

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: March 21, 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:



FAR 52.216-5 Price Redetermination – Prospective (OCT 1997). Price

DLAD NOTE C01 SUPERSEDED PART-NUMBERED ITEMS (SEP 2016) "Contracting Officer" means Lockheed Martin.

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",

(5) "*Adjusting index*" means the \_\_\_\_ arithmetic average of the [] 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*"

\*\*\*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

(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.