shall be solely responsible for obtaining all the necessary United States export licenses for the material without any extra cost or expense to the Government. The Contractor shall be excused for any delays caused by the United States Government's refusal to grant any such license, despite timely application by Contractor, or revocation or suspension of any such license previously granted.

SC 16.1 Secure storage. The Contractor shall be responsible for providing absolute security for all RSAF property in its possession from the time of receipt until the property is delivered to the Government. This includes, but is not limited to, providing secure storage areas for property in work at the Contractor's facility.

SC 16.2 Accountability. RSAF property shall be kept separate from the property of other customers and the Contractor will be accountable for it at all times. Only RSAF parts will be installed on RSAF components and accessories and, likewise, RSAF parts will not be used for other customers' items.

SC 16.3 Tracking and status. The Contractor shall employ a system for tracking and accounting all the RSAF assets at any point in the repair process. Status reports will be provided in accordance with the Statement of Work.

SC 18.1 The Contractor shall pack, package, crate and mark the repaired or overhauled items and materials in accordance with the Statement of Work. Cases shall be clearly marked "RSAF" and show the Contract and LOC numbers thereon.

SC 18.2 The Contractor shall pack and package all items and materials to a standard that ensures reasonable protection during transit and safe arrival at the final destination. Additionally, the packaging should afford adequate protection for short to medium term storage without needing repackaging. The Contractor shall bear the cost of packing and packaging. Request for special packing or packaging by the Government shall be accommodated by the Contractor at the Government's expense.

SC 18.3 In the event that the Contractor should fail to comply with the instructions on packing and packaging requirements stated herein, it will be the Contractor's responsibility to correct any deficiencies and/or to replace all damaged items and materials. The Contractor shall bear all costs associated with correcting the deficiencies, including all transportation costs. Furthermore, the Government has the right to deduct one and one half (1.5%) of the value of the repair or overhaul order for the item(s) and material which are not in compliance with these instructions.

SC 19.1 The Contractor shall be responsible for maximum security of all RSAF property in its custody from the time the item is received by the Contractor until the item is delivered safely to the Government. The Contractor's responsibility will extend to, though not be limited to, the provision by the Contractor of secure storage areas for RSAF property held in the Contractor's facilities as well as the RSAF assets undergoing work under the Contract.

SC 19.2 The Contractor will account for and keep Government property separate from the property of other customers at all times. The Contractor shall be accountable for all RSAF property at all times. The Contractor will not install on the Government's components and accessories parts belonging to other customer(s). Nor shall it install on components or accessories belonging to its other customer(s) any parts which belong to the Government.



SC 19.3 The Contractor shall not be responsible for acts categorized as “force Majeure” such as earthquake, flood, beyond the influence, fault or negligence of the Contractor.

SC 19.4 The Contractor shall coordinate for the gate passes for the contractor’s employees who are working at the Contractor’s sites where the Government’s assets are handled, stored or worked on.

GC 20 If the Contractor fails, defaults or delays in repairing or overhauling the required items for the period specified in the repair order or service required in the service order, the Government shall be entitled to deduct (1%) one percent of the value of the delayed item for every week of delay, provided that the value of the fines imposed during the contract term shall not exceed (10%) ten percent of the contract value.