

LOCKHEED MARTIN AERONAUTICS COMPANY
PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)
TERMS AND CONDITIONS
FOR SUBCONTRACTS/PURCHASE ORDERS UNDER
Q / L2AL / EA240 / CA300

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13 August 2015

Original

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 document is inapplicable to the performance of this Contract, the parties shall consider such clauses to be self-deleting and they shall not impose any obligations upon SELLER.

PART I. DELETIONS: The following clauses are deleted in their entirety from the applicable CorpDocs incorporated into this Contract:

N/A

PART II. MODIFICATIONS: The dates or versions of the following FAR, DFARS, and other agency clauses are modified as follows and are incorporated into the Contract:

N/A

PART III. ADDITIONS: The following clauses are incorporated into this Contract in addition to those set out in the applicable CorpDocs:

Basic Contract:

**SHIPPING; DELIVERY CLAUSE FOR THE LMOSC PORTION OF SERVICES
PARAGRAPH 2**

(1) Delivery shall take place "ex works" from LMOSC's production sites in accordance with

Incoterms® 2010. Title, as well as all risks associated with the MLU Kits, thus, shall pass to the Contracting Authority at the place of delivery as defined by Incoterms® 2010.

(2) The MLU Kits shall be packed and labeled in accordance with general standards in conformity with the following provisions:

- American Society of Testing and Material (ASTM) Standard D3951 – the standard practice for commercial packaging
- MIL-STD-2073 – the standard for military packaging
- MIL-STD-129 – the military marking for shipment and storage.

QUALITY ASSURANCE AND QUALITY CONTROL INSPECTIONS

(1) Supplier shall apply quality standards to its products and services under this Contract that are equal to the regulations and obligations under AS9100 and that are based on the quality requirements specified in the technical documents. The supplier shall take all appropriate measures to ensure that the products delivered and the services performed conform to the Contract.

(2) Quality assurance (QA) shall be transferred in accordance with STANAG 4107 by the Contracting Authority to the Defense Contract Management Agency (DCMA) (in this document referred to as the government quality assurance agent (GQAA)).

(3) Subject to all existing property rights restrictions and government regulations, the GQAA shall have the right to be present on a non-intervention basis during all supplier acceptance tests and to inspect the supplier products to be delivered under this Contract, and shall have the right of access to all areas of suppliers and/or its subcontractor's plant in which a portion of the tasks are carried out. The GQAA must be given the opportunity to assess and check whether supplier observes the QA procedures and to confirm the conformity of the product with the requirements of this Contract.

(4) Supplier shall ensure that only products that meet the requirements of this Contract are presented for inspection and acceptance. The GQAA retains the right to reject defective products prior to acceptance if they do not meet the Contract requirements.

THE SUPPLIERS DUTIES OF DISCLOSURE

On the basis of the applicable statutory regulations, the Contractor undertakes to notify hazardous materials within the meaning of the Chemicals Act (ChemG)/REACH regulation in the version June 22, 2009 in the products it delivers (materials, mixtures, products) in accordance with the statutory reporting requirements as well as to fulfill its obligations arising from the laws as a manufacturer, importer, or downstream user (according to the REACH Regulation) of a material, mixture, or product.

CONTRACTUAL PENALTY DUE TO THE PROMISE OR AWARDED OF THE ADVANTAGES

Contractors or their agents are not permitted to directly or indirectly offer, promise or award any advantages as defined by § 331 of the Criminal Code to individuals who work with the Client and are consigned with tasks in the areas of research, development or procurement.

The aforementioned obligation applies to this Contract and for all future business relations.

If the Contractor acts contrary to the obligations set out in No. 11.4.1, he shall pay the Client a contractual penalty amounting to 5% of the agreed contract amount (after the infringement).

If there are follow-up contracts after the infringement, the contract amounts from these follow-up contracts within a period of three years are to be included when calculating the contractual penalty.

The amount of the contractual penalty is not permitted to exceed 20 times the worth of the advantage in accordance with No. 11.4.1, which is worth 500,000 euros in total. An anti-trust fine imposed in the same context shall be offset against the stipulated contractual penalty.

The enforcement of damage compensation by the Client in the event of misconduct remains unaffected by the contractual penalty. In this case, a forfeited contractual penalty shall be offset against the damage compensation.

Contracts in which the Contractor can prove that the infringement against No. 11.4.1 was not generally accepted as being capable of having any effect on the decisions made in the management of the contract on the side of the Federal Office, either directly or indirectly, shall not be taken into account for the calculation of the contractual penalty.

Furthermore, contracts which are awarded after the infringement coming to light shall not be considered for the calculation of the conventional penalty.

MASS PROPERTIES REPORT

The supplier shall establish, implement, and maintain suitable weight and balance control throughout the non-recurring engineering and development of aircraft integration to maintain the required aircraft characteristics and performance in accordance with P-3C Detail Specification.

The supplier shall provide mass and center of gravity data by weighing the outer wing, center wing lower surface, and horizontal stabilizer and provide the results in the Mass Properties Report (CDRL C006)

HAZARDOUS SUBSTANCES AND RADIOACTIVE MATERIALS

(1) The contractor will incorporate hazardous substances in the items only if required on technical and functional grounds. If use of the defense materiel requires handling of hazardous substances, the contractor, in agreement with the customer, will use substances, preparations and products involving the least possible health hazard and being as environmentally safe as possible. The contractor will identify in accordance with the "Gefahrstoffverordnung (GefStoffV)" (Hazardous Substances Regulation) and the associated Technical Regulations any items constituting or containing hazardous substances and attach a EU Safety Data Sheet according to Annex I No. 5 of the GefStoffV and the "Technische Regeln für Gefahrstoffe (TRGS 220)" (Technical Regulations for Hazardous Substances).

(2) The contractor shall, if possible, avoid incorporating radioactive materials and present upon delivery a written statement in accordance with Form BWB-B 128. Should the contractor establish the need for using radioactive materials, he shall obtain the prior written consent of the customer giving compelling reasons for his request.

CONTRACTOR'S QUALITY CONTROL, GOVERNMENT QUALITY ASSURANCE

(1) The contractor shall inspect the supplies and/or services for contractual conformity, record the result and comply with additional quality assurance requirements from other contract elements.

(2) The customer will be entitled to subject the supplies and/or services to Government quality assurance (GQA). The customer's responsible GQA authority will contact the contractor in time.

(3) The customer shall refund to the contractor the recorded costs incurred for items damaged or destroyed as a result of improper performance of government quality assurance.

(4) Government quality assurance will, as a rule, be performed at the contractor's plant. If the contractor cannot provide evidence of the contractual conformity of the supplies and/or services at his plant, he shall, prior to the award of subcontracts to third parties, agree nature, scope and place

of the provision of objective evidence with the GQA authority of the customer. If, due to such agreement, government quality assurance is performed at the subcontractor's plant, the necessary data and records shall be furnished by the contractor.

(5) The contractor may request government quality assurance of partial quantities only, if such partial quantities have been agreed or if they are in reasonable proportion to the total quantity.

(6) Reworked items shall be resubmitted for government quality assurance.

(7) The contractor will take measures preventing delivery to the customer either directly or indirectly - of items which have been rejected and not been reworked. Nature and scope of such measures will be dependent on the circumstances prevailing at the contractor's plant. The contractor will, at the customer's request, advise him of how he has disposed of the rejected items.

(8) Unless otherwise agreed in the contract, the contractor, when awarding subcontracts, will endeavor to secure for the customer the same GQA rights as the customer holds with respect to the contractor.

In case of visits being required to be paid to Bundeswehr premises, the Contractor or supplier and the personnel or third parties assigned by him to contract performance will notify in time the security officer responsible for the facility to be visited and acquaint themselves with the regulations to be observed.

If the contractor is given access to documents classified "RESTRICTED" (VS-Nur für den Dienstgebrauch), he shall meet the requirements established by the Federal Ministry of Economics and Technology and the Federal Ministry of Defense with respect to security and secrecy and, at their request, exclude certain personnel from contract performance. The Bulletin for the Handling of Documents Classified RESTRICTED (Merkblatt über die Behandlung von Verschlusssachen (VS) des Geheimhaltungsgrades VS - Nur für den Dienstgebrauch - VS-NfD -) becomes part of the contract. If necessary, the Bulletin is available from the procurement office.

If the contractor or supplier is given access to documents classified "CONFIDENTIAL" (VS - Vertraulich) or higher, the Handbook of Industrial Security (Handbuch für den Geheimschutz in der Wirtschaft (Geheimschutzhandbuch)) issued by the the Federal Ministry of Economics and Technology becomes part of the contract. Access shall be limited to such firms already under security supervision by the Federal Ministry of Economics and Technology and cleared for the purpose of the a.m. handbook by the Federal Ministry of Economics and Technology.

In case of visits being required to be paid to Bundeswehr premises, the Contractor or supplier and the personnel or third parties assigned by him to contract performance will notify in time the security officer responsible for the facility to be visited and acquaint themselves with the regulations to be observed.

If the contractor or supplier is given access to documents classified "RESTRICTED" (VS-Nur für den Dienstgebrauch), he shall meet the requirements established by the Federal Ministry of Economics and Technology and the Federal Ministry of Defense with respect to security and secrecy and, at their request, exclude certain personnel from contract performance. The Bulletin for the Handling of Documents Classified RESTRICTED (Merkblatt über die Behandlung von Verschlusssachen (VS) des Geheimhaltungsgrades VS - Nur für den Dienstgebrauch - VS-NfD -) becomes part of the contract. If necessary, the Bulletin is available from the procurement office.

If the contractor or supplier is given access to documents classified "CONFIDENTIAL" (VS - Vertraulich) or higher, the Handbook of Industrial Security (Handbuch für den Geheimschutz in der Wirtschaft (Geheimschutzhandbuch)) issued by the the Federal Ministry of Economics and

Technology becomes part of the contract. Access shall be limited to such firms already under security supervision by the Federal Ministry of Economics and Technology and cleared for the purpose of the a.m. handbook by the Federal Ministry of Economics and Technology.