

LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

U.S. NAVY'S P-3
OUTER WING ASSEMBLY NAVY MODEL P-3C
AND DERIVATIVE SERIES AIRCRAFT
CONTRACT NO. N00019-08-C-0066

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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.

1. Add the following H Clause:

H001 Preference for Domestic Specialty Metals (Deviation 2008-00002) (Applies if this subcontract includes articles containing specialty metals)

Alternate I (DEVIATION 2008-00002)

(a) *Definitions.* As used in this clause –

(1) “Assembly” means an item forming a portion of a system or subsystem that can be provisioned and replaced as an entity and which incorporates multiple, replaceable parts.

(2) “Commercial derivative military article” means an item procured by the Department of Defense that is or will be produced using the same production facilities, a common supply chain, and the same or similar production processes that are used for the production of articles predominantly used by the general public or by nongovernmental entities for purposes other than governmental purposes.

(3) “Commercially available off-the-shelf item”-- (i) Means any item of supply that is --

(A) A commercial item;

(B) Sold in substantial quantities in the commercial marketplace; and

(C) Offered to the Government, under a contract or subcontract at any tier, without modification, in the same form in which it is sold in the commercial marketplace; and

(ii) Does not include bulk cargo, as defined in section 3 of the Shipping Act of 1984 (46 U.S.C. App 1702), such as agricultural products and petroleum products.

(4) “Component” means any item supplied to the government as part of an end item or of another component.

(5) “Electronic component” means an item that operates by controlling the flow of electrons or other electrically charged particles in circuits, using interconnections of electrical devices such as resistors, inductors, capacitors, diodes, switches transistors, or integrated circuits.

(6) “End item” means the final production product when assembled or completed, and ready for issue, delivery, or deployment.

(7) “Produce” means the application of forces or processes to a specialty metal to create desired physical properties through quenching or tempering of steel plate, or gas atomization or sputtering of titanium.

(8) “Qualifying country” means any country listed in subsection 225.872-1(a) or (b) of the Defense Federal Acquisition Regulation Supplement (DFARS).

(9) “Required form” means in the form of mill product, such as bar, billet, wire, slab, plate or sheet, and in the grade appropriate for the production of—

(i.) A finished end item delivered to the Department of Defense; or

(ii.) A finished component assembled into an end item delivered to the Department of Defense. (10) “Specialty metal” means –

(i.) Steel –

(A) With a maximum alloy content exceeding one or more of the following limits: manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or

(B) Containing more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, molybdenum, nickel, niobium (columbium), titanium, tungsten, or vanadium;

(ii.) Metal alloys consisting of –

(A) Nickel or iron-nickel alloys that contain a total of alloying metals other than nickel and iron in excess of 10 percent; or

(B) Cobalt alloys that contain a total of alloying metals other than cobalt and iron in excess of 10 percent;

(iii.) Titanium and titanium alloys; or

(iv.) Zirconium and zirconium alloys.

(11) “Subsystem” means a functional grouping of items that combine to perform a major function within an end item, such as electrical power, attitude control, and propulsion.

(b) Any specialty metals incorporated in items delivered under this contract shall be melted or produced in the United States, its outlying areas, or a qualifying country except for –

(3) Electronic components;

(2)(i) Commercially available off-the-shelf (COTS) items; other than –

(A) COTS fasteners, unless such fasteners are incorporated into COTS end items, subsystems, assemblies, or components

(B) Forgings or castings of specialty metals, unless such forgings or castings are incorporated into COTS end items, subsystems, or assemblies

(C) Commercially available high performance magnets, unless such high performance magnets are incorporated into COTS end items or subsystems;

(ii.) A COTS item is considered to be “offered without modification” as long as it is not modified prior to contractual acceptance by the next higher tier in the supply chain.

(A) Specialty metals contained in a COTS item that was accepted without modification by the next higher tier are excepted and remain excepted even if a piece of the COTS item subsequently is removed (e.g., the end is removed from a COTS screw or an extra hole is drilled in a COTS bracket).

(B) For specialty metals that were not contained in a COTS item upon acceptance, but are added to the COTS item after acceptance, the added specialty metals are subject to the restrictions (e.g., a special reinforced handle made of specialty metal that is added to a COTS item).

(C) If two or more COTS items are combined in such a way that the resultant item is not a COTS item, only the specialty metals involved in joining the COTS items together are subject to the restrictions (e.g., a COTS aircraft is outfitted with a COTS engine, but not the COTS engine normally provided with that aircraft.)

(D) For COTS items that are normally sold in the commercial marketplace with various options, items that include such options are also COTS items. However, if a COTS item is offered to the Government with an option that is not normally offered in the commercial marketplace, that option is subject to the specialty metals restrictions (e.g., An aircraft is normally sold to the public with an option for several different radios. DoD requests a military unique radio. The aircraft is still a COTS item, but the military-unique radio is not a COTS item, and must comply with the specialty metals restrictions, unless another exception applies.)

(3) Fasteners that are commercial items that are purchased under a contract or subcontract with a manufacturer of such fasteners, if the manufacturer has certified that it will purchase, during the relevant calendar year, an amount of domestically melted specialty metal, in the required form, for use in the production of fasteners for sale to the Department of Defense and other customers, that is not less than 50% of the total amount of the specialty metal that it will purchase to carry out the production of such fasteners for all customers.

- (4) Items manufactured in a qualifying country;
- (5) Items for which the Government has determined in accordance with 225.700X-3 of Class Deviation 2008-0002 that specialty metal melted or produced in the United States cannot be acquired as and when need in—
 - (i) A satisfactory quality;
 - (ii) A sufficient quantity; and
 - (iii) The required form.
- (6) Specialty metals, other than specialty metals in high performance magnets, that do not meet any of the exceptions in paragraphs (b)(1) through (5) of this clause, if the total weight of such noncompliant metals does not exceed 2 percent of the total weight of specialty metals in the item, as estimated in good faith by the Seller.

2. Add the following Naval Air System Supplement Contract clauses:

5252.247-9508 Prohibited Packing Materials (NAVAIR) (JUN 1998) (Applies if Seller will make shipments under this subcontract directly to the Government).

The use of asbestos, excelsior, newspaper or shredded paper (all types including waxed paper, computer paper and similar hydroscopic or non-neutral material) is prohibited. In addition, loose fill polystyrene is prohibited for shipboard use.

5252.247-9509 Preservation, Packaging, Packing and Marking (NAVAIR) (JUL 1998) (Applies only if Seller will make shipments under this subcontract directly to the Government) (In subparagraph (b), "Contract Number" means "Lockheed Martin's prime contract number and the number assigned to this subcontract")

- (a) Preservation, packaging and packing shall conform to prevailing industry standards for the type of commodity purchased under this contract.
- (b) All packages will be clearly marked with applicable contract number/delivery order number, and will contain appropriate packing slip. All deliveries will be marked for and/or consigned as follows:

“Shipping containers shall be stenciled on two (2) long sides and one (1) end as follows: P-3 outer wing assembly (either left or right hand); NSN; part number, and serial number of P-3 outer wing assembly. Containers shall be marked on one (1) long side with the words “forward wing section” (which indicates wing leading edge) and one (1) long side with the words “AFT wing section” (indicating wing trailing edge).”
- (c) In the event of any discrepancy in material shipped (overage, technical rejection, damage), the Seller shall, immediately upon request of the Contracting Officer or Lockheed Martin, furnish disposition instructions. Normally, such disposition instruction shall be a properly completed Commercial Bill of Lading which includes, but is not limited to, the mode of shipment, routing, special handling, and so forth.
- (d) If the Seller is required to install equipment upon delivery, then the Seller shall inform Lockheed Martin of the date of shipment from the Seller’s facilities and the anticipated date of arrival at the site.

This report shall be made no later than the actual date that the shipment is made from the Seller's facilities. The report may be made by facsimile or e-mail, to the point of contact provided by Lockheed Martin. All transportation, rigging, drayage, packing, unpacking, and handling necessary to accomplish the installation shall be the responsibility of the Seller.

5252.223-9501 Material Safety Data Sheet (MSDS) (NAVAIR) (Apr 2008) (Applies if Seller is to provide hazardous materials)

(a) The Seller shall forward an electronic copy of the Material Safety Data Sheet (MSDS) required under FAR Clause 52.223-3, "Hazardous Material Identification and Material Safety Data", to Lockheed Martin.

(b) One copy of the MSDS shall be enclosed with the shipping documents. If the shipment is received without an attached copy of the MSDS, Lockheed Martin has the right to refuse receipt.

5252.227-9507 Notice Regarding the Dissemination of Export-Controlled Technical Data (NAVAIR) (OCT 2005)

(a) Export of information contained herein, which includes release to foreign nationals within the United States, without first obtaining approval or license from the Department of State for items controlled by the International Traffic in Arms Regulations (ITARs), or the Department of Commerce for items controlled by the Export Administration Regulations (EAR), may constitute a violation of law.

(b) For violation of export laws, the Seller, its employees, officials or agents are subject to:

(1) Imprisonment and/or imposition of criminal fines; and

(2) Suspension or debarment from future Government contracting actions.

(c) The Government shall not be liable for any unauthorized use or release of export- controlled information, technical data or specifications in this contract.

3. Add the following FAR Clauses:

52.219-9 Small Business Subcontracting Plan (NOV 2007) (Applies if this subcontract exceeds \$550,000. This clause does not apply if Seller is a small business concern) ("Contracting Officer" means "Lockheed Martin" in paragraph (c). Seller's subcontracting plan is incorporated herein by reference)

4. Add the following DEARS Clauses:

252.215-7004 Excessive Pass-Through Charges (APR 2007) (Applies unless this subcontract is a fixed price contract, including fixed-price subcontracts with economic price adjustment, awarded on the basis of adequate price competition. Communications with the Contracting Officer under this clause shall be made through Lockheed Martin) (In paragraph (e), the term "Contracting Officer" includes Lockheed Martin. If the Contracting Officer determines excessive pass-through charges are included in Seller's prices, Lockheed Martin shall make an adjustment to exclude such charges)

252.225-7030 Restriction on Acquisition of Carbon, Alloy, And Armor Steel Plate (DEC 2006)

(Applies if this subcontract includes an order for carbon, alloy, and armor steel plate in Federal supply class 9515, or described by American Society for Testing Materials (ASTM) or American Iron and Steel Institute (AISI) specifications)

252.225-7036 Buy American – Free Trade Agreement – Balance of Payments (MAR 2007)

252.246-7000 Material Inspection And Receiving Report (AUG 1996) (Applicable if Seller delivers items directly to the Government)

252.246-7001 Warranty of Data (DEC 1991) ("Government" means "Lockheed Martin or the Government." "Contracting Officer" means "Lockheed Martin." The last sentence in paragraph (b) is changed to read as follows: The warranty period shall extend for three years after completion of delivery of the data to Lockheed Martin, or if the data is delivered to the Government, either by Lockheed Martin or Seller, the warranty period shall extend for three years after delivery to the Government")