

Note: The following clause is hereby incorporated into Section B of the draft RFP. Questions and Comments must be submitted by 12 Dec 2011 at 12:00 pm Eastern Time. The Government will attempt to respond to all questions and comments submitted by the date and time deadline referenced above; however, the Government cannot guarantee responses to those questions and comments submitted after the deadline.

Changes included herein are for the DRAFT RFP. Upon its release, Offerors are advised to review the Final RFP closely for any additional changes. The Government's final requirements will be stated in the FINAL RFP.

DETERMINATION OF PERFORMANCE INCENTIVE (ITEMs 0001, 0007, 0010, 0013, 0016, 1002, 2003 and 2006) AND SCHEDULE INCENTIVE (ITEMs 2003 and 2006).

A. In addition to the CPIF structure for Items 0001, 0004, 0007, 0010, 0013, 0016, 1001, 1002, 1005, 1008, 1009, 2001, 2003, 2006, the Contractor may earn a performance incentive and schedule incentive. The Government's purpose for including a performance incentive and schedule incentive is to encourage and reward Contractor initiative toward exceeding ahead of schedule.

B. A Performance Incentive amount of up to \$ TBD (equal to three percent (3%) of Target Cost, excluding Facilities Capital Cost of Money (FCCM)) may be earned by the Contractor. A Schedule Incentive amount of up to \$ TBD (equal to two (2%) of Target Cost, excluding FCCM) may be earned by the Contractor. These incentives are separate and distinct from each other. The Contractor may earn: both; either the Performance Incentive or the Schedule Incentive; or neither the Performance nor the Schedule Incentive. If the Government does not fully fund Items 0001, 0007, 0010, 0013, 0016, 1002, 2003, and 2006 the Contractor will not be eligible to earn the Performance Incentive and Schedule Incentive.

C. Pursuit of the Performance Incentive and/or Schedule Incentive shall not come at the expense of the overall CAB FoA effort. The Program Manager (PEO IWS 6.0) and Contracting Officer will make the determination of whether the Contractor has met this prerequisite to be considered for these incentives. In the event that the Program Manager and Contracting Officer determine that the Contractor's performance is not satisfactory, the Contractor will not be eligible for these incentives.

D. Performance Incentive and Schedule Incentive Determination Procedures

1. The Contractor shall be paid such Performance Incentive and/or Schedule Incentive as may be determined to be appropriate by the Program Manager (PEO IWS 6.0) and Procuring Contracting Officer.

2a. Within fifteen (15) days of completion of ITEM 0016, with previous completion of ITEMs 0001, 0007, 0010, 0013, for Performance Incentive, the Contractor shall provide the Program Manager (PEO IWS 6.0) and Procuring Contracting Officer a written self-assessment of its performance under the Performance Incentive. This self-assessment shall include projected values for reliability and commonality.

2b. Within fifteen (15) days of completion of ITEM 1002, for Performance Incentive and Schedule Incentive, the Contractor shall provide the Program Manager (PEO IWS 6.0) and Procuring Contracting Officer a written self-assessment of its performance under the Performance Incentive and Schedule Incentive. This self-assessment shall include refined values for reliability, realized values for commonality, and the combined weight of all mast-mounted CAB-E assembly components.

2c. Within fifteen (15) days of completion ITEMs 2003 and 2006, for Performance Incentive and Schedule Incentive, the Contractor shall provide the Program Manager (PEO IWS 6.0) and Procuring Contracting Officer a written self-assessment of its performance under the Performance Incentive and Schedule Incentive. This self-assessment shall include the combined weight of all mast-mounted CAB-E assembly components.

3. Within forty-five (45) days of receipt of the Contractor’s self-assessment the Program Manager and Procuring Contracting Officer will make a determination of whether the Contractor has earned the Performance Incentive and/or Schedule Incentive in accordance with performance and schedule criteria identified below.

4. Within thirty (30) days of a determination as to the amount of Performance Incentive and Schedule Incentive earned, the Contracting Officer will issue a unilateral modification providing any earned Performance Incentive or Schedule Incentive.

E. Performance Incentive may be earned as follows:

If all Item threshold criteria are met, the Contractor may earn a Performance Incentive up to 3% of the target cost (excluding FCCM) for any combination of improvements to the specific technical performance parameters as defined below:

1. Increased Reliability (10% of the Performance Incentive pool is available at CDR based on Contractor projections, and 15% of the Performance Incentive pool is available at EDM delivery based on refined projections)

MTBF Threshold = 1121 hours
 MTBCF Threshold = 4100 hours

For each increase of 100% of the threshold value for both MTBF and MTBCF, the Contractor may earn 10% of the available pool for this criterion.

2. Commonality of LRUs across CAB-E and CAB-S (5% of the Performance Incentive pool is available at CDR based on Contractor projections, and 20% of the Performance Incentive pool is available at EDM delivery based on realized values)

The commonality of LRUs across CAB-E and CAB-S will be assessed linearly, starting at 80% commonality of LRUs, with 100% of the available pool for this criteria occurring at a 100% commonality of LRUs. For example:

80% commonality of LRUs	50% of available pool for this criterion
100% commonality of LRUs	100% of available pool for this criterion

3. Combined weight of all mast-mounted CAB-E assembly components (25% of the Performance Incentive pool is available at EDM delivery based on realized values, and 25% of the Performance Incentive pool is available at PPU delivery based on realized values)

Weight Threshold = 242 pounds

The percentage decrease in weight from the threshold will be assessed linearly with 100% of the available pool for this criteria occurring at a 10% decrease from the threshold. For example:

1% decrease in weight below the threshold	10% of available pool for this criterion
5% decrease in weight below the threshold	50% of available pool for this criterion
10% decrease in weight below the threshold	100% of available pool for this criterion

Projected increases in reliability and commonality of LRUs across CAB-E and CAB-S will be measured at the completion of CLIN 0016. This measurement of projected performance parameters will include ITEMS 0001, 0007, 0010, 0013, and 0016.

Refined projections of increases in reliability and realized commonality of LRUs will be measured at the completion of ITEM 1002.

Combined weight of all mast-mounted CAB-E components will be measured at the completion of ITEM 1002 and ITEMS 2003 and 2006.

F. If the schedule criterion is met, the Contractor may earn a Schedule Incentive up to 2% of the target cost (excluding FCCM) for delivery ahead of schedule as follows:

	<u>% of Schedule Incentive Pool</u>
On-schedule (as set forth in SECTION F):	0%
1 day ahead of schedule	1%
From 2 to 14 days ahead of schedule	25%
From 15 to 28 days ahead of schedule	38%
From 29 to 42 days ahead of schedule	68%
Greater than 42 days ahead of schedule	100%

Schedule Incentive applies to ITEMS 2003 and 2006.

G. To ensure that pursuit of the Performance Incentive and/or Schedule Incentive does not come at the expense of the overall CAB FoA effort, the total Performance Incentive amount and Schedule Incentive amount available to be earned may be decremented based on the Contractor's Estimate at Completion (EAC), taken from the Contractor's CPR one month after completion/delivery and the Government's validation of the EAC for ITEMS 0001, 0007, 0010, 0013, 0016, 1002, 2003, and 2006.

1. If the Contractor's EAC is equal to or less than Target Cost (excluding FCCM) plus \$10,000,000 then the Performance Incentive and Schedule Incentive amount available to be earned will not be decremented.
2. If the Contractor's EAC is greater than Target Cost (excluding FCCM) plus \$10,000,000 but less than the Cost at which the Contractor reaches Minimum Fee, then both the Performance Incentive and Schedule Incentive amount available to be earned will be decremented 25%.
3. If the Contractor's EAC is greater than the Cost at which the Contractor reaches Minimum Fee, then the Contractor forfeits the opportunity to earn the Performance Incentive and Schedule Incentive.

H. The Government's determination of the amount of Performance Incentive and Schedule Incentive earned is a unilateral decision made solely at the discretion of the Government.

I. The Contractor will be paid any Performance Incentive and Schedule Incentive amount(s) upon submittal of a proper invoice to the cognizant payment office. The Contractor's invoice shall show the amount of Performance Incentive (Item 0001, 0007, 0010, 0013, 0016, and 1002) and/or Schedule Incentive (ITEM 2003 and 2006) amount earned. The Contractor's invoice must cite the appropriate accounting data in order for payment to be effected.