

## **1. DEFINITIONS**

The following terms shall have the meanings set forth below

“Supply”

SELLER to use in order to supply items to LOCKHEED

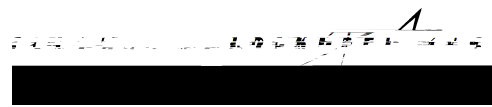
based on a just in time process rather than a scheduled inventory process

“Contract” shall have the meaning set forth in the applicable Cop Doc incorporated into this Contract

“Initial Inventory Date” is the date the SELLER shall have delivered sufficient quantities such that the inventory at LOCKHEEDMARIIN’s facilities is at or above the minimum and not above the maximum inventory levels set forth in TABLE I of this Appendix. The Initial Inventory Date shall be calculated by adding the lead times set forth in this Contract to the effective date of this Contract

2. TABLE I of this Appendix sets forth the minimum and maximum inventory levels SELLER is required to maintain at LOCKHEEDMARIIN’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 set forth 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 LOCKHEEDMARIIN’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. SELLER shall deliver sufficient quantities of items such that the inventory at LOCKHEEDMARIIN’s facilities is at or above the minimum and not above the maximum inventory levels set forth in TABLE I of this Appendix at the Initial Inventory Date





**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 confirmation 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.**

<b>#</b>	<b>Part Number</b>	<b>Part</b>	<b>Minimum Level</b>	<b>Maximum Level</b>
<b>1</b>				
<b>2</b>				
<b>3</b>				
<b>4</b>				