

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 1 of 9

LRIP OPTION 2 TERMS AND CONDITIONS
LOCKHEED MARTIN SUBCONTRACT P-3190568
UNDER GOVERNMENT CONTRACT DAAH01-98-C-0062

SPECIAL U.S. GOVERNMENT PROVISIONS:

The following Federal Acquisition Regulations (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) clauses, are incorporated herein by reference. In such clauses, unless otherwise specifically stated, the term "Contractor" means Seller except in the term "prime contractor", "subcontractor" means Seller's subcontractor, "Contract" means this order, except in the term "prime contract" and both "Contracting Officer" and "Government" mean Buyer except in the terms "Government Property", "Government-Owned Property", and "Former Government Surplus Property", or as otherwise indicated.

In the event that a Government clause is incorporated by reference in Form GP1, GP2, GP3, or GP4, such clause's incorporation in this ANC Attachment is solely for purposes of identifying the applicable clause's effectivity date.

EXCEPT AS OTHERWISE NOTED, THE FOLLOWING FAR AND DFAR CLAUSES APPLY TO ALL FIXED-PRICE AND COST-REIMBURSEMENT ORDERS ISSUED UNDER THIS PRIME CONTRACT.

FAR CONTRACT CLAUSES

FAR CLAUSES APPLICABLE TO THIS ORDER REGARDLESS OF THE AMOUNT OF THE ORDER (Except as noted)

- | | |
|--------------------|--|
| 52.203-5 (Apr 84) | COVENANT AGAINST CONTINGENT FEES |
| 52.203-8 (Jan 97) | CANCELLATION, RESCISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY. This clause applies to this contract if the Seller, its employees, officers, directors or agents participated personally and substantially in any part of the preparation of a proposal for this contract. The Seller shall indemnify Buyer for any and all losses suffered by the Buyer due to violations of the Act (as set forth in this clause) by Seller or its subcontractors at any tier. |
| 52.203-10 (Jan 97) | PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY. If the Government reduces Buyer's price or fee for violations of the Act by Seller or its subcontractors at any tier, Buyer may withhold from sums owed Seller the amount of the reduction. |
| 52.203-11 (Apr 91) | Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions |
| 52.203-12 (Jun 97) | Limitation on Payments to Influence Certain Federal Transactions. This clause applies only if this Contract exceeds \$100,000. |

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 2 of 9

- 52.204-2 (Aug 96) SECURITY REQUIREMENTS (*Applies if access to classified information is required. "Government" and "Contracting Officer" are not changed.*)
- 52.211-5 (Oct 97) NEW MATERIAL (*In paragraph (c) "Government" means "Government".*)
- 52.211-15 (Sep 90) DEFENSE PRIORITY AND ALLOCATION REQUIREMENTS (*Applies to rated orders certified for national defense use. In such event Seller is required to follow all the provisions of the Defense Priorities and Allocations System regulation (15CFR700).*)
- 52.222-1 (Feb 97) NOTICE TO THE GOVERNMENT OF LABOR DISPUTES
- 52.223-3 (Jan 97) HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA (*"Government" means Government and Buyer in paragraphs (f) and (h). In paragraph (h)(3) "The Government is not" is changed to "Neither the Government nor Buyer is".*)
- 52.223-7 (Jan 97) NOTICE OF RADIOACTIVE MATERIALS (*In paragraph (a) insert "sixty (60)" before "days".*)
- 52.225-11 (Oct 96) RESTRICTIONS ON CERTAIN FOREIGN PURCHASES.
- 52.227- 1 (Jul 95) AUTHORIZATION AND CONSENT, ALTERNATE I
- 52.227-2 (Aug 96) NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT
- 52.227-10 (Apr 84) FILING OF PATENT APPLICATIONS — CLASSIFIED SUBJECT MATTER.
- 52.242-15 (Aug 89) STOP-WORK ORDER (*Change "90 days" and "30 days" to "100 days" and "20 days" respectively. The "Termination for Convenience of the Government" clause refers to FAR 52.249-1 or -2, as applicable, as modified herein.*)
- 52.244-5 (Dec 96) COMPETITION IN SUBCONTRACTING. ("Contractor" shall mean "Subcontractor," "Subcontractor" shall mean "lower-tier subcontractor,")
- 52.245-17 (Dec 89) SPECIAL TOOLING (*Applies if tooling is acquired for or furnished by the Government and to be retained for use by the Seller.*)
- 52.245-18 (Feb 93) SPECIAL TEST EQUIPMENT (*Applies if test equipment is acquired or furnished by the Government and to be retained for use by the Seller. Change "30 days" to "45 days" in paragraph (b) and (c).*)
- 52.247-63 (Jan 97) PREFERENCE FOR U.S. FLAG AIR CARRIERS

FAR CLAUSES APPLICABLE IF THIS ORDER IS OR EXPECTED TO BE FOR \$10,000 OR MORE (Except as noted)

- 52.222-35 (Apr 98) AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS

FAR CLAUSES APPLICABLE IF THIS ORDER EXCEEDS \$10,000 (Except as noted)

- 52.222-20 (Dec 96) WALSH-HEALEY PUBLIC CONTRACTS ACT
- 52.222-37 (Jan 88) EMPLOYMENT REPORTS ON SPECIAL DISABLED VETERANS AND VETERANS OF THE VIETNAM ERA

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 3 of 9

52.225-10 (Apr 84) DUTY-FREE ENTRY *(Applies if supplies are imported into the customs territory of the U.S. Change “20 days” to “30 days” in paragraph (b)(1), and change “10 days” to “25 days” in paragraph (b)(2). “Government” means “Government” in paragraphs (c)(d) and (e). “Contracting Officer” means “Contracting Officer” except in paragraph (b)(1).)*

FAR CLAUSES APPLICABLE IF THIS ORDER EXCEEDS \$25,000 (Except as noted)

52.209-6 (Jul 95) PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED OR PROPOSED FOR DEBARMENT

FAR CLAUSES APPLICABLE IF THIS ORDER EXCEEDS \$100,000 (Except as noted)

52.203-12 (Jun 97) LIMITATION ON PAYMENTS TO INFLUENCE CERTAIN FEDERAL TRANSACTIONS *(In (c)(1), “Contractor who requests or receives from an agency a Federal contract shall file with that agency” is changed to “The Seller shall file with the Buyer”. In (c)(2), “The Contractor shall file” is changed to “The Seller shall file with the Buyer”. In (c)(3), “Contractor” is changed to “Seller”.)*

52.215-2 (Aug 96)

AUDITS AND RECORDS--NEGOTIATION

52.222-4 (Jul 95)

CONTRACT WORK HOURS AND SAFETY STANDARDS ACT - OVERTIME COMPENSATION *(Buyer may withhold or recover from Seller such sums the Contracting Officer withholds or recovers from Buyer because of liabilities of Seller or its subcontractors.)*

52.223-2 (Apr 84)

CLEAN AIR AND WATER *(Applies to suppliers that will exceed \$100,000 or more in a year's period. Applies at any dollar amount if Seller's facility is on the EPA List of Violating Facilities for a conviction under the Air Act of Water Act. “Prime Contract” means order in paragraph (b)(2).)*

52.248-1 (Mar 89)

VALUE ENGINEERING *(Applies if identified as applicable and share percentages are stated elsewhere in this order.)*

FAR CLAUSES APPLICABLE IF THIS ORDER EXCEEDS \$500,000 (Except as noted)

52.219-9 (Oct 95) SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN. In paragraph (c), “Contracting Officer” means Buyer.

DFARS CONTRACT CLAUSES

DFARS CLAUSES APPLICABLE TO THIS ORDER IRRESPECTIVE OF THE AMOUNT OF THE ORDER (Except as noted)

252.204-7000 (Dec 91) DISCLOSURE OF INFORMATION

252.223-7001 (Dec 91) HAZARD WARNING LABELS

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 4 of 9

- 252.223-7002 (May 94) SAFETY PRECAUTIONS FOR AMMUNITION AND EXPLOSIVES (*Applies on orders when explosives are involved in the material process. "Government" means Government or Buyer in paragraph (e), the first time it appears in (g)(1)(i), and in (g) (3). "Government" means Government or Buyer in paragraph (c)(3), (c)(4), (c)(5), (e)(1), (e)(1)(ii), (f)(1), (f)(2), and the second time it appears in (g)(1)(i). "Contracting Officer" means Contracting Officer and Buyer in paragraphs (d)(1), (d)(3), and (g)(4). "Contracting Officer" means Contracting Officer or Buyer in paragraphs (c)(1), (c)(2), (c)(3), (c)(4), (c)(5), and (d)(2).*)
- 252.223-7003 (Dec 91) CHANGE IN PLACE OF PERFORMANCE- AMMUNITION AND EXPLOSIVES (*Applies on orders when explosives are involved in the material process. "Government" means "Government or Buyer".*)
- 252.223-7006 (Apr 93) PROHIBITION ON STORAGE AND DISPOSAL OF TOXIC AND HAZARDOUS MATERIALS.
- 252.225-7001 (Jan 94) BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (*Supersedes FAR 52.225-3 if FAR 52.225-3 is applicable*)
- 252.225-7002 (Dec 91) QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS (*Applies if DFARS 252.225-7001 is applicable.*)
- 252.225-7009 (Jan 97) DUTY-FREE ENTRY--QUALIFYING COUNTRY END PRODUCTS AND SUPPLIES (*The term "contract" is not modified in the terms "Defense Contract Management" and "DoD contracts". Seller shall request needed information from Buyer.*)
- 252.225-7010 (Jan 97) DUTY-FREE ENTRY--ADDITIONAL PROVISIONS (*Applies on orders when FAR 52.225-10 is applicable. "Contract" is not changed in paragraph (a)(2) and in the term "contract administration".*)
- 252.225-7014 (Mar 98) PREFERENCE FOR DOMESTIC SPECIALTY METALS
- 252.225-7014 (Mar 98) PREFERENCE FOR DOMESTIC SPECIALTY METALS, and Alt. 1
- 252.225-7016 (Jun 97) RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS (*Applies when an item contains a ball or roller bearing.*) (*Not applicable to a services contract*)
- 252.225-7019 (Dec 91) RESTRICTION ON ACQUISITION OF FOREIGN ANCHOR AND MOORING CHAIN (*Not applicable to a services contract*)
- 252.225-7022 (Jun 97) RESTRICTION ON ACQUISITION OF POLYACRYLONITRILE (PAN) CARBON FIBER.
- 252.225-7025 (Jun 97) RESTRICTION ON ACQUISITION OF FORGINGS
- 252.227-7013 (Nov 95) RIGHTS IN TECHNICAL DATA--NONCOMMERCIAL ITEMS
- 252.227-7014 (Jun 95) RIGHTS IN NONCOMMERCIAL COMPUTER SOFTWARE AND NONCOMMERCIAL COMPUTER SOFTWARE DOCUMENTATION.

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 5 of 9

- 252.227-7016 (Jun 95) RIGHTS IN BID OR PROPOSAL INFORMATION
252.227-7017 (Jun 95) IDENTIFICATION AND ASSERTION OF USE, RELEASE, OR DISCLOSURE RESTRICTIONS.
252.227-7018 (Oct 88) RESTRICTIVE MARKINGS ON TECHNICAL DATA
252.227-7019 (Jun 95) VALIDATION OF ASSERTED RESTRICTIONS--COMPUTER SOFTWARE.
252.227-7025 (Jun 95) LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS
252.227-7027 (APR 88) DEFERRED ORDERING OF TECHNICAL DATA OR COMPUTER SOFTWARE
252.227-7030 (OCT 88) TECHNICAL DATA--WITHHOLDING OF PAYMENT
252.227-7036 (Jan 97) CERTIFICATION OF TECHNICAL DATA CONFORMITY
252.227-7037 (Nov 95) VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA
252.234-7001 (Mar 98) EARNED VALUE MANAGEMENT SYSTEM (*This clause is only applicable if the order states that the Earned Value Management System criteria applies to Seller.*)
252.235-7003 (Dec 91) FREQUENCY AUTHORIZATION (*Applies on orders if a radio frequency authorization is required.*)
252.243-7001 (Dec 91) PRICING OF CONTRACT MODIFICATIONS (*“Contract” is not changed in the term “contract cost principles”.*)
252.247-7024 (Dec 95) NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA

DFARS CLAUSE APPLICABLE IF THIS ORDER EXCEEDS \$100,000 (Except as noted)

- 252.203-7001 (Mar 99) PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT-RELATED FELONIES.
252.209-7000 (Nov 95) ACQUISITION FROM SUBCONTRACTORS SUBJECT TO ON-SITE INSPECTION UNDER THE (INF) TREATY
252.225-7012 (Sep 97) PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES (*In paragraph (b)(1) “Government” means “Government”.*)
52.247-7023 (Nov 95) TRANSPORTATION OF SUPPLIES BY SEA (*“Contract” is not changed in paragraph (a)(6)(i). In the first sentence of paragraph (c) “45 days” is changed to “60 days”.*)

DFARS CLAUSES APPLICABLE IF THIS ORDER EXCEEDS \$500,000 (Except as noted)

- 252.215-7000 (Dec 91) PRICING ADJUSTMENTS (*Applies on orders when FAR 52.215-23, -24, or -25 is applicable. “Subcontractor” is not changed.*)
252.231-7000 (Dec 91) SUPPLEMENTAL COST PRINCIPLES.

DFARS CLAUSE APPLICABLE IF THIS ORDER EXCEEDS \$1,000,000 (Except as noted)

- 252.211-7000 (Dec 91) ACQUISITION STREAMLINING

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 6 of 9

THE FOLLOWING SUPPLEMENT THE PREVIOUS FARS AND DFARS AND APPLY ONLY TO COST-REIMBURSEMENT ORDERS ISSUED UNDER DEPARTMENT OF DEFENSE (DoD) CONTRACTS

FAR CONTRACT CLAUSES

FAR CLAUSES APPLICABLE TO THIS ORDER REGARDLESS OF THE AMOUNT OF THE ORDER (Except as noted)

- 52.216-7 (Feb 98) ALLOWABLE COST AND PAYMENT (“Government” means “Government” in paragraph (b) 1)(ii)(E); “Government” means Government or Buyer in paragraph (b)(4); “by the Contracting Officer” is deleted from paragraph (g); “six months” replaces “one year” in paragraph (h)(1) and the following is added to paragraph (a): Concurrently with the submission to Buyer of said invoice (or voucher) and statement, 4 copies thereof shall be forwarded by Seller to the Contracting Officer.” In addition paragraphs (d) and (e) are replaced by the following: “In lieu of the actual indirect costs of performance of this order, Seller will be reimbursed on the basis of the final overhead rates negotiated between Seller and the Government, unless otherwise provided in this order. Such overhead rates, basis of application and the periods for which they shall apply shall be identical to those agreed upon by Seller and the Government in connection with the performance of Seller, at Seller’s operating division where the work is performed, of cost-type contracts currently in force between Seller and the rates, Seller will be provisionally reimbursed hereunder for indirect costs on the basis of such provisional or billing overhead rates”.)
- 52.232-22 (Apr 84) LIMITATION OF FUNDS (Applicable when order is partially-funded at commencement of performance). “Schedule” means “order”.)
- 52.249-14 (Apr 94) EXCUSABLE DELAYS (“Contracting Officer” and “Government” are not changed in example (2) in paragraph (a).)

THE FOLLOWING SPECIAL PROVISIONS APPLY TO THIS PURCHASE ORDER:

A. SURVEILLANCE AND WRITTEN TECHNICAL DIRECTION

The work to be performed by the Seller under this Order is subject to surveillance and written technical direction from the Buyer under the conditions set out herein. Technical direction is defined as a directive to the Seller within the definitions and

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 7 of 9

requirements of the Statement of Work hereof which approves approaches, solutions, designs, or refinements; fills in details or otherwise completes the general description of work or information items; shifts emphasis among work areas or tasks; or otherwise furnishes guidance to the Seller. Technical direction includes the process of conducting inquiries, requesting studies, or transmitting information or advice by the Buyer regarding matters within the definitions and requirements of the Statement of Work. Technical direction and management surveillance shall not impose tasks or requirements upon the Seller additional to or different from the general tasks and requirements stated in the Statement of Work hereof.

Technical direction to be valid:

Must be issued in writing consistent with the general scope of the work set forth in this Order;

Shall not commit the Buyer to any adjustment of the price or other provisions of this Order; and

Shall be contained on Buyer's Form and signed by an authorized member of Buyer's Engineering staff.

In the event any such technical direction is interpreted by Seller to fall within the clause hereof entitled "Changes" the Seller shall not implement such direction, but shall notify the Buyer in writing of such interpretation within ten working days after the receipt of such direction. Such notice shall (i) include the reasons upon which the Seller bases its belief that the technical direction falls within the purview of the "Changes" clause; and (ii) include the Seller's best estimate as to revision in price, performance time, delivery schedules and other contractual provisions that would result from implementing the technical direction.

If, after reviewing the information presented pursuant to Paragraph B above, the Buyer is of the opinion that such direction is within the purview of the "Changes" clause and considers such change desirable, unilateral direction to proceed pursuant to the "Changes" clause shall be issued by duly executed Change Notice to this Order. If Buyer determines that such direction is technical direction authorized by this clause, Seller will be directed by Buyer to proceed with the implementation of such technical direction.

In the event the Buyer determines that it is necessary to avoid a delay in performance of this Order, the Seller may be directed, in writing, to proceed with the implementation of the technical direction pending receipt of the information to be submitted under Paragraph b above. Should the Buyer later determine that change direction is appropriate, written direction pursuant to the "Changes" clause hereof will be issued.

Failure of the Buyer and Seller to agree on whether such direction is technical direction or a Change within the purview of the "Changes" clause shall be a dispute

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 8 of 9

concerning a question of fact within the meaning of the clause hereof entitled "Disputes."

The procedure set out in this clause is the only means authorized to give technical direction to the Seller under this Order. Any action taken by the Seller in response to any technical direction given by any other means or by any person other than the cognizant buyer shall be at the Seller's own risk.

B. THE FOLLOWING "DISPUTES" PROVISION APPLIES ONLY TO THE CLAUSES OF THIS CONTRACT LISTED BELOW:

PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA

PRICE REDUCTION FOR DEFECTIVE COST OR PRICING DATA -
MODIFICATIONS

COST ACCOUNTING STANDARDS

DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES

. Any dispute that arises under or is related to this contract concerning the above named clauses that cannot be settled by mutual agreement of the parties may be decided by a court of competent jurisdiction. Pending final resolution of any dispute, Seller shall proceed with performance of this contract according to Buyer's instructions so long as Buyer continues to pay amounts not in dispute.

. If a decision arising under the prime contract is made by the Contracting Officer and such decision is also related to the above named clauses of this order, said decision, if binding upon Buyer under the prime contract, shall in turn be binding upon Buyer and Seller with respect to such decision insofar as it relates to this order; provided, however, that if Seller is adversely affected by any such decision made by the Contracting Officer, and if Buyer elects not to appeal such decision pursuant to the "Disputes" clause of the prime contract, Buyer shall promptly notify Seller. If Seller thereafter timely requests Buyer to appeal such decision, Buyer shall do so. If Buyer appeals such decision, whether at its election or at Seller's request, any decision upon such an appeal, if binding upon Buyer under the prime contract, shall in turn be binding upon Buyer and Seller under this order with respect to such decision insofar as it relates to this order.

If any such appeal is denied or otherwise decided adversely to Seller's interest, or if Seller is otherwise adversely affected by any decision made by any representative of the Government on any decision arising under the prime contract which is also related to this order, from which an appeal under the "Disputes" clause in the prime contract is not available, said decision, if binding upon Buyer under the prime contract, shall in turn be binding upon Buyer and Seller with respect to such decision insofar as it relates to this order; provided, however, that if Seller is adversely affected by any such decision, and if Buyer elects not to bring

Common Terms and Conditions Guide
Section 5 – Government Contract Requirements

Clause Number: 5050
Effective: 10/15/2002
Page: 9 of 9

suit against the Government with respect to such decision, Buyer shall notify Seller with reasonable promptness. If Seller timely requests Buyer to bring suit against the Government, Buyer shall do so. If Buyer brings suit against the Government with respect to any such decision, whether at its election or at Seller's request, a final judgment in any such suit, if binding upon Buyer under the prime contract shall in turn be binding upon Seller and Buyer under this order with respect to the decision insofar as it relates to this order.

If necessary for jurisdiction under the Contract Disputes Act, Buyer shall certify Seller's claim and proceed with the appeal only if Buyer is satisfied that the Seller's claim is in good faith, that the supporting data are accurate and complete to the best of its knowledge and belief, and that the amount requested accurately reflects the contract adjustment for which the Buyer believes the Government is liable. Buyer's position on whether or not it is satisfied shall be reasonable and shall not be used to arbitrarily deny Seller certification. Seller shall indemnify Buyer against any liability incurred as a result of acting hereunder at Seller's request, including furnishing such certification.

If any such appeal or suit is taken or brought by Buyer, whether at its election or at Seller's request, Seller shall assist Buyer in its prosecution thereof in every reasonable manner and Seller shall be afforded reasonable opportunity to participate in the prosecution thereof to the extent Seller's interest may be affected. To the extent requested by Buyer, Seller shall prosecute for Buyer any appeal or suit taken or brought at Seller's request and, in such event, Buyer shall assist Seller in every reasonable manner. All costs and expenses incurred by Seller and Buyer in prosecuting any appeal or suit taken or brought at Seller's request shall be paid by Seller. Where possible, Buyer shall in good faith consult with Seller concerning the presentation to the Contracting Officer or other cognizant representatives of the Government of the matters referred to in Paragraphs b and c above to the extent they may affect Seller's interest.

If as a result of any decision or judgment which is binding upon Seller and Buyer, as above provided, Buyer is unable to obtain reimbursement from the Government under the prime contract for, or is required to refund or credit to the Government, any amount with respect to any item of cost or fee for which Buyer has reimbursed Seller, Seller shall, on demand, promptly repay such amount to Buyer.

The rights and obligations described herein shall survive completion of and final payment under this order.