



CONTRACT ADMINISTRATIVE CLAUSES

the appropriate consignee. The CONTRACTOR agrees not to deviate from these "ship to" provisions without prior authorization from LOCKHEED MARTIN.

(Applicable Clauses Are Cited in the Contract Schedule)

35 Packaging and Shipment

- (a) A complete packing list shall be enclosed with all shipments hereunder. The CONTRACTOR shall mark containers or packages with necessary lifting, loading, and shipping information, including the LOCKHEED MARTIN contract number, item number, dates of shipment, and the names and addresses of consignor and consignee. Bill of Lading number and weight of shipment shall also be shown for shipment on Government Bill of Lading.
- (b) Unless otherwise provided in the Schedule, all shipments shall be delivered to the carrier's equipment at the CONTRACTOR's plant. If the facilities for shipment by the carrier's equipment are not available at the CONTRACTOR's plant, shipments shall be delivered to the nearest point where the carrier's service is available. These shipping instructions apply to all modes of transportation except rail when shipment occupies sufficient space in a railroad car to constitute a carload shipment. A carload shipment or shipment constituting a carload shipment shall be properly and adequately loaded and secured by the CONTRACTOR to prevent damage in transit.
- (c) Unless otherwise provided in the Schedule, shipments shall be packaged in accordance with sound commercial practices to meet minimum packing requirements of surface and air carriers and to afford adequate protection against damage considering the method of transportation used. Shipments shall be marked with the necessary handling instructions, purchase order number, LOCKHEED MARTIN account number, and the consignee's name and address.
- (d) The CONTRACTOR agrees to package the articles described in the Schedule as a separate shipment to LOCKHEED MARTIN. However, shipments for more than one order may be consolidated into one outer shipping container if the articles described in the Schedule of each Contract are packaged separately and clearly identified to the appropriate order. Shipments via air carrier shall be marked with the actual gross weight and dimensions on each box or other outer container. Shipments of dangerous articles shall be marked and packaged in accordance with the appropriate Department of Transportation or other Governmental agency regulations.
- (e) The CONTRACTOR shall consolidate all shipments to be forwarded on one day, and ship them on one Bill of Lading. When two or more methods of shipment are specified, one via premium route and the other via standard route, the CONTRACTOR agrees to consolidate the shipments by type of routing and forward them accordingly.
- (f) Shipments shall be released to the carrier at the maximum value applicable to the lowest published rate or classification rating, unless otherwise provided in this Contract.
- (g) Value shall not be declared in excess of the maximum value set forth on the carriers tariff by those carriers who assess a value charge over and above a minimum value. The only exception to the above shall occur when the carrier's tariffs require actual valuations as a condition of acceptance, unless otherwise provided in this Contract.
- (h) "Ship to" instructions as set forth in the Schedule designate the appropriate consignee. All shipping documents, shipping labels, and packing sheets must show full and complete information as to

- (i) The first shipment received by LOCKHEED MARTIN which falls within the quantity tolerance (either plus or minus) designated in an order will be considered as meeting the quantity requirements of the order. Any additional shipments against the order will be returned to the CONTRACTOR freight collect.
- (j) Articles delivered to LOCKHEED MARTIN more than thirty (30) days in advance of the schedule set forth in the Contract may be returned at CONTRACTOR's expense.
- (k) For Supplier Acceptance Delegation Program Contractors, specified by Quality Clause S8, evidence of acceptance will be indicated by application of acceptance stamp to a label or tag adjacent to the part number to the lowest level of packaging. The stamp must include date of acceptance. Purchase order line items must be individually packaged and the supplier must not package S8 items with non S8 items.

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Limitation of Lockheed Martin's Obligation (Incremental Funding for Fixed Price Contracts)

- (a) Of the total price of this Contract, the sum presently available for payment and allotted to this Contract, and the period estimated to be covered by such sum, are set forth in the Schedule. It is anticipated that from time to time additional funds will be allotted by LOCKHEED MARTIN to this Contract by subsequent notices to the CONTRACTOR until the total price of the Contract is allotted.
- (b) The CONTRACTOR agrees to perform or have performed work on the items up to the point at which, in the event of termination of this Contract pursuant to the Termination for Convenience clause of the Contract, the total amount payable by LOCKHEED MARTIN (including amounts payable in respect of subcontracts and settlement costs) pursuant to said clause would, in the reasonable judgment of the CONTRACTOR, approximate the total amount at that time allotted to the Contract. The CONTRACTOR is not obligated to continue performance of the work beyond that point. LOCKHEED MARTIN is not obligated in any event to pay or reimburse the CONTRACTOR in excess of the amount from time to time allotted to the Contract, notwithstanding anything to the contrary in the Termination of Convenience clause or any other clause of the Contract. The CONTRACTOR shall furnish upon request to LOCKHEED MARTIN a schedule showing its anticipated requirements for periodic funding under this clause.
- (c) It is contemplated that the funds presently allotted to this Contract will cover the work to be performed, as limited by the provisions of (b) above, until the date set forth in the Schedule (the "fund expiration date"). In the event funds allotted are considered by the CONTRACTOR to be inadequate to cover the work to be performed until the fund expiration date, or an agreed date in substitution thereof, the CONTRACTOR shall notify LOCKHEED MARTIN in writing when within the next thirty (30) days the work will reach a point which, in the event of termination pursuant to the "Termination" clause, the total amount payable by LOCKHEED MARTIN, pursuant to said clause, will approximate eighty-five per cent (85) of the total amount then

allotted to the Contract. The notice shall state the estimated date when such point will be reached and the estimated amount of additional funds required to continue performance to the fund expiration date. The CONTRACTOR shall, thirty (30) days prior to the fund expiration date advise LOCKHEED MARTIN in writing as to the estimated amount of additional funds which will be required for the timely performance of this Contract for a further period as may be specified in this Contract or otherwise agreed to by the parties. If after such letter notification, additional funds are not allotted by the fund expiration date or by an agreed date in substitution therefore, LOCKHEED MARTIN will, upon written request of the CONTRACTOR for the same, terminate this Contract on such date or the date set forth in the request, whichever is later, pursuant to the provisions of the clause of this Contract entitled, "Termination."

- (d) When additional funds are allotted from time to time for continued performance of the work under this Contract, the parties will agree as to the applicable period of Contract performance which will be covered by the funds. The provisions of (b) and (c) above will apply in like manner to the additional allotted funds and agreed substitute date, and the Contract will be amended accordingly.
- (e) If the CONTRACTOR incurs additional costs or is delayed in the performance of the work under this Contract solely by reason of failure of LOCKHEED MARTIN to allot additional funds in amounts sufficient for timely performance of this Contract, and if additional funds are allotted, an equitable adjustment will be made in the price or prices (including appropriate target, billing, and ceiling prices where applicable) of the items or in the time of delivery or both. Failure to agree to any such equitable adjustment hereunder will be a dispute concerning a question of fact within the meaning of the clause of this Contract entitled, "Disputes."
- (f) LOCKHEED MARTIN may at any time prior to termination and, with the consent of the CONTRACTOR, after notice of termination, allot additional funds for this Contract.
- (g) The provisions of this clause with respect to termination will not be deemed to limit the rights of LOCKHEED MARTIN under the clause entitled, "Default.." This clause will become inoperative upon the allotment of funds for the total price of the work.
- (h) Nothing in this clause affects the right of LOCKHEED MARTIN to terminate this Contract pursuant to the Termination for Convenience clause of this Contract.

74 Marking Instructions

The CONTRACTOR agrees to affix to the outer surfaces of the inner bag and the shipping container the following markings: part number, serial number, date, method of cleaning, method of packaging, inspection date for materials covered by ANA Bulletin 438a (when applicable) and the statement, "The inner bag must be opened in an approved dust-free room for testing or inspection." Test reports, data, and any necessary articles that have not been cleaned will be firmly attached to the exterior of the package enclosing the part. NOTE: Holes in the sealed area of the inner bag are not permitted.

75 Serial Numbers

The CONTRACTOR agrees to affix the serial numbers described in the Schedule of this Contract to the articles procured hereunder in accordance with MIL-STD-130. Serial numbers are assigned consecutively against the basic drawing number without regard to the drawing part number (dash number) assignment.

76 Date of Manufacture

The CONTRACTOR agrees to affix the date of manufacture to each of the articles procured hereunder.

80 Sale of Scrap

Proceeds from the sale of scrap and salvage shall accrue to this Contract and any benefit derived therefrom shall revert to LOCKHEED MARTIN.

82 Drop Shipment To Lockheed Martin Contractors

The SHIPPING CONTRACTOR agrees to complete the shipping supplier portion of the Contractor - Shipping and Receiving Report (OF 915). Ship this report, any contractually required documentation, and the material to the LOCKHEED MARTIN Contractor identified in your Contract. A copy of the Contractor - Shipping and Receiving Report (OF 915) and any contractually required documentation shall be forwarded to the buyer identified in your contract.

83 Receipt of Shipment From Lockheed Martin Contractors

The CONTRACTOR agrees to submit to LOCKHEED MARTIN within three (3) workdays after receipt of material dropped shipped from a LOCKHEED MARTIN Contractor, the completed Contractor - Shipping and Receiving Report (OF 915), provided to you by the shipping contractor. Material received has been drop shipped to your facility for performance of requirements set forth in this Contract. Forward this report to the buyer identified in your contract.

84 Subcontractor List

The Contractor agrees to submit to LOCKHEED MARTIN within one (1) week after his execution of this contract a list of all potential Subcontractors and the services or material they are to supply to be used under this contract.

87 Part Numbers

- (a) The LOCKHEED MARTIN and CONTRACTOR part numbers shall be affixed to the articles described in the Schedule of this Contract in accordance with MIL-STD-130.
- (b) The CONTRACTOR part number shall be affixed to the articles described in the Schedule of this Contract in accordance with MIL-STD-130.
- (c) The LOCKHEED MARTIN and CONTRACTOR part numbers of the articles described in the Schedule of this Contract must be shown on the CONTRACTOR's packing sheet and invoices to permit payment by LOCKHEED MARTIN.
- (d) The CONTRACTOR part number of the articles described in the Schedule of this Contract must be shown on the CONTRACTOR's packing sheet and invoice to permit payment by LOCKHEED MARTIN.

89 Routing Instructions

The CONTRACTOR agrees to notify the LOCKHEED MARTIN Procurement representative of the delivery and routing details one (1) week prior to delivery of any articles described in the Schedule of this Contract.

90 Sales Taxes

Exemption from sales/use tax shall be determined by reference to applicable state law:

- (a) If delivery is in Colorado::
If the purchase is a component part, or used as an ingredient of a manufactured product for resale, the item is not taxable under Colorado Sales and Use Tax. All other purchases are taxable, and the taxes must be included in and paid as part of the subcontract with the supplier. Invoices must display labor, all materials and sales taxes paid.
LOCKHEED MARTIN is engaged in the manufacture of special weapons and space vehicles, and is licensed under Colorado Sales Tax license No. 02-72600-0000. The purchase must be for resale and not to be used by LOCKHEED MARTIN employees.

- (b) If delivery is in California:
If the purchase is for property described in the contract for resale, then the purchase is not taxable under California Sales and Use Tax. All other purchases are taxable, and the taxes should be included in and paid as part of the subcontract with the supplier. LOCKHEED MARTIN is engaged in the manufacture of special weapons and space vehicles for sale to the United States Government and for commercial purposes, and is licensed under California Seller's Permit No. SR Z OHC 99-901470. If the purchase is used for any purpose other than retention, demonstration, or display while holding it for sale, the item becomes taxable.

(c) If delivery is in Florida:

If the purchase is a component part, or used as an ingredient of a manufactured product for resale, the item is not taxable under Florida Sales and Use Tax. Property purchased for inclusion in real property is taxable, and the taxes should be included in and paid as part of the subcontract with the supplier.

LOCKHEED MARTIN is engaged in the manufacture of special weapons and space vehicles for sale to the United States Government and for commercial purposes, and is licensed under Florida Certificate of Registration No. 78-00-076079-63-0. The purchase must be for resale and not to be used by LOCKHEED MARTIN employees.