



## **ATK SPACE SYSTEMS**

# **ADDITIONAL TERMS AND CONDITIONS FOR LOCKHEED MARTIN / DENVER SUBCONTRACTS**

**(Effective April 8, 2009)**

THIS SUPPLEMENT IS TO BE USED ONLY IN ADDITION TO ATK SPACE SYSTEMS PROCUREMENT TERMS AND CONDITIONS. THIS SUPPLEMENT SHOULD NEVER BE USED IN A STAND-ALONE CAPACITY.

## **COUNTERFEIT PARTS**

### **A. Definitions.**

1. "Counterfeit Part": A part that is a copy or substitute without legal right or authority to do so or one whose material, performance, or characteristics are knowingly misrepresented by a supplier at any level in the supply chain. Examples of Counterfeit Parts may include, but are not limited to:
  - a. Parts which do not contain the proper internal construction (die, manufacturer, wire bonding, etc.) consistent with the ordered part.
  - b. Parts which have been used, refurbished or reclaimed, but represented as new product.
  - c. Parts which have a different package style or surface plating/finish than the ordered parts.
  - d. Parts which have not successfully completed the Original Equipment Manufacturer's (OEM) / Original Component Manufacturer's (OCM) full production and test flow, but are represented as completed product.
  - e. Parts sold as upscreened parts, which have not successfully completed upscreening.
  - f. Parts sold with modified labeling or markings intended to misrepresent the part's form, fit, function, grade or manufacturing date.
2. "Part": The lowest level of separately identifiable items (e.g. piece parts).

### **B. Prohibition**

Seller agrees and shall ensure that Counterfeit Parts are not contained in products delivered to LOCKHEED MARTIN through the implementation of policies that include prevention, detection and risk mitigation methods to protect against the use of Counterfeit Parts. A copy of Seller's supply chain policy regarding Counterfeit Part Risk Mitigation is attached hereto.



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**C. Prevention**

Seller shall only purchase parts procured directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEMs), or through the OCM authorized distributor chain. If parts are not reasonably available from OCM/OEMs, Seller shall take reasonable steps to ensure product integrity in accordance with Seller's supply chain policies. Products to be used for flight articles shall not be acquired from independent distributors or brokers unless approved in advance in writing by LOCKHEED MARTIN. In situations where qualified sources or materials are not available, Lockheed Martin will be allowed to provide materials as CFM / CFE with relevant cost considerations to the Contract.

**D. Notification**

In the event SELLER becomes aware or suspects that it has furnished Counterfeit Parts, it shall immediately notify LOCKHEED MARTIN. When requested by LOCKHEED MARTIN, SELLER shall provide (if available) Authorized Supplier documentation that authenticates traceability of the parts to the applicable Authorized Supplier.

**E. Remedies**

In the event that Products delivered under this Contract are, or include, Counterfeit Parts, SELLER shall promptly investigate, analyze and report in writing to LOCKHEED MARTIN whether such Counterfeit Parts should be replaced with genuine parts conforming to the requirements of this Contract, or whether an alternative solution is recommended to meet the Contract requirements at Seller's expense. The parties shall then agree upon the appropriate course of action.

**F. Flowdown**

SELLER shall include this clause or reasonably equivalent provisions in all subcontracts for the delivery of items that will be furnished to or included in Products furnished to LOCKHEED MARTIN.