

LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

PRIME CONTRACT FA8206-07-C-0001
Supplement to Appendix A – 27th Series

Generated using Lockheed Martin CorpDocs 2006 Version

26 September 2007

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 the subject Prime Contract, the following terms and conditions, applicable as noted, are incorporated by reference in addition to those other terms and conditions (the 27th Series, etc.) to be used for subcontracts issued under such Prime Contract. The language of the incorporated clause(s) should be modified so that "Government" and "Contracting Officer" mean Buyer, "Contractor" means Seller, "Contract" means Purchase Order, and "Subcontractor" means Seller's Subcontractors.

Delete the following clauses:

1. FAR 52.222-38, "COMPLIANCE WITH VETERANS' EMPLOYMENT REPORTING REQUIREMENTS"
2. FAR 52.229-3, "FEDERAL, STATE AND LOCAL TAXES"
3. FAR 52.229-4, "FEDERAL, STATE AND LOCAL TAXES (NONCOMPETITIVE CONTRACT)"
4. FAR 52.237-8, "RESTRICTION ON SEVERANCE PAYMENTS TO FOREIGN NATIONALS"
5. FAR 52.244-6, "SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS"
6. FAR 52.245-17, "SPECIAL TOOLING"
7. FAR 52.245-18, "SPECIAL TEST EQUIPMENT"
8. DFARS 252.209-7000, "ACQUISITION FROM SUBCONTRACTORS SUBJECT

Egypt, Greece, Israel, Japan, Jordan, Republic of Korea, Kuwait, Pakistan, TO ON-SITE INSPECTION UNDER INTERMEDIATE-RANGE NUCLEAR FORCES (INF) TREATY”

9. DFARS 252.225-7003, “REPORT OF INTENDED PERFORMANCE OUTSIDE THE UNITED STATES”
10. DFARS 252.225-7004, “REPORTING OF CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES”
11. DFARS 252.225-7015, “PREFERENCE FOR DOMESTIC HAND OR MEASURING TOOLS”
12. DFARS 252.225-7033, “WAIVER OF UK LEVIES.”

Add or modify the following FAR clauses:

1. In Appendix A – 27th Series, paragraph 1, “Definitions,” delete the reference to “FAR 52.202-1” and replace it with “FAR 2.101.”
2. FAR 52.203-6, “RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT” (SEP 2006). In the note accompanying this clause in Appendix A – 27th Series, delete “\$100,000” and replace it with “the FAR simplified acquisition threshold, as defined in FAR 2.101.” FEDERAL TRANSACTIONS” (SEP 2005). Delete the last sentence in the note accompanying this clause in Appendix A – 27th Series and replace it with the following: “Seller’s disclosure forms and those of Seller’s lower tier subcontractors will be provided to Lockheed Martin.”
4. Add the following after FAR 52.215-10 AND 52.215-11: “If Buyer is subject to any liability or expense, including without limitation Government withholding of payments, as the result of: 1) Seller’s or its lower tier subcontractors’ submission and/or certification of alleged or actual defective cost or pricing data, as set forth in this clause or 2) their furnishing, as prospective subcontractors, of alleged or actual defective cost or pricing data, which data was certified or required to be certified by Buyer to be accurate, complete and current as of the date specified by Buyer in its Certificate of Current Cost or Pricing Data, and which data Seller was given timely notice by Buyer to furnish and/or update prior to such date specified in such certificate; or 3) the Government Contracting Officer’s rejection of Seller’s or Seller’s lower-tier subcontractor’s claim for exception from submission of certified cost or pricing data on the basis that the price offered by the Seller or lower-tier subcontractor is based on an established catalog or market price of a commercial item sold in substantial quantities to the general public, is a price set by law or regulation, is a commercial item; or, on any other basis set forth in 15.403-1 or other pertinent law or regulation; or 4) their furnishing data of any description that is allegedly or actually inaccurate as set forth in this clause, **then Seller agrees to indemnify and hold Buyer harmless to the full extent of any damage or expense resulting from such action.**
5. FAR 52.219-9, “SMALL BUSINESS SUBCONTRACTING PLAN.” In the note accompanying this clause in Appendix A – 27th Series, replace “\$500,000” with “\$550,000.”

6. FAR 52.222-35, "EQUAL OPPORTUNITY FOR SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS" (SEP 2006). In the note accompanying this clause in Appendix A – 27th Series, replace "\$25,000" with "\$100,000."
7. FAR 52.222-37, "EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS, VETERANS OF THE VIETNAM ERA, AND OTHER ELIGIBLE VETERANS" (SEP 2006). In the note accompanying this clause in Appendix A – 27th Series, replace "\$25,000" with "\$100,000."
8. FAR 52.222-39, "NOTIFICATION OF EMPLOYEE RIGHTS CONCERNING PAYMENT OF UNION DUES OR FEES" (DEC 2004). Applies to all subcontracts that exceed the FAR simplified acquisition threshold, as defined in FAR 2.101. ADJUSTMENTS)" (APR 2003).
10. FAR 52.244-6, "SUBCONTRACTS FOR COMMERCIAL ITEMS" (SEP 2007).

Add or modify the following DFARS and AFMC clauses:

1. DFARS 252.211-7003, "ITEM IDENTIFICATION AND VALUATION" (JUN 2005). Applicable if this Contract requires the Items to contain unique item identification. Paragraph (c)(1)(iii) – "TBD". In (c)(3)(i), (c)(4)(i), (d), (e), and (f) "Contractor" shall mean "Subcontractor"; all reports required to be submitted under this clause shall be submitted to Lockheed Martin at a location to be identified; delete paragraph (g) and insert the following in lieu thereof: (g) Lower-Tier Subcontracts. Seller shall include this clause, including this paragraph (g), in all lower tier subcontracts issued under this Subcontract for the acquisition of components identified herein as requiring UID. .
2. DFARS 252.225-7006***, "QUARTERLY REPORTING OF ACTUAL CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES" (DEC 2006). Applies if this PO exceeds \$550,000. Paragraph (f) is deleted.
3. DFARS 252.225-7015, "RESTRICTION ON ACQUISITION OF HAND OR MEASURING TOOLS" (JUN 2005). Applies if this PO requires the delivery of hand or measuring tools.
4. DFARS 252.225-7016, "RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS" (Mar 2006). Applies if the Items contain ball or roller bearings.
5. DFARS 252.225-7019, "RESTRICTION ON ACQUISITION OF ANCHOR AND MOORING CHAIN" (JUN 2005). Applies unless the Items acquired contain none of the restricted welded shipboard anchor and mooring chain four inches or less in diameter.
6. DFARS 252-225-7021, "TRADE AGREEMENTS" (OCT 2006).

7. DFARS 252.225-7023, "RESTRICTION ON THE ACQUISITION OF VESSEL PROPELLERS" (SEP 2006). Applies if vessel propellers or components will be furnished.
8. DFARS 252.225-7025, "RESTRICTION ON ACQUISITION OF FORGINGS" (JUL 2006). Applies in all POs for items containing restricted forging items.
9. DFARS 252.225-7027, "RESTRICTION ON CONTINGENT FEES FOR FOREIGN MILITARY SALES" (APR 2003). For purposes of subparagraph (b)(1), countries listed in the Prime Contract are the following: Australia, Taiwan, Philippines, Saudi Arabia, Turkey, Thailand, or Venezuela (Air Force), contingent fees in any amount.
10. DFARS 252.225-7038, "RESTRICTION ON ACQUISITION OF AIR CIRCUIT BREAKERS" (JUN 2005). Applies if air circuit breakers for naval vessels are to be acquired under this PO.
11. DFARS 252.226-7001, "UTILIZATION OF INDIAN ORGANIZATIONS, INDIAN-OWNED ECONOMIC ENTERPRISES AND NATIVE HAWAIIAN SMALL BUSINESS CONCERNS" (SEP 2004). Applies if this PO exceeds \$500,000.
12. DFARS 252.243-7002, "REQUESTS FOR EQUITABLE ADJUSTMENT" (MAR 1998) Applies to POs over \$100,000.
13. DFARS 252.246-7003 "NOTIFICATION OF POTENTIAL SAFETY ISSUES" (JAN 2007).

*** Provision does not apply to commercial items.