

LOCKHEED MARTIN

APPENDIX R (REPAIRS / REBUILDS)

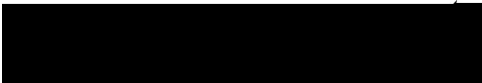
1. DEFINITIONS

“Condemn” or “Condemnation” is a determination, with LOCKHEED MARTIN’s written concurrence, that an Item is not susceptible to Rework or Repair.

“Item” any hardware, software, assembly, subassembly, component, subcomponent, module, part or other like item provided to SELLER for Rework, Repair, Replace or Condemnation under this Contract.

“Rework” is a procedure, approved by LOCKHEED MARTIN, applied to a non-conforming Item to cause it to conform completely to drawing, specification, and requirements as set forth in this Contract and any Authorizing Document issued hereunder.

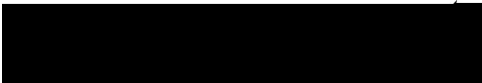
“Repair” is the subjection of a non-conforming Item to a LOCKHEED MARTIN approved procedure designed to reduce but not completely eliminate the non-conformance to the extent that the Item still does not completely conform to the Item’s original specifications, but its functionality is unimpaired.



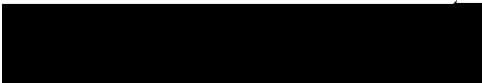
- (4) Part nomenclature,
- (5) Part serial number,
- (6) Authorizing Document number, and
- (7) Job control/QAR number, if any.

(b) If SELLER cannot verify the nonconformance, SELLER shall immediately notify LOCKHEED MARTIN and return the Item in accordance with the quality appendix and shipping instructions specified in the Purchase Order.

(c) If SELLER, at any time, determines that the anticipated total Rework, Repair or Rebuild cost of an Item will exceed seventy-five (75) percent of a new unit, then, the Item shall be regarded as beyond economical repair ("BER"), and SELLER shall immediately notify LOCKHEED MARTIN and provide estimated total Repair, Rework or Rebuild cost and an estimated cost and delivery schedule for a replacement Item. Regarding the item designated as 'BER', LOCKHEED MARTIN may elect to either 1) authorize the repair, rework, rebuild or modification, or 2) provide the SELLER direction to



f.



marred surfaces shall be repainted with matching paint to give adequate protection with a smooth, even surface. Marred anodized surfaces shall be coated with alodine. Color shade variations in finish due to paint touch up during Rework, Repair or Rebuild are permissible.

(3) SELLER shall restore damaged, illegible, or missing instructions or data plates to a legible condition or replace with new instructions and/or plates, as the case may be.

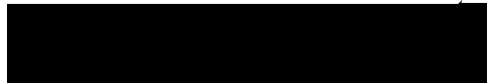
(4) SELLER shall Rework, Repair or Rebuild broken, cracked or severely damaged brackets, gussets, or other similar structural components to a safe and functional condition or Replace them with new parts.

(5) SELLER shall, upon completion of acceptance test, seal all ports or vents with suitable plugs where applicable to prevent contamination or foreign matter from entry into an Item that has been subjected to Rework, Repair or Rebuild and provide suitable caps for electrical connectors to prevent damage during handling and shipment.

(6) SELLER shall inspect and test each Item subjected to Rework, Repair or Rebuild in accordance with the procurement specification and the specification control drawing under which the Item was originally procured. The Item will be considered acceptable if it passes the acceptance criteria and tests set forth in such instructions or specifications and meets the criteria set forth in paragraph (1) through (6) above.

(f) Upon completion of the Rework, Repair or Rebuild, SELLER shall annotate the corrective action taken on any applicable repair documents, (e.g. LM Quality Assurance Rejection form, AFTO 349 form, AFTO 350 form, COC, etc) and return such form to LOCKHEED MARTIN's Procurement Representative.

(g) For items undergoing Rebuilds, the CoC should specifically state the following: "



6. INVOICES

In addition to any other invoice requirements applicable to this Contract, repair invoices must provide the following:

1. Identification of the affected Purchase Order Number
2. Complete description of the repair performed
3. A list of individual part numbers repaired including the following for each:
 - a. Labor Hours by category
 - b. Repair parts used