

Appendix SMI

Supplier Managed Inventory

1. DEFINITIONS

The following terms shall have the meanings set forth below:

“Supplier Network Collaboration” or “SNC” is a web based tool, located on the OneAero External Portal, <http://www.myexostar.com/>, to provide SELLER with visibility into current inventory levels as further described below.

“Supplier Managed Inventory” or “SMI” is one of the functions within the SNC tool for SELLER to use in order to supply items to LOCKHEED MARTIN by way of a consumption based ordering process rather than a schedule driven process.

“Contract” shall have the meaning set forth in the applicable CorpDoc incorporated into this Contract.

“Initial Inventory Date” is the date the SELLER shall have delivered sufficient quantities such that the inventory at LOCKHEED MARTIN’s facilities is at or above the minimum and

is required to maintain at LOCKHEED MARTIN’s facilities. The pricing, total order quantity and lead-times for these items shall be in accordance with the prices, order quantities, and lead-times as set forth elsewhere in this Contract.

3. SELLER shall deliver the items identified in this Contract based on actual usage (consumption) rather than on pre-defined dates set out in a delivery schedule. These items shall be delivered in sufficient quantities and at appropriate intervals, in order to maintain inventory levels at LOCKHEED MARTIN’s facilities at or above the minimum inventory levels, but not to exceed the maximum inventory levels set forth in TABLE I of this Appendix SMI.

4.

5. LOCKHEED MARTIN and SELLER shall use the SNC tool for the purposes of managing

price adjustment, claim, or damages of any kind.

10. From time to time, items reflected in the SMI function, may reflect unanticipated and sudden changes to the forecasted quantities. SELLER shall notify LOCKHEED MARTIN of any anomalies of the forecasted quantities for analysis and confirm from LOCKHEED MARTIN the actual forecasted quantities.
11. SELLER agrees that any items in this Contract that are not subject to this Appendix may be converted to SMI and added to TABLE I of this Appendix at no increase in price.
12. SELLER's failure to deliver items within the specified minimum and maximum inventory quantities shall, among other things, adversely affect SELLER's delivery rating.
13. Any inconsistencies in this Appendix shall be resolved in accordance with the order of precedence as set forth in this Contract.

**TABLE I
MINIMUM AND MAXIMUM INVENTORY LEVELS**

| # | Part Number | Plant | Minimum Level | Maximum Level |
|----|-------------|-------|---------------|---------------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |