



**COST REIMBURSEMENT GENERAL PROVISIONS AND FAR FLOWDOWN PROVISIONS FOR
SUBCONTRACTS/PURCHASE ORDERS (ALL AGENCIES) FOR NON-COMMERCIAL ITEMS UNDER A U.S.
GOVERNMENT PRIME CONTRACT**

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SECTION I: GENERAL PROVISIONS

1. ACCEPTANCE OF CONTRACT/TERMS AND CONDITIONS

- (a) This Contract integrates, merges, and supersedes any prior offers, negotiations, and agreements concerning the subject matter hereof and constitutes the entire agreement between the parties.
- (b) SELLER's acknowledgment, acceptance of payment, or commencement of performance, shall constitute SELLER's unqualified acceptance of this Contract.
- (c) **Additional or differing terms or conditions proposed by SELLER or included in SELLER's acknowledgment hereof are hereby objected to by LOCKHEED MARTIN and have no effect unless accepted in writing by LOCKHEED MARTIN.**

2. ALLOWABLE COST AND PAYMENT.

- (a) **Invoicing.** LOCKHEED MARTIN shall make payments to SELLER when requested as work progresses, but not more often than once every 2 weeks, in amounts determined to be allowable by LOCKHEED MARTIN in accordance with the terms of this Contract and Subpart 31.2 of the FAR, and agency supplements as appropriate, in effect on the date of this Contract. If the Contract is with an educational institution, FAR Subpart 31.3 shall apply; and if with a non-profit organization other than an educational institution, FAR Subpart 31.7 shall apply. SELLER may submit to the LOCKHEED MARTIN Procurement Representative, in such form and reasonable detail as the Representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this Contract.
- (b) **Reimbursing costs.**
 - (1) For the purpose of reimbursing allowable costs (except as provided in paragraph (b)(2) of the clause, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term "costs" includes only:
 - (i) Those recorded costs that, at the time of the request for reimbursement, SELLER has paid by cash, check, or other form of actual payment for items or services purchased directly for this Contract;

- (ii) When SELLER is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for—
 - (A) Work purchased directly for the Contract and associated financing payments to subcontractors, provided payments will be made—
 - (1) In accordance with the terms and conditions of a subcontract or invoice; and
 - (2) Ordinarily prior to the submission of SELLER's next payment request to the Government;
 - (B) Materials issued from SELLER's inventory and placed in the production process for use on this Contract;
 - (C) Direct labor;
 - (D) Direct travel;
 - (E) Other direct in-house costs; and
 - (F) Properly allocable and allowable indirect costs, as shown in the records maintained by SELLER for purposes of obtaining reimbursement under Government contracts; and
- (iii) The amount of financing payments that have been paid by cash, check, or other forms of payment to SELLER's subcontractors.

- (2) Accrued costs of SELLER contributions under employee pension plans shall be excluded until actually paid unless:
 - (i) SELLER's practice is to make contributions to the retirement fund quarterly or more frequently; and
 - (ii) The contribution does not remain unpaid 30 days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from SELLER's indirect costs for payment purposes).
- (3) Notwithstanding the audit and adjustment of invoices or vouchers under paragraph (g) of this clause, allowable indirect costs under this contract shall be obtained by applying indirect cost rates established in accordance with paragraph (d) of this clause.
- (4) Any statements in specifications or other documents incorporated in this Contract by reference designating performance of services or furnishing of materials at SELLER's expense or at no cost to the LOCKHEED MARTIN shall be disregarded for purposes of cost-reimbursement under this clause.

- (c) **Small business concerns.** A small business concern may receive more frequent payments than every 2 weeks.
- (d) **Final indirect cost rates.** LOCKHEED MARTIN shall reimburse SELLER on the basis of final annual indirect cost rates and the appropriate bases established by SELLER and the Government in effect for the period covered by the indirect cost rate proposal. Such rates and bases shall not change any monetary ceiling, contract obligation, or specific cost allowance or disallowance provided for in this Contract. The rates and bases shall be deemed incorporated into this Contract upon execution.
- (e) **Billing Rates.** There shall be included as allowable indirect costs such overhead rates as may be established by SELLER and the cognizant Government agency in accordance with the principles of the FAR and applicable FAR supplement. Pending establishment of final indirect overhead rates for any period, SELLER shall be reimbursed at billing rates approved by the cognizant Government agency, which billing rates may be revised from time to time subject to such approval and subject to appropriate adjustment when the final rates for that period are established.
- (f) **Quick-closeout procedures.** When SELLER and LOCKHEED MARTIN agree, quick-closeout procedures of Subpart 42.7 of the FAR may be used.
- (g) **Audit.** At any time or times before final payment, LOCKHEED MARTIN or the Contracting Officer may have SELLER's invoices or vouchers and statements of cost audited. Any payment may be (1) reduced by amounts found not to constitute allowable costs or (2) adjusted for prior overpayments or underpayments.
- (h) **Final payment.**
 - (1) SELLER shall submit a completion invoice or voucher, designated as such, promptly upon completion of the Work, but no later than one year (or longer, as LOCKHEED MARTIN may approve in writing) from the completion date. Upon approval of that completion invoice or voucher and upon SELLER's compliance with all terms of this Contract, LOCKHEED MARTIN shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.
 - (2) SELLER shall pay to LOCKHEED MARTIN any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by SELLER or any assignee under this Contract to the extent that those amounts are properly allocable to costs for which SELLER has been reimbursed by LOCKHEED MARTIN. Reasonable expenses incurred by SELLER for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by LOCKHEED MARTIN. Before final payment under this contract, SELLER and each assignee whose assignment is in effect at the time of final payment shall execute and deliver:

- (i) An assignment to LOCKHEED MARTIN, in form and substance satisfactory to LOCKHEED MARTIN, of refunds, rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which SELLER has been reimbursed by LOCKHEED MARTIN under this Contract; and
 - (ii) A release discharging the LOCKHEED MARTIN, Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this Contract, except:
 - (A) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;
 - (B) Claims (including reasonable incidental expenses) based upon liabilities of SELLER to third parties arising out of the performance of this Contract; provided, that the claims are not known to SELLER on the date of the execution of the release, and that SELLER gives notice of the claims in writing to LOCKHEED MARTIN within 6 years following the release date or notice of final payment date, whichever is earlier; and
 - (C) Claims for reimbursement of costs, including reasonable incidental expenses, incurred by SELLER under the patent clauses of this Contract, excluding, however, any expenses arising from SELLER'S indemnification of LOCKHEED MARTIN and the Government against patent liability.
- (i) **Subcontracts.** No subcontract placed under this Contract shall provide for payment on a cost-plus-a-percentage-of-cost basis, and any fee payable under cost-reimbursements type subcontracts shall not exceed the fee limitations in paragraph 15.404-4(c) of the FAR.

3. APPLICABLE LAWS

- (a) This Contract shall be governed by and construed in accordance with the laws of the State from which this Contract was issued, excluding its choice of laws rules, except that any provision in this Contract that is (i) incorporated in full text or by reference from the Federal Acquisition Regulations (FAR) or (ii) incorporated in full text or by reference from any agency regulation that implements or supplements the FAR or (iii) that is substantially based on any such agency regulation or FAR provision, shall be construed and interpreted according to the federal common law of Government contracts as enunciated and applied by federal judicial bodies, boards of contracts appeals, and quasi-judicial agencies of the federal Government.
- (b)
 - (1) SELLER agrees to comply with all applicable laws, orders, rules, regulations, and ordinances.
 - (2) If: (i) LOCKHEED MARTIN's contract cost or fee is reduced; (ii) LOCKHEED MARTIN's costs are determined to be unallowable; (iii) any fines, penalties or interest are assessed on LOCKHEED MARTIN; or (iv) LOCKHEED MARTIN incurs any other costs or damages; as a result of any violation of applicable laws, orders, rules, regulations, or ordinances by SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, LOCKHEED MARTIN may proceed as provided for in (4) below.
 - (3) Where submission of cost or pricing data is required or requested at any time prior to or during performance of this Contract, if SELLER or its lower-tier subcontractors: (i) submit and/or certify cost or pricing data that are defective; (ii) with notice of applicable cutoff dates and upon LOCKHEED MARTIN's request to provide cost or pricing data, submit cost or pricing data, whether certified or not certified at the time of submission, as a prospective subcontractor, and any such data are defective as of the applicable cutoff date on LOCKHEED MARTIN's Certificate of Current Cost or Pricing Data; (iii) claim an exception to a requirement to submit cost or pricing data and such exception is invalid; (iv) furnish data of any description that is inaccurate or; if (v) the U.S. Government alleges any of the foregoing, and, as a result, (1) LOCKHEED MARTIN's contract price or fee is reduced; (2) LOCKHEED MARTIN's costs are determined to be unallowable; (3) any fines, penalties or interest are assessed on LOCKHEED MARTIN; or (4) LOCKHEED MARTIN incurs any other costs or damages; LOCKHEED MARTIN may proceed as provided for in (4) below.
 - (4) Upon the occurrence of any of the circumstances identified in (2) and (3) above, LOCKHEED MARTIN may make a reduction of corresponding amounts (in whole or in part) in the price, or in the costs and fee, of this Contract or any other contract with SELLER, and/or may demand payment (in whole or in part) of the corresponding amounts. SELLER shall promptly pay amounts so demanded.
- (c) SELLER represents that each chemical substance constituting or contained in Work sold or otherwise transferred to LOCKHEED MARTIN hereunder is on the list of chemical substances compiled and published by the Administrator of the Environmental Protection Administration pursuant to the Toxic Substances Control Act (15 U.S.C. Sec. 2601 et seq.) as amended.
- (d) SELLER shall provide to LOCKHEED MARTIN with each delivery any Material Safety Data Sheet applicable to the Work in conformance with and containing such information as required by the Occupational Safety and Health Act of 1970 and regulations promulgated thereunder, or its state approved counterpart.

4. ASSIGNMENT

Any assignment of SELLER's contract rights or delegation of duties shall be void, unless prior written consent is given by LOCKHEED MARTIN. However, SELLER may assign rights to be paid amounts due, or to become due, to a financing institution if LOCKHEED MARTIN is promptly furnished a signed copy of such assignment reasonably in advance of the due date for payment of any such amounts. Amounts assigned to an assignee shall be subject to setoffs or recoupment for any present or future claims of LOCKHEED MARTIN against SELLER. LOCKHEED MARTIN shall have the right to make settlements and/or adjustments in the estimated cost and fee without notice to the assignee.

5. COMMUNICATION WITH LOCKHEED MARTIN CUSTOMER

LOCKHEED MARTIN shall be solely responsible for all liaison and coordination with the LOCKHEED MARTIN customer, including the U.S. Government, as it affects the applicable Prime Contract, this Contract, and any related contract.

6. CONTRACT DIRECTION

- (a) Only the LOCKHEED MARTIN Procurement Representative has authority to make changes in or amendments to this Contract. Such amendments must be in

writing.

- (b) LOCKHEED MARTIN engineering and technical personnel may from time to time render assistance or give technical advice or discuss or effect an exchange of information with SELLER's personnel concerning the Work hereunder. Such actions shall not be deemed to be a change under the "Changes" clause of this Contract and shall not be the basis for equitable adjustment.
- (c) Except as otherwise provided herein, all notices to be furnished by the SELLER shall be sent to the LOCKHEED MARTIN Procurement Representative.

7. DEFINITIONS

The following terms shall have the meanings set forth below:

- (a) "Contract" means the instrument of contracting, such as "PO", "Purchase Order", or other such type designation, including all referenced documents, exhibits and attachments. If these terms and conditions are incorporated into a "master" agreement that provides for releases, (in the form of a purchase order or other such document) the term "Contract" shall also mean the release document for the Work to be performed.
- (b) "FAR" means the Federal Acquisition Regulation, issued as Chapter 1 of Title 48, Code of Federal Regulations.
- (c) "LOCKHEED MARTIN", means LOCKHEED MARTIN CORPORATION, acting through its companies or business sites as identified on the face of the Contract. If a subsidiary or affiliate of LOCKHEED MARTIN CORPORATION is identified on the face of this Contract then "LOCKHEED MARTIN" means that subsidiary or affiliate.
- (d) "LOCKHEED MARTIN Procurement Representative" means the person authorized by LOCKHEED MARTIN's cognizant procurement organization to administer and/or execute this Contract.
- (e) "PO" or "Purchase Order" as used in any document constituting a part of this Contract shall mean this "Contract."
- (f) "SELLER" means the party identified on the face of the Contract with whom LOCKHEED MARTIN is contracting.
- (g) "Work" means all required articles, materials, supplies, goods and services constituting the subject matter of this Contract.

8. DISPUTES

All disputes under this Contract which are not disposed of by mutual agreement may be decided by recourse to an action at law or in equity. Until final resolution of any dispute hereunder, SELLER shall diligently proceed with the performance of this Contract as directed by LOCKHEED MARTIN.

9. ELECTRONIC CONTRACTING

LOCKHEED MARTIN may issue and transmit Purchase Orders and attachment(s), (if any) electronically and execute such Purchase Orders by electronic signature in lieu of a hard copy Purchase Order. Such electronic transmission may be the only document that the SELLER will receive for placement of any Purchase Order. Both parties agree that the validity of the Purchase Order, and any acknowledgement by SELLER, shall not be contested on the basis that the documents contain an electronic signature.

10. EXPORT CONTROL

- (a) SELLER agrees to comply with all applicable U.S. export control laws and regulations, specifically the requirements of the International Traffic in Arms Regulation (ITAR), 22 CFR 120 et seq.; and the Export Administration Act, 50 U.S.C. Appx. 2401 et seq.; including the requirement for obtaining any export license, if applicable. Without limiting the foregoing, SELLER agrees that it will not transfer any export controlled item, data, or services, to include transfer to foreign persons employed by or associated with, or under contract to SELLER or SELLER's lower-tier suppliers, without the authority of any export license or applicable license exemption.
- (b) SELLER agrees to notify LOCKHEED MARTIN if any deliverable under this Contract is restricted by export control laws or regulations.
- (c) SELLER shall immediately notify the LOCKHEED MARTIN Procurement Representative if SELLER is listed in any Denied Parties List or if SELLER's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency.
- (d) SELLER agrees to maintain an effective export/import compliance program in accordance with the ITAR regulations and Office of Defense Trade Controls (ODTC) guidelines.
- (e) Where SELLER is a signatory under a LOCKHEED MARTIN license or agreement, SELLER shall provide prompt notification to the LOCKHEED MARTIN Procurement Representative in the event of changed circumstances under the Contract including, but not limited to, ineligibility, changes in the activities to be performed, a violation or potential violation of the ITAR, the initiation or existence of a U.S. government investigation that could affect the status of the SELLER under the ITAR, or any other compliance activity related to the Program and this Contract.
- (f) SELLER shall be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expense, including attorneys' fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this clause.

11. **EXTRAS**

Work shall not be supplied in excess of quantities specified in the Contract. SELLER shall be liable for handling charges and return shipment costs for any excess quantities.

12. **FEE** (Applicable only if this Contract includes a fee.)

LOCKHEED MARTIN shall pay the SELLER for performing this Contract the fee as specified in the Schedule.

13. **FURNISHED PROPERTY**

- (a) LOCKHEED MARTIN may provide to SELLER property owned by either LOCKHEED MARTIN or its customer (Furnished Property). Furnished Property shall be used only for the performance of this Contract.
- (b) Title to Furnished Property shall remain in LOCKHEED MARTIN or its customer. SELLER shall clearly mark (if not so marked) all Furnished Property to show its ownership.
- (c) Except for reasonable wear and tear, SELLER shall be responsible for, and shall promptly notify LOCKHEED MARTIN of, any loss or damage. SELLER shall manage, maintain, and preserve Furnished Property in accordance with good commercial practice.
- (d) At LOCKHEED MARTIN's request, and/or upon completion of this Contract the SELLER shall submit, in an acceptable form, inventory lists of Furnished Property and shall deliver or make such other disposal as may be directed by LOCKHEED MARTIN.
- (e) The Government Property Clause contained in Section II shall apply in lieu of paragraphs (a) through (d) above with respect to Government-furnished property, or property to which the Government may take title under this Contract.

14. **GRATUITIES/KICKBACKS**

- (a) No gratuities (in the form of entertainment, gifts or otherwise) or kickbacks shall be offered or given by SELLER, to any employee of LOCKHEED MARTIN with a view toward securing favorable treatment as a supplier.
- (b) **By accepting this Contract, SELLER certifies and represents that it has not made or solicited and will not make or solicit kickbacks in violation of FAR 52.203-7 or the Anti-Kickback Act of 1986 (41 USC 51-58), both of which are incorporated herein by this specific reference, except that paragraph (c)(1) of FAR 52.203-7 shall not apply.**

15. **INDEPENDENT CONTRACTOR RELATIONSHIP**

- (a) SELLER is an independent contractor in all its operations and activities hereunder. The employees used by SELLER to perform Work under this Contract shall be SELLER's employees exclusively without any relation whatsoever to LOCKHEED MARTIN.
- (b) SELLER shall be responsible for all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expenses of litigation and/or settlement, and court costs, arising from any act or omission of SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, in the performance of any of its obligations under this Contract.

16. **INFORMATION OF LOCKHEED MARTIN**

Information provided by LOCKHEED MARTIN to SELLER remains the property of LOCKHEED MARTIN. SELLER agrees to comply with the terms of any Proprietary Information Agreement with LOCKHEED MARTIN and to comply with all proprietary information markings and restrictive legends applied by LOCKHEED MARTIN to anything provided hereunder to SELLER. **SELLER agrees not to use any LOCKHEED MARTIN provided information for any purpose except to perform this Contract and agrees not to disclose such information to third parties without the prior written consent of LOCKHEED MARTIN.**

17. **INFORMATION OF SELLER**

SELLER shall not provide any proprietary information to LOCKHEED MARTIN without prior execution by LOCKHEED MARTIN of a Proprietary Information Agreement.

18. **INSURANCE/ENTRY ON LOCKHEED MARTIN PROPERTY**

In the event that SELLER, its employees, agents, or subcontractors enter the site(s) of LOCKHEED MARTIN or its customers for any reason in connection with this Contract, then SELLER and its subcontractors shall procure and maintain worker's compensation, comprehensive general liability, bodily injury and property damage insurance in reasonable amounts, and such other insurance as LOCKHEED MARTIN may require. In addition, SELLER and its subcontractors shall comply with all site requirements. SELLER shall indemnify and hold harmless LOCKHEED MARTIN, its officers, employees, and agents from any losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorneys' fees, all expenses of litigation and/or settlement, and court costs, by reason of property damage or loss or personal injury to any person caused in whole or in part by the actions or omissions of SELLER, its officers, employees, agents, suppliers, or subcontractors. SELLER shall provide LOCKHEED MARTIN thirty (30) days advance written notice prior to the effective date of any cancellation or change in the term or coverage of any of SELLER's required insurance. If requested, SELLER shall send a "Certificate of Insurance" showing SELLER's compliance with these requirements. SELLER shall name LOCKHEED MARTIN as an additional insured for the duration of this Contract. Insurance maintained pursuant to this clause shall be considered primary as respects the interest of LOCKHEED MARTIN and is not contributory with any insurance which LOCKHEED MARTIN may carry. "Subcontractor" as used in this clause shall include SELLER's subcontractors at any tier.

19. **INTELLECTUAL PROPERTY INFRINGEMENT**

SELLER warrants that the Work performed or delivered under this Contract will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. SELLER agrees to defend, indemnify and hold harmless LOCKHEED MARTIN and its customers from and against any claims,

damages, losses, costs and expenses, including reasonable attorneys fees, arising out of any action by a third party that is based upon a claim that the Work performed or delivered under this Contract infringes or otherwise violates the intellectual property rights of any person or entity. This indemnity and hold harmless shall not be considered an allowable cost under any provisions of this Contract except with regard to allowable insurance costs.

20. **OFFSET CREDIT/COOPERATION**

All offset or countertrade credit value resulting from this Contract shall accrue solely to the benefit of LOCKHEED MARTIN. SELLER agrees to cooperate with LOCKHEED MARTIN in the fulfillment of any foreign offset/countertrade obligations.

21. **PACKING AND SHIPMENT**

- (a) Unless otherwise specified, all Work is to be packed in accordance with good commercial practice.
- (b) A complete packing list shall be enclosed with all shipments. SELLER 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. Bills of lading shall include this Contract number.
- (c) Unless otherwise specified, delivery shall be FOB Place of Shipment.

22. **PARTS OBSOLESCENCE**

LOCKHEED MARTIN may desire to place additional orders for items purchased hereunder. SELLER shall provide LOCKHEED MARTIN with a "Last Time Buy Notice" at least twelve (12) months prior to any action to discontinue any item purchased under this Contract.

23. **PAYMENTS, TAXES, AND DUTIES**

- (a) Unless otherwise provided, terms of payment shall be net 30 days from the latest of the following: (i) LOCKHEED MARTIN's receipt of the SELLER's proper invoice; (ii) Scheduled delivery date of the Work; or (iii) Actual delivery of the Work. LOCKHEED MARTIN shall have a right of setoff against payments due or at issue under this Contract or any other contract between the parties.
- (b) Payment shall be deemed to have been made as of the date of mailing LOCKHEED MARTIN's payment or electronic funds transfer.
- (c) Unless otherwise specified, estimated costs include all applicable federal, state and local taxes, duties, tariffs, and similar fees imposed by any government, all of which shall be listed separately on the invoice.

24. **PRECEDENCE**

Any inconsistencies in this Contract shall be resolved in accordance with the following descending order of precedence: (1) Face of the Purchase Order, Release document or Schedule, (which shall include continuation sheets), as applicable, including any Special Provisions; (2) Any master-type agreement (such as corporate or blanket agreements); (3) these General Provisions; (4) Statement of Work.

25. **PRIORITY RATING**

If so identified, this Contract is a "rated order" certified for national defense use, and the SELLER shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 CFR Part 700).

26. **QUALITY CONTROL SYSTEM**

- (a) SELLER shall provide and maintain a quality control system to an industry recognized Quality Standard and in compliance with any other specific quality requirements identified in this Contract.
- (b) Records of all quality control inspection work by SELLER shall be kept complete and available to LOCKHEED MARTIN and its customers.

27. **RELEASE OF INFORMATION**

Except as required by law, no public release of any information, or confirmation or denial of same, with respect to this Contract or the subject matter hereof, will be made by SELLER without the prior written approval of LOCKHEED MARTIN.

28. **SEVERABILITY**

Each paragraph and provision of this Contract is severable, and if one or more paragraphs or provisions are declared invalid, the remaining provisions of this Contract will remain in full force and effect.

29. **SURVIVABILITY**

If this Contract expires, is completed or terminated, SELLER shall not be relieved of those obligations contained in the following provisions:

- (a) Allowable Cost and Payment
 - Applicable Laws
 - Electronic Contracting
 - Export Control
 - Independent Contractor Relationship

Information of Lockheed Martin
Insurance/Entry on Lockheed Martin Property
Intellectual Property Infringement
Release of Information

- (b) Those U. S. Government flowdown provisions that by their nature should survive.

30. TIMELY PERFORMANCE

- (a) SELLER's timely performance is a critical element of this Contract.
- (b) Unless advance shipment has been authorized in writing by LOCKHEED MARTIN, LOCKHEED MARTIN may store at SELLER's expense, or return, shipping charges collect, all Work received in advance of the scheduled delivery date.
- (c) If SELLER becomes aware of difficulty in performing the Work, SELLER shall timely notify LOCKHEED MARTIN, in writing, giving pertinent details. This notification shall not change any delivery schedule.
- (d) In the event of a termination or change, no claim will be allowed for any manufacture or procurement in advance of SELLER's normal flow time unless there has been prior written consent by LOCKHEED MARTIN.

31. WAIVER, APPROVAL, AND REMEDIES

- (a) Failure by LOCKHEED MARTIN to enforce any provision(s) of this Contract shall not be construed as a waiver of the requirement(s) of such provision(s), or as a waiver of the right of LOCKHEED MARTIN thereafter to enforce each and every such provision(s).
- (b) LOCKHEED MARTIN's approval of documents shall not relieve SELLER from complying with any requirements of this Contract.
- (c) The rights and remedies of LOCKHEED MARTIN in this Contract are in addition to any other rights and remedies provided by law or in equity.

SPACE SYSTEMS – ADDITIONAL PROVISIONS

32. FEE

A. FIXED FEE. (Applicable only if this Contract includes a fixed fee.)

- (a) LOCKHEED MARTIN shall pay the SELLER for performing this Contract the fixed fee specified in the Schedule.
- (b) Unless otherwise expressly provided in the Schedule, provisional payment of the fixed fee shall be made in the same proportion that allowable incurred costs bear to the estimated cost; provided, that after payment of eighty-five percent (85%) of the fixed fee, LOCKHEED MARTIN may withhold further payment of fee until a reserve is set aside in an amount that LOCKHEED MARTIN considers necessary in its sole discretion to protect LOCKHEED MARTIN's interest. This reserve shall not exceed fifteen percent (15%) of the total fixed fee or \$100,000, whichever is less.

B. INCENTIVE FEE. (Applicable only if this Contract includes an incentive fee.)

- (a) **General.** LOCKHEED MARTIN shall pay the SELLER for performing this Contract a fee determined as provided in the Schedule of this Contract.
- (b) **Target cost and target fee.** The target cost and target fee specified in the Schedule are subject to adjustment if the Contract is modified in accordance with paragraph (d) below.
 - (1) "Target cost," as used in this Contract, means the estimated cost of this Contract as initially negotiated, adjusted in accordance with paragraph (d) below.
 - (2) "Target fee," as used in this Contract, means the fee initially negotiated on the assumption that this Contract would be performed for the cost equal to the estimated cost initially negotiated, adjusted in accordance with paragraph (d) below.
- (b) **Withholding of payment.** Unless otherwise expressly provided in the Schedule, LOCKHEED MARTIN shall normally make provisional payment of the fee to the SELLER in the same percentage of allowable incurred cost as target fee bears to target cost. However, when LOCKHEED MARTIN considers that performance or cost indicates that the SELLER will not achieve target, LOCKHEED MARTIN shall pay on the basis of an appropriate lesser fee. When the SELLER demonstrates that performance or cost clearly indicates that the SELLER will earn a fee significantly above the target fee, LOCKHEED MARTIN, at its sole discretion, may pay on the basis of an appropriate higher fee. After payment of 85 percent of the applicable fee, LOCKHEED MARTIN may withhold further payment of fee until a reserve is set aside in an amount that LOCKHEED MARTIN considers necessary, in its sole discretion, to protect LOCKHEED MARTIN's interest. This reserve shall not exceed 15 percent of the applicable fee or \$100,000, whichever is less.
- (d) **Equitable adjustments.** When the Work under this Contract is increased or decreased by a modification to this Contract or when any equitable adjustment in the target cost is authorized under any other clause, equitable adjustments in the target cost, target fee, minimum fee, and maximum fee, as appropriate, shall be stated in a supplemental agreement to this Contract.
- (e) **Fee payable.**
 - (1) Unless otherwise expressly provided in the Schedule, the fee payable under this Contract shall be the target fee increased by (see Schedule) percent of every dollar that the total allowable cost is less than the target cost or decreased by (see Schedule) percent of every dollar that the total allowable cost exceeds the target cost. In no event shall the fee be greater than the maximum percentage or less than the minimum percentage of the target cost set forth in the Schedule.
 - (2) The fee shall be subject to adjustment, to the extent provided in paragraph (d) above, and within the minimum and maximum fee limitations in subparagraph (1) above, when the total allowable cost is increased or decreased as a consequence of (i) payments made under assignments or (ii) claims excepted from the release as required by paragraph (h)(2) of the "Allowable Cost and Payment clause" of this Contract.

- (3) If this Contract is terminated in its entirety, the portion of the target fee payable shall not be subject to an increase or decrease as provided in this paragraph. The termination shall be accomplished in accordance with other applicable clauses of this Contract.
- (4) For the purpose of fee adjustment, "total allowable cost" shall not include allowable costs arising out of:
 - (i) Any of the causes covered by the "Excusable Delays" clause to the extent that they are beyond the control and without the fault or negligence of the SELLER or any subcontractor;
 - (ii) The taking effect, after negotiating the target cost, of a statute, court decision, written ruling, or regulation that results in the SELLER's being required to pay or bear the burden of any tax or duty or rate increase in a tax or duty;
 - (iii) Any direct cost attributed to the SELLER's involvement in litigation as expressly required by LOCKHEED MARTIN pursuant to a clause of this Contract, including furnishing evidence and information requested pursuant to the "Notice and Assistance Regarding Patent and Copyright Infringement" clause, but excluding litigation arising under the clause entitled "Insurance-Third Party Liability;"
 - (iv) The purchase and maintenance of additional insurance not in the target cost which is required and approved in writing in advance by LOCKHEED MARTIN;
 - (v) Any claim, loss, or damage resulting from a risk for which the SELLER has been relieved of liability, if at all, by the "Government and Lockheed Martin Property" clause; or
 - (vi) Any claim, loss, or damage resulting from a risk defined in the Contract as unusually hazardous or as a nuclear risk and against which, after written application, the Government has expressly agreed to indemnify the SELLER.
- (5) All other allowable costs are included in "total allowable cost" for fee adjustment in accordance with this paragraph (e), unless otherwise specifically provided in this Contract.
- (f) **Contract modification.** The total allowable cost and the adjusted fee determined as provided in this clause shall be evidenced by an amendment to this Contract signed by the SELLER and LOCKHEED MARTIN.
- (g) **Inconsistencies.** In the event of any language inconsistencies between this clause and provisioning documents or LOCKHEED MARTIN options under this Contract, compensation for spare parts or other supplies and services ordered under such documents shall be determined in accordance with this clause.

33. **LIMITATION OF FUNDS** (This clause is applicable only if the contract is being incrementally funded and replaces FAR clause 52.232-22)

- (a) The parties estimate that performance of this Contract will not cost LOCKHEED MARTIN more than the estimated cost specified in the Schedule. The SELLER agrees to use its best efforts to perform the work specified in the Schedule and all obligations under this Contract within the estimated cost.
- (b) The Schedule specifies the amount presently available for payment by LOCKHEED MARTIN and allotted to this Contract, the items covered, and the period of performance it is estimated the allotted amount will cover. The parties contemplate that LOCKHEED MARTIN will from time to time allot additional funds to the Contract up to the full estimated cost specified in the Schedule, inclusive of any fee. The SELLER agrees to perform, or have performed, Work on the Contract up to the point at which the total amount including fee, paid and payable by LOCKHEED MARTIN under the Contract approximates but does not exceed the total amount actually allotted by LOCKHEED MARTIN to the Contract.
- (c) The SELLER shall notify LOCKHEED MARTIN in writing whenever it has reason to believe that the costs it expects to incur under this Contract plus allocable fee in the next sixty (60) days, when added to all costs previously incurred, and allocable fee, will exceed seventy-five percent (75%) of the total amount then allotted to the Contract. The notice shall state the estimated amount of additional funds required to continue performance for the period specified in the Schedule.
- (d) Sixty (60) days before the end of the period specified in the Schedule, the SELLER shall notify LOCKHEED MARTIN in writing of the estimated amount of additional funds, if any, required to continue timely performance under the Contract or for any further period specified in the Schedule or otherwise agreed upon, and when the funds will be required.
- (e) If, after notification, additional funds are not allotted by the end of the period specified in the Schedule or another agreed upon date, upon the SELLER's written request, LOCKHEED MARTIN will terminate this Contract on that date in accordance with the provisions of the "Termination" clause of this Contract. If the SELLER estimates that the funds available will allow it to continue to discharge its obligations beyond that date, it may specify a later date in its request, and LOCKHEED MARTIN, in its discretion, may terminate this Contract on that later date.
- (f) Except as required by other provisions of this Contract, specifically citing and stated to be an exception to this clause:
 - (1) LOCKHEED MARTIN is not obligated to reimburse the SELLER for costs incurred plus allocable fee in excess of the total amount allotted to this Contract; or if no allotment of funds is set forth in this Contract, the estimated cost and fee set forth in the schedule; and
 - (2) The SELLER is not obligated to continue performance under this Contract (including actions under the "Termination" clause of this Contract) or otherwise incur costs plus allocable fee in excess of the amount then allotted to the Contract, until LOCKHEED MARTIN notifies the SELLER in writing that the amount allotted or the estimated amount has been increased and specifies an increased amount, which shall then constitute the total amount allotted to or estimated for this Contract.
- (g) The estimated cost shall be increased to the extent that the amount allotted to the Contract exceeds the estimated cost specified in the Schedule.
- (h) No notice, communication, or representation in any form other than that specified in subparagraph (f)(2) above, or from any person other than the LOCKHEED MARTIN Purchasing Representative, shall affect the amount allotted to this Contract. In the absence of the specified notice, LOCKHEED MARTIN is not obligated to reimburse the SELLER for any costs or allocable fee in excess of the total amount allotted by LOCKHEED MARTIN to this Contract, whether incurred during the course of the Contract or as a result of termination.
- (i) When and to the extent that the amount allotted to the Contract is increased, any costs plus allocable fee the SELLER incurs before the increase that are in excess of the amount previously allotted shall be allowable to the same extent as if incurred afterward, unless LOCKHEED MARTIN issues a termination or other notice and directs that the increase is solely to cover termination or other specified expenses.
- (j) Change orders shall not be considered an authorization to exceed the amount allotted specified in the Schedule, unless they contain a statement increasing the amount allotted.
- (k) Nothing in this clause shall affect the right of LOCKHEED MARTIN to terminate this Contract. If this Contract is terminated, LOCKHEED MARTIN and the SELLER shall negotiate an equitable distribution of all property produced or purchased under the Contract, based upon the share of costs incurred by each.

- (l) If LOCKHEED MARTIN does not allot sufficient funds to allow completion of the Work, the SELLER shall be entitled to a percentage of the fee specified in the Schedule equaling the percentage of completion of the Work contemplated by this Contract, not to exceed the funds in fact allotted to the Contract.
- (m) At the time that the total funds allotted under this Contract equal the full estimated cost inclusive of fee specified in the Schedule, this "Limitations of Funds" clause no longer shall apply, but then the "Limitation of Cost" clause of this Contract shall apply.

SECTION II: FAR FLOWDOWN PROVISIONS

A. INCORPORATION OF FAR CLAUSES

The Federal Acquisition Regulation (FAR) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, during the performance of this Contract. If the date or substance of any of the clauses listed below is different than the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead.

B. GOVERNMENT SUBCONTRACT

This Contract is entered into by the Parties in support of a U.S. Government Contract.

As used in the clauses referenced below and otherwise in this Contract:

- 1. "Commercial Item" means a commercial item as defined in FAR 2.101.
- 2. "Contract" means this Contract.
- 3. "CONTRACTOR" means the SELLER, as defined in this CORPDOC 4, acting as the immediate (first-tier) subcontractor to LOCKHEED MARTIN.
- 4. "Prime Contract" means the contract between LOCKHEED MARTIN and the U.S. Government or between LOCKHEED MARTIN and its higher-tier contractor who has a contract with the U.S. Government.
- 5. "Subcontract" means any contract placed by the CONTRACTOR or lower-tier subcontractors under this Contract.

C. NOTES

- 1. Substitute "LOCKHEED MARTIN" for "Government" or "United States" as applicable throughout this clause.
- 2. Substitute "LOCKHEED MARTIN Procurement Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.
- 3. Insert "and LOCKHEED MARTIN" after "Government" or "Contracting Officer", as appropriate, throughout this clause.
- 4. Insert "or LOCKHEED MARTIN" after "Government" throughout this clause.
- 5. Communication/notification required under this clause from/to the SELLER to/from the Contracting Officer shall be through LOCKHEED MARTIN.
- 6. "Contracting Officer" shall mean the U.S. Government Contracting Officer for LOCKHEED MARTIN's government prime contract under which this Contract is entered.

D. AMENDMENTS REQUIRED BY PRIME CONTRACT

CONTRACTOR agrees that upon the request of LOCKHEED MARTIN it will negotiate in good faith with LOCKHEED MARTIN relative to amendments to this Contract to incorporate additional provisions herein or to change provisions hereof, as LOCKHEED MARTIN may reasonably deem necessary in order to comply with the provisions of the applicable Prime Contract or with the provisions of amendments to such Prime Contract. If any such amendment to this Contract causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the work under this Contract, an equitable adjustment shall be made pursuant to the "Changes" Clause of this Contract.

E. PRESERVATION OF THE GOVERNMENT'S RIGHTS

If LOCKHEED MARTIN furnishes designs, drawings, special tooling, equipment, engineering data or other technical or proprietary information (Furnished Items) which the U. S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that LOCKHEED MARTIN, acting on its own behalf, may modify or limit any rights the Government may have to authorize the CONTRACTOR's use of such Furnished Items in support of other U. S. Government prime contracts.

F. FAR FLOWDOWN CLAUSES

REFERENCE TITLE

- 1. **The following FAR clauses apply to this Contract:**
 - (a) 52.211-5 MATERIAL REQUIREMENTS (AUG 2000) (See Note 2.)
 - (b) 52.215-20 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA (OCT 1997) (See Note 2.)
 - (c) 52.215-21 REQUIREMENTS FOR COST OR PRICING DATA OR INFORMATION OTHER THAN COST OR PRICING DATA - MODIFICATIONS (OCT 1997) (See Note 2.)

- (d) 52.219-8 UTILIZATION OF SMALL BUSINESS CONCERNS (OCT 2000)
- (e) 52.222-2 PAYMENT FOR OVERTIME PREMIUMS (JUL 1990) (Insert ZERO in the Blank. See Notes 2 and 3.)
- (f) 52.222-21 PROHIBITION OF SEGREGATED FACILITIES (FEB 1999)
- (g) 52.222-26 EQUAL OPPORTUNITY (FEB 1999) (Only subparagraphs (b)(1)-(11) applies.)
- (h) 52.225-13 RESTRICTIONS ON CERTAIN FOREIGN PURCHASES (FEB 2000)
- (i) 52.227-14 RIGHTS IN DATA - GENERAL (JUN 1987)
- (j) 52.232-20 LIMITATION OF COST (APR 1984) (Applicable when this Contract becomes fully funded. See Notes 1 and 2.)
- (k) 52.232-22 LIMITATION OF FUNDS (APR 1984) (Applicable if this Contract is incrementally funded. When the Contract becomes fully funded 52.232-20 shall apply in lieu of this clause. See Notes 1 and 2.)
- (l) 52.234-1 INDUSTRIAL RESOURCES DEVELOPED UNDER DEFENSE PRODUCTION ACT TITLE III (DEC 1994) (See Note 2.)
- (m) 52.242-13 BANKRUPTCY (JUL 1995) (See Note 2.)
- (n) 52.242-15 STOP-WORK ORDER (AUG 1989) with ALT I (APR 1984) (See Notes 1 and 2.)
- (o) 52.243-2 CHANGES - COST REIMBURSEMENT (AUG 1987) (Delete the reference to the "disputes" clause in subparagraph (d). See Notes 1 and 2.)
- (p) 52.244-6 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DEC 2001).
- (q) 52.246-3 INSPECTION OF SUPPLIES - COST REIMBURSEMENT (MAR 2001) (See Note 1 except in paragraphs (b), (c) and (d) where Note 3 applies, and in paragraph (k) where the term is unchanged. In subparagraph (e), change "60 days" to "120 days", and in subparagraph (f) change "6 months" to "12 months".)
- (r) 52.246-5 INSPECTION OF SERVICES - COST REIMBURSEMENT (APR 1984) (See Note 3 in paragraphs (b) and (c). See Note 1 in paragraphs (d) and (e).)
- (s) 52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S.-FLAG COMMERCIAL VESSELS (JUN 2000) (See Note 2.)
- (t) 52.249-6 TERMINATION (COST-REIMBURSEMENT) (SEP 1996) (See Notes 1 and 2. Substitute "90 days" for "120 days" and "90-day" for "120-day" in paragraph (d). Substitute "180 days" for "1 year" in paragraph (f). Delete paragraph (j). Settlements and payments under this clause may be subject to the approval of the Contracting Officer.)

2. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$10,000:

- (a) 52.222-36 AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES (JUN 1998)

3. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$25,000:

- (a) 52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS OF THE VIETNAM ERA and Other Eligible Veterans (DEC 2001)
- (b) 52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (DEC 2001)

4. The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$100,000:

- (a) 52.203-6 RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT (JUL 1995)
- (b) 52.203-12 LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS (JUN 1997) (See Note 5.)
- (c) 52.215-2 AUDIT AND RECORDS-NEGOTIATION (JUN 1999) (Applicable if (1) CONTRACTOR was required to furnish cost or pricing data, or (2) the Contract requires CONTRACTOR to furnish cost, funding or performance reports. If this is a cost type contract with an educational institution or other non-profit organization, add ALT II (APR 1998). See Note 3.)
- (d) 52.215-14 INTEGRITY OF UNIT PRICES (OCT 1997) (Delete paragraph (b) of the clause.)
- (e) 52.222-4 CONTRACT WORK HOURS AND SAFETY STANDARDS ACT - OVERTIME COMPENSATION (SEP 2000)
- (f) 52.223-14 TOXIC CHEMICAL RELEASE REPORTING (OCT 2000) (See Note 2. Delete subparagraph (e).)
- (g) 52.227-1 AUTHORIZATION AND CONSENT (JUL 1995) (Applicable only if the Prime Contract contains this clause.)
- (h) 52.227-2 NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT (AUG 1996) (See Notes 2 and 4.)
- (i) 52.248-1 VALUE ENGINEERING (FEB 2000) (See Note 1, except in subparagraphs (c)(5) and (m). See Note 3.)

5. **The following FAR clauses apply to this Contract if the value of this Contract equals or exceeds \$500,000:**

- (a) 52.215-12 SUBCONTRACTOR COST OR PRICING DATA (OCT 1997) (Applicable if Contract value exceeds \$550,000 and not otherwise exempt under FAR 15.403.)
- (b) 52.215-13 SUBCONTRACTOR COST OR PRICING DATA - MODIFICATIONS (OCT 1997) (Applicable for modifications if Contract value exceeds \$550,000 and not otherwise exempt under FAR 15.403.)
- (c) 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (OCT 2001) (Applicable if the CONTRACTOR is not a small business. See Note 2, applicable to paragraph (c) only. The CONTRACTOR's subcontracting plan is incorporated herein by reference.)

6. **The following clauses apply as indicated:**

- (a) 52.204-2 SECURITY REQUIREMENTS (AUG 1996) (Applicable if the Work requires access to classified information. Delete paragraph (c) of the clause.)
- (b) 52.215-10 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA (OCT 1997) (Applicable if submission of cost or pricing data is required. See Notes 2 and 4. Rights and obligations under this clause shall survive completion of the Work and final payment under this Contract.)
- (c) 52.215-11 PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA - MODIFICATIONS (OCT 1997)(Applicable if submission of cost or pricing data is required for modifications. See Notes 2 and 4. Rights and obligations under this clause shall survive completion of the Work and final payment under this Contract.)
- (d) 52.215-15 PENSION ADJUSTMENTS AND ASSET REVERSIONS (DEC 1998) (Applicable if this Contract meets the applicability requirements of FAR 15.408(g). See Note 5.)
- (e) 52.215-16 FACILITIES CAPITAL COST OF MONEY (OCT 1997) (Applicable only if the Contract is subject to the Cost Principles at FAR Subpart 31.2 and the CONTRACTOR proposed facilities capital cost of money in its offer.)
- (f) 52.215-17 WAIVER OF FACILITIES CAPITAL COST OF MONEY (OCT 1997) (Applicable only if the Contract is subject to the Cost Principles at FAR Subpart 31.2 and the CONTRACTOR did not propose facilities capital cost of money in its offer.)
- (g) 52.215-18 REVERSION OR ADJUSTMENT OF PLANS FOR POST-RETIREMENT BENEFITS (PRB) OTHER THAN PENSIONS (OCT 1997) (Applicable if this Contract meets the applicability requirements of FAR 15.408(i). See Note 5.)
- (h) 52.215-19 NOTIFICATION OF OWNERSHIP CHANGES (OCT 1997) (Applicable if this Contract meets the applicability requirements of FAR 15.408(k). See Note 2.)
- (i) 52.223-3 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA (MAR 2001) (Applicable if the Contract involves hazardous material. See Notes 2 and 3.)
- (j) 52.223-7 NOTICE OF RADIOACTIVE MATERIALS (JAN 1997) (Applicable to Work containing covered radioactive material. In the blank insert "30". See Notes 1 and 2.)
- (k) 52.223-11 OZONE-DEPLETING SUBSTANCES (MAR 2001) (Applicable if the Work was manufactured with or contains ozone-depleting substances.)
- (l) 52.225-1 BUY AMERICAN ACT—BALANCE OF PAYMENTS PROGRAM—SUPPLIES (FEB 2000) (Applicable if the Work Requires furnishing of items containing other than domestic components.)
- (m) 52.225-5 TRADE AGREEMENTS (APR 2000) (Applicable if the Work contains other than domestic components.)
- (n) 52.225-8 DUTY FREE ENTRY (FEB 2000) (Applicable if supplies will be imported into the Customs Territory of the United States. In subparagraph (b)(1) the notice provision shall be 20 days. See Notes 3, 5 and 6.)
- (o) 52.227-9 REFUND OF ROYALTIES (APR 1984) (Applicable when reported royalty exceeds \$250. See Notes 1 and 2.)
- (p) 52.227-10 FILING OF PATENT APPLICATIONS—CLASSIFIED SUBJECT MATTER (APR 1984) (Applicable if the Work or any patent application may cover classified subject matter.)
- (q) 52.227-11 PATENT RIGHTS-RETENTION BY THE CONTRACTOR (SHORT FORM) (JUN 1997) (Applicable if this Contract is for experimental, developmental, or research Work and CONTRACTOR is a small business concern or domestic nonprofit organization. Reports required by this clause shall be filed with the agency identified in this Contract. If no agency is identified, contact the LOCKHEED MARTIN Procurement Representative identified on the face of the Contract.)
- (r) 52.227-12 PATENT RIGHTS-RETENTION BY THE CONTRACTOR (LONG FORM) (JAN 1997) (Applicable if this Contract is for experimental, developmental, or research Work and CONTRACTOR is a large business concern. Reports required by this clause shall be filed with the agency identified in this Contract. If no agency is identified, contact the LOCKHEED MARTIN Procurement Representative identified on the face of the Contract.)
- (s) 52.228-5 INSURANCE – WORK ON A GOVERNMENT INSTALLATION (JAN 1997) (Applicable if Work performed on Government installation. See Note 2.)
- (t) 52.230-2 COST ACCOUNTING STANDARDS (APR 1998) (When referenced in the Contract, Full CAS Coverage applies. In subparagraph (a)(4)(ii) and (a)(5) see Note 1. Delete paragraph (b) of the clause.)

- (u) 52.230-3 DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (APR 1998) (When referenced in the Contract, Modified CAS Coverage applies. In subparagraphs (a)(3)(ii) and (a)(4) see Note 1. Delete paragraph (b) of the clause.)
- (v) 52.230-6 ADMINISTRATION OF COST ACCOUNTING STANDARDS (NOV 1999) (Applicable if FAR 52.230-2 or FAR 52.230-3 applies.)
- (w) 52-233-3 PROTEST AFTER AWARD (AUG 1996) ALT I (JUN 1985) (In the event LOCKHEED MARTIN's customer has directed LOCKHEED MARTIN to stop performance of the work under the Prime Contract under which this Contract is issued pursuant to FAR 33.1, LOCKHEED MARTIN may, by written order to CONTRACTOR, direct CONTRACTOR to stop performance of the work called for by this Contract. "30 days" means "20 days" in paragraph (b)(2). Note 1 applies except the first time it appears in paragraph (f). In paragraph (f) add after "33.104(h)(1)" "and recovers those costs from LOCKHEED MARTIN". See Note 2.)
- (x) 52.237-2 PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT AND VEGETATION (APR 1984) (Applicable if Work is performed on Government installation. See Note 2.)
- (y) 52.243-6 CHANGE ORDER ACCOUNTING (APR 1984) (Applicable only if Prime Contract requires Change Order Accounting. See Note 2. Delete reference to the "Disputes" clause in the last sentence.)
- (z) 52.245-5 GOVERNMENT PROPERTY (COST-REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-HOUR CONTRACTS) (JAN 1986) (See Note 1 except in the phrases "Government property," "Government-furnished property," and in references to title to property. See Note 2. Paragraphs (g)(1), (g)(2) and (g)(3) are deleted and replaced with the following: "CONTRACTOR assumes the risk of, and shall be responsible for, any loss or destruction, or damage to, Government property covered by this clause. However, CONTRACTOR shall not be liable for reasonable wear and tear to Government property or for Government Property properly consumed in the performance of this Contract." The following is added as paragraph (m) "CONTRACTOR shall provide to LOCKHEED MARTIN immediate notice of any disapproval, withdrawal of approval, or nonacceptance by the Government of its property control system.")
- (aa) 52.245-18 SPECIAL TEST EQUIPMENT (FEB 1993) (Applicable if this Contract involves the acquisition or fabrication of Special Test Equipment. Notice to acquire shall be through LOCKHEED MARTIN. See Notes, 4, 5, and 6.)
- (bb) 52.247-63 PREFERENCE FOR U.S.-FLAG AIR CARRIERS (JAN 1997) (Applicable if this Contract involves international air transportation.)

G. SPACE SYSTEMS ADDITIONAL PROVISIONS

- (a) 52.229-10 STATE OF NEW MEXICO GROSS RECEIPTS AND COMPENSATING TAX (OCT 1988) (Applicable if (i) CONTRACTOR will acquire tangible personal property as a direct cost under this Contract and title to such passes directly to and vests in the United States upon delivery of the property by the vendor; and (ii) this Contract is for services to be performed in whole or in part within New Mexico. In paragraph (d) "Government" means "Lockheed Martin or Government," and the blank in paragraph (g) is replaced with "the procuring agency under the prime contract.")
- (b) 52.246-8 INSPECTION OF RESEARCH AND DEVELOPMENT-COST REIMBURSEMENT (MAR 2001) ("Government" means "Lockheed Martin" except (1) in paragraphs (b), (c) and (d) where it means "Lockheed Martin and the Government" and in paragraph (k) where the term is unchanged.)

H. CERTIFICATIONS AND REPRESENTATIONS

- (1) **This clause contains certifications and representations that are material representations of fact upon which LOCKHEED MARTIN will rely in making awards to CONTRACTOR. By submitting its written offer, or providing oral offers/quotations at the request of LOCKHEED MARTIN, or accepting any Contract, CONTRACTOR certifies to the representations and certifications as set forth below in this clause. These certifications shall apply whenever these terms and conditions are incorporated by reference in any Contract, agreement, other contractual document or any quotation, request for quotation (oral or written), request for proposal or solicitation (oral or written), issued by LOCKHEED MARTIN. CONTRACTOR shall immediately notify LOCKHEED MARTIN of any change of status with regard to these certifications and representations.**
- (2) The following clauses of the Federal Acquisition Regulation (FAR) are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable to any order, agreement, or subcontract. In each clause incorporated below, substitute "LOCKHEED MARTIN" for "Government" and "Contracting Agency" and "LOCKHEED MARTIN Procurement Representative" for "Contracting Officer" throughout.
 - (a) **FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions** (Applicable to solicitations and contracts exceeding \$100,000)
 - (1) The definitions and prohibitions contained in the clause, at FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions are hereby incorporated by reference in paragraph (b) of this certification.
 - (2) CONTRACTOR certifies that to the best of its knowledge and belief that on and after December 23, 1989--
 - (a) No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement;
 - (b) If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of

Congress, or an employee of a Member of Congress on his or her behalf in connection with a solicitation or order, the offeror shall complete and submit, with its offer, OMB standard form LLL, Disclosure of Lobbying Activities, in accordance with its instructions, and

- (c) CONTRACTOR shall include the language of this certification in all subcontracts at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.
- (3) Submission of this certification and disclosure is a prerequisite for making or entering into a contract as imposed by section 1352, title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.
- (b) **FAR 52.209-5 Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters.**
 - (1) CONTRACTOR certifies that, to the best of its knowledge and belief, that CONTRACTOR and/or any of its Principals, (as defined in FAR 52.209-5,) are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency.
 - (2) CONTRACTOR shall provide immediate written notice to LOCKHEED MARTIN if, any time prior to award of any contract, it learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (c) **FAR 52.222-22 Previous Contracts and Compliance Reports.**

CONTRACTOR represents that if CONTRACTOR has participated in a previous contract or subcontract subject to the Equal Opportunity clause (FAR 52.222-26) and (i) CONTRACTOR has filed all required compliance reports and (ii) that representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract awards.

- (d) **FAR 52.222-25 Affirmative Action Compliance.**

CONTRACTOR represents (1) that CONTRACTOR has developed and has on file at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2), or (2) that in the event such a program does not presently exist, CONTRACTOR will develop and place in operation such a written Affirmative Action Compliance Program within 120 days from the award of this Contract.

- (e) **FAR 52.223-13 Certification Of Toxic Chemical Release Reporting** (Applicable to competitive solicitations/contracts which exceed \$100,000)

- (1) Submission of this certification is a prerequisite for making or entering into this contract imposed by Executive Order 12969, August 8, 1995.
- (2) CONTRACTOR certifies that—
 - (a) As the owner or operator of facilities that will be used in the performance of this Contract that are subject to the filing and reporting requirements described in section 313 of the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA) (42 U.S.C. 11023) and section 6607 of the Pollution Prevention Act of 1990 (PPA) (42 U.S.C. 13106), SELLER will file and continue to file for such facilities for the life of the contract the Toxic Chemical Release Inventory Form (Form R) as described in sections 313(a) and (g) of EPCRA and section 6607 of PPA; or
 - (b) None of its owned or operated facilities to be used in the performance of this Contract is subject to the Form R filing and reporting requirements because each such facility is exempt for at least one of the following reasons:
 - (i) The facility does not manufacture, process or otherwise use any toxic chemicals listed under section 313(c) of EPCRA, 42 U.S.C. 11023(c);
 - (ii) The facility does not have 10 or more full-time employees as specified in section 313.(b)(1)(A) of EPCRA 42 U.S.C. 11023(b)(1)(A);
 - (iii) The facility does not meet the reporting thresholds of toxic chemicals established under section 313(f) of EPCRA, 42 U.S.C. 11023(f) (including the alternate thresholds at 40 CFR 372.27, provided an appropriate certification form has been filed with EPA);
 - (iv) The facility does not fall within Standard Industrial Classification Code (SIC) designations 20 through 39 or their corresponding North American Industry Classification System (NAICS) Sections 31-33; or
 - (v) The facility is not located within any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, the Northern Mariana Islands, or any other territory or possession over which the United States has jurisdiction.