

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.