

LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

JSF LRIP 3
CONTRACT NUMBER N00019-08-C-0028

Generated using Lockheed Martin CorpDocs 2009 Version

January 8, 2009

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

In the event of a conflict between the version or date of a clause set forth in this document and the version or date of a clause set forth in the identified CorpDocs, the version or date of the clauses set forth in this document shall take precedence.

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.

For all subcontracts issued under Prime Contract N00019-08-C-0028 (the Prime Contract), the following supplemental terms and conditions are incorporated, in addition to those other terms and conditions (e.g., CorpDoc 3, CorpDoc 3a, CorpDoc 4, etc.) applied in subcontracts issued under the Prime Contract.

1. The dates of the following FAR and DFARS clauses are modified as follows:

FAR 52.219-9 SMALL BUSINESS SUBCONTRACTING PLAN (The date of this clause is changed from (NOV 2007) to (SEP 2007)). FAR 52.222-35 EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (The date of this clause is changed from (DEC 2001) to (SEP 2006)).

FAR 52.222-37 EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS (The date of this clause is changed from (DEC 2001) to (SEP 2006)).

DFARS 252.225-7013 DUTY-FREE ENTRY (The date of this clause is changed from (JUN 2006) to (OCT 2006)).

DFARS 252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (The date of this clause is changed from (DEC 1996) to (DEC 2006)).

2. The following FAR and DFARS clauses are added:

FAR 52.203-13 CONTRACTOR CODE OF BUSINESS ETHICS AND CONDUCT (DEC 2008)
(Applies if this contract exceeds \$5,000,000 and has a period of performance of more than 120 days).

Disclosures made under this clause shall be made directly to the Government entities identified in the clause.)

FAR 52.204-4 PRINTED OR COPIED DOUBLE-SIDED ON RECYCLED PAPER (AUG 2000)

FAR 52.229-8 TAXES -- FOREIGN COST-REIMBURSEMENT CONTRACTS (MAR 1990) (In paragraph (b), "Contracting Officer" and "Government of the United States" mean "Lockheed Martin." The blank is completed with any country in which Seller performs work under this contract.)

FAR 52.232-17 INTEREST (JUN 1996) ("Government" means "Lockheed Martin.")

FAR 52.245-9 USE AND CHARGES (AUG 2005) (Communications with the Government under this clause will be made through Lockheed Martin.)

DFARS 252.204-7000 DISCLOSURE OF INFORMATION (Dec 1991) (Note 2 applies. In paragraph (b), change 45 days to 30 days.)

DFARS 252.225-7004 REPORTING OF INTENDED CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES - SUBMISSION AFTER AWARD (May 2007) (Applies if this Contract exceeds \$550,000).

DFARS 252.211-7006 RADIO FREQUENCY IDENTIFICATION (Feb 2007) (Applicable if any item(s) are to be direct shipped to a U.S. Government facility and meet the criteria in FAR 211.275-2)

DFARS 252.225-7012 PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES (JAN 2007) (Applies if Seller is furnishing any of the items covered by this clause.)

DFARS 252.227-7017 IDENTIFICATION AND ASSERTION OF USE, RELEASE, OR DISCLOSURE RESTRICTIONS (June 1995). DFARS 252.225-7030 RESTRICTION ON ACQUISITION OF CARBON, ALLOY, AND ARMOR STEEL PLATE (DEC 2006) (Applies if this order is if for carbon, alloy, and armor steel plate in Federal supply class 9515, or described by American Society for Testing Materials (ASTM) or American Iron and Steel Institute (AISI) specifications.)

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 252.239-7016 TELECOMMUNICATIONS SECURITY EQUIPMENT, DEVICES, TECHNIQUES, AND SERVICES (DEC 1991) (Applies if this contract requires securing telecommunications.)

DFARS 252.242-7002 EARNED VALUE MANAGEMENT SYSTEM (MAR 2005) (In paragraph (e), note 3 applies).

DFARS 252.243-7002 REQUESTS FOR EQUITABLE ADJUSTMENT (MAR 1998) ("Government" means "Lockheed Martin.")

3. The following Section H is added:

SECTION H – SPECIAL PURCHASE ORDER REQUIREMENTS

For purposes of this Section H, “Government” means the United States Government.

H-1 PRESERVATION OF RIGHTS FOR INFORMATION PROVIDED ELECTRONICALLY

Information, whether delivered under any Supplier Data Requirements List (SDRL) or SELLER equivalent form of this Purchase Order or in response to SELLER’s Statement of Work provided to the Government or LOCKHEED MARTIN via the JSF Virtual Enterprise that would be deemed Technical Data under DFARS 252.227-7013, “Rights In Technical Data—Noncommercial Items,” or Computer Software and Computer Software Documentation under DFARS 252.227-7014, “Rights in Noncommercial Software and Noncommercial Software Documentation,” if it were delivered in written form, shall not lose its status as Technical Data, Computer Software or Computer Software Documentation solely because access by the Government or LOCKHEED MARTIN or delivery by SELLER is by electronic means. The rights of the parties shall be as specified in DFARS 252.227-7013 and DFARS 252.227-7014.

H-2 CONCURRENCY MANAGEMENT

(a) The JSF production effort under the Low Rate Initial Production (LRIP) Prime Contract is occurring at the same time as, or concurrently with, the System Development and Demonstration (SDD) program. Due to this concurrency, the LRIP production configuration of the JSF Air System may evolve or change as the design matures and systems are tested and qualified during SDD development testing. LOCKHEED MARTIN, in its prime contract with the US Government, is responsible for incorporating concurrency related changes into the LRIP production Air Systems. The purpose of this clause is to describe SELLER’s responsibility to support LOCKHEED MARTIN in incorporating concurrency related changes into LRIP production.

(b) Definitions.

Concurrency Change – Changes to the LRIP 3 production baseline Air System hardware or software resulting from SDD design maturation process which require incorporation into the LRIP Air System in order to meet contract capability or the JSF Air System Contract Specification.

Concurrency Change Plan – Action required by LOCKHEED MARTIN to implement a Concurrency Change into the LRIP production Air System.

Configuration Management Plan (“CM”) 2YZA00017 Rev C, incorporated herein by reference, Section 4.1– Describes the requirements for addressing the concurrency management process.

Pre-Acceptance Concurrency Action – Incorporation of a Concurrency Change prior to acceptance of SELLER’s Item.

Post-Acceptance Concurrency Action – Incorporation of a Concurrency Change after acceptance of SELLER’s Item via a post- delivery installation kit.

(c) SELLER Responsibility to Support and Incorporate Concurrency Related Changes.

1. **Material or Workmanship Deficiencies:** Concurrency Changes do not include material and workmanship deficiencies. SELLER is obligated to correct material or workmanship deficiencies in accordance with the terms of the Contract.

2. For any Concurrency Change that does not involve a deficiency in material or workmanship, SELLER will support the LM Concurrency process by a Not to Exceed (NTE) proposal for the recurring effort, as delineated in CM 2YZA00017 Rev C. In the event LOCKHEED MARTIN and its Customer agree to proceed with incorporation of the Concurrency Change, whether by Pre- Acceptance Concurrency Action or Post-Acceptance Concurrency Action, LOCKHEED MARTIN will notify SELLER and SELLER will incorporate the Concurrency Change into LRIP production. Cost and schedule impacts of the Concurrency Change will be negotiated between the Parties consistent with SELLER's NTE proposal. In no event will a Concurrency Change action under this provision exceed the Truth in Negotiation Act (TINA) threshold. For any action that exceeds the TINA threshold, the Parties will proceed as delineated in the Changes clause of this Contract. Whether any change to the LRIP baseline is a Concurrency Change will be determined by LOCKHEED MARTIN.

3. For purposes of Concurrency Changes hereunder, non-recurring costs are borne under the SDD contract pursuant to the term of that contract.

H-3 ALTERNATIVE DISPUTE RESOLUTION

Alternative Dispute Resolution is the preferred approach for settling Purchase Order disputes. Accordingly, the parties confirm their mutual commitment to consider the use of Alternative Dispute Resolution (ADR) processes to avoid or resolve disputes under this Purchase Order. Notwithstanding the foregoing, nothing herein limits the parties' rights and remedies under the "Disputes" clause in Section I of this Purchase Order.

H-4 5252.216-9501 SEGREGATION OF COSTS (OCT 2005) (NAVAIR) (Applicable to Long Lead Items only.)

SELLER shall segregate all costs incurred under this Purchase Order from the costs of all other work currently being performed and from all contracts that are subsequently received.

H-5 DATA DELIVERY

All unclassified data and information, including technical data as defined in FAR 52.227-14, generated in the performance of this Purchase Order or Contract shall be delivered electronically to the JSF Virtual Environment (JSF Data Library (JDL) or Product Data Management System (PDM), as applicable).

H-6 MANAGEMENT OF SUPPLIERS

Notwithstanding any direction to the contrary herein, SELLER is required under this Purchase Order to manage any and all lower tier subcontractors. SELLER shall not use a subcontractor's status as an agreed or directed source as a performance excuse or basis for equitable adjustment.

H-7 GOVERNMENT PROPERTY FOR THE PERFORMANCE OF THIS CONTRACT (COST-REIMBURSEMENT) (MAR 2008)

Pursuant to FAR Clause 52-245-1 "Government Property (Cost-Reimbursement, Time and Material, or

Labor Hour Contracts) (JUN 2007) the Seller is authorized to use the following Government property on a rent-free basis in performing this contract:

(a) Government Property currently accountable under the following contracts TBD

(b) Government-Furnished Property provided under this contract: TBD

The Seller is responsible for scheduling the use of all property covered by this clause and the Government shall not be responsible for Seller- caused conflicts, delays, or disruptions to any work performed by the Seller due to use of any or all such property, either under this contract or any other contracts under which use of such property is authorized.

(c) Government Furnished Property Provided "As Is": The Government Furnished Items listed in (a) or (b), above, that are provided to the Seller in an "As-Is" condition pursuant to FAR 52.245-1 may be repaired or modified, to meet contractual requirements, as a direct cost to this contract, as defined in items (1) through (4), below.

(1) If "As-Is" Government Furnished Items listed in (a) or (b), above, require refurbishment, the cost of which does not exceed 50% of acquisition cost, then Seller may proceed with refurbishment using contract funds and without obtaining Contracting Officer approval.

(2) If refurbishment costs exceed 50% of acquisition cost, the Seller shall seek PCO authorization, through LOCKHEED MARTIN, prior to undertaking a repair.

(3) Any repair or modification of these items shall not affect the title of the Government.

(4) Any refurbishment of Government Furnished Items provided As-Is shall not negate the warranty. That is, the Government does not warrant the condition of these assets provided to the Seller.

H-8 INDUSTRIAL PARTICIPATION

(a) It is anticipated that LOCKHEED MARTIN will be involved in a number of foreign industrial participation arrangements in various countries in connection with the sale of LOCKHEED MARTIN's products to foreign countries. SELLER agrees to cooperate with LOCKHEED MARTIN in fulfillment of such industrial participation obligations.

(b) LOCKHEED MARTIN encourages SELLER to develop a plan for creating industrial participation opportunities in many countries, including the following: Australia, Canada, Denmark, The State of the Netherlands, Norway, Italy, Turkey, and the United Kingdom. Any industrial participation credit value resulting from SELLER's procurements, investments or technology transfers related to work to be performed under this Contract shall accrue solely to the benefit of LOCKHEED MARTIN for its use.

(c) In addition, SELLER agrees to provide to LOCKHEED MARTIN, at no additional cost, a report every six (6) months during the performance of this Contract summarizing, by country, SELLER's lower tier industrial participation plan, investment plan, and technology transfer activity related to work to be performed under this Contract.

H-9 INFORMATION SECURITY ASSURANCE

(a) SELLER certifies and represents that it has established Information Security Assurance processes sufficient to adequately protect data and information of LOCKHEED MARTIN, its subsidiaries, suppliers, teammates, contractors and agents.

(b) SELLER shall monitor and update its Information Security Assurance processes as necessary to ensure the data and information of LOCKHEED MARTIN, its subsidiaries, suppliers, teammates, contractors and agents, is adequately protected during the term of this Purchase Order or for longer periods as may be specified in this Purchase Order.

(c) Records of SELLER's Information Security Assurance processes shall be kept complete and available to LOCKHEED MARTIN and its customers during the performance of this Purchase Order and for such longer periods as may be specified in this Purchase Order.

(d) LOCKHEED MARTIN shall have the right to audit SELLER's Information Security Assurance processes. In the event SELLER's Information Security Assurance processes do not adequately protect the data or information, LOCKHEED MARTIN shall have the right to deny or revoke SELLER's access to any or all LOCKHEED MARTIN computing system(s). Denial or revocation of access to any or all LOCKHEED MARTIN computing system(s) shall not alter or change SELLER's obligations under this Contract.

(e) The rights and remedies available to LOCKHEED MARTIN in this paragraph are in addition to any other rights and remedies provided in this Purchase Order, any Proprietary Information Agreement between the parties, at law or in equity.

H-10 INVESTMENT

Any decision by Seller at, or prior to, the date of award of this P.O. or at or prior to the date of execution of any modification to this P.O. to (i) incur costs, by reason of investment or otherwise, that are not expressly included in writing in the Seller's bid, offer, or proposal to Buyer, agreed to by Buyer, and incorporated into this P.O.'s price, (ii) forego profit on costs, or (iii) apply a management decrement, is made at the sole risk of Seller. Seller acknowledges that the price of this P.O. shall not be increased by any portion of incurred costs, foregone profit, or management decrement, for any reason, including, but not limited to, a termination for convenience of this P.O., notwithstanding any provisions of this P.O. or applicable regulations governing termination for convenience settlements of purchase orders under United States Government prime contracts, unless Buyer expressly agrees in writing to pay such portion. Buyer, as set forth in the clause of this P.O. entitled "Termination for Convenience (Fixed Price)," may terminate this P.O. for any reason if Buyer determines that it is in the Buyer's interest to do so. The term "any reason" includes, but is not limited to, termination of the Buyer's prime contract with the U.S. Government on any basis, convenience or default. A termination for default of this P.O. is justified at any time where the circumstances provided in the clause of this P.O. entitled "Default" apply.

H-11 CLIN 0001 and PNR CERTIFICATION

Seller certifies that any and all items designated as Production Non-Recurring (PNR) and/or provided under prime contract CLIN 0001 (whether characterized by Seller as tooling, test equipment, capital equipment or otherwise) that are charged directly to this Contract, including any directly charged PNR tooling or test equipment, are special tooling or special test equipment, as respectively defined in FAR 2.101, and 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. In addition to any other remedies that may be available, should the Parties discover that any item directly charged to this Contract is not special tooling or special test equipment, as respectively defined by FAR 2.101, shall be removed from the Contract and the Contract cost and fee or price shall be adjusted to reflect its removal.