

DERCO AEROSPACE, INC.

PRIME SUPPLEMENTAL FLOWDOWN DOCUMENT (PSFD)

ADDITIONAL TERMS AND CONDITIONS

FOR SUBCONTRACTS/PURCHASE ORDERS UNDER

Solicitation Number: SPE4AX-23-R-0002 (fka Sol. SPE4AX-22-R-0005) (C-130 AC PBL)

Generated using Corp Doc 3 and 3A (2021)

Created: February 11, 2022

Revised: October 9, 2024

The Terms and Conditions listed below are incorporated by reference and made a part of this Contract. Unless otherwise limited in this Contract, each document applies in its entirety.

In the event of a conflict between the version or date of a clause set forth in this document and the version or date of a clause set forth in the identified CorpDocs, the version or date of the clauses set forth in this document shall take precedence.

To the extent that any clause included in this document is inapplicable to the performance of this Contract, the parties shall consider such clauses to be self-deleting and they shall not impose any obligations upon SELLER.

FAR / DFARS can be located at: <https://www.acquisition.gov/>

DLAD NOTES can be located at: <https://www.dla.mil/HQ/Acquisition/Policy-and-Directives/#98024>

PROCUREMENT NOTES can be located at:
<http://www.dla.mil/HQ/Acquisition/Offers/eProcurement.aspx>

PART I. DELETIONS: The following clauses are deleted in their entirety from the applicable CorpDocs incorporated into this Contract:

FAR 52.203-17 CONTRACTOR EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS (JUN 2020)

FAR 52.222-04 CONTRACT WORK HOURS AND SAFETY STANDARDS - OVERTIME COMPENSATION (MAY 2018) (Not included in Prime contract.)

FAR 52.222-54 EMPLOYMENT ELIGIBILITY VERIFICATION (OCT 2015) (Contract is not for services or construction.)

FAR 52.223-07 NOTICE OF RADIOACTIVE MATERIALS (JAN 1997) (Not included in Prime contract.)

FAR 52.228-5 INSURANCE -- WORK ON A GOVERNMENT INSTALLATION (JAN 1997) (Not included in Prime contract.)

FAR 52.232-40 PROVIDING ACCELERATED PAYMENTS TO SMALL BUSINESS SUBCONTRACTORS (DEC 2013) (Not included in Prime contract.)

FAR 52.237-2 PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT AND VEGETATION (APR 1984) (Not included in Prime contract.)

DFARS 252.204-7009 LIMITATIONS ON THE USE AND DISCLOSURE OF THIRD PARTY CONTRACTOR REPORTED CYBER INCIDENT INFORMATION (OCT 2016) (Not included in Prime contract.)
DFARS 252.223-7008 PROHIBITION OF HEXAVALENT CHROMIUM (JUN 2013) (Not included in Prime contract.)

DFARS 252.225-7043 ANTITERRORISM/FORCE PROTECTION FOR DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES (JUN 2015) (Not included in Prime contract.)

DFARS 252.227-7013 RIGHTS IN TECHNICAL DATA -- NONCOMMERCIAL ITEMS (FEB 2014) (Not included in Prime contract.)

DFARS 252.227-7015 TECHNICAL DATA -- COMMERCIAL ITEMS (FEB 2014) (Not included in Prime contract.)

DFARS 252.227-7016 RIGHTS IN BID OR PROPOSAL INFORMATION (JAN 2011) (Not included in Prime contract.)

DFARS 252.227-7025 LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS (MAY 2013) (Not included in Prime contract.)

DFARS 252.232-7017 ACCELERATING PAYMENTS TO SMALL BUSINESS SUBCONTRACTORS - PROHIBITION ON FEES AND CONSIDERATION (APR 2020) (Not included in Prime contract.)

PART II. MODIFICATIONS: The dates or versions of the following FAR, DFARS, and other agency clauses are modified as follows and are incorporated into the Contract:

RESERVED

PART III. ADDITIONS: The following FAR, DFARS, and other agency clauses are incorporated into this Contract in addition to those set out in the applicable CorpDocs:

FAR 52.203-07 ANTI-KICKBACK PROCEDURES (JUN 2020) Paragraph (c)(1) does not apply.
FAR 52.203-08 CANCELLATION, RESCISSION, AND RECOVERY OF FUND FOR ILLEGAL OR IMPROPER ACTIVITY (MAY 2014)
FAR 52.203-10 PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY (MAY 2014)

FAR 52.204-27 PROHIBITION ON BYTEDANCE (TIKTOK) COVERED APPLICATIONS (JUN 2023)

FAR 52.211-15 DEFENSE PRIORITY AND ALLOCATION REQUIREMENT (APR 2008)

FAR 52.216-5 Price Redetermination – Prospective (OCT 1997). Price redetermination will occur [five (5) years] after the effective date of initial period of performance, which is [five (5) years] from the date of modification that adds the initial group of priced NSNs to the contract.

FAR 52.217-02 CANCELLATION UNDER MULTIYEAR CONTRACTS (OCT 1997) "Contracting Officer" and "Government" means "Lockheed Martin." In paragraph (e) "1 year" is changed to "six months."

FAR 52.217-9 Option to Extend the Term of the Contract (MAR 2000) "Government" means "Lockheed Martin."

FAR 52.222-01 NOTICE TO THE GOVERNMENT OF LABOR DISPUTES (JAN 2000) Replace "Contracting Officer" with Lockheed Martin.

FAR 52.232-17 INTEREST (MAY 2014) "Government" means "Lockheed Martin."
FAR 52.245-1, Government Property (SEP 2021)

FAR 52.245-1 ALT I, Government Property – ALT I (APR 2012)
FAR 52.245-09 USE AND CHARGES (APR 2012) Communications with the Government under this clause will be made through Lockheed Martin.

FAR 52.246-11 HIGHER-LEVEL CONTRACT QUALITY REQUIREMENTS (DEC 2014)
FAR 52.246-15 CERTIFICATE OF CONFORMANCE (APR 1984)

FAR 52.246-17 WARRANTY OF SUPPLIES OF A NONCOMPLEX NATURE (JUN 2003)

FAR 52.247-68 REPORT OF SHIPMENT (REPSHIP) (FEB 2006)
DFARS 252.211-7003, Item Unique Identification and Valuation (JAN 2023). Applicable where the unit price is \$3,000 or greater.

DFARS 252.211-7007 REPORTING OF GOVERNMENT FURNISHED PROPERTY (AUG 2012) Applies if Seller will be in possession of Government property for the performance of this contract.
DFARS 252.215-7009 PROPOSAL ADEQUACY CHECKLIST (JAN 2014)
DFARS 252.219-7004 SMALL BUSINESS SUBCONTRACTING PLAN (TEST PROGRAM) (OCT 2014)

DFARS 252.225-7004 REPORT OF INTENDED PERFORMANCE OUTSIDE THE UNITED STATES AND CANADA - SUBMISSION AFTER AWARD (OCT 2020)
DFARS 252.225-7972 PROHIBITION ON THE PROCUREMENT OF FOREIGN-MADE UNMANNED AIRCRAFT SYSTEMS (DEVIATION 2020-O0015) (MAY 2020)
DFARS 252.234-7004 COST AND SOFTWARE DATA REPORTING SYSTEM (NOV 2014) In paragraph (b), "Government" means Lockheed Martin.
DFARS 252.243-7002 REQUESTS FOR EQUITABLE ADJUSTMENT (DEC 2012) "Government" means "Lockheed Martin."
DFARS 252.245-7001 TAGGING, LABELING, AND MARKING OF GOVERNMENT-FURNISHED PROPERTY (APR 2012)
DFARS 252.245-7004 REPORTING, REUTILIZATION AND DISPOSAL (DEC 2017) "Contracting Officer" means Lockheed Martin.

DLAD NOTE C01 SUPERSEDED PART-NUMBERED ITEMS (SEP 2016) "Contracting Officer" means Lockheed Martin.

DLAD NOTE C02 MANUFACTURING PHASE OUT OR DISCONTINUATION OF PRODUCTION, DIMINISHING SOURCES, AND OBSOLETE MATERIALS OR COMPONENTS (DEC 2016)

DLAD NOTE C03 CONTRACTOR RETENTION OF SUPPLY CHAIN TRACEABILITY DOCUMENTATION (JUN 2020)

DLAD NOTE C06 SURGE AND SUSTAINMENT (S&S) REQUIREMENTS (FEB 2017)

DLAD NOTE C14 REPACKAGING OR RELABELING TO CORRECT DEFICIENCIES (MAY 2020)

DLAD NOTE C15 FIRST DESTINATION TRANSPORTATION (FDT) PROGRAM, GOVERNMENT-ARRANGED TRANSPORTATION FOR AUTOMATED AWARDS (AUG 2017)

DLAD NOTE C16 FIRST DESTINATION TRANSPORTATION (FDT) PROGRAM, GOVERNMENT-ARRANGED TRANSPORTATION FOR MANUAL AWARDS (AUG 2017)

DLAD NOTE C20 VENDOR SHIPMENT MODULE (VSM) (JUN 2020)

DLAD NOTE C21 SHIPPING INSTRUCTIONS REQUEST (SIR) (JUN 2020)

DLAD NOTE E05 PRODUCT VERIFICATION TESTING (MAY 2020)

DLAD NOTE E06 INSPECTION AND ACCEPTANCE AT ORIGIN (JUN 2018)

DLAD NOTE H01 QUALIFIED PRODUCTS LIST (QPL) FOR FEDERAL SUPPLY CLASS (FSC) 5935 CONNECTOR ASSEMBLIES AND CONTACTS (SEP 2016)

DLAD NOTE H02 COMPONENT QUALIFIED PRODUCTS LIST (QPL)/QUALIFIED MANUFACTURERS LIST (QML) (SEP 2016)

DLAD NOTE H04 SOURCING FOR CRITICAL SAFETY ITEMS (SEP 2016)

DLAD NOTE H13 FEDERAL AVIATION ADMINISTRATION (FAA) CERTIFIED PARTS - SHIPMENT DOCUMENTATION REQUIREMENTS (JUN 2020)

DLAD NOTE L31 ADDITIVE MANUFACTURING (JUN 2018)

Part IV. PRIME CONTRACT SPECIAL PROVISIONS

LIQUIDATED DAMAGES

Should the Seller fail to make delivery on time as stipulated in the resulting Purchase Orders under this Agreement or an alternate delivery date agreed to in writing by the Buyer's authorized representative, without the fault or negligence of the Seller as defined in FAR 52.249-08 (Default-Fixed-Price Supply and Service) dated April 1984 in this Agreement, the Buyer is entitled to claim from Seller liquidated damages. After an initial grace period of two (2) weeks, liquidated damages shall be charged at a rate of 0.50% of the value of the products delayed for every complete week of delay. Such Liquidated Damages, however, shall not exceed 25.0% of the total value of the delayed products. Buyer and Seller acknowledge and agree that these liquidated damages represent a genuine estimate of the loss that would be suffered by the Buyer by reason of any such delay and are neither intended as a penalty nor operate as a penalty.

Made in America (MiA) Executive Order

The President of the United States signed Executive Order 14005, Ensuring the Future is Made in All of America's Workers, in January 2021 which significantly underlines buying from US sources of supply,

closes loopholes by raising the domestic content threshold, strengthens domestic supply chains for critical goods, and Increases transparency and accountability in Buy America Act rules. While follow-on executive order guidance and clarifications are forthcoming, the Government requests Contractor explore what actions it can take to increase the sourcing of C-130 PBL items using US Large and Small Business suppliers.

For purposes of the Section H clauses below, "Government" means the United States Government. The following Section H clauses are incorporated into the Contract in full text:

H.11 TERMINATION LIABILITY

In order to facilitate the annual funding profile, the Government recognizes the Contractor's termination liability may be greater than the allotted cumulative funding at any point in time up until the funding is authorized for the option period. In the event the Government initiates a termination for convenience or a termination for default, the contractor's termination proposal will not exceed the five (5) year base period estimated value.

H.13 DLA AVIATION One Time Use Economic Price Adjustment – Department of Labor Price Index for Solicitation SPE4AX-23-R-0002 (Nov 2024)

(a) Warranties. The Supplier warrants that—

(1) The base unit prices set forth in the Schedule do not include allowances for any portion of the contingency covered by this one time use clause; and

(2) Prices invoiced shall be computed in accordance with the terms of this one time use clause.

(b) Definitions. As used throughout this one time use clause—

(1) "*Index*", for the purpose of price adjustment under this one time use clause, means the Producer Price Index(es) reported in the monthly publication entitled, "Producer Price Indexes", published by the United States (U.S.) Department of Labor (DOL), Bureau of Labor Statistics (BLS) for the following code number(s) and title(s): See Appendix A of Enclosure 1 for full list of PPI Codes by FSC and its application;

(2) "*Base index*" means the arithmetic average of the final version of the indexes published for the __6__ months preceding the closing date for receipt of proposals or the date required for receipt of final proposal revisions, if discussions were held.

(3) "Buyer" means the Derco Supply Chain Management representative responsible for administering the subcontract between Derco and Supplier.

(4) "Contract year" means the 12-month period beginning with the effective date of the contract award, and each 12-month period beginning with the corresponding month in subsequent calendar years.

(5) "Adjusting index" means the ____ arithmetic average of the [X] first published or [] final version of the index for the __6__ months prior to the month in which the adjusting contract modification is effective.

(6) "Base unit price" means the unit price applicable to a quantity of a contract line item established at contract award, exclusive of any price adjustment pursuant to this one time use clause.

(7) "Adjustment period" means the period during which a particular adjustment to the unit price under this one time use clause (calculated at the beginning of the adjustment period) will apply.

(c) Adjustments. No later than 75 calendar days after the start of each adjustment period, the Buyer will calculate the adjusting index and any adjusted contract unit price(s) for the new adjustment period, and modify the subcontract via a bilateral contract modification accordingly. The aforementioned contract modification will show the covered performance period, base index, adjusting index, base unit price, mathematical calculations, and the changed unit price(s). The price adjustment shall apply to all orders issued within the covered contract year. The effective date of the contract modification shall align with the first date of the contract year, establishing the unit price for the adjustment period. The Buyer will base the price adjustment(s) for each adjustment period on the percentage change between the base index and the adjusting index for the adjustment period, as applied to the base unit price.

(1) The Supplier shall increase its price in any particular adjustment period if the adjusting index is greater than the base index or decrease its price in any particular adjustment period if the adjusting index is less than the base index. This contract allows ____1__ price adjustments per contract year.

(2) Example of adjustment calculation:

Base Index=109.88*

Adjusting Index =112.72*

Less base index =109.88

Change to index =2.84

Divide change to index by base index =2.84 / 109.88 = .02585 (2.585%)**

Multiply by the base unit price =\$50.00 x .02585 = \$1.29***

= Unit Price Adjustment

Adjusted unit price =\$51.29

*In computing the base and adjusting indexes, the contracting officer will round the resulting figure to the second decimal place.

**The contracting officer will round this number to the fifth decimal place.

***The contracting officer will round all dollar figures to the nearest cent.

(d) Upward ceiling on economic price adjustment. No upward ceiling shall apply under this economic price adjustment one time use clause, unless the BLS series is based on indices below the six-digit level. (An index "below the six-digit level" in BLS usage means an index with an identifier exceeding six-digits). For any BLS series that is below the six-digit level, the following ceiling shall apply: The Supplier agrees that the aggregate of the increases in any contract unit price under the terms of this one time use clause shall not exceed ___% (percent) of the original base unit price, except as provided hereafter.

(1) If at any time the Supplier has reason to believe that within the near future a price adjustment under the terms of this one time use clause will be required that will exceed the adjustment ceiling for any item, the Supplier shall promptly notify the Buyer in writing of the expected increase. The notification shall include a revised ceiling the Supplier believes is sufficient to permit completion of remaining contract performance, along with appropriate explanation and documentation as required by the Buyer.

(2) If an increase in the index would raise a contract unit price for an item above the current ceiling, the Buyer may issue a contract modification to raise the ceiling. If the Buyer does not raise the contract ceiling, the Buyer will promptly notify the Supplier in writing.

(e) Invoices. The basis for prices payable under this contract is the latest adjusted unit price incorporated into the contract as of the date of order.

(f) Retroactive adjustment. This paragraph applies only if the Buyer selected "first published index" in paragraph (b)(4). If the Buyer has already paid for orders delivered during an adjustment period, the Supplier may request a retroactive adjustment. The Buyer will, base the retroactive adjustment on the difference between a higher final revised index applicable to an adjustment period and the index values used in calculating the unit price for that adjustment period, subject to the adjustment ceiling in paragraph (d) and under the following conditions:

(1) The request for equitable adjustment clearly establishes that the unit price adjustment for the adjustment period would have been higher if the final revised index had been used, and identifies all invoices and payments to which it applies cites the specific index differences relating to the requested adjustment, and provides a calculation of the total net price adjustment for items delivered during that adjustment period.

(2) The total dollar change for items delivered is \$ _____ (\$500.00 unless otherwise stated) or more for the applicable adjustment period(s).

(3) The Buyer received the Supplier's written request within 45 days following publication of the final revised index.

The Supplier shall adjust its prices downward based on the difference between a lower final revised index applicable to an adjustment period and the index values used in calculating the unit price for that adjustment period, subject to the limitation in paragraph (f)(2).

(g) Revision of index. If any applicable index is discontinued or its method of derivation is altered substantially, or if the Buyer determines that the index consistently and substantially fails to reflect market conditions, the parties shall mutually agree upon an appropriate and comparable substitute. The Buyer will modify the contract to reflect such substitute effective on the date the index was discontinued, altered, or began to consistently and substantially fail to reflect market conditions.

(h) Final invoice. The Supplier shall include a statement on the final invoice confirming it has applied all upward or downward price adjustments required by this one time use clause to the amounts invoiced.

(i) Disputes. The "Disputes" clause of the contract applies to any dispute arising under this one time use clause.