



LOCKHEED MARTIN CORPORATION
PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)
ADDITIONAL TERMS AND CONDITIONS FOR SUBCONTRACTS/PURCHASE ORDERS
UNDER
JAPAN F-35 FINAL ASSEMBLY AND CHECK OUT (FACO) RFP YPEP24-050

For use with the latest version Lockheed Martin CorpDocs

11-November-2012

Revision 1

For all subcontracts issued under the subject effort, incorporate the following terms and conditions, applicable as noted, in addition to those other terms and conditions (CorpDocs, etc.) to be used for subcontracts issued under the Prime Contract. In the event of a conflict between the version or date of a clause set out in this document and the version or date of a clause set out in the identified CorpDocs, the version or date of the clauses set out in this document shall take precedence.

1. Add the following clause(s):

PACKING AND SHIPMENT:

CorpDocs delivery point is confirmed to be FOB Place of Shipment.

WARRANTY:

SELLER warrants that all Work furnished pursuant to this Contract shall strictly conform to applicable specifications, drawings, samples, descriptions, and other requirements of this Contract and be free from defects in design, material, and workmanship. This warranty shall begin upon final acceptance and extend for a period of **thirty (30) months**. If any nonconforming Work is identified within the warranty period, SELLER, at LOCKHEED MARTIN's option, shall promptly repair, replace, or reperform the Work. Transportation of replacement Work, return of nonconforming Work, and reperformance of Work shall be at SELLER's expense. If repair, or replacement, or reperformance of Work is not timely, LOCKHEED MARTIN may elect to return, reperform, repair, replace, or reprocur the non-conforming Work at SELLER's expense. All warranties shall run to LOCKHEED MARTIN and its customers.

DELAY IN DELIVERY:

Should SELLER fail to make delivery of any Work in accordance with the delivery schedule in this Purchase Order, Contract or Scheduling Agreement, then LOCKHEED MARTIN shall be entitled to

receive, and SELLER shall pay, compensation in the form of liquidated damages and not as a penalty. SELLER shall be entitled to a ten (10) day grace period. In the event SELLER fails to make delivery of an item within the grace period, then the amount of liquidated damages shall accrue at the rate of one and one-half percent (1.5%) of the price of the portion of the Work which is subject to delay for each day of delay beginning on the first day of the scheduled delivery date. The liquidated damages charged shall not exceed twenty-five percent (25%) of the price of the portion of the Work delayed. SELLER agrees that liquidated damages in the foregoing amounts are reasonable in light of the anticipated harm caused by the late delivery, the difficulties of the proof of loss, and the inconvenience or non-feasibility of otherwise obtaining an adequate remedy.

Liquidated damages arising under this Purchase Order, Contract or Scheduling Agreement, may be deducted by LOCKHEED MARTIN, in whole or in part, from any payments due SELLER following the late delivery of any such Work. In no event shall failure to assess liquidated damages be considered a waiver of LOCKHEED MARTIN's rights in this or any other articles or clauses. Except for non-performance of subcontractors at any tier, SELLER shall not be liable for liquidated damages if the failure to deliver Work on time arises from causes beyond the control and without the fault or negligence of the SELLER.

The remedies contained in this clause are in addition to any remedies LOCKHEED MARTIN may have at law, equity or under other provisions of this Purchase Order, Contract or Scheduling Agreement.

SPARE AND REPLACEMENT PARTS:

The SELLER warrants that all maintenance, spare and operation parts for the Goods shall be available to LOCKHEED MARTIN at commercially reasonable costs for a period of seven (7) years from the delivery of the Goods.

AMENDMENT REQUIRED BY LOCKHEED MARTIN'S CONTRACT WITH ITS CUSTOMER:

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 LOCKHEED MARTIN Contract with its Customer or with the provisions of amendments to such 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.

2. Summary of Changes:

Revision 1: Removed INCOTERM Delivery Duty Paid (DDP) terms. LOCKHEED MARTIN will accept SELLER's goods EX-Works at SELLER's facilities. LOCKHEED MARTIN will consolidate items from multiple suppliers and then ship to Japan through LOCKHEED MARTIN's freight forwarder.