

LOCKHEED MARTIN CORPORATION

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

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

**KTX – APPENDIX ‘M’
ADDITIONAL APPENDIX “X” TERMS AND CONDITIONS
ATTACHMENT KFP**

Under the terms of the Flowdown, the Seller shall be responsible for all obligations in the PSFD.

Appendix M, Attachment KFP, and Appendix X shall be added to all purchase orders placed under the commercial KFP Program. In the event of conflict between these modifications and the terms of Appendix "X", the modifications shall control.

1. Add the following to Clause 3. INSPECTION:
 - (d) The inspections and tests required for the final acceptance of all items deliverable under this contract shall be performed at Buyer’s or Seller’s facilities in accordance with the applicable existing USAF F-16 acceptance test procedures and practices.
 - (e) Seller will notify Buyer's in-plant representative four (4) days prior to the start of a final acceptance test and will provide whatever technical or other assistance deemed reasonable and customary.
 - (f) If items are finally accepted by the U. S. Government Quality Assurance Representative at Seller’s plant (by the execution of the final acceptance certificate or shipping document), the Buyer and authorized representatives of Buyer’s customer and of the Government of the Republic of Korea shall be allowed access to Seller’s facilities for the purpose of observing a final acceptance test.

(g)

is repaired, Seller shall prepare and mail to Buyer the appropriate report and/or paperwork to the same extent as required by the U.S. Government for verification and documentation of repairs, as applicable.

(f) Seller's warranties hereunder shall run to Buyer and to Buyer's customer.

(g) Seller warrants that

- (1) Settle all outstanding liabilities and/or claims arising out of such termination of orders, including but not limited to any liability and/or claim from any subcontractors,
- (2) Transfer title and deliver to Buyer the fabricated or unfabricated parts, work in process, completed work, and other material produced or acquired in connection with the work terminated by the notice which, if the task had been completed, would have been furnished to Buyer,
- (3) At Buyer's request, use its best efforts to utilize in other production or to sell, as authorized by Buyer, any property of the types referred to in Paragraph b. above, provided that the proceeds of such disposition shall be applied in reduction of any payment to be made by Buyer to Seller under this Clause, and,
- (4) Complete performance of the part of the work not terminated by the notice.

7. Add the Following as an additional paragraph to the end of Clause 17. PATENT INDEMNITY, TRADEMARKS, TRADE SECRETS AND COPYRIGHTS:

Further, if the exercise of any right to use any item supplied hereunder for the purpose contemplated herein is finally adjudged to be infringing, and Buyer's or Buyer's customer's exercise thereof is permanently enjoined, Seller shall, at Buyer's option, Seller's expense, and subject to U.S. Government approval, either:

- (a) Procure for Buyer and/or Buyer's customer the right to exercise the enjoined rights, or
- (b) Replace the infringing item or the technology incorporated therein which is adjudged infringing with a non-infringing item or technology, or
- (c) Modify the technology and information of the enjoined rights so as to render the modified technology and information non-infringing.

8. PACKING, SHIPMENT, AND SHIPPING:

Delete paragraph (a) of Clause 26, Packing, Shipment, and Shipping Instructions and insert the following in lieu thereof:

- (a) Unless otherwise specified, Seller shall ensure all packaging and packing shall comply with ASTM D 3951-98. All shipments must meet applicable carrier tariffs. Seller shall notify Buyer of readiness of deliverable items at least ten (10) days prior to shipment, including PO number and brief description of product to be shipped. After preparation for delivery and prior to shipment, Seller shall notify Buyer of the following via telephone, FAX or EDI as agreed between parties:
 - (1) Value of shipment.
 - (2) Number of crates or boxes. (3)
 - (3) Weight and cubic volume.

(4)

authority of an Export License or applicable license exception.

- (b) SELLER agrees to notify LOCKHEED MARTIN if any deliverable under this Contract is restricted by export control laws or regulations.
- (c) SELLER shall immediately notify the LOCKHEED MARTIN Procurement Representative if SELLER is listed in any Denied Parties List or if SELLER's export privileges are otherwise denied, suspended or revoked in whole or in part by any U. S. Government entity or agency.
- (d) Unless otherwise specifically authorized in writing to do so by an authorized representative of Buyer, Seller shall not engage in any export of any item, data, or service in connection with this PO in reliance on any license obtained by Buyer.

14. Add the following new Clause 39. UNITED STATES GOVERNMENT REGULATIONS:

The export to Buyer's customer or the Republic of Korea Government (ROKG) of any item, data or services to be supplied to Buyer under this PO may be subject to control under the International Traffic in Arms Regulations (22 CFR Sections 120 - 130) and the U.S. Arms Export Control Act (22 U.S.C. 2778) and associated implementing regulations. Seller acknowledges its understanding of such laws and regulations and warrants its compliance therewith. Seller shall indemnify and hold Buyer harmless from all claims, demands, damages, costs, fines, penalties, attorney's fees, and all other expenses arising from the failure of Seller to comply with such laws and regulations.