



LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

LRIP 10
F-35 Production
Prime Contract Number N00019-15-C-0003

Generated using of Lockheed Martin CorpDocs 2014 Version

Revision 1 August 18, 2014
Revision 2 September 2, 2015
Revision 3 April 13, 2017

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 entirety¹.

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. This document includes clauses that flow-down LOCKHEED MARTIN's U.S. Government regulatory and customer obligations. To the extent that any clause included in this PSFD is inapplicable to the performance of this Contract, the parties shall consider such clauses to be self-deleting and shall not impose any obligations upon the SELLER.

PART I. The dates of the following FAR and DFARS clauses are modified as follows and are incorporated into the Contract:

RESERVED

PART II. ADDITIONS: The following FAR, DFARS and other agency clauses are incorporated into this Contract in addition to those set out in the applicable CorpDocs:

DFARS 252.203-7002 Requirement to Inform Employees of Whistleblower Rights Sep. 2013

DFARS 252.209-7010 Critical Safety Items. Aug. 2011

(The blanks in this clause are completed as follows: Critical Safety Items are identified elsewhere in this Contract.)

DFARS 252.211-7005 Substitutions for Military or Federal Specifications and Standards. Nov. 2005

(The clause is only applicable where a management or manufacturing process has been accepted previously by the Department of Defense under the Single Process Initiative (SPI) for use in lieu of a specific military or Federal specification or standard).

DFARS 252.211-7006 Passive Radio Frequency Identification. Sep. 2011

(The clause is only applicable when the Seller 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
 (Not applicable to the Seller when Lockheed Martin has expressly assumed responsibility for marking the property itself elsewhere in the Contract; otherwise, the clause obligates the Seller to perform their own markings if Seller 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 when Lockheed Martin has expressly assumed responsibility for marking the property itself elsewhere in the Contract; otherwise, the clause obligates the Seller to perform their own markings if Seller will be in possession of Government property for the performance of this contract.)

DFARS 252.219-7004 Small Business Subcontracting Plan (Test Program). Jan. 2011
 (Applicable to the Seller only when the contract involves the procurement of non-commercial items wherein the Seller is a participant of the "DoD Test Program for the Negotiation of Comprehensive Small Business Subcontracting Plans".)

DFARS 252.222-7006 Restrictions on the Use of Mandatory Arbitration Agreements. Dec. 2010
 (Applies to subcontracts for non-commercial items that exceed \$1,000,000. However, the clause does not apply if all of the Seller's employees performing work under the contract will be located outside of the United States.)

DFARS 252.225-7027 Restriction on Contingent Fees for Foreign Military Sales. Apr. 2003
 (The reference to the clause in paragraph (a) means FAR 52.203-5. The blank in paragraph (b)(1) shall be deemed to be completed with "any Government." Subparagraph (b)(2) of the clause is deleted.)

DFARS 252.225-7028 Exclusionary Policies and Practices of Foreign Governments. Apr. 2003
 (Applicable to contracts for non-commercial items only.)

DFARS 252.225-7032 Waiver of United Kingdom Levies – Evaluation of Offers Apr. 2003
 (Applies if Seller is a United Kingdom firm. "Contracting Officer means "Lockheed Martin.")

DFARS 252.227-7017 Identification and Assertion of Use, Release, or Disclosure Restrictions. Jan. 2011
 ("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
 (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 Government 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 252.232-7012 Performance-Based Payments – Whole Contract Basis Mar. 2014

(Applicable to the Seller only if under the contract Lockheed Martin will be making financing payments to the Seller in the form of performance based payments.

DFARS 252.234-7002 Earned Value Management System. **May 2011**
 (Applies to cost reimbursement or incentive contracts valued at \$20,000,000 or more. "Government" means "Lockheed Martin and Government." Paragraphs (i) and (j) are deleted.)

DFARS 252.234-7004 Alternate I - Cost and Software Data Reporting System **Nov. 2010**
 (The clause is only applicable to Seller's under contracts in excess of \$50,000,000 for non-commercial items. In paragraph (b) of the clause, "Government" shall mean Lockheed Martin.)

DFARS 252.239-7016 Telecommunications Security Equipment, Devices, Techniques, and Services. **Dec. 1991**
 (Applicable to the Seller only if the contract involves non-commercial items requiring securing telecommunications.)

DFARS 252.243-7002 Requests for Equitable Adjustment. **Dec. 2012**
 (Applicable only to contracts for non-commercial items in excess of \$150,000. "Government" shall mean "Lockheed Martin.")

DFARS 252.245-7001 Tagging, Labeling, and Marking of Government-Furnished Property.
Apr. 2012
 (Applicable to the Seller in 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. **Mar. 2015**
 (Applicable to contracts involving items indicated in this DFAR clause only. In this clause, "Contracting Officer" shall mean Lockheed Martin.)

DFARS 252.246-7000 Material Inspection and Receiving Report. **Mar. 2008**
 (Applicable to the Seller only when Lockheed Martin authorizes direct shipments by the Seller to the Government.)

DFARS 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System (MAY 2014) (Paragraph (a) through (e) apply. To the extent this clause conflicts with other provisions of this contract, this clause shall prevail. In paragraph (c)(2) "Government" means "Lockheed Martin and the Government." In paragraph (c)(6) "Contracting Officer" means "Lockheed Martin and the Contracting Officer.")

FAR 52.203-19 Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements (Jan. 2017)

FAR 52.216-16 Incentive Price Revision – Firm Target **Oct. 1997**
 (Applicable if Incentive Price Revision – Firm Target subcontract.
 "Contracting Officer," "contract administrative office" and "Government" mean "Lockheed Martin."
 Paragraph (i) is deleted. The blanks in the clause are completed as stated elsewhere in this Contract. .

FAR 52.227-3 Patent Indemnity. **Apr. 1984**
 This patent indemnification shall apply to Commercial Item (as defined in FAR 2.101) included within the end item deliverable.

FAR 52.228-3 Workers' Compensation Insurance (Defense Base Act) **Apr. 1984**
 (Applies 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**
 (Applies to the Seller if it will perform work subject to the Defense Base Act 42 U.S.C. 1651 et seq., unless Lockheed Martin specifies greater minimum insurance coverages than specified in this clause or Lockheed Martin has obtained a waiver that has been flowed down to the Seller elsewhere in the contract.)

FAR 52.232-16 Progress Payments. **Apr. 2012**
 (Applicable to the Seller only if paid by means of progress payments in non-commercial contracts. "Contracting Officer" shall mean "Lockheed Martin" except in paragraph (g) of the clause where it shall mean "Lockheed Martin or Contracting Officer." "Government" shall mean "Lockheed Martin" except: (1) in paragraphs (d), (e) and (j)(5) of the clause where the term is unchanged and (2) in paragraphs (g) and (i) of the clause where it means "Lockheed Martin and the Government." Alternate I applies to the Seller if the Seller is a small business.)

FAR 52.232-17 Interest. **May 2014**
 (Applicable to the Seller only in contracts involving non-commercial items where other Government clauses expressly refer to an Interest clause (e.g. fixed price incentive subcontracts containing FAR 52.216-16 or FAR 52.216-17), unless the contract meets the criteria in exceptions (a)(1) through (7) of FAR 32.611.) "Government" means "Lockheed Martin."

FAR 52.232-32 Performance-Based Payments. **Apr. 2012**
 (Applicable to the Seller only if under the contract Lockheed Martin will be making financing payments to the Seller in the form of performance based payments. "Contracting Officer" and "Government" shall mean "Lockheed Martin" except with respect to title for property where the references to the Government shall be unchanged. Subparagraph (c)(2) of the clause is deleted.)

FAR 52.232-39 Unenforceability of Unauthorized Obligations. **Jun. 2013**

FAR 52.245-9 Use and Charges. **Apr. 2012**
 (Applicable to contracts involving non-commercial items where Government facilities shall be provided through Lockheed Martin to the Seller. Communications with the Government under this clause shall be made by the Seller through Lockheed Martin.)

FAR 52.246-2 ALT I Alternate I - Inspection of Supplies Fixed-Price. **Jul. 1985**
 ("Government" in the clause shall mean "Lockheed Martin and the Government" except in paragraphs (f), (j), and (l) where it shall mean "Lockheed Martin." "Contracting Officer" shall mean "Lockheed Martin.")

FAR 52.246-15 Certificate of Conformance. **Apr. 1984**
 (The clause is applicable to the Seller in cases where it will make direct shipments to the Government. .)

FAR 52.247-68 Report of Shipment (REPSHIP). **Feb. 2006**

(Applicable to contracts involving any item(s) shipped directly to the U.S. Government.)

NAVAIR 5252.204-9501 NATIONAL STOCK NUMBERS (NAVAIR) Mar. 2007
(Applies if the parts are DoD serially managed items. "Contracting Officer" shall mean "Lockheed Martin.")

NAVAIR 5252.247-9508 PROHIBITED PACKING MATERIALS (NAVAIR) Jun. 1998
(Applicable to the Seller if it is shipping non-commercial items directly to U.S. Government.)

NAVAIR 5252.247-9509 PRESERVATION, PACKAGING, PACKING AND MARKING (NAVAIR) Jul. 1998
(Applicable to the Seller if it is shipping non-commercial items directly to U.S. Government., In subparagraph (b), "Contract Number" shall mean "Lockheed Martin's prime contract number and the number assigned to this contract.")

NAVAIR 5252.247-9510 PRESERVATION, PACKAGING, PACKING AND MARKING FOR FOREIGN MILITARY SALES (FMS) REQUIREMENTS (NAVAIR) OCT. 2005
(Applicable to the Seller if it is shipping non-commercial items directly to U.S. Government.)

NAVAIR 5252.204-9504 Disclosure of Contract Information (NAVAIR) Jan. 2007
(Communications with the Contracting Officer shall be made through Lockheed Martin. In paragraph (b), 10 days is changed to 20 days.)

PART III. SECTION H –PRIME CONTRACT SPECIAL PROVISIONS

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-3 5252.227-9507 NOTICE REGARDING THE DISSEMINATION OF EXPORT-CONTROLLED TECHNICAL DATA (NAVAIR) (OCT 2005)

(The following clause applies only to contracts where Lockheed Martin is acquiring non-commercial items).

- (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-4 CONTRACTOR EMPLOYEES (NAVAIR 5252.211-9510) (MAY 2011 – VARIATION)

(a) In all situations where Seller personnel status is not obvious, Seller's 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 email) 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 Seller's 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 Seller's 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 Seller's 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) Identify themselves by name, their company name, 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.

(b) If wearing a badge is a risk to safety and/or security, then an alternative means of identification may be utilized if endorsed by the Contracting Officer's Representative and approved by the Contracting Officer, through LOCKHEED MARTIN.

(c) The Contracting Officer, through LOCKHEED MARTIN, will make final determination of compliance with regulations with regard to proper identification of contractor employees.

H-7 5252.227-9511 DISCLOSURE, USE AND PROTECTION OF PROPRIETARY INFORMATION (NAVAIR) (FEB 2009) (VARIATION)

(The clause is applicable in the event Seller's proprietary information may be required by a government support contractor, or an "ISC".)

(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. Except as otherwise provided by separate agreement between the ISC and the prime contractor, the ISC has no obligation to the Seller or LOCKHEED MARTIN. The Seller is required to provide full cooperation, reasonable working facilities and access to the ISC for the purposes stated in paragraph (a) above.

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

(d) The Seller 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, which is proprietary to the Seller in addition to third party proprietary data that the prime contractor is authorized to disclose.

(e) To protect any such proprietary information from unauthorized disclosure or use, and to establish the respective rights and duties of both the ISC and prime contractor, the Seller agrees to enter into a direct agreement with any ISC as the Government requires. The ISC will be responsible for initiating contact with the Seller sufficiently in advance of any work that may require facility access, cooperation from

Seller, or access to proprietary information belonging to the Seller or to third parties who may have authorized the Seller to disclose such data to enable the Seller to arrange for such access and cooperation and to obtain the necessary agreements. A properly executed copy of the agreement will be provided to the Government through Lockheed Martin.

H-12 PRODUCTION NON-RECURRING (PNR) SPECIAL TOOLING, SPECIAL TEST EQUIPMENT, AND BAE SYSTEMS (OPERATIONS) LIMITED ADVANCED CAPITAL EQUIPMENT

The Contractor acknowledges that the PNR items listed in the Special Tooling and Special Test Equipment List, Section J, Attachment 13 and Annex 2 and Annex 3 reflect all special tooling, special test equipment, and BAE Systems (Operations) Limited advanced capital equipment:

- (1) Necessary to support the delivery schedule for all production requirements contained in this contract (including, but not limited to, aircraft required under Items 1001, 1005, 1010, 1012, 1013, 2001, 2004, 2010, and 3001); and
- (2) Necessary to be procured during the period ending 31 December 2019 in order to support F-35 production requirements as delineated in the JSF Production Planning Profile.

The parties recognize that the PNR items listed in the Special Tooling and Special Test Equipment List, Section J, Attachment 13 and Annex 2 and Annex 3 include:

- (1) Special tooling and special test equipment as those terms are defined in FAR 2.101; and
- (2) Tooling, test equipment, and capital equipment supplied by BAE Systems (Operations) Limited that are not special tooling or special test equipment as those terms are defined in FAR 2.101. Said tooling, test equipment, and capital equipment supplied by BAE Systems (Operations) Limited are herein referred to as advanced capital equipment.

The parties recognize that the special tooling and special test equipment listed in the Special Tooling and Special Test Equipment List, Section J, Attachment 13 and Annex 2 and Annex 3 are of such a specialized nature that without substantial modification or alteration their use is limited to the production of the F-35 Joint Strike Fighter aircraft and that, as a consequence, their costs may be charged as direct costs to this contract. For BAE Systems (Operations) Limited use in the United Kingdom, costs of the advanced capital equipment listed in the Special Tooling and Special Test Equipment List, Section J, Attachment 13 and Annexes 2 and 3 that do not meet the definition of special tooling or special test equipment as those terms are defined in FAR 2.101 are allowable as direct costs to this contract if:

- (1) Direct charging of said items is permissible by applicable U.S. treaties, U.S. federal statute, Cost Accounting Standards, and federal and defense regulations; and
- (2) BAE Systems (Operations) Limited's approved accounting system and method of accounting permit the direct charging of said items.

In the event the parties discover that the Special Tooling and Special Test Equipment List, Section J, Attachment 13 and Annex 2 and Annex 3 includes a PNR item that may not be charged as a direct cost to this contract because it is not special tooling or special test equipment as those terms are defined in FAR 2.101 or, with respect to BAE Systems (Operations) Limited advanced capital equipment, the parties discover that a PNR item may not be charged as a direct cost to this contract because direct charging is not permitted as specified above, such item shall be removed from the Special Tooling and Special Test Equipment List, Section J, Attachment 13 and Annex 2 and Annex 3 and the estimated cost and fixed fee of Items 0001, 0013, 0014, and 0019 shall be adjusted to reflect such removal.

Nothing herein is intended to alter or change an approved accounting system that complies with applicable U.S. treaties, U.S. federal statute, Cost Accounting Standards, or federal and defense regulations.

H-24 AUTHORIZATION TO DELIVER ITEMS CONTAINING HEXAVALENT CHROMIUM IN EXCESS OF LIMITS SET FORTH IN DFARS 252.223-7008 – PROHIBITION OF HEXAVALENT CHROMIUM (JUNE 2013)

In accordance with paragraph (c) of DFARS 252.223-7008, “Prohibition of Hexavalent Chromium” (JUN 2013) and paragraph (a) of DFARS 223.7304, the Government has considered the factors contained in paragraph (a) of DFARS 223.7305 and has determined that alternatives to Hexavalent Chromium are either not available or in the Government’s interest for the applications listed below in Table H-8a, “Hexavalent Chromium Applications Used in the Manufacture of the F-35 Air System.” Therefore, items using the applications listed below in Table H-8a may be delivered by the Contractor and accepted by the Government even though they contain Hexavalent Chromium in a concentration greater than 0.1 percent by weight in any homogenous material or require the removal or reapplication of Hexavalent Chromium materials during subsequent sustainment phases of the deliverable or construction material. DFARS 252.223-7008, “Prohibition of Hexavalent Chromium” (JUN 2013) applies to all other items delivered under this contract.

Table H-8a:

Hexavalent Chromium Applications Used in the Manufacture of the F-35 Air System

- Fuel tank coating to AMS-C-27725 Type 2
- Sealant to LMA-MU065
- Sealant primer to LMA-MR058 Form 1
- Adhesive bonding primer to LMA-MD007 Type 2 or 2ZZZ00002 Type 2
- General structural primer to MIL-PRF-23377
- Non-Curing Corrosion Resistant Sealing Compound