



**LOCKHEED MARTIN CORPORATION**

**CORPDOC 2T&M**

**GENERAL PROVISIONS FOR TIME AND MATERIALS/LABOR HOUR SUBCONTRACTS/PURCHASE ORDERS FOR  
COMMERCIAL PRODUCTS AND/OR SERVICES UNDER A U.S. GOVERNMENT PRIME CONTRACT (ALL AGENCIES)**

**1. ACCEPTANCE OF CONTRACT/TERMS AND CONDITIONS**

- (a) This Contract integrates, merges, and supersedes any prior offers, negotiations, and agreements concerning the subject matter hereof and constitutes the entire agreement between the parties.
- (b) SELLER's acknowledgment, acceptance of payment, or commencement of performance, shall constitute SELLER's

SELLER, its officers, employees, agents, suppliers, or subcontractors at any tier, LOCKHEED MARTIN may proceed as provided for in (c)(2) below.

(2) Upon the occurrence of any of the circumstances, other than withholdings, identified in paragraph (2) above,

Evaluation, Authorization and Restriction of Chemicals (REACH); the Classification, Labeling and Packaging Regulation (EC No. 1272/2008 (CLP); and the Biocidal Products Regulation (EU) 528/2012) (BPR).

(1) SELLER represents and warrants that the Work and any substances contained therein are not prohibited or restricted by, and are supplied in compliance with REACH, CLP, and BPR, and that no current requirement in REACH, CLP, or BPR prevents the sale or transport of SELLER's Work or substances in SELLER's Work in the EEA, and that all such Work and substances have been pre-registered, registered, reported, approved, and/or authorized as and to the extent required by REACH, CLP, and BPR.

(2) SELLER shall timely respond to any request from LOCKHEED MARTIN with all relevant information on the Work so that the intents of REACH, CLP, and BPR are met for communicating with downstream users (e.g., as defined in article 3(13) of REACH [any person established in the EEA using substances in the course of that person's industrial or professional activities; the definition does not include the manufacturer, importer, distributor, or consumer]), and in any case, SELLER shall provide all information necessary for LOCKHEED MARTIN and/or any downstream user to timely and accurately fulfill their obligations under REACH, CLP, and BPR.

of the due date for payment of any such amounts. Amounts assigned shall be subject to setoff or recoupment for any present or future claims of LOCKHEED MARTIN against SELLER. LOCKHEED MARTIN shall have the right to make settlements and/or adjustments in price without notice to any assignee financing institution.

#### **4. CHANGE IN CONTROL OF SELLER**

Prior to a potential change in control of SELLER and at least ninety (90) days prior to the proposed effectiveness of such change in control, SELLER will promptly notify LOCKHEED MARTIN in writing thereof, and provide the identity of the potential new controlling party and information on such party and the transaction as LOCKHEED MARTIN may request, consistent with applicable law and confidentiality restrictions.

#### **5. CHANGES**

## **7. CONTRACT DIRECTION**

- (a) Only the LOCKHEED MARTIN Procurement Representative has authority on behalf of LOCKHEED MARTIN to make changes to this Contract. All amendments must be identified as such in writing and executed by the parties.
- (b) LOCKHEED MARTIN engineering and technical personnel may from time to time render assistance or give technical advice or discuss or effect an exchange of information with SELLER's personnel concerning the Work hereunder. No such action shall be deemed to be a change under the "Changes" clause of this Contract and shall not be the basis for equitable adjustment.
- (c) Except as otherwise provided herein, all notices to be furnished by SELLER shall be in writing and sent to the LOCKHEED MARTIN Procurement Representative.

## **8. COUNTERFEIT WORK**

- (a) The following definitions apply to this clause:

"Counterfeit Work" means Work that is or contains unlawful or unauthorized reproductions, substitutions, or alterations that have been knowingly mismarked, misidentified, or otherwise misrepresented to be an authentic, unmo(p)1toteemm1 DoaE1

(f) This clause applies in addition to and is not altered, changed, or superseded by any quality provision, specification, statement of work, regulatory flowdown, or other provision included in this Contract addressing the authenticity of Work.

(g) In the event that Work delivered under this Contract constitutes or includes Counterfeit Work, SELLER shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Contract. Notwithstanding any other provision in this Contract, SELLER shall be liable for all costs relating to the removal and

(a) "Contract" means the instrument of contracting, such as "Purchase Order", "PO", "Subcontract", or other such type designation, including these terms and conditions, all referenced documents, exhibits and attachments. If these terms and conditions are incorporated into a "master" agreement that provides for releases, (in the form of a Purchase Order or other such document) the term "Contract" shall also mean the Release document for the Work to be performed.

(b) "Direct materials" means those materials that enter directly into the end product, or that are used or consumed directly in connection with the furnishing of the end product or service.

(c) "FAR" means the Federal Acquisition Regulation, issued as Chapter 1 of Title 48, Code of Federal Regulations.

(d) "Hourly rate" means the rate(s) prescribed in this Contract for payment for labor that meets the labor category qualifications of a labor category specified in this Contract that are: (1) performed by SELLER; (2) performed by SELLER's lower tier subcontractors; or (3) transferred between divisions, subsidiaries, or affiliates of SELLER under a common control.

(e) "LOCKHEED MARTIN" means LOCKHEED MARTIN CORPORATION, acting through its companies or business units as identified on the face of this Contract. If a subsidiary or affiliate of LOCKHEED MARTIN CORPORATION is identified on the face of this Contract, then "LOCKHEED MARTIN" means that subsidiary or affiliate.

(f) "LOCKHEED MARTIN Procurement Representative" means a person authorized by LOCKHEED MARTIN's cognizant procurement organization to administer and/or execute this Contract.

(g) "Materials" means: (1) Direct materials, including supplies transferred between divisions, subsidiaries, or affiliates of SELLER under a common control; (2) lower tier subcontracts for supplies and incidental services for which there is not a labor category specified in this Contract; (3) other direct costs (e.g., incidental services for which there is not a labor category specified in the contract, travel, computer usage charges, etc.); (4) lower tier subcontracts for services which are specifically excluded from the hourly rate as indicated in this Contract and (5) indirect costs specifically provided for in this Contract.

(h) "SELLER" means the party identified on the face of this Contract with whom LOCKHEED MARTIN is contracting.

(i) "Lower tier subcontract" means any contract entered into by SELLER with a subinla9.3(t)ir1(ic)11.6(2R)7.ye8a()-6.9(e)-2.1.4(l, )

right it may have to a trial by jury in respect to any litigation directly or indirectly arising out of under or in connection with this Contract.

(b) Until final resolution of any dispute hereunder, SELLER shall diligently proceed with the performance of this Contract as directed by LOCKHEED MARTIN.

## **12. ELECTRONIC CONTRACTING**

The parties agree that if this Contract is transmitted electronically neither party shall contest the validity of this Contract, or any acknowledgement thereof, on the basis that this Contract or acknowledgement contains an electronic signature.

## **13. EXPORT CONTROL**





**(j) SELLER shall be responsible for all losses, costs, claims, causes of action, damages, liabilities and expense, including attorney's fees, all expense of litigation and/or settlement, and court costs, arising from any act or omission of**



not for any purposes be considered employees or agents of LOCKHEED MARTIN. SELLER assumes full responsibility for

(f) The provisions set forth above are in addition to and do not alter, change or supersede any obligations contained in a proprietary information agreement between the parties.

(g) DFARS 252.204-7012 applies to covered defense information if said clause is included in this Contract.

## **21. INFORMATION OF SELLER**

SELLER shall not provide any proprietary information to LOCKHEED MARTIN without prior execution of a proprietary information agreement by the parties.

## **22. INSPECTION AND ACCEPTANCE**

(a) LOCKHEED MARTIN and the Government have the right to inspect and test all materials furnished and services performed under this Contract, to the extent practicable at all places and times, including the period of performance, and in any event before acceptance. LOCKHEED MARTIN and the Government may also inspect the plant or plants of SELLER or any lower tier subcontractor engaged in contract performance. LOCKHEED MARTIN and the Government will perform inspections and tests in a manner that will not unduly delay the work.

(b) If LOCKHEED MARTIN and the Government perform inspection or tests on the premises of SELLER or a lower tier subcontractor, SELLER shall furnish and shall require lower tier subcontractors to furnish all reasonable facilities and assistance for the safe and convenient performance of these duties.

(c) Unless otherwise specified in this Contract, LOCKHEED MARTIN will accept or reject services and materials at the place of delivery as promptly as practicable after delivery, and they will be presumed accepted sixty (60) days after the date of delivery, unless accepted earlier.

(d) At any time during contract performance, but not later than six (6) months (or such other time as may be specified in this Contract) after acceptance of the services or materials last delivered under this contract, LOCKHEED MARTIN may require SELLER to replace or correct services or materials that at time of delivery failed to meet contract requirements. Except as otherwise specified in paragraph (f) of this clause, the cost of replacement or correction shall be determined under the Payments clause of this Contract, but the "hourly rate" for labor hours incurred in the replacement or correction shall be reduced to exclude that portion of the rate attributable to profit. Unless otherwise specified in the pricing provisions of this Contract the portion of the "hourly rate" attributable to profit shall be ten (10) percent. SELLER shall not tender for acceptance materials and services required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.

(e) If SELLER fails to proceed with reasonable promptness to perform required replacement or correction, and if the replacement or correction can be performed within the ceiling price (or the ceiling price as increased by LOCKHEED MARTIN), LOCKHEED MARTIN may (1) by contract or otherwise, perform the replacement or correction, charge to SELLER any increased cost, or deduct such increased cost from any amounts paid or due under this Contract; or (2) terminate this Contract for default.

(f) Notwithstanding paragraphs (d) and (e) above, LOCKHEED MARTIN may at any time require SELLER to remedy by correction or replacement, without cost to LOCKHEED MARTIN, any failure by SELLER to comply with the requirements of this Contract, if the failure is due to--

(i) Fraud, lack of good faith, or willful misconduct on the part of SELLER's managerial personnel; or

(ii) The conduct of one or more of SELLER's employees selected or retained by SELLER after any of SELLER's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.

(g) This clause applies in the same manner and to the same extent to corrected or replacement materials or services as to materials and services originally delivered under this Contract.

(h) SELLER has no obligation or liability under this Contract to correct or replace materials and services that at time of delivery do not meet contract requirements, except as provided in this clause or as may be otherwise specified in this Contract.

(i) Unless otherwise specified in this Contract, SELLER's obligation to correct or replace Government-furnished property shall be governed by the clause pertaining to Government property.

### **23. INSURANCE**

(a) SELLER and its subcontractors shall maintain for the performance of this Contract the following insurances:

(1) Workers' compensation insurance meeting the statutory requirements where Work will be performed;

(2) Employer's liability (EL) in the amount of \$1 million per each accident or per each employee for disease;

(3) Commercial general liability (CGL) including Products Liability and Completed Operations liability in the amount of \$1 million per occurrence and \$2 million in the aggregate annually, or in such higher amounts as LOCKHEED MARTIN may require;

(4) Automobile liability (AL) insurance covering third party bodily injury and property damage with a minimum of \$1 million per occurrence limit, or in such higher amounts as LOCKHEED MARTIN may require; and

(5) Such other insurance as LOCKHEED MARTIN may require.

(b) SELLER shall provide LOCKHEED MARTIN thirty (30) days advance written notice prior to the effective date of any cancellation or change in the term or coverage of any of SELLER's required insurance, provided however such notice shall not relieve SELLER of its obligations to maintain the required insurance. SELLER shall have its' insurers name LOCKHEED MARTIN as an additional insured on the CGL and AL policies for the duration of this Contract. If requested, SELLER shall provide a "Certificate of Insurance" evidencing SELLER's compliance with these requirements. Insurance maintained pursuant to this clause shall be considered primary as respects the interest of LOCKHEED MARTIN and is not contributory with any insurance which LOCKHEED MARTIN may carry. "Subcontractor" as used in this clause shall include

SELLER's subcontractors at any tier. SELLER's obligations herein for procuring and maintaining insurance coverage are freestanding and are not affected by any other language in this Contract.

#### **24. INTELLECTUAL PROPERTY**

(a) SELLER warrants that the Work performed or delivered under this Contract will not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country. SELLER shall defend, indemnify, and hold harmless LOCKHEED MARTIN, its officers, directors, employees, consultants, agents, affiliates, successors, permitted assigns and customers from and against all losses, costs, claims, causes of action, damages, liabilities, and expenses, including attorney's fees, all expenses of litigation and/or settlement, and court costs, arising out of any action by a third party that is based upon a claim that the Work performed or delivered under this Contract infringes or otherwise violates the intellectual property rights of any person or entity.

(b) In addition to the Government's rights in data and inventions, SELLER agrees that LOCKHEED MARTIN, in the performance of its prime or higher tier contract obligations, shall have a limited, irrevocable, nonexclusive, world-wide, royalty-free license to: (i) make, have made, sell, offer for sale, use, execute, reproduce, display, perform, distribute

## 27. PACKING AND SHIPMENT

- (a) Unless otherwise specified, all Work is to be packed in accordance with good commercial practice.
- (b) A complete packing list shall be enclosed with all shipments. SELLER shall mark containers or packages with necessary



(3) Other Costs. Unless listed below and identified expressly in the pricing provisions of this Contract, other direct and indirect costs will not be reimbursed.

(i) Other Direct Costs. LOCKHEED MARTIN will reimburse SELLER on the basis of actual cost for costs identified as "other reimbursable direct costs" in this Contract, provided such costs comply with the requirements of this clause.

(ii) Other Indirect Costs (Material Handling, Subcontract Administration, etc.). LOCKHEED MARTIN will reimburse SELLER for indirect costs on a pro-rata basis over the period of contract performance at the fixed price identified in this Contract.

(b) Total cost. It is estimated that the total cost to LOCKHEED MARTIN for the performance of this Contract shall not exceed the ceiling price set forth in this Contract and SELLER agrees to use its best efforts to perform the work specified in this Contract and all obligations under this Contract within such ceiling price. If at any time SELLER has reason to believe that the hourly rate payments and material costs that will accrue in performing this Contract in the next succeeding thirty (30) days, if added to all other payments and costs previously accrued, will exceed eighty-five (85) percent of the ceiling price in this Contract, SELLER shall notify the Lockheed Martin giving a revised estimate of the total price to Lockheed Martin for performing this Contract with supporting reasons and documentation. If at any time during the performance of this Contract, SELLER has reason to believe that the total price to LOCKHEED MARTIN for performing this Contract will be substantially greater or less than the then stated ceiling price, SELLER shall so notify LOCKHEED MARTIN, giving a revised estimate of the total price for performing this Contract, with supporting reasons and documentation. If at any time during performance of this Contract, LOCKHEED MARTIN has reason to believe that the work to be required in performing this Contract will be substantially greater or less than the stated ceiling price, LOCKHEED MARTIN will so advise SELLER, giving the then revised estimate of the total amount of effort to be required under this Contract.

(c) Ceiling price. LOCKHEED MARTIN will not be obligated to pay SELLER any amount in excess of the ceiling price in this



(h) LOCKHEED MARTIN shall have a right of setoff against payments due or at issue under this Contract or any other Contract between the parties.

(i) Payment shall be deemed to have been made as of the date of mailing LOCKHEED MARTIN's payment or electronic funds transfer.

### **29. PLACE OF PERFORMANCE**

If SELLER intends to change the place of performance of Work under this Contract from the place(s) identified in SELLER's proposal, SELLER shall provide prior written notice to LOCKHEED MARTIN. Notification of changes to the place of performance from within the United States to a location outside the United States shall be provided by SELLER to LOCKHEED MARTIN at least six months in advance.

### **30. PRECEDENCE**

Any inconsistencies in this Contract shall be resolved in accordance with the following descending order of precedence: (1) face of the Purchase Order and/or Task Order, release document, or schedule (including any continuation sheets), as applicable, including any special terms and conditions; (2) this CorpDoc and any supplementary CorpDoc invoked in this Contract (CorpDoc A, B, C, D, or E series); and (3) the Statement of Work.

### **31. PRIORITY RATING**

If this Contract contains a DPAS rating, this Contract is a "rated order" certified for national defense, emergency preparedness, and energy program use, and SELLER shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700).

### **32. QUALITY CONTROL SYSTEM**

(a) SELLER shall provide and maintain a quality control system to an industry recognized Quality Standard and in compliance with any other specific quality requirements identified in this Contract.

(b) Records of all quality control inspection work by SELLER shall be kept complete and available to LOCKHEED MARTIN and its customers.

### **33. RELEASE OF INFORMATION**

Except as required by law, no public release of any information, or confirmation or denial of same, with respect to this Contract or the subject matter hereof, will be made by SELLER or its subcontractors without the prior written approval of LOCKHEED MARTIN. SELLER shall not use "Lockheed Martin," "Lockheed Martin Corporation," or any other trademark or logo owned by LOCKHEED MARTIN, in whatever shape or form, without the prior written consent of LOCKHEED MARTIN.

### **34. RETENTION OF RECORDS**

Unless a longer period is specified in this Contract or by law or regulation, SELLER shall retain all records related to this Contract for three (3) years from the date of final payment received by SELLER. Records related to this Contract include, but are not limited to, financial, proposal, procurement, specifications, production, inspection, test, quality, shipping and export, and certification records. At no additional cost, SELLER shall timely provide access to such records to the US Government and/or LOCKHEED MARTIN upon request.

### **35. SEVERABILITY**

Each clause, paragraph and subparagraph of this Contract is severable, and if one or more of them are declared invalid, the remaining provisions of this Contract will remain in full force and effect.

### **36. STOP WORK**

(a) SELLER shall stop Work for up to ninety (90) days in accordance with any written notice received from LOCKHEED MARTIN, or for such longer period of time as the parties may agree and shall take all reasonable steps to minimize the incurrence of costs allocable to the Work during the period of Work stoppage.

(b) Within such period, LOCKHEED MARTIN shall either terminate in accordance with the provisions of this Contract or continue the Work by written notice to SELLER. In the event of a continuation, an equitable adjustment in accordance

(b) In no event shall LOCKHEED MARTIN be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total Contract price. SELLER's termination claim shall be submitted within ninety (90) days from the effective date of the termination.

(c) SELLER shall continue all Work not terminated.

### **39. TIMELY PERFORMANCE**

(a) SELLER's timely performance is a critical element of this Contract.

(b) SELLER shall provide LOCKHEED MARTIN status of performance of this Contract when requested. In addition, if SELLER becomes aware of an impending labor dispute involving SELLER or any lower tier subcontractor, or any other difficulty in performing the Work, SELLER shall timely notify LOCKHEED MARTIN, in writing, giving pertinent details. These notifications shall not change any delivery schedule.

### **40. TRAVEL COSTS**

(a) All travel incurred by SELLER in the performance of this Contract is included within the Contract price and shall not be separately reimbursed by LOCKHEED MARTIN unless such travel is expressly authorized in writing in advance by LOCKHEED MARTIN's Procurement Representative.

(b) When travel is authorized under this Contract, SELLER shall be reimbursed only for necessary, reasonable, and actual



