



LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

JSF LRIP 3
CONTRACT NUMBER N00019-08-C-0028

Generated using Lockheed Martin CorpDocs 2009 Version

January 8, 2009

The Terms and Conditions listed below are incorporated by reference and made a part of this Contract. Uconnisteei oi oi In the event of a conflict between the version or date of a clause set forth in this document and or date of a clause set forth in the identified CorpDocs, the version or date of the clauses set forth in this

1. Material or Workmanship Deficiencies: Concurrency Changes do not include material and workmanship deficiencies. SELLER is obligated to correct material or workmanship deficiencies in accordance with the terms of the Contract.

2. For any Concurrency Change that does not involve a deficiency in material or workmanship, SELLER will support the LM Concurrency process by a Not to Exceed (NTE) proposal for the recurring effort, as delineated in CM 2YZA00017 Rev C. In the event LOCKHEED MARTIN and its Customer agree to proceed with incorporation of the Concurrency Change, whether by Pre- Acceptance Concurrency Action or Post-Acceptance Concurrency Action, LOCKHEED MARTIN will notify SELLER and SELLER will incorporate the Concurrency Change into LRIP production. Cost and schedule impacts of the Concurrency Change will be negotiated between the Parties consistent with SELLER's NTE proposal. In no event will a Concurrency Change action under this provision exceed the Truth in Negotiation Act (TINA) threshold. For any action that exceeds the TINA threshold, the Parties will proceed as delineated in the Changes clause of this Contract. Whether any change to the LRIP baseline is a Concurrency Change will be determined by LOCKHEED MARTIN.

3. For purposes of Concurrency Changes hereunder, non-recurring costs are borne under the SDD contract pursuant to the term of that cont

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(b) SELLER shall monitor and update its Information Security Assurance processes as necessary to ensure the data and information of LOCKHEED MARTIN, its subsidiaries, suppliers, teammates, contractors and agents, is adequately protected during the term of this Purchase Order or for longer periods as may be specified in this Purchase Order.

(c) Records of SELLER's Information Security Assurance processes shall be kept complete and available to LOCKHEED MARTIN and its customers during the performance of this Purchase Order and for such longer periods as may be specified in this Purchase Order.

(d) LOCKHEED MARTIN shall have the right to audit SELLER's Information Security Assurance processes. In the event SELLER's Information Security Assurance processes do not adequately protect the data or information, LOCKHEED MARTIN shall have the right to deny or revoke SELLER's access to any or all LOCKHEED MARTIN computing system(s). Denial or revocation of access to any or all LOCKHEED MARTIN computing system(s) shall not alter or change SELLER's obligations under this Contract.

(e) The rights and remedies available to LOCKHEED MARTIN in this paragraph are in addition to any other rights and remedies provided in this Purchase Order, any Proprietary Information Agreement between the parties, at law or in equity.

H-10 INVESTMENT

Any decision by Seller at, or prior to, the date of award of this P.O. or at or prior to the date of execution of any modification to this P.O. to (i) incur costs, by reason of investment or otherwise, that are not expressly included in writing in the Seller's bid, offer, or proposal to Buyer, agreed to by Buyer, and incorporated into this P.O.'s price, (ii) forego profit on costs, or (iii) apply a management decrement, is made at the sole risk of Seller. Seller acknowledges that the price of this P.O. shall not be increased by any portion of incurred costs, foregone profit, or management decrement, for any reason, including, but not limited to, a termination for convenience of this P.O., notwithstanding any provisions of this P.O. or applicable regulations governing termination for convenience settlements of purchase orders under United States Government prime contracts, unless Buyer expressly agrees in writing to pay such portion. Buyer, as set forth in the clause of this P.O. entitled "Termination for Convenience (Fixed Price)," may terminate this P.O. for any reason if Buyer determines that it is in the Buyer's interest to do so. The term "any reason" includes, but is not limited to, termination of the Buyer's prime contract with the U.S. Government on any basis, convenience or default. A termination for default of this P.O. is justified at any time where the circumstances provided in the clause of this P.O. entitled "Default" apply.