

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. AMENDMENT/MODIFICATION NO. P00004	2. EFFECTIVE DATE 23 AUG 01	4. REQUISITION/PURCHASE REL. NO.	5. PROJECT NO. (if applicable)
ISSUED BY DSCP-HFOP	CODE SPO300	7. ADMINISTERED BY (if other than item 6)	CODE

100 ROBBINS AVE.
P HILA, PA. 19111-5092
NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

QUALITY DISTRIBUTORS
P. O. BOX 8780
TAMUNING, GUAM 96331

8A. AMENDMENT OF SOLICITATION NO.
8B. DATED (SEE ITEM 11)
10A. MODIFICATION OF CONTRACT/ORDER NO. SPO300-01-D-3002
10B. DATED (SEE ITEM 13) 31 JAN 01

DDF 002QS4 FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 7A. The hour and date specified for receipt of Offers is extended, 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 13, 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 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)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

<input checked="" type="checkbox"/> 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).
<input checked="" type="checkbox"/> C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: VENDOR'S E-MAIL DATED 19 AUG 01
D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

LANGUAGE CONTAINED IN THE PPDF CLAUSE. PAGES 2 & 3 OF AMENDMENT 0001 IS CHANGED AS ATTACHED. FIRST EVALUATION QUARTER WILL BE JUNE, JULY, AUGUST OF 2001 TO DETERMINE DISTRIBUTION FEES PAYABLE FOR SEPTEMBER, OCTOBER, AND NOVEMBER OF 2001. FILL RATES ACHIEVED IN SEP., OCT., NOV., WILL BE USED TO DETERMINE FEES APPLICABLE FOR DEC, JAN., AND FEB., AND SO ON, IRREGARDLESS OF OPTION YEAR, FOR THE LIFE OF THIS CONTRACT.

Except as provided herein, all terms and conditions of the document referenced in item 8A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) PETER K. LAI, VICE PRESIDENT	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) MARYANN DIMEO CONTRACTING OFFICER
15B. CONTRACTOR/OFFEROR <i>(Signature of person authorized to sign)</i>	15C. DATE SIGNED Aug 23, 01
16B. UNITED STATES OF AMERICA BY <i>(Signature of Contracting Officer)</i>	16C. DATE SIGNED 23 Aug 01

Performance Based Distribution Fees

The awardee under this solicitation will be expected to maintain at least a 97% fill rate for the life of the resultant contract, including any options. This solicitation incorporates provisions for "performance based distribution fees" (PBDF's). Exclusively for the purpose of administering these PBDF's, a range in which performance may fall will be used for the application of fees. The use of this range for administration should not be taken to imply any deviation to the requirement to perform at 97% or above. The PBDF structure detailed herein is based on the contractor maintaining a fill rate between 96.5% and 97.5%, inclusive. If a higher range is proposed by the awardee and accepted by the Government, that range will be incorporated into the contract and will become the basis for subsequent fill rate based fee adjustments. The vendor will be responsible to invoice at the proper, applicable, distribution fee. Adjustments can be made if it is later determined that fees were paid in error.

Distribution fees negotiated for each category at the time of award, will be called the "standard contract distribution fees." The actual distribution fees paid, however, have the potential to be greater or lesser based on the performance of the vendor as measured by the product fill rate. Fill rate calculation will be based on the total number of cases shipped and accepted divided by the total number of cases ordered. Fill rate will be calculated on a per order basis within each zone as well as an overall zone calculation (includes all orders for all customers within that zone). For the purpose of calculating the fill rate, the vendor should detail at least two decimal places without rounding. Refer to pages 35 and 41 for additional information regarding fill rates. Because of the difference in the missions between Zone 1 (Shore Based Customers) and Zone 2 (Tactical-Auxiliary Fleet Supply Ships [T-AFS]), the performance based distribution fees will be structured differently for each zone.

In no case will a fill rate for an item requirement which is in excess of 300% of the vendor's average monthly demand (surge quantities) for that item be held against the fill rate for the purpose of determining the PBDF unless a minimum of thirty days notice was given for the confirmed requirement. Fill rates on specialty orders (items not on the prime vendor catalog) will also not be held against the prime vendor for determining PBDF, unless a minimum of thirty days notice was given for the confirmed requirement, although they may be included in the calculations if the vendor desires.

Distribution Fees for Zone 1 Land Based Customers

The prime vendor is required to maintain a cumulative quarterly (running total) fill rate (total cases shipped and accepted during the quarter divided by the total number of cases ordered during the quarter) of between 96.5% and 97.5% inclusive, before substitutions, for all customers. For the purpose of determining the quarterly rate, the vendor should detail at least two decimal places without rounding. For orders completed during implementation and during the first quarter of the contract, the vendor will be paid the standard contract distribution fee. The first quarter will commence the first calendar day of the first month following the completion of contract implementation. On the last day of the first quarter (the last day of the third full calendar month following the start of the quarter), the vendor will calculate its' cumulative quarterly fill rate. This fill rate will be the basis for the next quarter's Zone 1 distribution fees and will be effective on the first calendar day of the next quarter.

Subsequent quarter's distribution fees will be calculated in the same manner, with the second quarter's fill rate becoming the basis for the distribution fees in the third quarter and so on. If the vendor achieves a fill rate of between 96.5% and 97.5% inclusive, before substitutions, it will be paid the standard contract distribution fees. If the vendor achieves a fill rate of 97.51% or above, before substitutions, the standard contract distribution fees will be increased by 10%. If the vendor achieves a fill rate of 96.49% or less, the standard contract distribution fees will be decreased by 10%. However, the standard contract distribution fee will not be increased if **three or more orders in either zone or a combination of the two zones** are less than 90% during the determining quarter. For example, a vendor supplying a 98.5% fill rate during the first quarter would not be eligible to receive the 10% increase in the standard contract distribution fee for the second quarter if **three or more orders from either zone or a combination of the two zones** during the first quarter are supplied at less than 90%. **However, all such isolated incidents of substandard performance must be included in the fill rate calculations.**

This method will be continuously applicable to the base contract as well as options. For example: the cumulative quarterly fill rate for the last quarter of the base period will serve as the basis for the new option year's first quarter distribution prices.

Any premiums paid for performance in the final quarter of a contract or option that will not be renewed will be subject to recoupment if the contractor's performance during that quarter falls below a fill rate of 97%.

Distribution Fees for Zone 2 T-AF

The fill rate achieved for the actual load-out will determine the distribution fee paid for that order. The vendor will calculate the fill rate for each individual load-out and adjust the distribution fees accordingly. If the vendor achieves a fill rate of between 96.5% and 97.5% inclusive, before substitutions, the vendor will be paid the standard contract distribution fee for each category incorporated into the contract. If the vendor achieves a fill-rate of 97.51% or greater for the load-out, before substitutions, the standard contract distribution fees will be increased by 10%. If the vendor achieves a fill rate of 96.49% or less for the load-out, before substitutions, the standard contract distribution fees will be decreased by 10%. If the fill rate for **three or more orders from either zone or a combination of the two zones** falls below 90% from the date of T-AFS order placement, up to and including the final receipt date for the individual load-out or top-off, the standard contract distribution fee will not be increased by 10% for the load-out or top-off. For example, a vendor that is supplying a load-out with a 99% fill rate would not be eligible to receive the standard contract distribution fee increase of 10% if **three or more orders from either zone received a fill rate of lower than 90% from the date of order placement (at least 45 days) up to and including the final date of loading.**