

LOCKHEED MARTIN CORPORATION

CORPDOC 4D

**DEPARTMENT OF HOMELAND SECURITY ACQUISITION REGULATION (HSAR)
FLOWDOWN PROVISIONS FOR COST REIMBURSEMENT SUBCONTRACTS/PURCHASE ORDERS
FOR NON-COMMERCIAL ITEMS UNDER A U.S. GOVERNMENT PRIME CONTRACT**

A. INCORPORATION OF DEPARTMENT OF HOMELAND SECURITY ACQUISITION REGULATION (HSAR) CLAUSES

The Department of Homeland Security Acquisition Regulation (HSAR) 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, to this Contract. If the date or substance of any of the clauses listed below is different from 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. The Contracts Disputes Act shall have no application to this Contract. Any reference to a "Disputes" clause shall mean the "Disputes" clause of this Contract.

B. GOVERNMENT SUBCONTRACT

(a) This Contract is entered into by the parties in support of a U.S. Government contract.

(b) As used in the HSAR 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. "Contracting Officer" shall mean the U.S. Government Contracting Officer for LOCKHEED MARTIN's government prime contract under which this Contract is entered.
4. "Contractor" and "Offeror" means the SELLER, which is the party identified on the face of the Contract with whom Lockheed Martin is contracting, acting as the immediate subcontractor to LOCKHEED MARTIN.
5. "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.
6. "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" 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" throughout this clause.
4. Insert "or LOCKHEED MARTIN" after "Government" throughout this clause.

5. Communication/notification required under this clause from/to the Contractor to/from the Contracting Officer shall be through LOCKHEED MARTIN.

6. Insert "and LOCKHEED MARTIN" after "Contracting Officer", throughout the clause.

7. Insert "or LOCKHEED MARTIN PROCUREMENT REPRESENTATIVE" after "Contracting Officer", throughout the clause.

D. AMENDMENTS REQUIRED BY PRIME CONTRACT

SELLER 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 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. PROVISIONS OF THE DEPARTMENT OF HOMELAND SECURITY ACQUISITION REGULATION SUPPLEMENT (HSAR) INCORPORATED BY REFERENCE

1. The following HSAR clauses apply to this Contract:

(a) HSAR 3052.204-71 CONTRACTOR EMPLOYEE ACCESS (JUN 2006) (Note 5 applies.)

(b) HSAR 3052.222-70 STRIKES OR PICKETING AFFECTING TIMELY COMPLETION OF THE CONTRACT WORK (DEC 2003)

(c) HSAR 3052.222-71 STRIKES OR PICKETING AFFECTING ACCESS TO A DHS FACILITY (DEC 2003) (Note 5 applies.)

(d) HSAR 3052.223-90 ACCIDENT AND FIRE REPORTING (USCG) (DEC 2003) (Note 5 applies.)

(e) HSAR 3052.242-71 DISSEMINATION OF CONTRACT INFORMATION (DEC 2003) (Note 5 applies.)

(f) HSAR 3052.245-70 GOVERNMENT PROPERTY REPORTS (JUN 2006) (Note 2 applies. "September" is changed to "August.")

2. The following HSAR clauses apply to this Contract as indicated:

(a) HSAR 3052.219-70 SMALL BUSINESS SUBCONTRACTING PLAN REPORTING (JUN 2006) (Applies if this Contract is subject to the requirement for a subcontracting plan.)

(b) HSAR 3052.228-70 INSURANCE (DEC 2003) (Applies if this Contract requires work on a Government installation.)

(c) HSAR 3052.236-70 SPECIAL PRECAUTIONS FOR WORK AT OPERATING AIRPORTS (DEC 2003) (Applies if Work will be performed at an operating airport. Note 5 applies.)