

LOCKHEED MARTIN CORPORATION
UAE F-16 PROGRAM FOLLOW-ON
SUPPORT CONTRACT APPENDIX
SUPPLEMENT TO CORPDOC 1 GENERAL
PROVISIONS

Generated using Lockheed Martin CorpDocs 2010 Version

3 May 2010

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.

CLAUSE 4. CHANGES

4.(c) The first sentence is revised as follows: "SELLER must assert its right to an equitable adjustment under this clause within twenty (20) days from the date of receipt of the written change order from LOCKHEED MARTIN."

Add the following: "(e) If any Item to be delivered under this Contract is an Item that is newly developed for this Contract or an Item that is modified to fit the requirements of this Contract, the following additional paragraphs apply:

(1) If, in the judgment of LOCKHEED MARTIN, certain modifications are deemed essential or mandatory for safety purposes, during production, Seller shall, at no cost to LOCKHEED MARTIN, incorporate the modification into the Item(s).

(2) Prior to delivery of the last Item and through the warranty period of the last Item, any modification kits for those Safety of Flight TCTOs considered mandatory by LOCKHEED MARTIN or the United States Government shall be provided to LOCKHEED MARTIN for systems already delivered, at no cost to LOCKHEED MARTIN."

CLAUSE 8. DEFINITIONS

Add the following definitions:

AOG	Aircraft on Ground.
BER	Beyond Economical Repair for a repairable item.
Brand New	A Product of recent manufacture, production or purchase and is unused. The term “New” shall have the same meaning.
Delivery or Dispatch Note	A document, generated on behalf of SELLER, which identifies inbound cargo.
Diminished Manufacturing Sources (DMS) or Obsolete	Products or components that are no longer being manufactured and therefore are no longer available for purchase from qualified suppliers.
Documentation	Includes, but is not limited to, Data, Operations Manuals, Software Documentation, Country Standard Technical Orders, Intermediate Commodity Technical Orders, Commercial Manuals required to be delivered under this Purchase Order.
End User Force	UAE Air Force and Air Defence (AF & AD).
Equipment	Alternate Mission Equipment, Support Equipment, Modular Mission Support System (MMSS), Test Equipment, Spares, GPIATE, CIATE, Training Equipment, QRWIC or other hardware related to the operation, maintenance and support of the Block 60 Aircraft.
IOR	Immediate Operational Requirement.
Latest Manufacture Year	The most recent year that a Manufactured Product is available for purchase.
LRU	Line Replaceable Unit - Product that can be replaced at Organizational Level of Maintenance.
New	A Product of recent manufacture, production or purchase and is unused. The term “Brand New” shall have the same meaning.

NSN	National Stock Number.
OEM	Original Equipment Manufacturer.
Product	Aircraft, Engines, Spare Parts, Ground Support Equipment, Training Aids, Assemblies, Sub-Assemblies, Tooling, Miscellaneous Equipment, Special Technical Publications, Technical Publications, Modification Kits, Test Benches, and other Products, manufactured and/or supported by SELLER and owned and/or operated by the END USER FORCE and/or LOCKHEED MARTIN.
Routine Orders	Orders other than AOG or IOR.
SB	Service Bulletin.
SELLER's Working Day(s)	The days in which SELLER's personnel located at SELLER's facilities in the United States are present and available for work on the contract. Work days include Monday through Friday. U.S. national holidays, as well as facility closures due to severe weather, local and national emergencies, etc. are excluded.
Service(s)	All the tasks to be performed by SELLER to fulfill the requirements of LOCKHEED MARTIN, such as Technical Assistance, Training, Overhaul/ Repair/ Calibration/ Modification of Product and repair schemes.
SRU	Shop Replaceable Unit - Product that can be replaced at Intermediate Level of Maintenance (workshop).
TAT	Turn Around Time for repairables, overhauled, modified, and calibrated items
TCTO	Time Compliance Technical Order.

CLAUSE 18. INSPECTION AND ACCEPTANCE

Add the following new subparagraphs:

(e) Notwithstanding any other provisions of this Contract, final inspection and acceptance of any item(s) shipped to LOCKHEED MARTIN, LOCKHEED MARTIN's customer, or designated site in the UAE, shall take place within two (2) months after delivery under this Contract.

(f) Rejected Product. In the event a Product is received by LOCKHEED MARTIN, LOCKHEED MARTIN'S customer, or designated site in the UAE and does not conform to contractual specifications, and/or modifications as agreed upon, LOCKHEED MARTIN may reject such Product and SELLER must arrange for replacement of rejected Product free of charge (including the freight and insurance charges) as per the agreed specifications and modifications. The rejected Products are to be collected by SELLER at its own cost and risk.

CLAUSE 23. PACKING AND SHIPMENT

Add the following new subparagraph:

(e) DOCUMENTS

(i) The following documents shall be inserted in each package for all Products in the package:

- a. Four (4) copies of the Dispatch Note of SELLER, listing the content of the concerned packing (one (1) copy outside and three (3) copies inside each package),
- b. Certificate of Conformity of the Product duly signed by the OEM Quality Control Organization, c. JAA One Form or equivalent,

d. Log card or log book, where applicable.

(ii) SELLER shall state on the Dispatch Note the new part number supplied in lieu, as well as the part number ordered.

(iii) Unless otherwise specified in the Contract, delivery shall be Carriage and Insurance Paid (CIP) Lockheed Martin Aeronautics Company, or its designated freight forwarder, Fort Worth, Texas. Other delivery terms shall be as specified in the Contract.

CLAUSE 35. WARRANTY

Replace this clause with the following:

(a) WARRANTY FOR NEW PRODUCTS

SELLER warrants New Products supplied by it under this Contract, for a period of twelve (12) months from the date of delivery to LOCKHEED MARTIN, against all defects in material and workmanship. SELLER warrants design and/or software for Products newly developed by SELLER for delivery under this Contract.

(b) WARRANTY FOR REPAIRED/OVERHAULED/MODIFIED/CALIBRATED PRODUCTS

SELLER warrants the Product parts replaced during repair or overhaul against all defects in material, software and workmanship, for a period of twelve (12) months from the date of delivery to LOCKHEED MARTIN.

(c) WARRANTY CLAIM PROCESS:

(i) LOCKHEED MARTIN shall issue a Repair Request and warranty claim to SELLER by fax or other electronic means giving all available information to SELLER.

(ii) In order to reduce the period between discovery of defect and repair/replacement of defective parts, SELLER's specialist(s) (if any) at LOCKHEED MARTIN facilities in CONUS or at the END USER FORCE facilities in the UAE, whenever possible, shall assist LOCKHEED MARTIN in deciding if the defective Products have to be dispatched to SELLER's factory for repair/replacement or can be repaired locally. SELLER's Tech Rep is authorized to sign in Block 19 of Annex 3 approving the repair under warranty.

(iii) SELLER will give priority to repair/replacement of Products, part or parts of Products returned under warranty so as to reduce as much as possible the duration of said repair/replacement.

Add the following new **CLAUSE 36. NEW PRODUCT ORDERING**

(a) UNPRICED ORDERS

LOCKHEED MARTIN may place routine orders by fax or other electronic means.

(i) For Routine unpriced orders, LOCKHEED MARTIN shall issue RFQs and SELLER shall, within ten (10) days, quote price and lead time. Quotations shall be valid for one hundred ninety (190) days. Upon receipt of LOCKHEED MARTIN's Contract, SELLER shall, within three (3) days of receipt, acknowledge receipt and begin performance. In case of a discrepancy, SELLER will request changes to the Contract to bring the Contract into compliance and begin performance.

(ii) For Priority unpriced orders, upon receipt of this Contract, SELLER shall deliver the product within one week. If not available, SELLER shall take all actions necessary to expedite delivery of the product.

(b) LIMITED SHELF LIFE OF PRODUCTS

For Routine and Priority orders, the remaining shelf life of the Product must be more than ninety percent (90%) of the total shelf life from the date of Delivery of the Product.

(c) **DMS, OBSOLETE OR ALTERNATIVE PRODUCTS**

(i) In the event of any of the Products or GSE mentioned on a Request for Quotation prove to be DMS/Obsolete before receipt of the order, SELLER shall advise LOCKHEED MARTIN in the response to the Request for Quotation, and shall provide a quotation for a substitute.

(ii) If, as a result of DMS and/or vanished sources, SELLER is unable to procure a form/fit/functional part or component necessary to fulfill any of the requirements of a Purchase Order, SELLER shall take all necessary actions to find a solution and then shall promptly notify LOCKHEED MARTIN to discuss any potential resolutions. LOCKHEED MARTIN and SELLER will negotiate any potential resolution, including any adjustment to price and/or schedule.

(iii) In the event that SELLER realizes any of the Products or GSE mentioned on a Purchase Order have changed after receipt of the order, SELLER shall be entitled to supply alternative Products or GSE in lieu of the ordered Product on the provision that the same are interchangeable, with the same or better technical specifications. SELLER will advise LOCKHEED MARTIN of such changes prior to delivery of the Product and will update corresponding technical publications. Such changes will be included in the next technical publication update.

Add the following new **CLAUSE 37. REPAIRS-OVERHAUL-MODIFICATIONS-CALIBRATIONS**

(a) If the item is under warranty, then SELLER shall proceed with the work; if not, the following procedure shall be applied:

(i) If the cost of the repair/overhaul/modification/calibration is less than 50% of the replacement value of the item, SELLER will immediately proceed with repair/overhaul/ modification/calibration of the item without awaiting the approval of Lockheed Martin.

(ii). If the cost of the repair/overhaul/modification/calibration is more than 50% of the replacement value of the item, SELLER will not carry out the repair/overhaul/modification/ calibration without obtaining the written approval of the LOCKHEED MARTIN.

a. SELLER, within twenty (20) SELLER's working days from the date of receipt of the Product from LOCKHEED MARTIN, shall provide to LOCKHEED MARTIN the final repair/overhaul /modification/calibration/quotation stating the following:

- i. Contract number;
- ii. Repair/Overhaul/Modification/Calibration request number, iii.
Product part number and serial number,
- iv. The breakdown cost of repair/overhaul/ modification/calibration, v.
Strip and survey,
- vi. Technical investigation report,
- vii. The price and the lead-time of a New Product.

All quotations shall be valid for a period not less than ninety (90) days.

(iii) LOCKHEED MARTIN, within forty-five (45) days of receipt of SELLER's quotation, shall issue the Purchase repair/overhaul/modification order signed by LOCKHEED MARTIN.

- (b) After repair/overhaul/modification/calibrations, SELLER shall arrange the shipment of the Product according to LOCKHEED MARTIN instructions. SELLER will issue and send to LOCKHEED MARTIN the final technical investigation report duly completed with information concerning the repaired/overhauled/ modified/calibrated Product.
- (c) If LOCKHEED MARTIN decides the repair must not be carried out, disassembly, cleaning, technical investigation, transportation will be charged to LOCKHEED MARTIN.
- (d) In the event a Product is sent for repair to SELLER according to recommendations of SELLER's built-in test or other fault detection mechanism and the said Product proves to be serviceable/not defective after factory investigation, SELLER shall send back the said Product and all the cost related to this shall be borne by SELLER.

(e) **TURN AROUND TIME**

(i) TAT necessary to carry out the repair/overhaul/modification/ calibration for any Product shall not exceed one hundred and twenty (120) days from the date SELLER receives the Product from LOCKHEED MARTIN until the Product is delivered to LOCKHEED MARTIN or its designated freight forwarder, Fort Worth, TX. TAT excludes the period between SELLER's quotation date and the LOCKHEED MARTIN repair/ overhaul/modification/ calibration Purchase Order date.

(ii) TAT for Products under warranty shall not exceed 60 days from date of SELLER's receipt of the returned Product.

(f) **GENERAL CONDITIONS**

(i) All Products that have to be shipped in a specific container according to SELLER's Technical Publications will be returned when possible for repair/overhaul/modification/calibration in the proper specific container.

(ii) In order to speed up the flow of Products to be repaired/overhauled/modified/ calibrated, LOCKHEED MARTIN and SELLER shall implement by mutual agreement specific solutions on a case-by-case basis such as rotation of empty containers or loan of SELLER's containers.

(iii) In case a Product submitted for repair/overhaul/modification/calibration is subject to an optional /recommended (not time limited) modification by SELLER, the cost will be detailed in SELLER's Quotation as per Clause 37(a)(ii)a.

(iv) SELLER will perform free of charge any SBs / Letter / Modification involving only visual inspection or minor adjustment/ rework accessible during the overhaul/repair of the Product.

(v) During the repair/overhaul/modification/calibration, all safety modifications, and mandatory SBs that concern the Product will be implemented by SELLER free of charge.

(vi) SELLER will inform LOCKHEED MARTIN of the cost of each modification (cost of labor and spares) that LOCKHEED MARTIN requested to be implemented on a Product. The modification and the repair will be reported in the repair summary of each part. The invoice shall show the cost of repair/overhaul/ modification/calibration as well as the modification.

(vii) In case a Product is under repair/overhaul/modification/calibration with SELLER and LOCKHEED MARTIN has an AOG case for the same product, then SELLER shall consider one of the following options to assist LOCKHEED MARTIN in this situation by completing the service on the Product under repair/overhaul/ modification/calibration within fifteen (15) days of issuing of the AOG status by LOCKHEED MARTIN.

(viii) SELLER shall maintain repair capability for LOCKHEED MARTIN Products for the life of this agreement.

Add the following new **CLAUSE 38.0 SAFETY / MANDATORY MODIFICATIONS / OBSOLESCENCE / REPETITIVE FAILURES**

(a) SELLER shall notify LOCKHEED MARTIN of all safety / mandatory modifications approved as such by SELLER during the life of this agreement.

(i) For Products under warranty that were purchased under this agreement, SELLER shall provide the necessary kits to LOCKHEED MARTIN at no cost to LOCKHEED MARTIN for all safety / mandatory modifications and the related updating of the technical publications and all necessary tools, if not available to LOCKHEED MARTIN or its customers.

(ii) SELLER's warranty representative's team shall be sent to assist LOCKHEED MARTIN in the installation of these TCTO kits, or in the absence of SELLER team, the on-site SELLER's technical representatives shall assist LOCKHEED MARTIN maintenance technicians on the installation of said TCTO kits at no cost to LOCKHEED MARTIN.

(b) SELLER undertakes to inform LOCKHEED MARTIN if any modification is ordered by SELLER's customers including the US Government, or proposed by SELLER itself or embodied in the Product and subject to the approval of LOCKHEED MARTIN, whether or not affecting the operational capabilities of the Aircraft. SELLER will provide LOCKHEED MARTIN with the relevant technical information, cost and schedule of implementation, save in the case of the above subparagraph (a). LOCKHEED MARTIN shall advise SELLER of its decision within three (3) months from date of notification by SELLER.

(c) LOCKHEED MARTIN may ask SELLER to make a proposal for studies relating to a specific modification for LOCKHEED MARTIN's own operational needs. All cost related to the study and implementation of such specific need shall be mutually agreed upon.

(d) SELLER shall inform LOCKHEED MARTIN by fax or any other means of communication immediately of any incidents, accidents, or Product deficiencies involving the safety of using an aircraft, including the actions to be taken.

(e) SELLER shall notify and support LOCKHEED MARTIN of obsolescence of Products due to a change in manufacturer/vendor or enhancements as the information becomes available from SELLER's Suppliers.

(f) In the event SELLER proposes an obsolescence modification that could lead to degradation or reduction in performance / reliability / durability parameters of a stand alone system or integrated system and its related Equipment and GSE, SELLER shall propose a replacement Product study at no extra cost to LOCKHEED MARTIN.

(g) In the case of a repetitive defect/failure during the warranty period, defined as three (3) of the same type of failure, LOCKHEED MARTIN and SELLER will together investigate the reason(s) for such frequent defect/failure to find a solution to eliminate the repetitive nature of the defect/failure. Corrective steps will be defined, including study and implementation by SELLER free of charge, as mutually agreed upon, of corrective action or modification to correct the repetitiveness of the said defect provided that the repetitive defect/failure is the fault of SELLER or SELLER's suppliers.

Add the following new **CLAUSE 39. TECHNICAL ASSISTANCE**

(a) SELLER agrees to provide Technical Assistance in or outside the United States or the country of the END USER FORCE on LOCKHEED MARTIN's request. Upon LOCKHEED MARTIN's direction, SELLER shall be responsible for obtaining a Technical Assistance Agreement from the U.S. Government Department of State, in order for SELLER to provide defense services to the END USER FORCE.

(b) In case of a requirement, LOCKHEED MARTIN will issue a Request for Proposal to SELLER to provide technical assistance services to LOCKHEED MARTIN by sending a certain number of specialists, to be agreed upon, to assist LOCKHEED MARTIN's specialists on servicing, troubleshooting, maintaining and operating of Products manufactured, delivered and/or supported by SELLER and owned and/or operated by LOCKHEED MARTIN or its customers.

(c) The prices quoted by SELLER shall be valid for a period of one hundred eighty (180) days from the quotation date.

(d) LOCKHEED MARTIN shall issue the Purchase Order for the technical services, signed by LOCKHEED MARTIN's authorized representative.

(e) In case SELLER's technical assistance is required to assist LOCKHEED MARTIN in recovering from an AOG case, SELLER shall, within two (2) days of receiving the LOCKHEED MARTIN's request, respond with a quotation to LOCKHEED MARTIN as stated in Article 9.3. SELLER shall make its best efforts to send its personnel within two (2) Working Days from receipt of LOCKHEED MARTIN's Purchase Order.

(f) Should the efficiency of SELLER's specialist not be satisfactory for LOCKHEED MARTIN, LOCKHEED MARTIN will inform SELLER in writing with a full explanation of the deficiencies. LOCKHEED MARTIN and SELLER will discuss the matter and if agreed that SELLER's specialist must be replaced, SELLER will provide the replacement in accordance with available technician personnel of similar experience and skill.

(i) In the case of illness, injury or serious personal matters SELLER shall replace his personnel with LOCKHEED MARTIN's consent.

(ii) All corresponding charges for replacement must be borne by SELLER including any overlap period. In case of replacement, SELLER shall provide in advance to LOCKHEED MARTIN, a document summarizing the work experience of this new specialist.

(g) SELLER's specialists shall abide by the Security and Safety regulations and other standing orders issued by LOCKHEED MARTIN and/or the END USER FORCE and as provided to and notified in advance to SELLER's specialists. In addition, SELLER's specialists shall abide by all applicable rules and laws within the host country.

(h) In the case of breach of this Clause resulting in willful misconduct or negligence on the part of SELLER's specialists, LOCKHEED MARTIN shall inform SELLER in writing with full explanation of SELLER's specialists conduct or negligence, and SELLER's specialists shall take appropriate action (including replacement of the specialist within two (2) weeks, without any financial obligations to LOCKHEED MARTIN. Further, SELLER shall be liable for any damages resulting from its willful misconduct or negligence).

Add the following new **CLAUSE 40. TRAINING**

(a) SELLER agrees to provide theoretical and practical training courses, in or outside the US or the country of the END USER FORCE, as needed by LOCKHEED MARTIN for the purpose of training LOCKHEED MARTIN or END USER FORCE personnel, on operation, servicing and maintenance of the Products delivered and/or supported by SELLER.

(b) In case of a requirement, LOCKHEED MARTIN will issue a Request for Proposal to SELLER to provide training services, and SELLER will provide a proposal within ten (10) days from the date of the request detailing the following information:

(i) Prices

(ii) Scope of Work/Syllabus/Curriculum

(iii) Duration and program

(iv) Responsibilities of SELLER

(v) Responsibilities of LOCKHEED MARTIN / END USER FORCE including any student pre-requisites

(vi) Miscellaneous.

(c) The validity of the proposal shall be one hundred and eighty (180) days. Add

the following new **CLAUSE 41.0 TECHNICAL PUBLICATIONS**

(a) SELLER shall supply log cards for each Product through this Contract when logging of hours, cycles or other major means of activities is requested by aeronautical regulations and/or LOCKHEED MARTIN.

(b) LOCKHEED MARTIN will issue a Request for Quotation to SELLER for hard copy and electronic Technical Publication / Updates in the English language. Technical Publications and Updates/revisions will be delivered CIP to LOCKHEED MARTIN, Fort Worth, Texas. (Incoterms 2000). Shipping costs will be paid by SELLER. SELLER will submit a firm price proposal valid for one hundred and eighty (180) days.

(c) SELLER shall replace lost or damaged documentations due to heavy daily use after issuance of a Purchase Order by LOCKHEED MARTIN.

(d) Errors and missing information in the technical publications or updates ordered under this Agreement are to be corrected and updated at no cost to LOCKHEED MARTIN during the life of this Agreement.

Add the following new **CLAUSE 42.0 OTHER SERVICES**

(a) INVESTIGATIONS

(i) If requested by LOCKHEED MARTIN and in case of an Aircraft accident/incident, SELLER will send a team for a technical investigation. The results of such investigation shall be sent to the official flight safety and Directorate of Logistics authorities of LOCKHEED MARTIN. The results of such investigation shall be submitted both in hard copy (two (2) paper copies) and electronic copy (two (2) CDs).

(ii) If requested by LOCKHEED MARTIN, SELLER will conduct and provide technical studies to support subparagraph 42(a)(i) above.

(iii) The above services shall be within Contract prices. Add

the following new **CLAUSE 43.0 POLITICS**

In the event SELLER or SELLER's employees perform any part of this Contract in the UAE, SELLER agrees that its employees shall refrain from participating in the politics of the UAE, and are forbidden to deal in any private business for profit in the UAE. In the event SELLER or SELLER's employees fail to comply with this clause, in addition to any other remedy LOCKHEED MARTIN may have, LOCKHEED MARTIN may request SELLER, at its own expense, to replace the employee(s) without any delay in the performance of this Contract.