LOCKHEED MARTIN

Dan Pleshko Vice President, Global Supply Chain Operations

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Dear Valued Lockheed Martin Supplier:

As you are aware, sequestration officially went into effect on March 1. We had hoped that the White House and Congress could compromise on how best to reduce the national debt without allowing the nearly \$1 trillion in across-the-board cuts to happen.

We will continue to advocate that sequestration be reversed or restructured to minimize its damaging impact on critical government programs. In the meantime, we must continue to meet our customers' needs with outstanding performance and integrity.

Currently, we do not have any specific guidance from the federal government that details changes to our contracts. Therefore, we will continue to deliver our important products and solutions to our customers. The challenges that come with sequestration are significant, which is why program execution, affordability and quality performance (PEAQ) are more important than ever.

Should sequestration affect our programs in a way that impacts our subcontracts, the authorized Lockheed Martin procurement representative will provide explicit written contractual direction to you in accordance with the terms of your subcontract. Absent such direction, all subcontracts remain in force in accordance to their terms and you should continue performance accordingly.

We will keep you informed about the unfolding events surrounding sequestration while we also focus on delivering the best products. Partnering with our suppliers and small business innovators is an essential part of our strategy to meet our commitments to our customers. We must all continue to work with dedication.

I realize that this will be a difficult time, especially with the uncertainty that surrounds the future. We will continue to advocate for a reversal of these cuts and a more sensible solution to our government's fiscal challenges.

On behalf of the entire Lockheed Martin business community, thank you for your continued efforts and support.

Regards,