



LOCKHEED MARTIN AERONAUTICS CO.

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

ADDITIONAL TERMS AND CONDITIONS

FOR SUBCONTRACTS/PURCHASE ORDERS UNDER

LRIP 8 F-35 Sustainment - Prime Contract N00019-13-R-0078 Annualized and Non-Annualized

REFERENCE: 2014 version of Lockheed Martin CorpDocs

10 March 2014

The Terms and Conditions listed below are incorporated by reference and made a part of this Contract. Unless otherwise limited in this Contract, each document applies in its entirety.

In the event of a conflict between the version or date of a clause set forth in this document and the version or date of a clause set forth in the identified CorpDocs, the version or date of the clauses set forth in this document shall take precedence. The term "Contractor" or "Seller" shall mean "Subcontractor", "Supplier", or "Seller" herein; the term "Prime Contractor", "Contracting Officer" or "Government" (except "foreign government") shall mean LOCKHEED MARTIN herein. The applicability of each clause to this Contract shall be limited by a statement following each FAR or DFARS reference, if any.

PART I. Reserved

Part II. The following FAR, DFARS, and other Agency clauses are incorporated into the Contract:

FAR 52.216-16 Incentive Price Revision -- Firm Target (Oct 1997)

(Applicable to the Seller only if being awarded a fixed-price incentive contract. "Contracting Officer," "contract administrative office" and "Government" mean "Lockheed Martin." Paragraph (i) is deleted. The blanks in the clause shall be deemed to be completed with the amounts specified in the contract.)

FAR 52.222-42 Statement of Equivalent Rates for Federal Hires (May 1989)



(Applies if this subcontract is subject to FAR 52.222-41. The information contained in the blanks of this clause is specified elsewhere in this contract.)

FAR 52.227-19 Commercial Computer Software – Restricted Rights (Dec 2007)

(Applicable to the Seller only if delivering commercial software to the Government through Lockheed Martin.)

FAR 52.228-3 Workers' Compensation Insurance (Defense Base Act) (Apr 1984)

(Applicable to the Seller if it will perform work subject to the Defense Base Act 42 U.S.C. 1651, et seq.)

FAR 52.228-4 Workers' Compensation and War-Hazard Insurance Overseas (Apr 1984)

(Applicable only if the Seller is performing work in which the Defense Base Act would apply.)

FAR 52.232-17 Interest (Oct 2010)

(Applicable to the Seller only if the contract contemplates any category under FAR 32.611 (a) "Government" means "Lockheed Martin.")

FAR 52.245-9 Use and Charges (Apr 2012)

(Communications with the Government under this clause will be made through Lockheed Martin. This clause shall only apply to tasks under this Contract involving non-commercial items where Government furnished property shall be provided through Lockheed Martin to the Seller.)

FAR 52.246-2 Alt I – Inspection of Supplies Fixed-Price (Jul 1985)

(The clause is applicable to the Seller only if being awarded a fixed price incentive contract. "Government" means "Lockheed Martin and the Government" except in paragraphs (f), (j), and (l) where it means "Lockheed Martin." "Contracting Officer" means "Lockheed Martin.")

FAR 52.246-15 Certificate of Conformance (Apr 1984)

(Applicable to the Seller only if it will make direct shipments to the Government and there is no intervening acceptance by Lockheed Martin.)

FAR 52.249-14 Excusable Delays (Apr 1984)

(The clause is applicable to the Seller only if being awarded a cost-reimbursement type contract. In paragraph (a)(2) "or contractual" is deleted. "Contracting Officer" and "Government" means Lockheed Martin.)

DFARS 252.203-7004 Display of Fraud Hotline Poster(s) (Dec 2012)

(Applicable to the Seller under all contracts in excess of \$5M except subcontracts performed entirely outside the United States.)



DFARS 252.211-7006 Passive Radio Frequency Identification (Sep 2011)

(Applicable to the Seller only if it will make direct shipments meeting the criteria at FAR 211.275-2 to the Government of items covered by the clause.)

DFARS 252.211-7007 Reporting of Government-Furnished Property (Aug 2012)

(Applicable to Seller only if it will be in possession of Government property for the performance of this contract.)

DFARS 252.211-7008 Use of Government-Assigned Serial Numbers (Sep 2010)

(Not applicable to the Seller unless GASNs will be assigned to the Seller by Lockheed Martin).

DFARS 252.222-7006 Restrictions on the Use of Mandatory Arbitration Agreements (Dec 2010)

(Applicable to the Seller only under contracts for non-commercial items exceeding \$1,000,000 that will be funded in whole or part with Fiscal Year Dept. of Defense 2010, 2011 and future years appropriated funds. The clause is not required if all of the subcontractors employees performing work under the contract will be located outside of the United States. The certification in paragraph (b)(2) applies to both Seller in its own capacity and to Seller's covered subcontractors.)

DFARS 252.223-7008 Prohibition of Hexavalent Chromium (May 2011)

(Applicable to the Seller for contracts for supplies, maintenance and repair services, or construction materials. "Contracting officer" means "Lockheed Martin.")

DFARS 252.225-7012 Preference for Certain Domestic Commodities (Feb 2013)

(Applicable to the Seller only if furnishing any of the items covered by this clause.)

DFARS 252.225-7027 Restriction on Contingent Fees for Foreign Military Sales (Apr 2003)

(Applicable to the Seller only if awarded a contract involving contingent fees. The reference to the clause in paragraph (a) means FAR 52.203-5. The blank in paragraph (b)(1) is completed with "any Government." Subparagraph (b)(2) is deleted.)

DFARS 252.225-7028 Exclusionary Policies and Practices of Foreign Governments (Apr 2003)

DFARS 252.225-7032 Waiver of United Kingdom Levies -- Evaluation of Offers (Apr 2003)

(Applicable to the Seller if it is a United Kingdom corporation. "Contracting Officer means "Lockheed Martin.")



DFARS 252.227-7017 Identification and Assertion of Use, Release, or Disclosure Restrictions (Jan 2011)

(The provision requires offerors to identify any technical data for which restrictions, other than copyright, on use, release, or disclosure are asserted and to attach the identification and assertions to the offer. "Offeror" means "Seller." Contracting Officer" means "Lockheed Martin or Contracting Officer." In paragraphs (a) and (b) the references to the SBIR data rights clause are deleted.)

DFARS 252.228-7001 Ground and Flight Risk (Jun 2010)

(Applicable to contracts for non-commercial items only. In paragraph (a)(1)(i) "this contract" means "the prime contract." The following is added at the beginning of the clause: "Communications between Seller and the JSFPO shall be made through Lockheed Martin. Any equitable adjustment provided for this clause shall be implemented in this contract to the extent such adjustment is implemented in the prime contract." Subparagraphs (d)(2)(ii), (d)(3)(ii) and the last sentence of subparagraph (j)(2) are deleted.)

DFARS 252.234-7004 Cost and Software Data Reporting System (Nov 2010)

(Applicable only to contracts for non-commercial items in excess of \$50,000,000). (In paragraph (b), "Government" means Lockheed Martin.)

DFARS 252.239-7016 Telecommunications Security Equipment, Devices, Techniques, and Services (Dec 1991)

(Applicable to the Seller only if the nature of the work under the Contract requires secure telecommunications to be utilized to ensure compliance with the regulation. Does not apply if contract is for a commercial item as defined in FAR Part 2.101)

DFARS 252.243-7002 Requests for Equitable Adjustment (Dec 2012)

(Not applicable to the Seller unless the contract is for a commercial item as defined in FAR Part 2.101 "Government" means "Lockheed Martin.")

DFARS 252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD Contracts) (Jun 2013)

DFARS 252.245-7001 Tagging, Labeling, and Marking of Government-Furnished Property (Apr 2012)

(Applies to contracts where the items furnished by the contractor will be subject to serialized tracking, should the Statement of Work or another document in the solicitation identify such items subject to serialized tracking)

DFARS 252.245-7004 Reporting, Reutilization, and Disposal (May 2013)

(Applicable to Seller only if it will be furnished with Government under this contract. "Contracting Officer" means Lockheed Martin.)



DFARS 252.246-7000 Material Inspection and Receiving Report (Mar 2008)

(Applicable to the Seller if this contract requires delivery of items directly to the Government.)

NAVAIR 5252.247-9508 Prohibited Packaging Materials (Jun 1998)

(Applicable to the Seller only if it will make shipments under this contract directly to the Government.)

FAR 52.232-39 Unenforceability of Unauthorized Obligations (Jun 2013)

FAR 52.247-67 Submission of Commercial Transportation Bills for Audit (Feb 2006)

Documents required by this clause will be provided by Seller to Lockheed Martin. This clause is not required to be included in Contractor's subcontracts.

FAR 52.223-3 Hazardous Material Identification and Material Safety Data (Jan 1997)

Applies if this contract involves hazardous materials. "Contracting Officer" means "Lockheed Martin;" "Government" means "Lockheed Martin and the Government."

DFARS 252.209-7010 Critical Safety Items (Aug 2011)

DFARS 252.229-7006 Value Added Tax Exclusion (United Kingdom) (Dec 2011)

Applies if Seller is a United Kingdom firm. "This contract" means "the prime contract."

DFARS 252.234-7002 Submission of Transportation

"Government" means "Lockheed Martin and Government." Paragraphs (i) and (j) are deleted.

Part III. **SECTION H – SPECIAL PURCHASE ORDER REQUIREMENTS**

For purposes of this Section H, "Government" means the United States Government. The following Section H clauses are incorporated into the Contract in full-text:

H-2 WORK SHARE AGREEMENTS

The Contractor shall not enter into any new work share agreements with any subcontractors that specify that a subcontractor will receive a certain amount of business based solely on a dollar amount or percentage of contract or program cost as of the effective date of this contract.

H-5 NAVAIR 5252.204-9504 DISCLOSURE OF CONTRACT INFORMATION (JAN 2007) (VARIATION)



(a) The Contractor shall not release to anyone outside the Contractor's organization any information (e.g., announcement of contract award), regardless of medium (e.g., film, tape, document), pertaining to any part of this contract or any effort directly related to the F-35 Lightning II Joint Strike Fighter (JSF) Program unless—

- (1) The JSFPO has given prior written approval through LOCKHEED MARTIN;
- (2) The information is otherwise in the public domain before the date of release; or
- (3) The information is being released to associate contractors, subcontractors, suppliers, or vendors who require the information for execution of work under an F-35 Lightning II JSF contract.

(b) Requests for approval shall identify the specific information to be released, the medium to be used, and the purpose for the release. "Information" includes, but is not limited to, news releases, articles, manuscripts, brochures, advertisements, still and motion pictures, speeches, trade association meetings, symposia, and professional papers to be published. The Contractor shall submit the original and 1 copy of the information proposed for release to LOCKHEED MARTIN.

Where practicable, requests and the specific information may be provided to LOCKHEED MARTIN using an electronic medium appropriate for the security level of the information being transmitted. The Contractor shall submit its request to LOCKHEED MARTIN at least 25 working days before the proposed date for release.

(c) RESERVED

(d) The Contractor agrees to include a similar requirement in each subcontract or purchase order under this contract. Subcontractors, suppliers, and vendors shall submit requests for authorization to release through LOCKHEED MARTIN to the Public Affairs Officer.¹

H-10 PRESERVATION OF RIGHTS FOR TECHNICAL DATA, COMPUTER SOFTWARE, AND COMPUTER SOFTWARE DOCUMENTATION ACCESSED, DELIVERED, OR PROVIDED ELECTRONICALLY²

Information, whether delivered pursuant to the Supplier Data Requirements List (SDRL) or provided in response to any other requirement contained in this contract, which would be deemed "technical data" under DFARS 252.227-7013, Rights in Technical Data—Noncommercial Items (JUN 2013), or "computer software" and "computer software documentation" under DFARS 252.227-7014, Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (MAY 2013), if it were delivered in written form, shall not lose its status as technical data, computer software, or computer software documentation solely because access by the Government, delivery by the Contractor, or

¹ Modified clause to reflect prime-subcontractor flow-down.

² Modified clause to reflect prime-subcontractor flow-down.



provision by the Contractor is by electronic means. The rights of the parties shall be as specified in DFARS 252.227-7013 and DFARS 252.227-7014.

H-13 NAVAIR 5252.227-9507 NOTICE REGARDING THE DISSEMINATION OF EXPORT-CONTROLLED TECHNICAL DATA (OCT 2005)

- (a) Export of information contained herein, which includes release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITARs), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.
- (b) For violation of export laws, the contractor, its employees, officials or agents are subject to:
 - (1) Imprisonment and/or imposition of criminal fines; and
 - (2) Suspension or debarment from future Government contracting actions.
- (c) The Government shall not be liable for any unauthorized use or release of export-controlled information, technical data or specifications in this contract.
- (d) The contractor shall include the provisions or paragraphs (a) through (c) above in any subcontracts awarded under this contract.

H-16 NAVAIR 5252.227-9511 DISCLOSURE, USE AND PROTECTION OF PROPRIETARY INFORMATION (FEB 2009)³

- (a) During the performance of this contract, the Government may use an independent services contractor (ISC), who is neither an agent nor employee of the Government. The ISC may be used to conduct reviews, evaluations, or independent verification and validations of technical documents submitted to the Government during performance.
- (b) The use of an ISC is solely for the convenience of the Government. The ISC has no obligation to the prime contractor (or Seller). The Contractor is required to provide full cooperation, working facilities and access to the ISC for the purposes stated in paragraph (a) above.

³ Modified clause to reflect prime-subcontractor flow-down.



(c) Since the ISC is neither an employee nor agent of the Government, any findings, recommendations, analyses, or conclusions of such a contractor are not those of the Government.

(d) The Contractor acknowledges that the Government has the right to use ISCs as stated in paragraph (a) above. It is possible that under such an arrangement the ISC may require access to or the use of information (other than restricted cost or pricing data), which is proprietary to the prime contractor or Seller.

(e) To protect any such proprietary information from disclosure or use, and to establish the respective rights and duties of both the ISC and prime contractor, the prime contractor will agree to enter into a direct agreement with any ISC as the Government requires. A properly executed copy (per FAR 9.505-4) of the agreement will be provided to the Government's Procuring Contracting Officer.

H-19 NAVAIR 5252.211-9510 CONTRACTOR EMPLOYEES (MAY 2011)⁴

(a) In all situations where contractor personnel status is not obvious, all contractor personnel are required to identify themselves to avoid creating an impression to the public, agency officials, or Congress that such contractor personnel are Government officials. This can occur during meeting attendance, through written (letter or e-mail) correspondence or verbal discussions (in person or telephonic), when making presentations, or in other situations where their contractor status is not obvious to third parties. This list is not exhaustive. Therefore, the contractor employee(s) shall:

(1) Not by word or deed give the impression or appearance of being a Government employee;

(2) Wear appropriate badges visible above the waist that identify them as contractor employees when in Government spaces, at a Government-sponsored event, or an event outside normal work spaces in support of the contract/order;

(3) Clearly identify themselves as contractor employees in telephone conversations and in all formal and informal written and electronic correspondence. Identification shall include the name of the company for whom they work;

⁴ Modified clause to reflect prime-subcontractor flow-down.



(4) Identify themselves by name, their company name, if they are a subcontractor the name of the prime contractor their company is supporting, as well as the Government office they are supporting when participating in meetings, conferences, and other interactions in which all parties are not in daily contact with the individual contractor employee; and

(5) Be able to provide, when asked, the full number of the contract/order under which they are performing, and the name of the Government Contracting Officer's Representative.

(b) If Seller's employees are wearing a badge that is a risk to safety and/or security, then an alternative means of identification maybe utilized if endorsed by the Government Contracting Officer's Representative and approved by the Government Contracting Officer through Lockheed Martin to the Seller.

(c) Lockheed Martin will make the final determination of compliance with regulations with regard to proper identification of contractor employees.

H-27 PARTNERING WITH MILITARY SERVICE DEPOTS

This clause is in accordance with Article 8.2 of the F-35 Lightning II Depot Partnering Agreement.

1. FAR Non-Applicability. Pursuant to FAR 1.104, FAR Applicability, Partnering Agreements (PA) and Implementing Agreements (IA) between the Contractor and Military Service Depots (MSD) are not subject to the FAR or any agency supplements thereto, because the FAR applies to contracts where the Government acts in its capacity as a buyer. No FAR and/or agency supplement flow down clauses shall apply to any PA/IA issued or to any other contractual vehicle placed by the Contractor with an MSD providing a supply/service under this prime contract, except as may be expressly included by mutual consent of the Contractor and the MSD.

a. **Non-Applicability of Advanced Payments.** Payments made by the Contractor to the MSD, as required by the terms of the PA/IA, shall be considered to be incurred costs under the terms of this contract.



2. TINA Non-Applicability. The Truth in Negotiations Act, 10 USC Section 2306a, as amended, (hereinafter referred to as TINA) and its implementing regulations/clauses, do not apply to any MSD performing under this contract. Accordingly, the Government agrees:

- a. The portion of the Contractor's contract price that consists of costs relating to work performed by an MSD need not be supported by the submission of certified cost or pricing data and,
- b. The absence of such certified data shall not form the basis, directly or indirectly, for a claim by the Government of defective pricing against the Contractor.

3. Release of Responsibility. The Government agrees not to hold the Contractor responsible, directly or indirectly, for the delay, non-performance, or other non-compliance of work required under this contract to the extent such delay, non-performance, or non-compliance is solely attributable, in accordance with the terms of the PA and IA, to the action or inaction of an MSD performing an IA related to the Contractor's performance obligations under this contract.

a. **Equitable Adjustment.** Subject to the provisions of FAR 52.249-14, Excusable Delays, such delay, non-performance, or other non-compliance attributable to the MSD in performing such PA/IA, may be considered to be an excusable delay for the Contractor or non-compliance for which an equitable adjustment in the performance period and/or cost/price of this contract may be provided by the Government to the Contractor. Further, such delay, non-performance, or non-compliance determined to be solely attributable to the MSD under FAR 52.249-14, Excusable Delays shall not be used by the Government, in whole or in part, as the basis for termination for default or withholding of payments under this contract. Any disagreement with the Contracting Officer's final decision regarding an equitable adjustment is subject to the Disputes clause.

b. **Continued "Good Faith/Duty to Mitigate."** This provision does not excuse the Contractor from its requirement to continuously exercise good faith to effectively manage the MSD, if necessary, to perform the affected services itself or find a commercial sub-contractor to perform the services, and to fulfill its responsibilities under this contract and applicable PA/IA. Such efforts include reasonable corrective actions to mitigate the effects of the MSD's non-compliance under this contract's schedule and/or prices.

H-6 NAVAIR 5252.232-9509 REIMBURSEMENT OF TRAVEL PER DIEM AND SPECIAL MATERIAL COSTS VARIATION (May 2012)



(a) Area of Travel. Performance under this contract may require travel by contractor personnel. If travel, domestic or overseas, is required, the contractor is responsible for making all necessary arrangements for its personnel. These include but are not limited to: medical examinations, immunizations, passports/visas/etc., and security clearances. All contractor personnel required to perform work on any U.S. Navy vessel shall obtain boarding authorization from the Commanding Officer of the vessel before boarding.

(b) Travel Policy. The Government will reimburse the contractor for allowable travel costs incurred by the contractor in performance of the contract in accordance with FAR Subpart 31.2.

Consistent with FAR Subpart 31.2, all costs incurred for lodging, meals and incidental expenses required for tasks assigned under this contract shall be considered reasonable and allowable only to the extent that they do not exceed on a daily basis the maximum per diem rates in effect at the time of travel as set forth in the Federal Travel Regulations, prescribed by the General Services Administration for travel in the conterminous 48 United States, (hereinafter the FTR); Joint Travel Regulation, Volume 2, DoD Civilian Personnel, Appendix A, prescribed by the Department of Defense, for travel in Alaska, Hawaii, The Commonwealth of Puerto Rico, and territories and possessions of the United States (hereinafter JTR); and Standardized Regulations (Government Civilians, Foreign Areas), Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas," prescribed by the Department of State, for travel in areas not covered in the FTR or JTR (hereinafter the SR).

(c) Travel. Travel and subsistence are authorized for travel beyond a fifty-mile radius of the contractor's office whenever a task assignment requires work to be accomplished at a temporary alternate worksite. No travel or subsistence shall be charged for work performed within a fifty-mile radius of the contractor's office. The contractor shall not be paid for travel or subsistence for contractor personnel who reside in the metropolitan area in which the tasks are being performed. Travel performed for personal convenience, in conjunction with personal recreation, or daily travel to and from work at the contractor's facility will not be reimbursed.

(1) For travel costs other than described in paragraph (c) above, the contractor shall be paid on the basis of actual amount paid to the extent that such travel is necessary for the performance of services under the contract and is authorized by the COR in writing.

(2) When transportation by privately owned conveyance is authorized, the contractor shall be paid on a mileage basis not to exceed the applicable Government transportation rate as contained in the FTR, JTR or SR. Authorization for the use of privately owned conveyance shall be indicated in the basic contract. Distances traveled between points shall be shown on



invoices as listed in standard highway mileage guides. Reimbursement will not exceed the mileage shown in the standard highway mileage guides.

(3) The contractor agrees, in the performance of necessary travel, to use the lowest cost mode commensurate with the requirements of the mission as set forth in the basic contract and in accordance with good traffic management principles. When it is necessary to use air or rail travel, the contractor agrees to use coach, tourist class, or similar accommodations to the extent consistent with the successful and economical accomplishment of the mission for which the travel is being performed.

(4) The contractor shall retain receipts or other evidence substantiating actual costs incurred for authorized travel as required by FAR Subpart 4.7, Contractor Records Retention, and FAR 52.215-2, Audit and Records – Negotiation (OCT 2010). In no event will such payments exceed the rates of common carriers.

(d) Vehicle and/or Truck Rentals. The contractor shall be reimbursed for actual rental/lease of special vehicles and/or trucks (i.e., of a type not normally used by the contractor in the conduct of its business) only if authorized in the basic contract or upon approval by the COR. Reimbursement of such rental shall be made based on actual amounts paid by the contractor. Use of rental/lease costs of vehicles and/or trucks that are of a type normally used by the contractor in the conduct of its business are not subject to reimbursement.

(e) Car Rental. The contractor shall be reimbursed for car rental, exclusive of mileage charges, as authorized in the basic contract or upon approval by the COR, when the services are required to be performed beyond the normal commuting distance from the contractor's facilities. Car rental for a team on TDY at one site will be allowed for a minimum of four (4) persons per car, provided that such number or greater comprise the TDY team.

(f) Per Diem. The contractor shall not be paid for per diem for contractor personnel who reside in the metropolitan areas in which the tasks are being performed. Per Diem shall not be paid on services performed within a fifty-mile radius of the contractor's home office or the contractor's local office. Per Diem is authorized for contractor personnel beyond a fifty-mile radius of the contractor's home or local offices whenever a task assigned requires work to be done at a temporary alternate worksite. Per Diem shall be paid to the contractor only to the extent that overnight stay is necessary and authorized under this contract. The authorized per diem rate shall be the same as the prevailing per diem in the worksite locality. These rates will be based on rates contained in the FTR, JTR or SR. The applicable rate is authorized at a flat seventy-five (75%) percent on the day of departure from contractor's home or local office, and



on the day of return. Reimbursement to the contractor for per diem shall be limited to actual payments to per diem defined herein. The contractor shall provide actual payments of per diem defined herein. The contractor shall provide supporting documentation for per diem expenses as evidence of actual payment.

(g) Shipboard Stays. Whenever work assignments require temporary duty aboard a Government ship, the contractor will be reimbursed at the per diem rates identified in paragraph C8101.2C or C81181.3B(6) of the Department of Defense Joint Travel Regulations, Volume II.

(h) Special Material. "Special material" includes only the costs of material, supplies, or services which is peculiar to the ordered data and which is not suitable for use in the course of the contractor's normal business. It shall be furnished pursuant to specific authorization approved by the COR. The contractor will be required to support all material costs claimed by its costs less any applicable discounts. "Special materials" include, but are not limited to, graphic reproduction expenses, or technical illustrative or design requirements needing special processing.