

Electronic Funds Transfer Payment (2/96)

Lockheed Martin Energy Systems, Inc. (LMES) has established an Electronic Funds Transfer (EFT) Program for payments issued to vendors. EFT allows vendors to be paid electronically which is a more expeditious method of payment than receiving checks.

Participating vendors will receive payment on the scheduled payment date with funds being made available for immediate use, thus significantly improving cash forecasting and cash utilization.

For participating vendors, payments will be transferred electronically through the Automated Clearing House (ACH) to your bank account. There are three methods of payment via EFT: Option A - Corporate Trade Exchange (CTX); Option B (Value Added Network); and Option C (facsimile). These options are summarized below:

Option A: Remittance detail and payment information will be transmitted directly to your financial institution via the Corporate Trade Exchange (CTX) format. Your financial institution, in turn, will deliver the remittance to you.

Option B: Remittance detail will be transmitted to your Value Added Network (VAN) in the American National Standards (ANSI) 820 standard while transmitting payment to your financial institution in the Cash Concentration or Disbursement (CCD) Plus format.

Option C: Remittance detail will be transmitted directly to you via facsimile (fax) while payment is transmitted to your bank in the CCD Plus format.

The offeror [] currently participates, or [] is, [] is not interested in participating in the EFT payment method. If interested, more information may be forwarded upon receipt of award.

OPTION A

Receiving Payment and Remittance Data Via CTX

Description: With this option, Harris Bank will transmit to your financial institution payment and remittance data describing which invoices we are paying with the funds. Payment and remittance will be sent to your financial institution through the banking industry's ACH system using the CTX format. This format is used between banks to transmit the remittance data in the ANSI X12 820 standard. Your financial institution will report to you the remittance information it receives in CTX format from Harris.

The benefits and advantages to you of Option A are:

- You will receive payment on the scheduled payment date with funds being made available for immediate use, thus significantly improving cash forecasting and cash utilization.
- With detailed remittance information sent electronically, you can increase the efficiency of your accounts receivable process by automatically updating our account with you.
- Because remittance data is received from your bank, you can perform your cash application knowing that payment has been transferred to your account.
- You can use the value-added services of banks to deliver remittance information in a way that best meets your needs, ranging from paper to various electronic options.
- If you now use a bank's lockbox service to receive detailed payment information electronically, your bank may be able to merge our electronic remittance information into the same transmission, which means you won't need to make any changes.

If you want to receive our financial EDI transaction under this option, please be aware of the following:

- You must have an account with a bank that can deliver your remittance information from a CTX transaction. Not all banks are CTX capable. If Option A is your preferred option, discuss with your bank about its capability of delivering remittance information to you.

OPTION B

Receiving Payment via CCD Plus and Remittance Data via a VAN

Description: Harris Bank will transfer payment to your financial institution and transmit remittance data to your VAN. Harris Bank will initiate our payment through the ACH system using the CCD Plus format. This format allows a special addenda record to be sent with the payment transaction. The addenda record will contain a unique reference number for use in matching the payment to the remittance information sent to your VAN. The remittance information will be transmitted to your VAN in the ANSI X12 820 standard. Because the ACH is not a same-day delivery system, you will have access to your remittance information before you receive payment.

The benefits and advantages to you of Option B are:

- You will receive payment on the scheduled payment date with funds being made available for immediate use, thus significantly improving cash forecasting and cash utilization.
- With detailed remittance information sent electronically, you can increase the efficiency of your accounts receivable process by automatically updating our account with you.
- Because you will receive remittance information before the payment, you can improve your cash forecasting even further.
- If you presently receive other EDI transactions from a VAN, you can easily get ready to receive our electronic remittance transactions.

If you want to receive our financial EDI transaction under this option, please be aware of the following:

- *Because remittance information and payment are separated, you may need to make system or procedural changes in your accounts receivable process to handle the timing difference between receiving remittance data and payment.*
- *You should be an experienced EDI user. This option is best implemented if you already are using a VAN and translation software to receive other EDI transactions.*
- *Your financial institution must be a member of the ACH to receive our electronic payment.*

OPTION C

Receiving Payment via CCD Plus and Remittance Data via Paper Advice

Description: Harris Bank will transfer payment to your financial institution and mail or fax the remittance advice directly to you. Harris Bank will initiate our payment through the ACH system using the CCD Plus format. This format allows a special addenda record to be sent with the payment transaction. The addenda record will contain a unique reference number for you to match the payment with the remittance advice.

The benefits and advantages to you of Option C are:

- You will receive payment on the scheduled payment date with funds being made available for immediate use, thus significantly improving cash forecasting and cash utilization.
- You can participate in our financial EDI program even though you or your financial institution are not yet capable of receiving electronic remittance information.

If you want to receive our financial EDI transactions under this option, please be aware of the following:

- *Because remittance information and payment are separated, you may need to make system or procedural changes in your accounts receivable process to handle the potential timing difference between receiving the remittance advice and receiving payment.*
- *Your financial institution must be a member of the ACH to receive our electronic payment.*