

| AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT | | | 1. CONTRACT ID CODE | PAGE OF PAGES |
|--|----------------------------------|---|--|-------------------------------|
| | | | R | 1 12 |
| 2. AMENDMENT/MODIFICATION NO. P00041 | 3. EFFECTIVE DATE 16-Dec-2004 | 4. REQUISITION/PURCHASE REQ. NO. | | 5. PROJECT NO.(If applicable) |
| 6. ISSUED BY US ARMY SPACE & MISSILE DEFENSE COMMAND [REDACTED] PO BOX 1500 HUNTSVILLE AL 35807-3801 | CODE W9113M | 7. ADMINISTERED BY (If other than item 6) DCMA HUNTSVILLE BUILDING 4505, SUITE 301 MARTIN ROAD REDSTONE ARSENAL AL 35898-0001 | | CODE S0107A |
| 8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and Zip Code) KWAJALEIN RANGE SERVICES, LLC 4975 BRADFORD DR., SUITE 600 HUNTSVILLE AL 35805-1929 | | | 9A. AMENDMENT OF SOLICITATION NO. | |
| | | | 9B. DATED (SEE ITEM 11) | |
| | | | X 10A. MOD. OF CONTRACT/ORDER NO. DASG60-02-C-0074 | |
| | | | X 10B. DATED (SEE ITEM 13) 25-Sep-2002 | |
| CODE 1YSL6 | | FACILITY CODE | | |
| 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS | | | | |
| <input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offer <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. | | | | |
| 12. ACCOUNTING AND APPROPRIATION DATA (If required) See Schedule | | | | |
| 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14. | | | | |
| A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A. | | | | |
| B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B). | | | | |
| C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: | | | | |
| X D. OTHER (Specify type of modification and authority) SECTION H - AWARD FEE AND MUTUAL AGREEMENT | | | | |
| E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>1</u> copies to the issuing office. | | | | |
| 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) SEE CONTINUATION PAGE | | | | |
| Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect. | | | | |
| 15A. NAME AND TITLE OF SIGNER (Type or print) | | | 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) | |
| | | | [REDACTED] | |
| 15B. CONTRACTOR/OFFEROR | 15C. DATE SIGNED | 16B. UNITED STATES OF AMERICA | | 16C. DATE SIGNED |
| _____ (Signature of person authorized to sign) | | BY [REDACTED] (Signature of Contracting Officer) | | 20-Dec-2004 |

SECTION SF 30 BLOCK 14 CONTINUATION PAGE

The purpose of this modification is:

1. Contractually recognize award fee earned for the Second Award Fee Evaluation Period, 1 April 2004 – 30 September 2004. In accordance with Section B – Award Fee; it has been determined that the Contractor has earned a total award fee amount of [REDACTED] for the award fee period (CLIN 0001AD - \$ [REDACTED] and CLIN 0003AC - [REDACTED]). As a result, the total contract value has been reduced by [REDACTED] (CLIN 0001AD - [REDACTED] and CLIN 0003AC - [REDACTED]), the total unearned award fee for the period.
2. Contractually recognize the Contractor's first cost sharing incentive for the evaluation period 1 October 2003 – 30 September 2004 in accordance with Section H – Award Fee/Award Term Evaluation and the Award Fee/Award Term Determination Plan of the contract in the total amount of [REDACTED] (CLIN 0001AD - [REDACTED] and CLIN 0003AC - [REDACTED]).
3. Contractually recognize the agreement of the Government to fund the initial Employee Incentive in accordance with Section H – Award Fee/Award Term Evaluation and the Award Fee/Award Term Determination Plan of the contract in the total amount of [REDACTED]. Future Employee Incentives will be funded by the Contractor in accordance with forementioned Award Fee/Award Term Determination Plan.
4. Update Section H – Award Fee Award Term Evaluation to reflect provisions of latest revised Award Fee/Award Term Determination Plan, Revision 2, 21 September 2004 incorporated by a previous contract modification.
5. Revise Contracting Activity Representatives.

All other terms and conditions remain unchanged.

SUMMARY OF CHANGES**SECTION A - SOLICITATION/CONTRACT FORM**

The total cost of this contract was increased by \$660,442.00 from \$673,445,250.00 to \$674,105,692.00.

SECTION B - SUPPLIES OR SERVICES AND PRICES**SUBCLIN 0001AD**

The CLIN extended description has changed to PWS entitled "U.S. Army Kwajalein Atoll/Reagan Test Site (USAKA/RTS) 03-01, Logistics Support (LS) and Integrated Range Engineering (IRE) Support Services," dated 1 November 2001, as revised 16 Oct 2004, Sections 2 through 19, incorporated herein and attached as set forth in Section J hereof. The Award Fee amount includes the Contractor's Cost Savings earned as set forth by Section H - Award Fee Award Term Evaluation of this contract. See Section G for cost detail.

The estimated/max cost has decreased by [REDACTED]

The award fee has increased by [REDACTED]

The total cost of this line item has decreased by \$100,955.00 from \$290,508,755.00 to \$290,407,800.00.

SUBCLIN 0003AC

The CLIN extended description has changed to PWS entitled "U.S. Army Kwajalein Atoll/Reagan Test Site (USAKA/RTS) 03-01, Logistics Support (LS) and Integrated Range Engineering (IRE) Support Services," dated 1 November 2001, as revised 16 Oct 2004, Sections 2, and 14 through 18, incorporated herein and attached as set forth in Section J hereof. The Award Fee amount includes the Contractor's Cost Savings earned as set forth by Section H - Award Fee Award Term Evaluation of this contract. See Section G for cost detail.

The estimated/max cost has decreased by [REDACTED]
 The award fee has increased by [REDACTED]
 The total cost of this line item has decreased by \$45,339.00 from \$117,152,795.00 to \$117,107,456.00.

SUBCLIN 0001AF is added as follows:

| ITEM NO | SUPPLIES/SERVICES | QUANTITY | UNIT | UNIT PRICE | AMOUNT |
|---------|---|------------|------|------------|------------|
| 0001AF | EMPLOYEE INCENTIVE FFP | [REDACTED] | | [REDACTED] | [REDACTED] |
| | This CLIN is for funding the incentive earned by the contractor's employees under Section H - Award Fee Provision and Award Fee Award Term Determination Plan, Revision 2, September 21, 2004 and is not subject to any withholding provisions of the contract. | | | | |
| | | | | NET AMT | [REDACTED] |
| | ACRN CE Funded Amount | | | | [REDACTED] |
| | ACRN CF Funded Amount | | | | [REDACTED] |

FOB: Destination

The following have been modified:

ESTIMATED COST, FIXED FEE, MAXIMUM AWARD FEE, AND TOTAL AMOUNT FOR CLINS 0001 AND 0003; OPTION CLINS 0005 AND 00006; AWARD TERM 1 CLINS 0007 AND 0008; AWARD TERM 2 CLINS 0009 AND 0010; AWARD TERM 3 CLINS 0011 AND 0012; AND AWARD TERM 4 CLINS 0013 AND 0014:

c. LOGISTICS BASIC EFFORT FOR 1 OCT 2003 – 28 FEB 2007 (CLINs 0001AD and 0002):

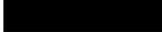
| | |
|---|----------------------|
| (1) Estimated cost, exclusive of fee: | [REDACTED] |
| (2) Less Cash Reimbursables: | (\$120,000,000) |
| (3) Estimated cost, less cash reimbursables and fee: | <u>\$153,526,202</u> |
| (4) Base Fee: | [REDACTED] |
| (5) Maximum award fee: | <u>\$ 7,640,051</u> |
| (6) Cost Savings Earned | <u>\$ 1,484,395</u> |
| (7) Total estimated cost, base fee, and maximum award fee: | <u>\$170,407,800</u> |

g. IRE BASIC EFFORT FOR 1 OCT 2003 – 28 FEB 2007 (CLINs 0003AC AND 0004):

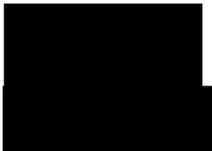
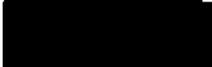
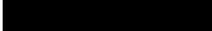
| | |
|---------------------------------------|------------|
| (1) Estimated cost, exclusive of fee: | [REDACTED] |
| (2) Base Fee: | [REDACTED] |

| | |
|--|----------------------|
| (3) Maximum award fee: | <u>\$ 7,786,943</u> |
| (4) Cost Savings Earned | <u>\$ 1,484,394</u> |
| (4) Total estimated cost, base fee, and maximum award fee: | <u>\$117,107,456</u> |

LOGISTICS SUPPORT PHASE-IN AND BASIC EFFORT: TOTAL ESTIMATED COST, FIXED FEE, BASE FEE, MAXIMUM AWARD FEE, AND TOTAL AMOUNT:

| | |
|---|---|
| (1) Estimated cost, exclusive of materials and fee: |  |
| (2) Materials: | <u>\$207,267,555</u> |
| (3) Less Reimbursements: | <u>\$120,000,000</u> |
| (4) Estimated cost, including materials, less reimbursements: | <u>\$397,646,764</u> |
| (5) Fixed Fee: |  |
| (6) Base fee: |  |
| (7) Estimated cost plus fixed and base fee: | <u>\$409,162,707</u> |
| (8) Maximum award fee: | <u>\$ 7,640,051</u> |
| (9) Cost Savings Earned | <u>\$ 1,484,395</u> |
| (10) Total estimated cost, materials, fixed fee, base fee, and maximum award fee: | <u>\$418,287,153</u> |

INTEGRATED RANGE ENGINEERING PHASE-IN AND BASIC EFFORT: TOTAL ESTIMATED COST, FIXED FEE, BASE FEE, MAXIMUM AWARD FEE, AND TOTAL AMOUNT:

| | |
|---|---|
| (1) Estimated cost, exclusive of fee: |  |
| (2) Fixed Fee: |  |
| (3) Base fee: |  |
| (4) Estimated cost plus fixed and base fee: | <u>\$125,740,466</u> |
| (5) Maximum award fee: | <u>\$ 7,786,943</u> |
| (6) Cost Savings Earned | <u>\$ 1,484,394</u> |
| (7) Total estimated cost, fixed fee, base fee, and maximum award fee: | <u>\$135,011,803</u> |

AWARD FEE:

a. The contractor's performance hereunder shall be evaluated beginning 1 October 2003 through 31 March 2004 and every six (6) months thereafter in accordance with the document entitled "Award Fee/Award Term Determination Plan," attached hereto. Award fee earned by the contractor, as determined by the Award Fee Determining Official, will be awarded by the execution of a unilateral modification to the contract issued approximately sixty (60) days following completion of each award fee period. Award fee not earned by the contractor will not be carried over to any future periods.

b. The following represents the potential award fee available by performance period, earned fee and the award fee not earned removed from the contract:

| <u>AWARD FEE PERIOD</u> | <u>AWARD FEE AVAILABLE</u> | <u>AWARD FEE EARNED</u> | <u>AWARD FEE NOT EARNED REMOVED FROM CONTRACT</u> |
|--------------------------------------|-----------------------------------|--------------------------------|--|
| LOGISTICS | | | |
| BASIC EFFORT | | | |
| First (1 Oct 03 – 31 Mar 04) | \$1,121,723 | | |
| Second (1 Apr 04 – 30 Sep 04) | \$1,121,726 | | |
| Third | \$1,121,949 | \$ TBD | \$ TBD |
| Fourth | \$1,121,945 | \$ TBD | \$ TBD |
| Fifth | \$1,121,945 | \$ TBD | \$ TBD |
| Sixth | \$1,121,945 | \$ TBD | \$ TBD |
| Seventh | \$1,121,945 | \$ TBD | \$ TBD |
| IRE | | | |
| BASIC EFFORT | | | |
| First (1 Oct 03 – 31 Mar 04) | \$1,133,468 | | |
| Second (1 Apr 04 – 30 Sep 04) | \$1,133,471 | | |
| Third | \$1,133,471 | \$ TBD | \$ TBD |
| Fourth | \$1,133,471 | \$ TBD | \$ TBD |
| Fifth | \$1,133,471 | \$ TBD | \$ TBD |
| Sixth | \$1,133,471 | \$ TBD | \$ TBD |
| Seventh | \$1,133,471 | \$ TBD | \$ TBD |

SECTION E - INSPECTION AND ACCEPTANCE

The following Acceptance/Inspection Schedule was added for SUBCLIN 0001AF:

| INSPECT AT | INSPECT BY | ACCEPT AT | ACCEPT BY |
|-------------------|-------------------|------------------|------------------|
| N/A | N/A | N/A | Government |

SECTION G - CONTRACT ADMINISTRATION DATA

Accounting and Appropriation

Summary for the Payment Office

SUBCLIN 0001AD:

BX: 21 5 2040 0000 36 9718 665301.614 255Y W31RPD42806K07 5HKSP6 S01021 was decreased by \$1,887,763.00 from \$30,000,000.00 to \$28,112,237.00.

CG: 21 5 2040 0000 36 9718 66530161400 255Y W31RPD43436KC7 5HKSP6 S01021 was increased by \$1,484,395.00 from \$0.00 to \$1,484,395.00. The contract ACRN CG has been added.

SUBCLIN 0001AF:

Funding on SUBCLIN 0001AF is initiated as follows:

ACRN: CE

Acctng Data: 21 5 2040 0000 36 9718 66530161400 255Y W31RPD43436KE6 5HKSP6 S01021

Increase: \$403,368.00

Total: \$403,368.00

ACRN: CF

Acctng Data: 21 5 2040 0000 36 9718 66530161400 255Y W31RPD43436KE7 5HKSP6 S01021

Increase: \$403,368.00

Total: \$403,368.00

SUBCLIN 0003AC:

CH: 21 5 2040 0000 36 9718 66530161400 255Y W31RPD43436KC6 5HKSP6 S01021 was increased by \$1,484,394.00 from \$0.00 to \$1,484,394.00. The contract ACRN CH has been added.

CA: 21 5 2040 0000 36 9718 665301.614 255Y W31RPD42806K06 5HKSP6 S01021 was decreased by \$1,887,762.00 from \$14,000,000.00 to \$12,112,238.00

HISTORICAL ACCOUNTING AND APPROPRIATION DATA:

ACRN: BX

ACCT DATA: 21 5 2040 0000 36 9718 665301.614 255Y W31RPD42806K07
5HKSP6 S01021

CUMULATIVE AMOUNT: **\$28,112,237**

PROGRAM/NOMENCLATURE: KRS LOG 0001AD

ORDER NUMBER/FUNDED AMOUNT/MOD NUMBER:

W31RPD42806K07-01/\$15,000,000/P00038

W31RPD42806K07-02/\$5,000,000/P00039

W31RPD42806K07-03/\$10,000/P00040

W31RPD42806K07-04/(\$1,887,763)/P00041

ACRN: CA

ACCT DATA: 21 5 2040 0000 36 9718 665301.614 255Y W31RPD42806K06
5HKSP6 S01021

CUMULATIVE AMOUNT: **\$12,112,238**

PROGRAM/NOMENCLATURE: KRS IRE 0003AC

ORDER NUMBER/FUNDED AMOUNT/MOD NUMBER:

W31RPD42806K06-01/\$9,000,000/P00038

W31RPD42806K06-02/\$5,000,000/P00039

W31RPD42806K06-03/(\$1,887,762)/P00041

ACRN: CE

ACCT CLASS: 21 5 2040 0000 36 9718 66530161400 255Y
W31RPD43436KE6 5HKSP6 S01021

CUMULATIVE AMOUNT: ██████████

PROGRAM/NOMENCLATURE: IRE EMPLOYEE INCENTIVE

ORDER NUMBER/FUNDED AMOUNT/MOD NUMBER:

W31RPD43436KE6-01/██████████/P00041

ACRN: CF

ACCT CLASS: 21 5 2040 0000 36 9718 66530161400 255Y
W31RPD43436KE7 5HKSP6 S01021
CUMULATIVE AMOUNT: [REDACTED]
PROGRAM/NOMENCLATURE: LOG EMPLOYEE INCENTIVE
ORDER NUMBER/FUNDED AMOUNT/MOD NUMBER:
W31RPD43436KE7-01/[REDACTED]/P00041

ACRN: CG
ACCT CLASS: 21 5 2040 0000 36 9718 66530161400 255Y
W31RPD43436KC7 5HKSP6 S01021
CUMULATIVE AMOUNT: \$1,484,395
PROGRAM/NOMENCLATURE: LOGISTICS COST SHARING INCENTIVE
ORDER NUMBER/FUNDED AMOUNT/MOD NUMBER:
W31RPD43436KC7-01/\$1,484,395/P00041

ACRN: CH
ACCT CLASS: 21 5 2040 0000 36 9718 66530161400 255Y
W31RPD43436KC6 5HKSP6 S01021
CUMULATIVE AMOUNT: \$1,484,394
PROGRAM/NOMENCLATURE: IRE COST SHARING INCENTIVE
ORDER NUMBER/FUNDED AMOUNT/MOD NUMBER:
W31RPD43436KC6-01/\$1,484,394/P00041

INCREMENTAL FUNDING:

IMPLEMENTATION OF AND EXPLANATION OF THE RELATIONSHIP OF THE LIMITATION OF FUNDS (LOF) CLAUSE TO FEE OBLIGATIONS: The amount of funds estimated to be required for full performance, including fee(s); the amount of funds allotted pursuant to the Contract Clause hereof entitled, Limitations of Funds; the amount of funds currently obligated for fee; and the estimated period of performance covered by the funds allotted are set forth below. Amounts obligated for fee are separate from and are not to be commingled with the amounts allotted for costs and are not available to the contractor to cover costs in excess of those allotted to the contract for cost.

| | <u>PREVIOUS</u> <u>AMOUNTS</u> | <u>CURRENT</u> <u>AMOUNT</u> | <u>CUMULATIVE</u> <u>AMOUNTS</u> |
|--|-----------------------------------|---------------------------------|-------------------------------------|
|--|-----------------------------------|---------------------------------|-------------------------------------|

d. LOGISTICS BASIC 1 OCT 2003 – 28 FEB 2007 (CLINS 0001AD and 0002):

(1) Funds required for full performance:

| | | | |
|---|----------------|---------------|----------------|
| (a) Estimated Cost: | [REDACTED] | | |
| (b) Base Fee: | [REDACTED] | | |
| (c) Potential Award Fee: | \$ 6,731,455 | (\$1,121,726) | \$ 5,609,729 |
| (d) Earned Award Fee: | [REDACTED] | | |
| (e) Cost Sharing Incentive Earned: | \$ -0- | [REDACTED] | |
| (f) Total Estimated Cost, Base Fee, Potential Award Fee, Earned Award Fee And Cost Sharing Incentive: | \$ 290,508,755 | (\$ 100,955) | \$ 290,407,800 |

(2) Amount currently allotted and obligated:

| | | | |
|---|---------------|---------------|---------------|
| (a) Amount allotted under the LOF Clause for payment of estimated cost: | [REDACTED] | | |
| (b) Amount separately obligated for Payment of Base Fee | [REDACTED] | | |
| (c) Amount separately obligated for Payment of Potential Award Fee: | \$ 3,183,518 | (\$1,020,771) | \$ 2,162,747 |
| (d) Amount separately obligated for Payment of Earned Award Fee | [REDACTED] | | |
| (e) Cost Sharing Incentive obligated: | \$ -0- | [REDACTED] | |
| (f) Total amount allotted and obligated: | \$ 98,099,586 | (\$ 403,368) | \$ 97,696,218 |
| (g) Estimated Period of Performance: | 31 MAR 2005 | | |

(3) Unfunded amount:

| | | | |
|--------------------------|----------------|--------------|----------------|
| (a) Estimated cost: | [REDACTED] | | |
| (b) Base Fee: | [REDACTED] | | |
| (c) Potential Award Fee: | \$ 3,547,937 | (\$ 100,955) | \$ 3,446,982 |
| (d) Total Amount: | \$ 192,409,169 | \$ 302,413 | \$ 192,711,582 |

h. IRE BASIC 1 OCT 2003 – 28 FEB 2007 (CLINS 0003AC and 0004):**(1) Funds required for full performance:**

| | | | |
|---|----------------|---------------|----------------|
| (a) Estimated Cost: | [REDACTED] | | |
| (b) Base Fee: | [REDACTED] | | |
| (c) Potential Award Fee: | \$ 6,800,826 | (\$1,133,471) | \$ 5,667,355 |
| (d) Earned Award Fee: | [REDACTED] | | |
| (e) Cost Sharing Incentive Earned: | \$ -0- | [REDACTED] | |
| (f) Total Estimated Cost, Base Fee, Potential Award Fee, Earned Award Fee And Cost Sharing Incentive: | \$ 117,152,795 | (\$ 45,339) | \$ 117,107,456 |

(2) Amount currently allotted and obligated:

| | | | |
|---|------------|--|--|
| (a) Amount allotted under the LOF Clause for payment of estimated cost: | [REDACTED] | | |
| (b) Amount separately obligated for Payment of Base Fee: | [REDACTED] | | |
| (c) Amount separately obligated for | [REDACTED] | | |

| | | | |
|---|---------------|---------------|---------------|
| Payment of Potential Award Fee: | \$ 3,160,292 | (\$1,088,132) | \$ 2,072,160 |
| (d) Amount separately obligated for Payment of Earned Award Fee | [REDACTED] | | |
| (e) Cost Sharing Incentive obligated: | \$ -0- | [REDACTED] | |
| (e) Total amount allotted and obligated: | \$ 44,316,919 | (\$ 403,368) | \$ 43,913,551 |
| (f) Estimated Period of Performance: | | | 28 FEB 2005 |
| (3) Unfunded amount: | | | |
| (a) Estimated cost: | [REDACTED] | | |
| (b) Base Fee: | [REDACTED] | | |
| (c) Potential Award Fee: | \$ 3,640,534 | (\$ 45,339) | \$ 3,595,195 |
| (d) Total Amount: | \$ 72,835,876 | \$ 358,029 | \$ 73,193,905 |

x. EMPLOYEE INCENTIVE FUNDING (CLIN 0001AF) – NOT SUBJECT TO WITHHOLDING PROVISIONS OF THE CONTRACT:

| | | |
|--|--------|------------|
| (1) Total Incentive Funding Required: | \$ -0- | [REDACTED] |
| (2) Total Incentive Funding Obligated: | \$ -0- | [REDACTED] |

CONTRACTING ACTIVITY REPRESENTATIVES:

CONTRACTUAL MATTERS

Name: [REDACTED]
Organization Code: [REDACTED]
Telephone Numbers: [REDACTED]
Commercial: [REDACTED]
Defense Switched Network (DSN): [REDACTED]
Email: [REDACTED]

TECHNICAL MATTERS

Name: [REDACTED]
Organization Code: [REDACTED]
Telephone Numbers: [REDACTED]
Commercial: [REDACTED]
Defense Switched Network (DSN): [REDACTED]
Email: [REDACTED]

SECTION H - SPECIAL CONTRACT REQUIREMENTS

AWARD FEE/AWARD TERM EVALUATION:

1. The contractor's performance will be evaluated to determine award fee and award terms earned as set forth below and in accordance with the Award Fee/Award Term Determination Plan attached to this contract.

2. EVALUATION METHOD.

a. Functional Performance Areas (FPAs) and Weightings: For the purpose of award fee performance evaluation, the contract requirements are segregated into two FPAs. Each FPA will be assigned a dollar value based on the percentages below applied against the available award pool for LS and IRE established for each rating period. Additionally, a cost sharing incentive will be employed when the Contractor's AF score percentage is 87 or higher, with the contractors share being 30 percent and the government's share set at 70 percent. The contractor's employees are key to high contract performance; therefore, the contractor shall implement the government approved employee incentive program tied to the earned award fee.

| <u>FPAs</u> | <u>% Weights</u> |
|----------------------|------------------|
| Technical | 90% |
| Management Practices | 10% |

1. Technical: Technical requirements along with their performance standard are set forth in the PWS. Consistent with performance based contracting, greater emphasis is placed upon the end results achieved, as opposed to the methods, practices, processes, and techniques used. Consequently, outcome pertaining to the adequacy, cost, effectiveness, efficiency, extent, productivity, quality, quantity, and timeliness of services rendered will be measured.

2. Management: Management performance consists of the first and second level of on-site management's creativity, initiative, innovation, planning, responsiveness, practices, processes, and techniques employed in the overall management of the contract requirements.

3. Cost Sharing: The sharing ratio for cost overruns and underruns is calculated as follows: The actual cost (AC) incurred for the evaluation period will be compared to the budgeted cost (BC) for the evaluation period. Any difference between these two costs will be multiplied by the AF score percentage. Then the 30/70-share ratio will be applied to the resulting amount. The contractor's share of the final product (either positive or negative) is added to the award fee earned. $((BC - AC) \times \text{AF evaluation score percentage}) \times .30$. An example: $((\$50M - \$45M) \times .96) \times .3 = \$1.44M$.

4. Employee Incentive: In evaluation periods when the overall AF numerical score equals or exceeds 87 percent and the Contractor also earns a share of cost savings under Cost Sharing provision above, the Contractor shall make employee incentive payments to its individual employees in accordance with the Contractor's Employee Incentive Plan which has been approved in advance by the Contracting Officer. For the first evaluation period in which such employee incentive payments are applicable, the Government will fund such payments in addition to the Contractor's earned award fee and any resultant savings calculated under the Cost Sharing provision above. For all subsequent evaluation periods in which employee incentive payments are applicable, the Contractor shall fund such payments out of its share of the cost savings. To calculate the total amount of the Contractor's employee incentive payments for a period, an AF score percentage of 87 will be substituted in the calculation for the cost sharing that increased the award fee. This product will be subtracted from the cost sharing increase to award fee and the difference multiplied by five. $((BC - AC) \times \text{AF score percentage}) \times .30 - (((BC - AC) \times 87\%) \times .30) \times 5 = \text{amount of employee incentive payments for period}$. For example: $((\$50M - \$45M) \times .96) \times .3 - (((\$50M - \$45M) \times .87) \times .3) = (\$1.440M - \$1.305M) \times 5 = \$6.75M$.

b. Evaluation Criteria/Sub-criteria and Weightings: In order to preclude diluting the award fee pool to the point that it's motivational value is minimized, all PWS requirements will not be evaluated during each evaluation period. Weight assignments are to motivate the contractor to concentrate performance in the areas of most importance to the Government. Consequently, areas within the technical FPA that are to be evaluated for fee purposes, along with their respective weights, will be provided to the contractor 45 days prior to the start of each evaluation period by way of SeeSOR.

c. Evaluation Periods: The first **AWARD FEE** evaluation period will be from 1 Oct 2003 through 29 Feb

2004 and every six months thereafter until contract completion, with any earned award fee being distributed after the evaluation period. The initial **AWARD TERM (AT)** evaluation period will begin at the end of the second year of full performance. The remaining AT evaluation periods will end every two years thereafter, provided a previous term award was made, allowing for a maximum total potential of four award term performance periods as shown below.

| Period Number | Award Term Evaluation Period | Award Term Performance Period |
|----------------------|-------------------------------------|--------------------------------------|
| 1 | 1 Mar 2005 - 28 Feb 2007 | 1 Mar 2009 - 28 Feb 2011 |
| 2 | 1 Mar 2007 - 28 Feb 2009 | 1 Mar 2011 - 28 Feb 2013 |
| 3 | 1 Mar 2009 - 28 Feb 2011 | 1 Mar 2013 - 28 Feb 2015 |
| 4 | 1 Mar 2011 - 28 Feb 2013 | 1 Mar 2015 - 28 Feb 2018 |

d. Allocation of Award fee Pool and Disposition of Unearned Award fee:

1. The total negotiated award fee is to be allocated to the evaluation periods in essentially equal amounts.

2. At the end of each award fee evaluation period, a contract modification will be issued authorizing the payment of award fee earned.

3. Any portion of the available award fee that is not earned during a given period is to be removed from the contract. The contract modification stipulating the value of the award fee earned will also decrease the value of both the award fee pool and the total contract by the amount of the award fee not earned.

4. The following award fee grades will be applied to assess the contractor's performance for each FPA during an award fee period:

| ADJECTIVAL RATING | AWARD FEE SCORE |
|--------------------------|------------------------|
| Excellent | 94 - 100 points |
| Better Than Acceptable | 87 - 93 points |
| Acceptable | 80 - 86 points |
| Below Acceptable | 0 - 79 points |

The rating will then be multiplied by each FPA's respective weighting and totaled. This total will be compared with the ratings shown above to obtain the overall adjectival performance rating.

3. Rating Plan and Performance Standards:

| Adjective Rating | % Of Award Fee Earned | Characteristics |
|-------------------------|------------------------------|---|
| EXCELLENT | 94% - 100% | The contractor's performance significantly exceeds standard and although there may be a few examples of performance only meeting standard and/or needing improvements, all of which are minor, they are more than offset by cited examples of performance significantly exceeding standard. |
| BETTER THAN | 87% - 93 % | The contractor's performance generally exceeds standard |

| | | |
|---------------------|-------------|---|
| ACCEPTABLE | | and more than offsets the cited examples of performance only meeting standard and/or needing improvement. |
| ACCEPTABLE | 80 = 30-40% | The contractor's performance meets standard with cited examples of performance exceeding standard approximately offset by cited examples of performance needing improvement. |
| | 81 = 41-50% | |
| | 82 = 51-60% | |
| | 83 = 61-70% | |
| | 84 = 71-80% | |
| | 85 = 81-85% | |
| | 86 = 86% | |
| BELOW ACCEPTABLE | 0% | The contractor's performance is significantly less than standard and although there may be a few examples of performance exceeding and/or meeting standard, they are more than offset by cited examples of performance needing major improvement. |

4. Disposition of Unearned Award Fee: Any unearned award fee will be removed from the available pool. There are no special award fee provisions.
5. Contractor's Participation and Feedback: The contractor may submit a self-assessment report for each evaluation period. The report may be used by the AFEB in developing an adjective rating recommendation for the FPAs by comparing the contractor's assessment with the evaluation findings. The AFEB may also use the report to assess the integrity of the contractor in presenting an accurate and complete performance picture; the contractor's thoroughness in management toward the process as a whole and toward specific findings; the contractor's recognition of and responsiveness to problem areas. The AFEB may also use the report in evaluating the "Management Practices" FPA. The AFEB will provide the contractor a copy of its proposed report to the AFDO that shows the preliminary FPA adjective ratings and contains the rationale and data supporting the ratings. The contractor will be provided an opportunity to respond with additional and/or rebuttal data.
6. Performance Evaluations: Evaluation of the contractor's performance is to be accomplished in accordance with the procedural guidance in USASMDC Command Pamphlet 715-5, Appendix B.
7. Earning Award Term: At the conclusion of the basic contract period of performance, the Contractor's first award term performance will be evaluated. If performance over the award term evaluation period averages a score of 87 or higher – as documented by the AFEB files or determined so by the ATDO, the Contracting Officer will award the first award term period, subject to availability of funds/continuation of government's requirements. At the conclusion of the Option and each two-year award term previously earned, the Contractor will again be evaluated. If the Contractor has averaged a score of 87 or higher during the preceding two-year AT evaluation period, as documented by the AFEB files or determined by the ATDO, the Contracting Officer will award the next award term period, subject to availability of funds/continuation of the government's requirement. No additional performance terms may be earned after the period of performance of the second award term. Consequently, the maximum period of performance is 15 years, a four-year basic, one two-year option, three two-year award terms, and one three-year award term.
8. The award fee/term determinations under this contract will be unilateral decisions made solely at the discretion of the government.
9. The AWARD FEE/TERM determination process and schedule of events are set forth in the Award Fee/Term Determination Plan attached to this contract.

(End of Summary of Changes)