



Special Provisions

Phase I/Phase II Terms and Conditions

The attached Purchase Order is placed as two parts and referred to as:

Phase I - Repair Estimate/Failure Analysis

Phase II - Repair/Modification/Disposition

A. Phase I - Repair Estimate

1. Statement of Work - In consideration of the mutual promises contained herein, the Contractor shall furnish all labor, material, facilities and equipment necessary to disassemble and inspect the article(s) furnished hereunder to the extent necessary to determine repairs required and submit to LOCKHEED MARTIN an offer, including all labor and material separately stated, and a delivery schedule for repairing, modifying and testing the article(s) in accordance with the Purchase Order description (all of which is hereafter referred to as Phase II Work). The offer will also set forth the price for Phase I effort and the price of a new, comparable unit.

After receipt of said offer, LOCKHEED MARTIN shall have the option to modify the purchase order to include the Phase II Work, price and schedule agreed to by MARTIN MARIETTA. If LOCKHEED MARTIN elects not to authorize Phase II Work, then LOCKHEED MARTIN shall modify the purchase order to incorporate the agreed to Phase I evaluation price and give instructions for the disposition of the article(s).

The contractor shall not proceed with Phase II Work until he has received written notification from the LOCKHEED MARTIN Materiel Representative identified on the face of the purchase order.

2. Time of Performance - Contractor shall submit his complete quotation to LOCKHEED MARTIN within the time stated on the purchase order or if no time is stated for Phase I, then within ten (10) calendar days after receipt of the article(s).
3. Payment - Payment shall not be made for Phase I effort until the purchase order is modified in accordance with paragraph A.1. above.

B. Phase II - Repair/Modifications

1. Statement of Work - The contractor shall furnish all facilities, equipment, labor and material (a) to repair or modify and test the article(s) in accordance with the Phase II Work specified in the purchase order as modified; or (b) to dispose of the article(s) as directed in the modification.
2. Delivery - Phase II Work shall be completed as specified in the purchase order.
3. Payment - The entire purchase order price shall be paid upon acceptance by LOCKHEED MARTIN of the article after the Phase II Work; or upon disposition of the article(s) as directed, whichever the case may be.

C. Bailment

The property delivered hereunder, whether Government or LOCKHEED MARTIN owned, or otherwise, shall constitute a bailment for value for the benefit of the Contractor, and in the event of loss or damage to said property the Contractor shall compensate the owner, or indemnify LOCKHEED MARTIN if LOCKHEED MARTIN is held responsible, in an amount representing such loss or damage.

D. Failure Analysis Report (If specified in the Purchase Order)

Together with the offer required by Phase I, and as part of the Phase I effort, submit one (1) reproducible copy of a Failure Analysis to the LOCKHEED MARTIN Materiel Representative as noted in the purchase order.

The Failure Analysis Report (DEN 354580) shall be completed in accordance with the instructions on the form as specified in the purchase order.

In the event of any conflict between these instructions and General and Special Provisions identified on the Purchase Order, these instructions shall prevail.