

ARTICLE 7: DISPUTES AND LIABILITY

A. General

The Parties shall communicate with one another in good faith and in a timely and cooperative manner when raising issues under this Article.

B. Dispute Resolution Procedures

1. Any dispute, between the Government and Lockheed Martin Corporation concerning questions of fact or law arising from or in connection with this Agreement, and, whether or not involving an alleged breach of this Agreement, may only be raised under this Article.

2. Whenever disputes, arise, the Parties shall attempt to resolve the issue(s) involved by discussion and mutual agreement as soon as practicable. In no event shall a dispute, which arose more than one hundred and twenty (120) calendar days prior to the notification made under subparagraph B.3 of this article constitute the basis for relief under this article unless the official designated in paragraph 4, in the interests of justice, waives this requirement.

3. Failing resolution by mutual agreement, the aggrieved Party shall, with accompanying adequate documentation detailing the dispute notify the other Party (through the Agreements Officer or Contracts Representative as the case may be) in writing of the relevant facts, identifying unresolved issues, and specifying the clarification or remedy sought. Within fifteen (15) calendar days after providing notice to the other Party, the aggrieved Party may, in writing, request a joint decision by mutual agreement of SAF/AQ, and Lockheed Martin Astronautics President. The other Party shall submit a written position on the matter(s) in dispute within thirty (30) calendar days after being notified that a decision has been requested. SAF/AQ and the Lockheed Martin Astronautics President, shall conduct a review of the matter(s) in dispute and render a mutually agreed to decision in writing within thirty (30) calendar days of receipt of such written position. Any such joint decision is final and binding.

4. If no joint decision can be reached, then the Parties may agree to an Alternative Disputes Resolution (ADR) method mutually agreed to by both parties on a case by case basis. If the parties cannot agree to an ADR method, or if the ADR method fails to resolve the dispute, then either party may pursue any remedy under the law. ADR

C. Choice of Law

This Agreement and the resolution of disputes hereunder shall be governed, construed, and interpreted by the Federal law of Government contracts to the extent applicable or the substantive state law of the place where the dispute arose. The parties do not intend that this Agreement be subject to the FAR, DFARS, or supplements thereto either directly or indirectly or by operation of law. When a specific FAR or DFARS clause is incorporated by reference herein, the text of the clause alone shall apply, without application or incorporation of other provisions of these regulations.

D. Limitation of Damages and Liability

1. Claims by Lockheed Martin Corporation for damages of any nature whatsoever pursued under this Agreement shall be limited to direct damages only up to an amount equal to the aggregate amount of Evolved Expendable Launch Vehicle Government funding disbursed pursuant to this agreement as of the time the dispute arises. In no event shall