APPENDIX B – Metrics and Reconciliation

1.0 Performance Requirements

In addition to all other requirements of this contract, the contractor shall meet the performance requirements set forth for Exchange Lead Time (ELT) and Remanufacture Turn Around Time (RTAT). All metrics are evaluated and defined based on a calendar day. The contractor shall be responsible for sustaining an accurate ELT and RTAT metric to meet the required 10yr Time Change Interval (TCI) and DLR field-level requirements outlined in accordance with the below sections. TCIs are defined as the remove and replace cycle of the KC-46 landing gear (1x Nose Landing Gear (NLG) and 2x Main Landing Gear (MLG) left/right).

2.0 Exchange Lead Time (ELT) Definition

The ELT will be used on all LG Shipset requirements. ELT is defined as the duration of time between the delivery of an unserviceable ("F" condition) LG Shipset asset at the remanufacturing facility and the delivery of the remanufactured LG Shipset serviceable ("A" condition) replacement to the designated Government receiving location/warehouse. The contractor will provide a report (CDRL A009) per shipset exchange, specifying the delivery receipt date of the unserviceable asset and the delivery receipt date of the remanufactured serviceable asset.

2.1 Shipment to contractor

An asset is considered delivered when the unserviceable ‘F’ condition asset arrives at the contractor’s facility. This delivery will be accepted by the contractor from the shipping/transportation company utilized by the Government. This date stamp, captured by the shipping/transportation company, serves as proof of delivery and will be documented by the contractor and provided to the Government for each exchange per CDRL A009 noted above. The delivery date stamp will mark the start of the ELT requirement.

2.2 Shipment from contractor

An asset is considered delivered when the serviceable ‘A’ condition asset has been delivered to the specified Government location. This delivery will be accepted by the Government from the shipping/transportation company chosen by the contractor. This date stamp, captured by the shipping/transportation company, serves as proof of delivery and will be documented by the contractor and provided to the Government for each exchange per CDRL A009 noted above. The contractor’s delivery date stamp will mark the completion of the ELT requirement.

3.0 Remanufacture Turn Around Time (RTAT) Definition

The RTAT will be used on all sub-component / individual item remanufacture for USAF material. RTAT is defined as the duration of time between the delivery of an unserviceable ("F" condition) asset to the remanufacturing facility and the time the overhauled serviceable ('A' condition) asset is completed and ready for DCMA sign off and shipment back to the Government. The contractor will be required to provide a report (CDRL A010) per each Delivery Order (DO) showing the date the unserviceable asset was delivered to their facility and the date the serviceable asset was completed and DCMA was notified.

3.1 Shipment to contractor

An asset is considered delivered when the unserviceable 'F' condition asset arrives at the contractor's facility. This delivery will be accepted by the contractor from the shipping/transportation company utilized by the Government. This date stamp, captured by the shipping/transportation company, serves as proof of delivery and will be documented by the contractor and provided to the Government for each DO per CDRL A010 noted above. The delivery date stamp will mark the start of the RTAT requirement.

3.2 Shipment from contractor

An asset is considered completed when the contractor completes the overhaul process and transitions the asset from condition code "M" to condition code "A" within the CAV-AF reporting system where a completed date stamp will be assigned. This CAV-AF date stamp will serve as the contractors official RTAT completion date and time. The contractor must contact DCMA within 24 hours after asset completion for sign off and is ready for shipment back to the Government. The contractor must document all CAV-AF completion dates and DCMA contact proof of records and provide them to the Government for each DO per CDRL A010 noted above.

4.0 Delivery Performance Overview –ELT Metric for DLR Shipsets and RTAT Metric for Sub-component support

4.1 Shipsets

The contractor's performance will be measured and tracked for each LG shipset exchange. Primary performance requirements are to maintain an ELT at 75-days (remanufacture time) plus 7 days for contractor transportation/shipment back to the Government for LG shipsets. A yearly TCI schedule developed from the aircraft's date of install (DOI) will be provided by the Government to the contractor for forecasting and planning purposes. This metric is further defined in section 5.4 below.

4.2 Sub-Component

In addition to the ELT TCI performance metric the contractor will be required to provide 100% sub-component field-level support for USAF material (See Attachment 1, KC-46 LG PBL NSN List), this will be accomplished under an RTAT Sub-component metric identified in section 5.5 below. At the completion of each June and December SPM summary cycle, the Government will send the contractor a 3-year forecast, Best Estimated Quantity (BEQ) of expected assets to be remanufactured at the contractor's facility for field level requirements. The BEQ provided to the contractor will be calculated within SPM using the latest demands, program, levels, lead times, etc.

5.0 Measurement

When the Government issues a Delivery Order (DO) to the contractor for support of KC-46 LG sub-component DLRs, the Government will be required to ship the quantity of unserviceable assets equal to the amount on the associated CLIN. For shipset DOs the Government will ship the required quantities as removals occur according to the Time Compliance Interval (TCI) schedule.

The contractor will be required to receive and report all unserviceable assets IAW the CAV AF process identified in the CAV AF Reporting Requirements. Contractor reporting requirements to CAV AF shall be accomplished daily and/or within 24- hours of a supply or maintenance action occurrence IAW the applicable CAV AF CDRL A011, CAV AF version 10.0 or higher Contractor Users Guide, and applicable references outlined within Appendix A.

5.1 Shipset

For shipset remanufacture, an annual delivery order will be issued. Upon receipt of each shipset exchange and final delivery of 'A' condition assets, the contractor will record and document the required delivery date stamps (outlined in section 2.0). For example, if an annual delivery order for shipset remanufacture was for 24 shipsets, the contractor would be required to measure and track each of the 24 exchanges throughout the year. For each exchange the contractor shall provide a report (CDRL A009) identifying the quantity of unserviceable assets initially received at their facility, the quantity of serviceable assets shipped and delivered back to the Government, and the length of time (ELT) for exchange completion.

5.2 Sub-Component

For each delivery order, at the completion of the remanufacturing process and DCMA notification, the contractor will record and document the required delivery date stamps (outlined in section 3.0). At which point the contractor shall provide a report (CDRL A010) identifying the quantity of unserviceable assets initially received at their facility, the quantity of serviceable

assets completed, date CAV-AF was completed, notification to DCMA for inspection/shipment back to the Government, and the length of time (RTAT) for each sub-component line item for delivery order completion.

5.3 Performance Measurement & Reconciliation Tool (PMRT)

The PMRT is included in the contract as Attachment 2. The workbook will be organized as follows:

- Tab 1 – Shipset PMT
- Tab 2 – Sub-Component PMT
- Tab 3 – Incentive Calculations
- Tab 4 – Reconciliation

The Shipset PMT shall be used at the completion of each year for shipset remanufacture requirements. The Sub-component PMT will be used at the completion of each delivery order for sub-component requirements to determine if any price adjustments are necessary. The Government will be responsible to utilize the PMT by inputting all data necessary for the PMT to compute the yearly (Shipset) and eaches (Sub-component) performance measurements. Price disincentives will be applied to the contractor IAW the applicable PMT tools and the goals set forth in Section 5.4 and 5.5.

The PMRT, along with the methodology used in determining price adjustments, is located in section 5.8 (Disincentive Calculation). This tool shall be used during the full performance period and shall not be subject to change for the life of the contract.

5.4 ELT Remanufacture requirements in support of TCI (Shipset requirements)

The requirement to meet the ELT is 82 days (75 days for remanufacture and 7 days for transportation/shipment back to the Government). At day 83 the DL (Days Late) penalty will start accumulating until the ‘A’ condition asset is delivered or the max penalty is incurred. The DL and disincentive calculation will be tracked using the PMRT discussed in section 5.3.

Failure to meet the outlined metric requirements will result in a downward price adjustment which will be applied through the reconciliation process described in section 5.10.

5.4.1 ELT Restart for Non-Installable Remanufactured 'A' Condition LG Shipsets

In the event a remanufactured and returned serviceable ("A" condition) LG Shipset is pulled from Air Force inventory for installation, and subsequently deemed non-installable due to product quality deficiencies requiring rework and return to the contractor, the Exchange Lead Time (ELT) metric and associated disincentives/incentive payments will be adjusted as follows:

1. **ELT Metric Restart:** The original ELT measurement from the discrepant shipset will start again at the date (number of days) when the shipset was received at the designated Government receiving location/warehouse. This date will come from CDRL A009 (Per CDRL A009, the contractor will provide a report per shipset exchange, specifying the delivery receipt date of the unserviceable asset and the delivery receipt date of the remanufactured serviceable asset). This effectively restarts the ELT calculation from the time the shipset was considered complete and returned to the Government. The restart of the ELT metric starts upon the contractor's receipt of the discrepant shipset.

   For Example: Shipset 01 arrived at the contractor's facility on October 1, 2025, underwent overhaul, and the resulting serviceable asset was returned/received by the Government on December 5, 2025, resulting in an ELT of 65 days. If, one month later, shipset 01 is withdrawn from Air Force inventory for a TCI scheduled installation but is found to be non-installable due to deficiencies, a Product Quality Deficiency Report (PQDR) is initiated. If the PQDR determines rework is required, the shipset is returned to the contractor. Upon receipt of shipset 01, the ELT metric resumes, beginning at day 66 and continuing until the reworked, serviceable shipset is once again received at the Government's designated location/warehouse.

2. **Disincentive/Incentive Review:** If the new adjusted total days and ELT metric exceeds 82 days, the disincentive will be re-evaluated, applied, and reconciled in accordance with Appendix B, Section 5.8. Any incentive payment made to the contractor based on the initial ELT for the defective "A" condition LG Shipset will be reviewed and potentially adjusted downwards. This review will be based on established disincentive/incentive agreements outlined in Appendix B, Section 5.8/5.9 and the documented delivery dates.

3. **Metric Adjustment and Documentation:** The ELT metric being tracked for the shipset exchange will be adjusted to reflect the restart. This adjustment, along with a comprehensive record of the defect, rework process, and associated actions, must be documented between the Government and contractor for reconciliation purposes. This shall include, at a minimum:

   - Date the "A" condition LG Shipset was pulled from AF inventory.
   - Date the "A" condition LG Shipset was determined to be non-installable.
   - Specific reason(s) the "A" condition LG Shipset was non-installable, referencing applicable quality standards or specifications (PQDR process).
   - Date the "A" condition LG Shipset was returned to the contractor for rework (if applicable).
   - Date the contractor received the discrepant "A" condition LG Shipset.
   - Updated CDRL A009 and ELT calculation revised to provide a complete timeline: from the original shipset exchange dates, through the receipt of the

discrepant "A" condition shipset at the contractor facility, to the final Government receipt of the corrected and conforming shipset.

- Impacted incentive/disincentive amounts (if applicable), with clear justification for any adjustment.

5.5 RTAT requirements in support of Sub-component DLRs (Field-level requirements)

For these components the RTAT timeframe will be the proposed Lead Time (LT) for each sub-component NSN. The DL (Days Late) penalty will start accumulating from the original delivery date identified on the delivery order until the 'A' condition asset is complete and ready for DCMA sign off/shipment or the max penalty is incurred. The DL and disincentive calculation will be tracked using the PMRT discussed in section 5.3 and 5.7.

Failure to meet the outlined metric requirements will result in a downward price adjustment which will be applied as a decrement to the final invoice and payment for the delivery order.

5.6 Price adjustments for less than full performance

5.6.1 Shipset

If the contractor fails to meet the ELT performance requirements, the contractor will be assessed a downward price adjustment IAW the provisions outlined in this Appendix and verified by the Government IPT. The price adjustment shall be applied as a payment back to the Government and will be determined on an annual basis through a reconciliation process performed by the Program Management team with input from the contractor. The goal will be to accomplish this reconciliation approximately 90 calendar days after the end of each annual period of performance.

5.6.2 Sub-component

The RTAT measurement shall be calculated by the contractor, verified by the Government IPT, and will be used on each CLIN in order to assess contractor performance through the life of the program. Any RTAT adjustment made based on late delivery shall be applied prior to the delivery order's final invoice, and the contractor shall invoice to the adjusted delivery order price.

A modification to the delivery order date is not or in no way excuses the DL penalty and disincentive occurred. If DLA contracting executes a modification to the delivery schedule for other than Government caused delay the disincentive applies to the originally scheduled delivery date.

5.7 Days Late (DL)

The DL will be calculated by applying the formula in the PMRT specific to the shipset or sub-component remanufacture metrics.

5.7.1 Shipset

The contractor receives shipsets on day X and must return them to the Government within 82 days. For each day a shipset is late beyond the due date, the contractor will calculate the applicable days late fee and associated dollar amount using the PMRT and table. This calculation will be performed for each individual shipset exchange and the total late fees for all shipsets will be summed during the annual reconciliation process.

The DL will be calculated in accordance with the following formula:

ELT – 82 = Days Late

5.7.2 Sub-component

This calculation will be performed and applied using the PMRT and table for each CLIN invoice order and closed out upon DO completion.

The DL will be calculated in accordance with the following formula:

Actual Remanufacture Turnaround Time (RTAT) – CLIN RTAT = Days Late

If the Actual RTAT exceeds the CLIN RTAT then that number of days in excess will be used in the disincentive calculation. The contractor shall deliver at least 25% of the total quantity on order, within the RTAT as specified in Schedule B of this contract. Thereafter, the contractor shall deliver at least an additional 25% of the total quantity ordered every thirty (30) days until the total quantity is delivered.

Example:

Purchase Order 000X is issued on 3/20/25 and includes the following sub-component remanufacturing CLINs:

- CLIN 000A, Qty 12 – RTAT 90 Calendar Days

The “F” condition sub-components of Purchase Order 000X are delivered to the contractor facility on the following dates:

- CLIN 000A, Qty 12 arrived at the contractor facility on 4/10/25
  - (RTAT 90, DL would start 7/10/2025 for the **first 3ea**)
  - (RTAT 30 days after the initial 90-day delivery date, DL would start 8/09/2025 for the **next 3ea**)

- (RTAT 60 days after the initial 90-day delivery date, DL would start 9/8/2025 for the **next 3ea**)
- (RTAT 90 days after the initial 90-day delivery date 90, DL would start 10/8/2025 for the **remaining 3ea**)

The "A" condition sub-components of Purchase Order X were completed and the CAV-AF system updated on the following dates per the delivery of:

-	CLIN 000A, Qty 1	CAV-AF updated on 6/18/25	DL = 0	
-	CLIN 000A, Qty 1	CAV-AF updated on 7/1/25	DL = 0	**(First 3ea)**
-	CLIN 000A, Qty 1	CAV-AF updated on 7/11/25	DL = 2	
-	CLIN 000A, Qty 3	CAV-AF updated on 8/1/25	DL = 0	**(Second 3ea)**
-	CLIN 000A, Qty 1	CAV-AF updated on 8/6/25	DL = 0	
-	CLIN 000A, Qty 1	CAV-AF updated on 9/2/25	DL = 0	**(Third 3ea)**
-	CLIN 000A, Qty 1	CAV-AF updated on 9/12/25	DL = 5	
-	CLIN 000A, Qty 1	CAV-AF updated on 9/30/25	DL = 0	
-	CLIN 000A, Qty 2	CAV-AF updated on 10/8/25	DL = 0	**(Final 3ea)**

The DL disincentive will be calculated and applied to each applicable CLIN and quantity delivered late. The total DL disincentive will be determined upon delivery order completion. Any adjustments made based on late delivery shall be applied prior to the delivery order's final invoice.

5.8 Disincentive Calculation

The contractor will be required to use the PMT in calculating any disincentives owed to the Government due to late delivery. The PMT is provided in Tabs 1 and 2 of Attachment 2 - Performance Management & Reconciliation Tool (PMRT). The contractor provided reports (CDRL A009 and A010) will be verified by the Government LMS, SP, and CO. Any CLIN quantities not delivered within the ELT/RTAT requirement will be subject to the ELT/RTAT disincentives identified below.

5.8.1 Shipset disincentive:

Shipset disincentives will be applied by simply looking up the days late in Table 1 to identify the associated price disincentive.

These price disincentives will be tracked and aggregated throughout the year and will be reconciled with the annual reconciliation. If there are late deliveries throughout the year, this reconciliation may result in a reimbursement back to the Government.

** Disincentive amounts will be adjusted annually at the same rates used for the annual unit price adjustments. These adjustments will be made in accordance with the index(-ices) and formulas outlined in H Clause H0001. H Clause H001 can be found in the basic contract document, Section H (Contract Requirements).*

Table 1 - Shipset Disincentives

Days Late	Disincentive	Days Late	Disincentive	Days Late	Disincentive
1	10,670.00	11	83,410.00	21	271,040.00
2	10,670.00	12	101,000.00	22	282,140.00
3	12,760.00	13	120,450.00	23	291,270.00
4	16,470.00	14	141,300.00	24	298,670.00
5	21,170.00	15	162,880.00	25	304,600.00
6	27,100.00	16	184,470.00	26	309,300.00
7	34,500.00	17	205,320.00	27	313,010.00
8	43,630.00	18	224,770.00	28	315,900.00
9	54,730.00	19	242,360.00	29	318,160.00
10	67,960.00	20	257,810.00	30 +	320,000.00

5.8.2 Sub-component disincentive:

Sub-component disincentives will be tracked and applied at the delivery order level. Upon completion of an asset for a sub-component delivery order, calculations will be made to determine any applicable disincentive that shall be applied to the invoice that will be attached to the delivery paperwork.

Table 2 - Sub-Component Disincentives

Days Late	%	Days Late	%	Days Late	%	Days Late	%	Days Late	%	Days Late	%
1	0.500%	16	0.575%	31	1.822%	46	4.253%	61	6.562%	76	7.657%
2	0.500%	17	0.624%	32	1.950%	47	4.433%	62	6.672%	77	7.696%
3	0.500%	18	0.677%	33	2.085%	48	4.612%	63	6.776%	78	7.732%
4	0.500%	19	0.735%	34	2.226%	49	4.788%	64	6.874%	79	7.766%
5	0.500%	20	0.796%	35	2.373%	50	4.962%	65	6.967%	80	7.797%
6	0.500%	21	0.862%	36	2.525%	51	5.133%	66	7.053%	81	7.825%
7	0.500%	22	0.933%	37	2.682%	52	5.299%	67	7.135%	82	7.851%
8	0.500%	23	1.009%	38	2.845%	53	5.462%	68	7.211%	83	7.875%
9	0.500%	24	1.091%	39	3.011%	54	5.619%	69	7.282%	84	7.897%
10	0.500%	25	1.177%	40	3.182%	55	5.771%	70	7.348%	85	7.918%
11	0.500%	26	1.270%	41	3.356%	56	5.918%	71	7.409%	86	7.937%

12	0.500%	27	1.368%	42	3.532%	57	6.059%	72	7.467%	87	7.954%
13	0.500%	28	1.472%	43	3.711%	58	6.194%	73	7.520%	88	7.970%
14	0.500%	29	1.582%	44	3.891%	59	6.322%	74	7.569%	89	7.984%
15	0.529%	30	1.699%	45	4.072%	60	6.445%	75	7.615%	90 +	8.000%

Calculations shall be made based on Table 2 above. Using the number of days late the ordered items are completed at the contractor's shop, the table includes a corresponding percentage for each quantity of days late. This percentage will be multiplied by the contractual value of the item(s) being delivered late and invoiced at the total minus any applicable disincentive.

For example:

If an item had a contract unit overhaul price of $1000 and was delivered 22 days late after the contractor proposed RTAT, the calculations would use the table's corresponding .933% disincentive multiplied by the unit price of $1000 to yield a disincentive of $9.33. The invoice should then be submitted for the delivery at a unit price of $990.67. This process would be followed for each individual unit in the delivery based on the resulting days late and associated unit prices.

5.9 Incentives (TCI Shipsets)

The contractor will receive a pre-determined incentive payment during reconciliation based upon successfully maintaining an On-Time Delivery Performance of at least 80% for all shipset deliveries outlined in the TCI schedule throughout the entire contract year. It's important to note that achieving any percentage below the set threshold, regardless of how close, will result in loss of the incentive payment. Reaching or exceeding the threshold guarantees an incentive payment in line with the percentages and payment structure outlined in Tab 3 of Attachment 2 - PMRT. This incentive will be applied annually and reconciled during the year end reconciliation process outlined in 5.10 below.

For example: if the annual TCI requirement were 15, the quantity of 15 would be multiplied by the incentive per shipset (which will be calculated as 2% X Annual Firm Fixed Price for the entire Ship Set during the contract year) i.e. $20,000 in this example (calculated as 2% of a notional $1M total overhaul price) to yield a total potential incentive for the year of $300,000. Using the calculator in Tab 3 of the PMRT, delivering 12 or fewer shipsets on time would result in a loss of the incentive.

Delivering 13 on time would receive an incentive of $19,775.34.

Delivering 14 on time would receive an incentive of $108,199.19.

Delivering all 15 on time would receive the total incentive of $300,000.00.

5.10 TCI Shipset Reconciliation – Price Per Remanufacture

Reconciliation is based on three pieces: (1) the actual number of shipsets remanufactured versus the total number of shipsets funded, (2) the determination if any downward adjustment that may need to be applied for ELT disincentives, and (3) any adjustments for Government Furnished Material (GFM). The goal is to complete year-end reconciliation procedures approximately 90 days after the end of each annual period of performance. Reconciliation calculations will use Tab 4 in the PMRT workbook attached to the contract.

5.10.1 Adjustments

Upon completion of the contract year, evaluation shall be conducted by the USAF and the contractor to reconcile the number of shipset remanufactures performed. The first piece of the evaluation is to determine if an adjustment is needed. If the number of actual remanufactured shipsets is equal to the scheduled amount for the contract year, then no payment adjustments will be made for quantity.

In the event a shipset exchange occurs at the end of the contractor's period of performance and falls after the reconciliation deadline, it may be accounted for and reconciled during the following year's reconciliation process in coordination with and under the direction of the CO.

5.10.2 Incentive/Disincentive Application

The second piece of this reconciliation for shipset support will be the application of the performance incentive or disincentives as outlined in this appendix. The price adjustment shall be determined on an annual basis in alignment with the reconciliation process at the end of each annual period of performance.

5.10.3 GFM Adjustment

The third element of shipset support reconciliation involves Government Furnished Material (GFM). If the Government provides a sub-component as GFM, the cost of that GFM will be deducted from the contractor's Firm Fixed Price (FFP) per Remanufacture (Excluding O&A replacement parts). Providing a GFM part listed on the O&A replacement parts list will have no cost impact during reconciliation; these parts will not be reconciled or subtracted from the FFP. The adjusted price will be calculated as: FFP per Remanufacture - Cost of Government Furnished Material = Final Overhaul Price. The price adjustment shall be determined on an annual basis in alignment with the reconciliation process at the end of each annual period of performance.

**** Cost of Government Furnished Material is defined as the AF Standard Unit Price (Acquisition Cost + Overhead Costs). This Standard Unit Price will be pulled from the Governments FLITES or SPM system.***

5.10.4 Transaction

The transaction for the adjustment will be made as follows: 1) a reconciliation adjustment with a positive balance from the incentive will be paid on the invoice following completion of the reconciliation process. 2) If the adjustment is a credit to the Government the balance will be paid back to the Government. Any payment to refund moneys will be in accordance with instructions from the PCO.