



**COST REIMBURSEMENT DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (DFARS)
FLOWDOWN PROVISIONS FOR SUBCONTRACTS/PURCHASE ORDERS FOR NON-COMMERCIAL ITEMS
UNDER A U.S. GOVERNMENT PRIME CONTRACT**

A. INCORPORATION OF DFARS CLAUSES

The Defense Federal Acquisition Regulation Supplement (DFARS) clauses referenced below are incorporated herein by reference, with the same force and effect as if they were given in full text, and are applicable, including any notes following the clause citation, to this Contract. If the date or substance of any of the clauses listed below is different from the date or substance of the clause actually incorporated in the Prime Contract referenced by number herein, the date or substance of the clause incorporated by said Prime Contract shall apply instead. The Contracts Disputes Act shall have no application to this Contract. Any reference to a "Disputes" clause shall mean the "Disputes" clause of this Contract.

B. GOVERNMENT SUBCONTRACT

This Contract is entered into by the Parties in support of a U.S. Government contract.

As used in the clauses referenced below and otherwise in this Contract:

1. "Commercial Item" means a commercial item as defined in FAR 2.101.
2. "Contract" means this contract.
3. "Contracting Officer" shall mean the U.S. Government Contracting Officer for LOCKHEED MARTIN's government prime contract under which this Contract is entered.
4. "Contractor" or "Offeror" means the SELLER, as defined in CORPDOC 4, acting as the immediate (first-tier) subcontractor to LOCKHEED MARTIN.
5. "Prime Contract" means the contract between LOCKHEED MARTIN and the U.S. Government or between LOCKHEED MARTIN and its higher-tier contractor who has a contract with the U.S. Government.
6. "Subcontract" means any contract placed by the Contractor or lower-tier subcontractors under this Contract.

C. NOTES

1. Substitute "LOCKHEED MARTIN" for "Government" or "United States" throughout this clause.
2. Substitute "LOCKHEED MARTIN Procurement Representative" for "Contracting Officer", "Administrative Contracting Officer", and "ACO" throughout this clause.
3. Insert "and LOCKHEED MARTIN" after "Government" throughout this clause.
4. Insert "or LOCKHEED MARTIN" after "Government" throughout this clause.
5. Communication/notification required under this clause from/to Contractor to/from the Contracting Officer shall be through LOCKHEED MARTIN.
6. Insert "and LOCKHEED MARTIN" after "Contracting Officer" throughout the clause.

7. Insert "or LOCKHEED MARTIN Procurement Representative" after "Contracting Officer" throughout the clause.

D. AMENDMENTS REQUIRED BY PRIME CONTRACT

Contractor agrees that upon the request of LOCKHEED MARTIN it will negotiate in good faith with LOCKHEED MARTIN relative to amendments to this Contract to incorporate additional provisions herein or to change provisions hereof, as LOCKHEED MARTIN may reasonably deem necessary in order to comply with the provisions of the applicable Prime Contract or with the provisions of amendments to such Prime Contract. If any such amendment to this Contract causes an increase or decrease in the estimated cost of, or the time required for, performance of any part of the Work under this Contract, an equitable adjustment shall be made pursuant to the "Changes" clause of this Contract.

E. PRESERVATION OF THE GOVERNMENT'S RIGHTS

If LOCKHEED MARTIN furnishes designs, drawings, special tooling, equipment, engineering data, or other technical or proprietary information (Furnished Items) which the U. S. Government owns or has the right to authorize the use of, nothing herein shall be construed to mean that LOCKHEED MARTIN, acting on its own behalf, may modify or limit any rights the Government may have to authorize the Contractor's use of such Furnished Items in support of other U. S. Government prime contracts.

F. FAR FLOWDOWN CLAUSES

1. The following FAR Clauses are modified as indicated:

REFERENCE TITLE

- (a) 52.245-5 GOVERNMENT PROPERTY (COST REIMBURSEMENT, TIME-AND-MATERIAL, OR LABOR-HOUR CONTRACTS) (JAN 1986) (DEV) (Applicable if Government property is furnished in the performance of this Contract. "Government" means "Lockheed Martin" except in the phrases "Government property," "Government-furnished property," and in references to title to property. "Contracting Officer" means "Lockheed Martin." Paragraphs (g)(1), (g)(2) and (g)(3) of FAR 52.245-5 are deleted and replaced with the following: "Seller assumes the risk of, and shall be responsible for, any loss or destruction, or damage to, Government property covered by this clause. However, Seller shall not be liable for reasonable wear and tear to Government property or for Government Property properly consumed in the performance of this Contract." The following is added as paragraph (m) "Seller shall provide to Lockheed Martin immediate notice of any disapproval, withdrawal of approval, or non-acceptance by the Government of property control system."

G. DoD FAR SUPPLEMENT (DFARS) FLOWDOWN CLAUSES

REFERENCE TITLE

1. **The following DFARS clauses apply to this Contract :**

- (a) 252.225-7014 PREFERENCE FOR DOMESTIC SPECIALTY METALS (JUN 2005) and ALT I (APR 2003) (Applicable if the Work to be furnished contains specialty metals.)
- (b) 252.227-7013 RIGHTS IN TECHNICAL DATA - NON-COMMERCIAL ITEMS (NOV 1995) (Applicable in lieu of FAR 52.227-14.)
- (c) 252.227-7014 RIGHTS IN NON-COMMERCIAL COMPUTER SOFTWARE AND NON-COMMERCIAL COMPUTER SOFTWARE DOCUMENTATION (JUN 1995) (Applicable in lieu of FAR 52.227-14.)
- (d) 252.227-7016 RIGHTS IN BID OR PROPOSAL INFORMATION (JUN 1995)
- (e) 252.227-7019 VALIDATION OF ASSERTED RESTRICTIONS - COMPUTER SOFTWARE (JUN 1995)

- (f) 252.227-7025 LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS (JUN 1995) (For paragraph (c)(1), Note 3 applies.)
- (g) 252.227-7026 DEFERRED DELIVERY OF TECHNICAL DATA OR COMPUTER SOFTWARE (APR 1988) (Note 1 applies.)
- (h) 252.227-7027 DEFERRED ORDERING OF TECHNICAL DATA OR COMPUTER SOFTWARE (APR 1988) (Note 1 applies.)
- (i) 252.227-7028 TECHNICAL DATA OR COMPUTER SOFTWARE PREVIOUSLY DELIVERED TO THE GOVERNMENT (JUN 1995) (The definitions for “contract” and “subcontract” shall not apply herein, except for the first reference to “contract”. Note 4 applies.)
- (j) 252.227-7030 TECHNICAL DATA - WITHHOLDING OF PAYMENT (MAR 2000) (Notes 1 and 2 apply to (a). Note 4 applies to (b))
- (k) 252.227-7037 VALIDATION OF RESTRICTIVE MARKINGS ON TECHNICAL DATA (SEP 1999)
- (l) 252.228-7005 ACCIDENT REPORTING AND INVESTIGATION INVOLVING AIRCRAFT, MISSILES, AND SPACE LAUNCH VEHICLES (DEC 1991) (In paragraph (a), Note 5 applies. In paragraph (b), Note 3 applies.)
- (m) 252.231-7000 SUPPLEMENTAL COST PRINCIPLES (DEC 1991)
- (n) 252.243-7001 PRICING OF CONTRACT MODIFICATIONS (DEC 1991)
- (o) 252.247-7024 NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA (MAR 2000) (Applicable if this Contract meets the criteria set forth in paragraph (b) (2) (ii) of the clause. Notes 1 and 2 apply)

2. The following DFARS clauses apply to this Contract if the value of this Contract equals or exceeds \$100,000:

- (a) 252.203-7001 PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE CONTRACT-RELATED FELONIES (DEC 2004) (In this clause, the terms “contract”, “contractor”, and “subcontract” shall not change in meaning in paragraphs (a) and (d). Delete paragraph (g). Note 5 applies.)
- (b) 252.247-7023 TRANSPORTATION OF SUPPLIES BY SEA (MAY 2002) (Applicable in lieu of FAR 52.247-64 in all Contracts for ocean transportation of supplies. In the first sentence of paragraph (g) insert a period after “Contractor” and delete the balance of the sentence. Paragraphs (f) and (g) shall not apply if this Contract is at or below \$100,000. Notes 1 and 2 apply to paragraph (g).)

3. The following DFARS clauses apply to this Contract if the value of this Contract equals or exceeds \$500,000:

- (a) 252.225-7006 QUARTERLY REPORTING OF ACTUAL CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (JUN 2005) (Contractor shall comply with (a) through (d).)
- (b) 252.249-7002 NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION (DEC 1996) (Note 2 applies. Delete paragraph (d) (1) and the first five words of paragraph (d) (2).)

4. The following DFARS clauses apply to this Contract if the value of this Contract equals or exceeds \$1,000,000:

- (a) 252.211-7000 ACQUISITION STREAMLINING (DEC 1991) (Note 1 applies.)

5. The following DFARS clauses apply to this Contract as indicated:

- (a) 252.211-7003 ITEM IDENTIFICATION AND VALUATION (JUN 2005) (Applicable if this Contract requires the Work to contain unique item identification. In (c)(3)(i), (c)(4)(i), (d), (e), and (f) "Contractor" shall mean "Subcontractor"; all reports required to be submitted under this clause shall be submitted to Lockheed Martin at a location to be provided; delete paragraph (g) and insert the following in lieu thereof: (g) Lower-Tier Subcontracts. SELLER shall include this clause, including this paragraph (g), in all lower-tier subcontracts issued under this Subcontract for the acquisition of components identified herein as requiring UID.)
- (b) 252.215-7000 PRICING ADJUSTMENTS (DEC 1991) (Applicable if FAR 52.215-12 or 52.215-13 applies to this Contract.)
- (c) 252.219-7003 SMALL, SMALL DISADVANTAGED AND WOMEN-OWNED SMALL BUSINESS SUBCONTRACTING PLAN (DoD CONTRACTS) (APR 1996) (Applicable if FAR 52.219-9 applies to this Contract. Delete paragraph (g).)
- (d) 252.223-7001 HAZARD WARNING LABELS (DEC 1991) (Applicable if this Contract requires the delivery of hazardous materials.)
- (e) 252.223-7002 SAFETY PRECAUTIONS FOR AMMUNITION AND EXPLOSIVES (MAY 1994) (Applicable only if the articles furnished under this Contract contain ammunition or explosives, including liquid and solid propellants. Notes 2, 3, and 5 apply to paragraphs g(1)(i) and e(1)(ii). Note 3 applies. Delete "prime" in g(1)(ii) and add "and LOCKHEED MARTIN Procurement Representative". Delete in g(1)(ii) "substituting its name for references to the Government".)
- (f) 252.223-7003 CHANGE IN PLACE OF PERFORMANCE - AMMUNITION AND EXPLOSIVES (DEC 1991) (Applicable if DFARS 252.223-7002 applies to this Contract. Notes 2 and 4 apply.)
- (g) 252.223-7007 SAFEGUARDING SENSITIVE CONVENTIONAL ARMS, AMMUNITION, AND EXPLOSIVES (SEP 1999) (Applicable if this Contract is for the development, production, manufacture, or purchase of arms, ammunition, and explosives or when arms, ammunition, and explosives will be provided to Contractor as Government Furnished Property.)
- (h) 252.225-7001 BUY AMERICAN ACT AND BALANCE OF PAYMENTS PROGRAM (JUN 2005) (Applicable if the Work contains other than domestic components. Applicable in lieu of FAR 52.225-1.)
- (i) 252.225-7013 DUTY-FREE ENTRY (JUN 2006) (Notes 1 and 2 apply in subparagraph (c). Replaces 52-225-8. The prime contract number and identity of the Contracting Officer are contained elsewhere in this contract. If this information is not available, contact Lockheed Martin's procurement representative.)
- (j) 252.225-7016 RESTRICTION ON ACQUISITION OF BALL AND ROLLER BEARINGS (MAR 2006) (Applicable if Work supplied under this Contract contains ball or roller bearings. Note 1 applies to subparagraph (a) (2).)
- (k) 252.225-7021 TRADE AGREEMENTS (JUN 2006) (Applicable if the Work contains other than U.S.-made, qualifying country, or designated country end products. Applicable in lieu of FAR 52.225-5.)
- (l) 252.225-7033 WAIVER OF UNITED KINGDOM LEVIES (OCT 1992) (Applicable if this Contract is with a United Kingdom firm. Note 2 applies. Note 3 applies to (c)(3).)
- (m) 252.225-7043 ANTI-TERRORISM/FORCE PROTECTION POLICY FOR DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES (MAR 2006) (Applies where contractor will be performing or traveling outside the U.S. under this Contract. For paragraph (c), see applicable information cited in DFARS 225.7401.)
- (n) 252-226-7001 UTILIZATION OF INDIAN ORGANIZATIONS, AND INDIAN-OWNED ECONOMIC ENTERPRISES AND NATIVE HAWAIIAN SMALL BUSINESS CONCERNS (SEPT 2004) (This clause is applicable only when included in LOCKHEED MARTIN's Prime Contract and if this contract is more than \$500,000. In f(1), "Contractor" shall mean "LOCKHEED MARTIN". Note 2 applies to (c) the first time "Contracting Officer" appears.)

- (o) 252.235-7003 FREQUENCY AUTHORIZATION (DEC 1991) (Applicable if this Contract requires developing, producing, constructing, testing, or operating a device requiring a frequency authorization. Note 2 applies.)
- (p) 252.245-7001 REPORTS OF GOVERNMENT PROPERTY (MAY 1994) (Applicable if Government Property is provided or acquired under this Contract. Contractor shall submit its required reports to LOCKHEED MARTIN. In paragraph (a)(3), change October 31 to October 10.)