

ARMY & AIR FORCE EXCHANGE SERVICE
SOLICITATION/PROPOSAL/AWARD
(MERCHANDISE, SUPPLIES, EQUIPMENT, AND/OR SERVICES)

ISSUING OFFICE ARMY & AIR FORCE EXCHANGE SERVICE ATTN: PL-Z (GORDON) 3911 S. Walton Walker Boulevard Dallas, TX 75236-1598	CONTRACTING OFFICER James S. Gordon	
	TELEPHONE NO. 214-312-2693	CONTRACT CONTROL NO. (If Applicable)
	ITEMS/SERVICE European Internet Services	

SOLICITATION FOR PROPOSALS

DATE ISSUED 7 Mar 2012	SOLICITATION NUMBER ATI 08-037-11-003
Proposals are solicited for merchandise, supplies, equipment or services described in this solicitation. Written proposals must be received at the issuing office by <u>2:00</u> o'clock <u>P</u> m, local time <u>11</u> Apr 2012	

PROPOSAL (To Be Completed By Offeror)

The offeror agrees, if awarded all or part of the items and/or services solicited, to furnish them according to the price(s)/fee(s), terms and conditions contained in the solicitation and proposal. This proposal will be valid for 90 calendar days (60 calendar days unless a different period is entered by offeror) after the date for receipt of proposals established above.

OFFEROR REPRESENTS (Check appropriate boxes)

- That it is is not a manufacturer or producer of, is is not a regular dealer in; the items provided or (Commodity contracts only).
- That it is is not engaged in furnishing of services of the type called for herein (Service contracts only).
- That it operates as an Individual Partnership Corporation, incorporated in the States or Country of ITALY
- That it is is not a small business.
- That it is is not a minority business enterprise. (See definition of page 2)*
- That it is is not a woman-owned business. (See definition of page 2)*
- That an officer of the firm or the firm or a related firm has has not been convicted of a felony related to a business transaction. *SEE NOTE ATTACHED*
- That an officer of the firm or the firm or a related firm has has not been suspended or debarred.
- That the information provided is full, accurate and complete. For breach of this warranty. The Exchange may terminate for default any contract resulting from this solicitation and all other Exchange contracts.

*Check a block for all contracts to be performed in the United States, its possessions and Puerto Rico.

FULL NAME AND BUSINESS ADDRESS OF OFFEROR (STREET, CITY, STATE & ZIP CODE OR COUNTRY) Telecom Italia S.p.A. Centro Direzionale Isola F6 80143 Naples (Italy)	TELEPHONE NUMBER/FAX NUMBER/EMAIL ADDRESS Telephone number +39.081.7227360 Fax Number + 39.06.9125.3372 Email address LUIGIROSARIO.DIFRAIA@TELECOMITALIA.IT	
	SIGNATURE OF PERSON AUTHORIZED TO SIGN <i>Massimo Sordilli</i>	DATE 08 MAY 2012
TIN: EIN 98-0705318	DUNS: (b)(4) Proprietary	TYPED OR PRINTED NAME AND TITLE MASSIMO SORDILLI - SALES MANAGER DEFENCE MARKET

ACCEPTANCE AND AWARD (To Be Completed By the Exchange)

CONTRACT AWARDED FOR FOLLOWING:
This award is subject to Solicitation Amendment One, dated 13 Mar 12, Solicitation Amendment Two, dated 20 Apr 12, and Final Proposal Revision (email, 17 Jul 12). CLIN 200 ISP ITALY is awarded. Exhibit E-Fee Schedule is included to reflect vendor's fee proposal. Solicitation Exhibit G-Statement of Objectives is replaced with Exhibit G-Statement of Work. Solicitation Exhibits H and I are excluded. Cogepa Telecom is approved as subcontractor to the prime. Exchange affirms "officer" as indicated in Sections 7 and 8 above refer to members of Board of Directors of Telecom Italia. Period of performance: 10 years.

CONTRACT NO. ATI 11-003A	AMOUNT: <input checked="" type="checkbox"/> ESTIMATED \$ 22,700,000.00 <input type="checkbox"/> ACTUAL	DATE OF AWARD <u>30 Aug 2012</u>
SIGNATURE GORDON.JAMES.S.1 185158647	(TYPED NAME) JAMES S. GORDON CONTRACTING OFFICER ARMY & AIR FORCE EXCHANGE SERVICE	

EXCHANGE FORM 4450-002 (REV MAR 11) (Prev Edition Usable)

Contract # ATI 11-003A Italy ISP - Telecom Italia

FILE CANCELLED UNRETRACTED

FA-13-0010
ATI 11-003A
Page 1 of 101

ARMY & AIR FORCE EXCHANGE SERVICE
SOLICITATION/PROPOSAL/AWARD
(MERCHANDISE, SUPPLIES, EQUIPMENT, AND/OR SERVICES)

ISSUING OFFICE ARMY & AIR FORCE EXCHANGE SERVICE ATTN: PL-Z (GORDON) 3911 S. Walton Walker Boulevard Dallas, TX 75236-1598	CONTRACTING OFFICER James S. Gordon	
	TELEPHONE NO. 214-312-2693	CONTRACT CONTROL NO. (if Applicable)
	ITEMS/SERVICE European Internet Services	

SOLICITATION FOR PROPOSALS

DATE ISSUED 7 Mar 2012	SOLICITATION NUMBER ATI 08-037-11-003
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Proposals are solicited for merchandise, supplies, equipment or services described in this solicitation. Written proposals must be received at the issuing office by 2:00 o'clock P m, local time 11 Apr 2012

PROPOSAL (To Be Completed By Offeror)

The offeror agrees, if awarded all or part of the items and/or services solicited, to furnish them according to the price(s)/fee(s), terms and conditions contained in the solicitation and proposal. This proposal will be valid for 90 calendar days (60 calendar days unless a different period is entered by offeror) after the date for receipt of proposals established above.

OFFEROR REPRESENTS (Check appropriate boxes)

- That it is is not a manufacturer or producer of, is is not a regular dealer in; the items provided or (Commodity contracts only).
- That it is is not engaged in furnishing of services of the type called for herein (Service contracts only).
- That it operates as an Individual Partnership Corporation, incorporated in the States or Country of ITALY
- That it is is not a small business.
- That it is is not a minority business enterprise. (See definition of page 2)*
- That it is is not a woman-owned business. (See definition of page 2)*
- That an officer of the firm or the firm or a related firm has has not been convicted of a felony related to a business transaction. *SEE NOTE ATTACHED*
- That an officer of the firm or the firm or a related firm has has not been suspended or debarred.
- That the information provided is full, accurate and complete. For breach of this warranty. The Exchange may terminate for default any contract resulting from this solicitation and all other Exchange contracts.

**Check a block for all contracts to be performed in the United States, its possessions and Puerto Rico.*

FULL NAME AND BUSINESS ADDRESS OF OFFEROR (STREET, CITY, STATE & ZIP CODE OR COUNTRY) Telecom Italia S.p.A. Centro Direzionale Isola F6 80143 Naples (Italy)	TELEPHONE NUMBER/FAX NUMBER/EMAIL ADDRESS Telephone number +39.081.7227360 Fax Number + 39.06.9125.3372 Email address LUIGIROSARIO.DIFRAIA@TELECOMITALIA.IT	
	SIGNATURE OF PERSON AUTHORIZED TO SIGN <i>Massimo Sordilli</i>	DATE 08 MAY 2012

TIN: EIN 98-0705318	DUNS: (b)(4) Proprietary	TYPED OR PRINTED NAME AND TITLE MASSIMO SORDILLI - SALES MANAGER DEFENCE MARKET
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ACCEPTANCE AND AWARD (To Be Completed By the Exchange)

CONTRACT AWARDED FOR FOLLOWING:
This award is subject to Solicitation Amendment One, dated 13 Mar 12, Solicitation Amendment Two, dated 20 Apr 12, and Final Proposal Revision (email, 17 Jul 12). CLIN 200 ISP ITALY is awarded. Exhibit E-Fee Schedule is included to reflect vendor's fee proposal. Solicitation Exhibit G-Statement of Objectives is replaced with Exhibit G-Statement of Work. Solicitation Exhibits H and I are excluded. Cogepa Telecom is approved as subcontractor to the prime. Exchange affirms "officer" as indicated in Sections 7 and 8 above refer to members of Board of Directors of Telecom Italia. Period of performance: 10 years.

CONTRACT NO. ATI 11-003A	AMOUNT: <input checked="" type="checkbox"/> ESTIMATED \$ 22,700,000.00 <input type="checkbox"/> ACTUAL	DATE OF AWARD <u>30 Aug 2012</u>
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SIGNATURE GORDON.JAMES.S.1 185158647	<small>Digitally signed by GORDON.JAMES.S.185158647 DN: c=US, o=U.S. Government, ou=DoD, ou=PKI, bu=OSD, cn=GORDON.JAMES.S.185158647 Date: 2012.08.30 18:08:21 -05'00'</small>	(TYPED NAME) JAMES S. GORDON CONTRACTING OFFICER ARMY & AIR FORCE EXCHANGE SERVICE
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EXCHANGE FORM 4450-002 (REV MAR 11) (Prev Edition Usable)

ATI-11-003A (Telecom Italia)

Award Block Narrative:

This award is subject to Solicitation Amendment One, dated 13 Mar 12, Solicitation Amendment Two, dated 20 Apr 12, and Final Proposal Revision (email, 17 Jul 12). CLIN 200 ISP ITALY is awarded. Exhibit E-Fee Schedule is included to reflect vendor's fee proposal. Solicitation Exhibit G-Statement of Objectives is replaced with Exhibit G-Statement of Work. Solicitation Exhibits H and I are excluded. Cogepa Telecom is approved as subcontractor to the prime. Exchange affirms "officer" as indicated in Sections 7 and 8 above refer to members of Board of Directors of Telecom Italia. Period of performance: 10 years. ~~Fees are listed in Exhibit E and are variable according to quantity.~~

\$22.7 M

INSTRUCTIONS TO OFFERORS AND
CONDITIONS OF PROPOSAL/AWARDS
(Merchandise, Supplies, Equipment and/or Services)

1. CONTENTS OF SOLICITATION/CONTRACT:

This solicitation and any resulting contract consists of EXCHANGE FORM 4450-2, Solicitation/Proposal/Award Merchandise, Supplies, Equipment and/or Services), pages 1 thru 4, and the following listed Schedule and Exhibits.

<input checked="" type="checkbox"/> Schedule, Solicitation No. ATI 08-037-11-003	,page(s) 1	through 12
<input checked="" type="checkbox"/> Exhibit A, General Provisions	,page(s) 13	through 30
<input checked="" type="checkbox"/> Exhibit B, Labor Provisions	,page(s) 31	through 31
<input checked="" type="checkbox"/> Exhibit C, Special Provisions	,page(s) 32	through 51
<input checked="" type="checkbox"/> Exhibit D, Price Schedule	,page(s) 52	through 54
<input checked="" type="checkbox"/> Exhibit E, Fee Schedule, with Attachment A	,page(s) 55	through 61
<input checked="" type="checkbox"/> Exhibit F, Insurance	,page(s) 62	through 63
<input checked="" type="checkbox"/> Exhibit G, Statement of Objective with Excel Attachment	,page(s) 1	through 15
<input checked="" type="checkbox"/> Exhibit H, Instruction to Offerors	,page(s) 64	through 70
<input checked="" type="checkbox"/> Exhibit H, Instruction to Offerors, Attachment A	,page(s) 1	through 2
<input checked="" type="checkbox"/> Exhibit I, Evaluation for Award Criteria	,page(s) 71	through 76
<input type="checkbox"/> Exhibit	,page(s)	through
<input type="checkbox"/> Exhibit	,page(s)	through
<input type="checkbox"/> Exhibit	,page(s)	through

2. SUBMISSION OF PROPOSALS:

a. ~~Offerors have been provided one complete copy of the solicitation as identified above, and two proposal packages. Each proposal package consists of EXCHANGE FORM 4450-2, Solicitation/Proposal/Award pages 1 thru 4, and the schedule or exhibits listed below. Also, for Service contracts, a Financial and Technical Capability Data Sheet and a Projected Operation Statement are included if checked below.~~

Financial and Technical Capability Data sheet, if checked. Operating Statement, if checked.

See Exhibit H, Instruction to Offerors for proposal submittal instructions

Exhibit ,page(s) through

Exhibit ,page(s) through

Exhibit ,page(s) through

b. ~~To make a proposal, complete, sign and return two proposal packages.~~

3. DEFINITIONS:

a. The term "minority business" means a business concern (1) which is at least 51 percent owned by minority group members; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more minority group members, and (2) whose management and daily business operations are controlled by one or more such minority group members. For purposes of this definition, minority group members include Black Americans, Hispanic Americans, Asian-Pacific Americans, Asian-Indian Americans, and Native Americans (such as American Indians, Eskimos, Aleuts and Native Hawaiians).

b. The term "women-owned business" means that is at least 51 percent owned by a woman or women who also control and operate it. "Control" in this context means exercising the power to make policy decisions. "Operate" in this context means being actively involved in the day-to-day management.

(PAGE 2 EXCHANGE FORM 4450-002)

1. AMENDMENT OF: SOLICITATION CONTRACT (AGREEMENT)

SOLICITATION/CONTRACT NUMBER <p style="text-align: center;">ATI 08-037-11-003</p>	AMENDMENT NUMBER <p style="text-align: center;">Two (2)</p>	CONTRACT CONTROL NO. (If Applicable)
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2. IF A SOLICITATION AMENDMENT

Refer to Section I "Instructions to Offerors" on reverse of this form and the following as indicated:

a. The time and date specified for receipt of proposals is:

Not extended

Extended until (local time at place of receipt of proposals)

Hour	Date
2:00	P M, 15 May 2012

b. The above solicitation is modified as set forth in Block 4 below.

3. IF A CONTRACT AMENDMENT

Refer to Section II "Instructions to Contractors" on reverse of this form and the following as indicated:

a. The expiration date of the above CONTRACT is changed:

FROM _____ TO _____

b. The above CONTRACT is:

Not further modified.

Modified as set forth in Block 4 below.

4. DESCRIPTION OF AMENDMENT.

a. AAFES Form 4450-002, CONTENTS OF SOLICITATION/CONTRACT, is revised for the purpose of updating page numbers as follows:

- Schedule, Solicitation No. 08-037-11-003, pages 1 - 13
- Exhibit A, General Provisions, pages 1 - 14
- Exhibit B, Labor Provisions, page 1
- Exhibit C, Europe Special Provisions, pages 1 - 20
- Exhibit D, Prices, pages 1 - 3
- Exhibit E, Fees, pages 1 - 6
- Exhibit F, Insurance, page 1
- Exhibit G, Statements of Objective, pages 1 - 15
- Exhibit G, Attachment 1, Objective Response Spreadsheet w/5 Tabs
- Exhibit H, Instructions to Offerors, pages 1 - 7
- Exhibit H, Attachment 1, Financial and Technical Capability Data, page 1 - 2
- Exhibit I, Instructions to Offerors, pages 1 - 6

b. Supplier questions and Exchange responses are located at Attachment 1.

c. Schedule and Exhibits have been revised to add header/footer information; revised documents are located at Attachment 2. Additionally the following specific areas are revised:

- (1) Schedule, Section 16, Alterations, subsection b is deleted and replaced to remove reference of FLSA.
- (2) Schedule, Section 17, Glossary, is revised to include definitions for Equipment and Infrastructure.
- (3) Exhibit E, Section 3, is revised for the purpose of clarifying daily/weekly subscriptions.
- (4) Exhibit H, Step One, Tab C, is revised for the purpose of requiring Fair Use Policy and User Agreements with Technical Proposal.
- (5) Exhibit H, Sections 'i' and 'p' are revised for the purpose of updating timelines.

////////// Last Item //////////

IN ALL OTHER RESPECTS, THE TERMS AND CONDITIONS OF THE SOLICITATION/CONTRACT, AS AMENDED, REMAIN IN FULL FORCE AND EFFECT.

SIGNATURES

<p>5. NAME AND ADDRESS OF OFFEROR/CONTRACTOR (Street, City, County, State, and Zip Code)</p> <p>Telecom Italia S.p.A. Centro Direzionale Isola F6 80143 Naples (Italy)</p>	<p>6. ISSUED BY</p> <p>Army & Air Force Exchange Service (AAFES) ATTN: PL-Z (Gordon) 3911 S. Walton Walker Blvd. Dallas, Texas 75236-1598</p>
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SIGNATURE OF PERSON AUTHORIZED TO SIGN 	DATE 21 APR 2012	SIGNATURE OF CONTRACTING OFFICER 	DATE
TYPED OR PRINTED NAME AND TITLE MASSIMO SORDILLI - SALES MANAGER		TYPED OR PRINTED NAME OF CONTRACTING OFFICER JAMES S. GORDON	

EXCHANGE FORM 4400-18 (REV MAR 11) (All Prev Editions Usable)

AMENDMENT OF
SOLICITATION/CONTRACT (AGREEMENT)

1. AMENDMENT OF: SOLICITATION CONTRACT (AGREEMENT)

SOLICITATION/CONTRACT NUMBER ATI 08-037-11-003	AMENDMENT NUMBER Two (2)	CONTRACT CONTROL NO. (If Applicable)
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2. IF A SOLICITATION AMENDMENT

Refer to Section I "Instructions to Offerors" on reverse of this form and the following as indicated:

a. The time and date specified for receipt of proposals is:

Not extended

Extended until (local time at place of receipt of proposals)

Hour Date
2:00 P M, 15 May 2012

b. The above solicitation is modified as set forth in Block 4 below.

3. IF A CONTRACT AMENDMENT

Refer to Section II "Instructions to Contractors" on reverse of this form and the following as indicated:

a. The expiration date of the above CONTRACT is changed:

FROM TO

b. The above CONTRACT is:

Not further modified.

Modified as set forth in Block 4 below.

4. DESCRIPTION OF AMENDMENT.

a. AAFES Form 4450-002, CONTENTS OF SOLICITATION/CONTRACT, is revised for the purpose of updating page numbers as follows:

- Schedule, Solicitation No. 08-037-11-003, pages 1 - 13
- Exhibit A, General Provisions, pages 1 - 14
- Exhibit B, Labor Provisions, page 1
- Exhibit C, Europe Special Provisions, pages 1 - 20
- Exhibit D, Prices, pages 1 - 3
- Exhibit E, Fees, pages 1 - 6
- Exhibit F, Insurance, page 1
- Exhibit G, Statements of Objective, pages 1 - 15
- Exhibit G, Attachment 1, Objective Response Spreadsheet w/5 Tabs
- Exhibit H, Instructions to Offerors, pages 1 - 7
- Exhibit H, Attachment 1, Financial and Technical Capability Data, page 1 - 2
- Exhibit I, Instructions to Offerors, pages 1 - 6

b. Supplier questions and Exchange responses are located at Attachment 1.

c. Schedule and Exhibits have been revised to add header/footer information; revised documents are located at Attachment 2. Additionally the following specific areas are revised:

- (1) Schedule, Section 16, Alterations, subsection b is deleted and replaced to remove reference of FLSA.
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- (4) Exhibit H, Step One, Tab C, is revised for the purpose of requiring Fair Use Policy and User Agreements with Technical Proposal.
- (5) Exhibit H, Sections 'i' and 'p' are revised for the purpose of updating timelines.



//////////////////////////////////// Last Item //////////////////////////////////////

IN ALL OTHER RESPECTS, THE TERMS AND CONDITIONS OF THE SOLICITATION/CONTRACT, AS AMENDED, REMAIN IN FULL FORCE AND EFFECT.

SIGNATURES

5. NAME AND ADDRESS OF OFFEROR/CONTRACTOR (Street, City, County, State, and Zip Code)		6. ISSUED BY Army & Air Force Exchange Service (AAFES) ATTN: PL-Z (Gordon) 3911 S. Walton Walker Blvd. Dallas, Texas 75236-1598	
SIGNATURE OF PERSON AUTHORIZED TO SIGN	DATE	SIGNATURE OF CONTRACTING OFFICER <i>James S. Gordon</i>	DATE 20 Apr 2012
TYPED OR PRINTED NAME AND TITLE		TYPED OR PRINTED NAME OF CONTRACTING OFFICER JAMES S. GORDON	

EXCHANGE FORM 4400-18 (REV MAR 11) (All Prev Editions Usable)

ARMY AND AIR FORCE EXCHANGE SERVICE		AMENDMENT OF SOLICITATION/CONTRACT (AGREEMENT)		PAGE OF	
				1	2
1. AMENDMENT OF: <input checked="" type="checkbox"/> SOLICITATION <input type="checkbox"/> CONTRACT (AGREEMENT)					
SOLICITATION/CONTRACT NUMBER ATI 08-037-11-003		AMENDMENT NUMBER One (1)		CONTRACT CONTROL NO. (If Applicable)	
2. IF A SOLICITATION AMENDMENT Refer to Section I "Instructions to Offerors" on reverse of this form and the following as indicated: <input checked="" type="checkbox"/> a. The time and date specified for receipt of proposals is: <input type="checkbox"/> Not extended <input checked="" type="checkbox"/> Extended until (local time at place of receipt of proposals) Hour: 2:00 P M, Date: 24 Apr 2012 <input checked="" type="checkbox"/> b. The above solicitation is modified as set forth in Block 4 below.			3. IF A CONTRACT AMENDMENT Refer to Section II "Instructions to Contractors" on reverse of this form and the following as indicated: <input type="checkbox"/> a. The expiration date of the above CONTRACT is changed: FROM _____ TO _____ <input type="checkbox"/> b. The above CONTRACT is: <input type="checkbox"/> Not further modified. <input type="checkbox"/> Modified as set forth in Block 4 below.		
4. DESCRIPTION OF AMENDMENT. Exhibit H - Instructions to Offerors, Sections 1.h., 1.i., and 1.p. are revised to reflect new key dates: Written Questions Due From Offerors: March 26, 2012, 9:00amCST Step One: Technical Proposals Due: April 24, 2012, 2:00pmCST Technical Evaluations Complete: To Be Determined Step Two: Fee Proposals Due (Limited to Technically Acceptable Proposals): To Be Determined Anticipated Award Date: To Be Determined //////////////////////////////////// LAST ITEM //////////////////////////////////////					
IN ALL OTHER RESPECTS, THE TERMS AND CONDITIONS OF THE SOLICITATION/CONTRACT, AS AMENDED, REMAIN IN FULL FORCE AND EFFECT.					
SIGNATURES					
5. NAME AND ADDRESS OF OFFEROR/CONTRACTOR (Street, City, County, State, and Zip Code) Telecom Italia S.p.A. Centro Direzionale Isola F6 80143 Naples (Italy)			6. ISSUED BY Army & Air Force Exchange Service ATTN: SD-ATD/PL-Z (Gordon) 3911 S. Walton Walker Blvd. Dallas, Texas 75236		
SIGNATURE OF PERSON AUTHORIZED TO SIGN 		DATE 13 MAR 2012	SIGNATURE OF CONTRACTING OFFICER 		DATE 13 Mar 2012
TYPED OR PRINTED NAME AND TITLE MASSIMO SORDILLI - SALES MANAGER			TYPED OR PRINTED NAME OF CONTRACTING OFFICER James S. Gordon		

EXCHANGE FORM 4400-18 (REV MAR 11) (All Prev Editions Usable)

SECTION I

Instructions to Offerors -- Amendment of Solicitation. The following instructions apply unless specified otherwise in an Exchange letter accompanying this amendment.

a. Offerors must acknowledge receipt of this amendment prior to the hour and date specified for receipt of proposals in the original solicitation, or the hour and date specified in this amendment if such has been amended. Offeror must acknowledge by one of the following means:

- (1) By signing and returning all except one copy of this amendment.
- (2) By acknowledging receipt of this amendment on each copy of the proposal submitted;
- (3) By separate letter or telegram which includes a reference to the solicitation and amendment number.

b. Proposals must be based upon and refer to the solicitation as amended. Unless an acknowledgment of this amendment is received by the contracting officer before the hour and date specified for receipt of proposals, offeror's proposal may be considered nonresponsive.

c. If you desire to revise a proposal previously submitted, such revision must be received prior to the hour and date specified for receipt of proposals enclosed in a sealed envelope addressed to the issuing office, with the name and address of the offeror and the solicitation number on the face of the envelope. Telegraphic proposals will not be considered unless authorized by the solicitation; however, proposals may be modified by telegraphic notice provided such notice is received prior to the time set for receipt of proposals. Telegraphic modifications should not reveal the amount of the original or of the revised proposal.

SECTION II

Instructions to Contractor -- Amendment of Contract.

Unless otherwise instructed, all except one copy of this amendment are to be executed by the person authorized to bind the firm contractually and returned to the contracting officer. The effective date will be the date the amendment is signed in block 6 by the contracting officer or the date(s) indicated in block 4, whichever is later.

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
1	AAIES Form 4450-002, Section 7	Please note that our Company is a listed company in Italy and US with more than [xxx] employees and thousands of stockholders, thus our Company would not be in a position to confirm whether or not any of its stockholders or officers has been convicted of a felony related to a business transaction or suspended or debarred as required in the Solicitation For (Exchange Form 4450-002). How should our Company deal with this point when filling in the Solicitation Form?	Form 4450-002 requires this information for the owner of the firm and officers of the firm only, not all employees or stockholders.	No Changes
2	AAIES Form 4450-002, Section 8	Please note that our Company is a listed company in Italy and US with more than [xxx] employees and thousands of stockholders, thus our Company would not be in a position to confirm whether or not any of its stockholders or officers has been convicted of a felony related to a business transaction or suspended or debarred as required in the Solicitation For (Exchange Form 4450-002). How should our Company deal with this point when filling in the Solicitation Form?	Form 4450-002 requires this information for the owner of the firm and officers of the firm only, not all employees or stockholders.	No Changes
3	Schedule, Clause 4.b, Exhibit G, Section 9.1, and other terms and conditions	Who will be contracting party to the customers/users for the services provided under the contract?	Relationship with the customer is the Exchange, the transaction will be managed by the AAA provider.	No Changes
4	Schedule, Clause 4.b, Exhibit G, Section 9.1, and other terms and conditions	Does the Exchange resell the services in its own name and on its own behalf?	The Exchange is using a concessionaire model using 3rd party provider(s). This will be a co-branded service.	No Changes
5	Schedule, Section 1.a, first sentence.	Please confirm that the pre paid Internet Service and AAA service, as described in SOO, must be provided only to authorized users living "on-base" inside the military installation, not including who lives off base.	This is a on-base solicitation including authorized customers residing either on-base or Government controlled/ leased housing. Not intended for private rental housing.	No Changes
6	Schedule, Section 1.a, first sentence.	How is considered Vicenza Villaggio della Pace and/or similar parks(on-base or off-base)? Is it possible to receive more details of the infrastructure for the current internet service? We are looking for an example copper network architecture diagram in order to understand the existing copper access network (local loop). The network architecture diagram of local loop should include: - all the relevant cable segments from main distribution frame up to the network termination point including all cross-connect cabinets - typical and maximum length of the segments - electrical specification (impedance, attenuation etc.) - typical number of subscribers per location and cross-connect cabinet - any other legacy transmission systems running in the same cable which have to be protected or may cause interference In order to deliver the technical concept in time, we are aiming to receive this deliverable not later than Friday, 30 March 2012.	see answer 5 above. In general, the incumbent owns infrastructure in housing areas. The government owns inside wiring and cable system connecting the barracks. Network architecture varies from location to location. No additional information will be provided to offerors at this time. For the purposes of the technical submission, assume no infrastructure is available for your use. After award, site surveys will be conducted to gain the appropriate level of detail.	No Changes
7	Schedule, Section 1.a.1	Level of service of ≥ 6Mbps which will be available to every resident on every installation. Could you please deeply explain what do you mean with resident and installation?	Please reference Schedule, Section 17 (Glossary), for definitions of Installation, Military Family Housing (MFH), and Unaccompanied Personnel Housing (UPH). Please reference Exhibit E, Figures 1 and 2 for estimated populations of barracks and housing residents.	No Changes
8	Schedule, Section 1.a.1 or Exhibit G, Section 5.1	(a) Are there any security requirements beyond those defined in the solicitation? The reason for this question is, that we would need to conduct walk-throughs during the detailed planning phase. (b) Are there any restrictions for the persons participating in walk-throughs? E.g. nationality, valid visa for the US, specific pre-conditions for visitors of the sites, any restrictions?	(a and b) Yes, there will be restrictions for personnel conducting site surveys. Reference Schedule, Section 10 and Exhibit C, Section 15, please note the Exchange will facilitate the installation access. Personnel requesting installation access (site surveys) must do so well ahead of time.	No Changes
9	Schedule, Section 10, Exhibit A, Section 8.a.1, Exhibit A, Section 26, Exhibit C, Section 15.e	As the services will be offered on certain locations in Germany only. Is this applicable?	This is standard clause and fully applicable, according to subsection a, it is solely within the discretion of each entity to decide whether or not to participate. Also, this solicitation is for German and Italian locations.	No Changes
10	Schedule, Section 12	What are the military regulations referred to in clause 11 with which the Concessionaire shall comply?	Technical Criteria for the Installation Information Infrastructure Architecture (I3A), February 2010. Is located at this link: www.iri.usace.army.mil/ead2/article.asp?id=1416	No Changes
11	Schedule, Section 11	(a) Would clause 12 also apply to the services supplied under this Solicitation? (b) Would the Concessionaire be obliged to enter into the Agreement with another Federal Entity without having the possibility to negotiate the terms and conditions of the Agreement? (c) Could the Concessionaire refuse to enter into such agreements?	(a,b,c) According to schedule, Section 12, subsection a, it is solely within the discretion of each entity to decide whether or not to participate.	No Changes

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
13	Schedule, Section 14	(a) Please, clarify which are the payments made to the Concessionaire by the authorized patron considered as proceeds of the Exchange taken in a fiduciary capacity by the Concessionaire. (b) Is our understanding correct that the Concessionaire will be paid by Exchange only and the collection of the fees from the end-users will be the responsibility of Exchange?	(a) The AAA is tasked with receiving service payments on behalf of the Exchange. Please reference Exhibit G, Section 7.2.1. (b) Correct	No Changes
14	Schedule, Section 15, 2nd paragraph.	ARMP sites in Italy are not included. Please confirm that also Italy sites are going to phase out and specify a timeline of dismission. Please can you confirm?	Italy ARMP locations will be included. Timeline will be established after award.	No Changes
15	Schedule, Section 15, 3rd sentence.	The request of use of the infrastructure (conduit, etc.), will be performed by Exchange on behalf of concessionaire. The associated costs are borne by the owner of infrastructures.	The use of excess government infrastructure varies from installation to installation. The Exchange will assist in submitting requests to utilize this infrastructure. Cost associate with the use of infrastructure will be the responsibility of the concessionaire.	Schedule, Section 17, Glossary revised to include definitions for Infrastructure and Equipment.
16	Schedule, Section 15, 3rd sentence.	In case are required new infrastructures inside the bases: who will request to the Concessionaire that upgrade?	The concessionaire will be responsible for delivering the established level of service for all existing buildings. Should a new building or repurposed building require service, Exchange will notify the concessionaire of the new requirement.	No Changes
17	Schedule, Section 15, 3rd sentence.	In case are required new infrastructures inside the bases: who will implement the new infrastructure?	The concessionaire will implement the new infrastructure required to deliver the established level of service.	Schedule, Section 17, Glossary revised to include definitions for Infrastructure and Equipment.
18	Schedule, Section 15, 3rd sentence.	In case are required new infrastructures inside the bases: who will maintain that infrastructure?	It will be the concessionaire's responsibility to maintain their own infrastructure. If the concessionaire reach agreement to use government infrastructure, maintenance should be a portion of that agreement.	Schedule, Section 17, Glossary revised to include definitions for Infrastructure and Equipment.
19	Schedule, Section 16.b	Please, clarify the meaning of this sentence, and in particular what is intended with the expression: "the Exchange is inactivated or the installation at which the Exchange is located is inactivated". We would assume that this does not apply if the system goes down for a short period of time and then is promptly reactivated by the Concessionaire. Is this assumption correct?	This Section refers to the permanent closure of an installation or part of an installation by Government directive. In this case the concessionaire retains ownership of the infrastructure. This does not apply to temporary system outages.	No Changes
20	Schedule, Section 16.d	The meaning of these clauses is not clear. Could you please clarify it for us? In particular, we understand that the infrastructure is owned by the Concessionaire, therefore shouldn't the Concessionaire always have the right to collect its equipment included in the installation after the termination of the Agreement? This possibility does not seem to be foreseen in the proposed altered version of Paragraph 8, d.	Concessionaire installed infrastructure refers to that which is not easily removed and has become a permanent part of the installation, reference Section 16.b. Equipment refers to assets purchased to perform services under the contract and must be removed by the concessionaire after termination at the end of the contract.	Schedule, Section 17, Glossary revised to include definitions for Infrastructure and Equipment.
21	Schedule, Section 5, 2nd sentence	Is the second sentence to be understood in such a way, that the indemnification refers to the violations and infringements that occur due to the operation of the services only?	Yes, the second sentence regarding indemnification applies, when the concessionaire or its subcontractor violates this section while performing services under this contract.	No Changes
22	Schedule, Section 5, 2nd sentence	Is the second sentence to be understood in such a way, that the indemnification includes violations and infringements that occur by acts of the customers?	No, the second sentence regarding indemnification applies to violations and infringements by the concessionaire or its subcontractors, not customers.	No Changes
23	Schedule, Section 7	The meaning of these clauses is not clear. Could you please clarify it for us? In particular, we understand that the infrastructure is owned by the Concessionaire, therefore shouldn't the Concessionaire always have the right to collect its equipment included in the installation after the termination of the Agreement? This possibility does not seem to be foreseen in the proposed altered version of Paragraph 8, d.	Equipment refers to assets purchased to perform services under the contract and must be removed by the concessionaire after termination up to 30 days after the end of the contract. Reference Schedule, Section 7.b	Schedule, Section 17, Glossary revised to include definitions for Infrastructure and Equipment.
24	Exhibit A, Section 1.a	As well in the front letter there is a statement that this will be a non-exclusive contract. So we understand that at any time EXCHANGE could introduce a second ISP or AAA-provider?	The Exchange cannot guarantee exclusivity in providing this service. To ensure our mission of servicing our customers in all areas. The Exchange has a policy of non-exclusivity.	No Changes
25	Exhibit A, Section 10.a, 1st sentence	Is sentence 1. to be understood in such a way, that the indemnification includes violations and infringements that occur by acts of the US, their agents, representatives, employees and customers?	No, sentence one requires the contractor to indemnify the named parties for the contractor's established violations or infringement of patents, etc. This Section is not related to violations by the named parties.	No Changes

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
26	Exhibit A, Section 18	In the Solicitation there are several references to US rules and laws, such as the ones quoted herein, which are not applicable to our Company, as it is an Italian company supplying services in Italy. Obviously, our Company is subject to similar obligations imposed by Italian legislation, which however do not necessarily correspond with the ones set out by US law. Could we replace these references in the Agreement with the references to the corresponding Italian laws, which are applicable to our Company as a company operating in Italy and supplying the services under the Agreement in Italy? Please, consider that in any event our Company can not commit itself to comply with the provisions of the Agreement if they are in violation of applicable mandatory Italian law.	Note that Section 16 (Environmental Protection) by (e) states that it does not apply to facilities located outside of the United States.	No Changes
27	Exhibit A, Section 21 -- reference to Privacy Act; And other similar references contained into the Solicitation.	In the Solicitation there are several references to US rules and laws, such as the ones quoted herein, which are not applicable to our Company, as it is an Italian company supplying services in Italy. Obviously, our Company is subject to similar obligations imposed by Italian legislation, which however do not necessarily correspond with the ones set out by US law. Could we replace these references in the Agreement with the references to the corresponding Italian laws, which are applicable to our Company as a company operating in Italy and supplying the services under the Agreement in Italy? Please, consider that in any event our Company can not commit itself to comply with the provisions of the Agreement if they are in violation of applicable mandatory Italian law.	The contractor is required to comply with the Privacy Act requirements of this Section.	No Changes
28	Exhibit A, Section 21.g	Bearing in mind where the services are to be rendered: is this applicable? Is in particular 21.g. applicable, as services are rendered in Germany?	This is considered non-secure offering. Outsourcing collection and storage of customer data is not allowed under this contract. The collection of credit card transaction data will be IAW established industry standards such as PCI. No customer data will be collected without the express knowledge and approval of the Exchange.	No Changes
29	Exhibit A, Section 5.b	In case of contractual written request for revision, will the contracting officer be obliged to either accept or reject such request at the conditions set out in the request, or will the contracting officer have the power to determine a different price with respect to the one indicated in the written request?	Yes, modifications to pricing will be through a bilateral process; however, the contracting officer reserves the right to set the price using market surveys and other means, if mutual agreement cannot be reached.	No Changes
30	Exhibit A, Section 26	How long does this procedure last? Answer is relevant for the implementation plan	Approximately 45 days	No Changes
31	Exhibit A, Section 8.d	Does this refer to the installation of equipment outside the premises/installations, as well?	No, per Schedule, Section 1.a	No Changes
32	Exhibit A, Section 9, 3rd sentence	Is sentence 3. applicable with regard to services, as well?	The concessionaire is exempt from FLSA, however must comply applicable Exchange and host nation regulations. Reference Exhibit A, Section 5	Exh. A, Section 9 is modified in the Schedule, Section 16.b
33	Exhibit A, Section 9 -- reference to FLSA	In the Solicitation there are several references to US rules and laws, such as the ones quoted herein, which are not applicable to our Company, as it is an Italian company supplying services in Italy. Obviously, our Company is subject to similar obligations imposed by Italian legislation, which however do not necessarily correspond with the ones set out by US law. Could we replace these references in the Agreement with the references to the corresponding Italian laws, which are applicable to our Company as a company operating in Italy and supplying the services under the Agreement in Italy? Please, consider that in any event our Company can not commit itself to comply with the provisions of the Agreement if they are in violation of applicable mandatory Italian law.	The reference to the FLSA is deleted from the Section, however the Concessionaire must still comply with the Section as now amended.	Exh. A, Section 9 is modified in the Schedule, Section 16.b
34	Exhibit A, Section 11	Would it be possible for the Offeror to propose an alternative dispute resolution mechanism to be set out in the agreement?	No; however, there is possibility to propose alternative disputes mechanism, but the Exchange is under no obligation to accept or incorporate.	No Changes
35	Exhibit A, Section 17	Would it be possible for the Offeror to propose an alternative dispute resolution mechanism to be set out in the agreement?	No; however, there is possibility to propose alternative disputes mechanism, but the Exchange is under no obligation to accept or incorporate.	No Changes
36	Exhibit A, Section 22	With regard to the contents of this clause, please note that our Company provides this type of services on the basis of a liability cap equal to the yearly contract value. Would this type of liability cap be acceptable for Exchange? If yes, would this requirement for a liability cap need to be specified in the offer?	Counter-offers may be determined, nonresponsive and not further considered for award.	No Changes
37	Exhibit C	Not clear if Telecommunications Concession Contracts portion applies only to AAA, or to both ISP and AAA. Could you clarify?	Contract applies to both AAA and ISP providers.	No Changes

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38	Exhibit C, Section 12	Does this clause apply to the offeror?	The AAA provider will prepare the equivalent of such reports via secure online interchange. This determination must be made after the award. Refer to Exhibit G, Section 7.2.1.	No Changes
39	Exhibit C, Section 14	(a) Is AAFES exempt from local country tax, including sales tax, as the US Government would specifically be? (b) Or is AAFES considered to be more of a hybrid organization (government/private)?	(a) Yes, AAFES is exempt from local country tax including sales tax. (b) AAFES is not a hybrid organization. Per Exhibit A, the AAFES concessionaires do not enjoy the tax immunity of AAFES and AAFES concessionaires are required to pay all applicable taxes in the performance of the contract.	No Changes
49	Exhibit C, Section 5.a	Please, clarify the extent of the obligations not to permit gambling. The concessionaire can not control the use made by end users of Internet connections supplied. Does this imply an obligation to block access to gambling websites through the offered services?	This clause is focused on the concessionaire, not the service.	No Changes
40	Exhibit C, Section 15	Which trainings are required prior to take on of services? Please provide detailed information about the required trainings including duration, location.	Training will be determined after award during the rollout plan. Understanding that this is not a typical retail sales operation, training for the purposes of solicitation will be minimal, as interaction with the customer will be in customer service or technical support role. Training shall be regionalized by country, as Exchange headquarters are in Mainz, Germany and Vicenza, Italy.	No Changes
41	Exhibit C, Section 15	Are these web-based trainings or on-site trainings? Where will the training take place?	No training costs or travel costs are reimbursed by the Exchange. Understanding that this is not a typical retail sales operation, training for the purposes of solicitation will be minimal, as interaction with the customer will be in customer service or technical support role.	No Changes
42	Exhibit C, Section 15		No training costs or travel costs are reimbursed by the Exchange. Understanding that this is not a typical retail sales operation, training for the purposes of solicitation will be minimal, as interaction with the customer will be in customer service or technical support role.	No Changes
43	Exhibit C, Section 16.c	Are all training related costs to be covered by [the concessionaire]?	Yes	No Changes
44	Exhibit C, Section 19	Does this refer to removal of property from the premises/installations? (a) Would this provisions apply to the Concessionaire in this type of contract also? (b) Would the Concessionaire be obliged to participate at all promotions? (c) How would this be consistent with a model where the Concessionaire receives the payment for the services only from Exchange?	(a) Yes, for all similar (e.g. prepaid) promotional programs, (b) Yes, for all similar (e.g. prepaid) promotional programs, as directed by the Exchange, (c) Promotional events are intended to generate increased sales; fees are locked for the duration of the contract. According to 19.b.1, The Exchange will fund the full cost of the face value of these coupons and the cost of marketing and advertising materials.	No Changes
45	Exhibit C, Section 20	(a) Would this provisions apply to the Concessionaire in this type of contract also? (b) Would the Concessionaire need to accept all sales coupons and gift certificates? (c) How would this be consistent with a model where the Concessionaire receives the payment for the services only from Exchange?	(a) Yes, for all similar (e.g. prepaid) tabloid, sales coupons, gift certificate programs, (b) Yes, for all similar (e.g. prepaid) tabloid, sales coupons, gift certificate programs, as directed by the Exchange, (c) Tabloid, sales coupons, gift certificate are intended to generate increased sales; fees are locked for the duration of the contract. See Exhibit C, Section 20.b.8 for Exchange reimbursements for amounts of valid gift certificates redeemed by exchange customers.	No Changes
45.1	Exhibit C, Sections 19, 27, & 20	Do promotional events apply to Supplier? Same query for Exchange Tabloid/Special Sales Coupons.	Yes. All marketing program efforts will be joint effort.	No Changes
46	Exhibit C, Section 24	Is the inability to accept the Military Credit Card a show stopper, if other credit cards can be used?	Please reference Exhibit G, Section 9.2, the Chase Military Star Rewards MasterCard is a requirement. To familiarize yourself with this payment method, please visit: http://www.chase.com/militarystar	No Changes
47	Exhibit C, Section 27	To which products and services do clause 27 refer to?	These are marketing opportunities available to all participants in conjunction with the sale of authorized products and services to authorized customers.	No Changes
48	Exhibit C, Section 28	To which products and services do clause 28 refer to?	These are marketing opportunities available to all participants in conjunction with the sale of authorized products and services to authorized customers.	No Changes
50	Exhibit C, Sections 12 (concessionaire settlement), 15 (concessionaire & concessionaire employees), 16 (actions to be taken upon termination), 23 (safeguarding of concessionaire funds on Army and Air Force Installations), & 25 (inspections)	Do these clauses refer to a point of sale on the premises/installations?	Yes.	No Changes

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
50.1	Exhibit C, Section 31.a	Is it our understanding clear that the Concessionaire will receive payments from Exchange per each Internet connection by residents?	The contract will establish the percentage of gross sales. (Exhibit G figure 9.1) shows an example of the revenue flow. All revenue is collected by the Exchange and the concessionaire invoices the Exchange based on the fee percentage established in the contract.	No Changes
50.2	Exhibit C, Section 31.a	Is it correct that any decrease in the price requested unilaterally by the Contracting Officer be absorbed entirely by Exchange so that the fees payable by Exchange to the Concessionaire for the relevant service would remain unchanged?	Refer to Schedule Section 16.J. (Alterations) Exhibit C, Section #31 is deleted.	No Changes
52	Exhibit E, Figure 1	Where are Vicenza Housing located? In the base area or outside?	See answer 5 above.	No Changes
53	Exhibit E, Figure 2 or Exh G, Section 9.1	Is it possible to receive more details of the focused locations and sub-locations including more details related to the where are Leased Housing located? In the base area or outside? In order to create a robust technical concept, we would need to have postal addresses as well as site plans for all relevant sub-locations. Please provide maps with those areas marked relevant for the Internet access. In order to deliver the technical concept in time, we are aiming to receive this deliverable not later than Friday, 30 March 2012.	No additional information will be provided to offerors at this time. After award, site surveys will be conducted to gain the appropriate level of detail.	No Changes
54	Exhibit E, Figure 2 or Exh G, Section 6.1	Based on the Italy community table, which are the total number of users and locations/spaces to be considered?	Figure 2 does not include Dal Molin with an estimated 2,200 customer base residing on the installation.	Figure 2 revised
55	Exhibit E, Figure 2	Are leased housing at Vicenza and Livorno site located on base, inside military installation?	see answer 5 above.	No Changes
56	Exhibit E, Figure 2	Please can you clarify the difference between "Housing Unit" column and "# Residents (AFH)" and the difference between "Barrack Space" column and "# Residents (UPH)?	Number of residents in the MFH and UPH are actual number of occupants. Housing units and barracks spaces are the designated units available for occupancy.	No Changes
57	Exhibit E, Section 7	It seems that daily and weekly subscription are not mentioned. Please specify the Tiers Table related to daily and weekly subscription.	Correct, Please reference Exhibit E, Section 3. Research has proven the monthly subscriptions as the business driver. The same fee will be used for daily and weekly subscriptions.	Exhibit E, Section 3 revised
58	Exhibit E, Section 9.a	Is it possible to receive more details of the expected service usage? E.g. share of users referred to the specified residents per sub-location, number of users using the service at the same time, main services to use, peak times, etc.?	This is a new service offering, so detailed data is not available. Generally, the web traffic will be directed towards US web sites and services. The Exchange anticipates higher than average usage of video services such as Skype, and streaming video and music services originating in the USA	No Changes
59	Exhibit E, Section 9.a	What is the expected average data usage per User on a monthly base?	This is a new service offering, so detailed data is not available. Generally, the web traffic will be directed towards US web sites and services.	No Changes
60	Exhibit F	Please confirm that, in case the Concessionaire will maintain at their own expense of the insurance, the insurance contract can be established after the award.	Insurance must be established, can be provided after contract award.	No Changes
61	Exhibit F	Please confirm that, in case the bidder has choose to use Exchange insurance before the award, he can change and provide by itself the insurance after the award. Please provide a copy of ACORD Form 25-S	Insurance must be established, can be provided after contract award. Please see the Association of Cooperative Operations Research and Development's website for information on insurance certificates: www.ACORD.org	No Changes
62	Exhibit G, Section 1, 3rd paragraph,	If improvements to existing infrastructure are needed to support the basic service, the costs of adjustment are borne by the owner of infrastructures? Who will be asking authorization to US Government? Due the fact that any work regarding infrastructures to be realized inside military installation on Italy needs to be approved from MIXED Commission, please confirm that US Gov will request authorization to MIXED commission.	Inside wiring will conform to military standards. Should the concessionaire's proposal require any additional investment in improvement to inside wiring this will be at the cost of the concessionaire. Any improvements will become property of the government. Reference answers to question 16, 17, 18. Some excess government infrastructure (i.e., fiber, copper) may be available however the government will not pay to improve this infrastructure. The Exchange will assist the concessionaire in requesting the use of existing infrastructure if available. The Exchange will assist concessionaire in any host nation approval processes.	No Changes
63	Exhibit G, Section 1.1, 2nd sentence,	Because the number of subscription, and revenue, depends on the number of mac address authorized per user, please specify how many MAC address must be included in base level service.	The number of MAC address allowed will differ between housing and barracks residents. Furthermore, barracks locations may have 2 residents per room. The use of routers in rooms or residences and excessive sharing of bandwidth is an issue to be addressed in the proposal. The final number of MAC addresses per account will be finalized after contract award by mutual agreement.	No Changes
64	Exhibit G, Section 4.10	Because of the kind of information requested, please confirm that this reports have to be provided by the AAA provider not by the ISP.	Yes, confirm the reporting is an AAA requirement, however the ISP may need to contribute to certain areas of reporting provided by the AAA.	No Changes

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
65	Exhibit G, Section 5.1	Looking at the required upload speed that must be greater than 3Mbps and looking at a solution scalable and able to support new upcoming services based on the Internet Protocol (for example IPTV) it must be taken into account that in case of a xDSL technology adoption the upload speed required could have technical feasibility constraints.	Exhibit G, Table 5.1 shows an objective the Exchange expects as a part of the proposal. The proposal must (per 5.2.1) comply with an established standard. The target minimum download speed for all areas serviced is 6Mbps. The Exchange is open to all technologies as long as they conform to an established standard.	No Changes
66	Exhibit G, Section 5.1	Accepting an upload speed less than 3Mbps it is possible to implement technical solutions scalable, obtaining downstream speed greater than 6Mbps without the need to upgrade the infrastructures.	Exhibit G, Table 5.1 shows an objective the Exchange expects as a part of the proposal. The proposal must (per 5.2.1) comply with an established standard. The target minimum download speed for all areas serviced is 6Mbps. The Exchange is open to all technologies as long as they conform to an established standard.	No Changes
67	Exhibit G, Section 5.1	Having the requirement of an upload speed greater than 3Mbps, quality and topology of copper cable network (distribution and distance) are to be taken into account case by case, and major impacts on existing infrastructure could happen, reflecting on the time to delivery and limiting the possibility to offer the same level of service to all the authorized customers.	Exhibit G, Table 5.1 shows an objective the Exchange expects as a part of the proposal. The proposal must (per 5.2.1) comply with an established standard. The target minimum download speed for all areas serviced is 6Mbps. The Exchange is open to all technologies as long as they conform to an established standard.	No Changes
68	Exhibit G, Section 5.1	Please confirm that Upload Speed \geq 3Mbps is not a technical constraint	Exhibit G, Table 5.1 shows an objective the Exchange expects as a part of the proposal. The proposal must (per 5.2.1) comply with an established standard. The target minimum download speed for all areas serviced is 6Mbps. The Exchange is open to all technologies as long as they conform to an established standard.	No Changes
69	Exhibit G, Section 6.1.1	Do we have to migrate existing email accounts? If yes, we need the details of the existing services/infrastructure / service parameters.	No. Please submit feasible statement in the proposed transition planning objectives a migration of personal storage such as archived content (files, photos, etc.) or email.	No Changes
70	Exhibit G, Section 6.1.1	Do we have to migrate existing email accounts? If yes, do we have to offer these additional services for new users as well?	No. Please submit feasible statement in the proposed transition planning objectives a migration of personal storage such as archived content (files, photos, etc.) or email.	No Changes
71	Exhibit G, Section 6.1.1	Do we have to migrate other services e.g. Archives etc. If yes, we need the details of the existing services/infrastructure / service parameters.	No. Please submit feasible statement in the proposed transition planning objectives a migration of personal storage such as archived content (files, photos, etc.) or email.	No Changes
72	Exhibit G, Section 6.1.1	Do we have to migrate other services e.g. Archives etc. If yes, do we have to offer these additional services for new users as well?	No. Please submit feasible statement in the proposed transition planning objectives a migration of personal storage such as archived content (files, photos, etc.) or email.	No Changes
73	Exhibit G, Section 6.1	Is there any preference for big bang or consecutive approach?	The Exchange anticipates a transition period, review Exhibit G, Section 6.3.	No Changes
74	Exhibit G, Section 6.1	Is there any frozen zone (e.g. Christmas) where no change is possible?	No	No Changes
77	Exhibit G, Section 7.9	What is the current support period of the incumbent provider?	Refer to Exhibit G, Section 6.3, Baseline service to be established by May, 2013.	No Changes
78	Exhibit G, Section 7.9	In case of a support period, is it prior to the change of control or after?	Reference Exhibit G, Section 7.9, after to the end of the contract, the incumbent will support the incoming provider for a period of up to six month period, as required.	No Changes
75	Exhibit G, Section 7.15	Have the copy of the User Agreement and Fair Use Policy to be delivered with Step 1, Technical Proposal or with Step 2, Fee Proposal?	Fair Use Policy and User Agreements will provided as part of step 1.	Exhibit H, Step One, Tab C, revised
76	Exhibit G, Section 8.1	Chapter 8.1 establish the rules between Exchange and AAA not taking into account ISP. Due to the split award between AAA and ISP any kind of marketing and promotions strategy (special price, free access codes, etc..) must be previously agreed between AAA - ISP - Exchange.	All promotions and events which impact revenue will be coordinated fully between all parties as applicable. The term "provider" refers to both services or a combined solution	No Changes
79	Exhibit G, Section 8.1	There is a minimum regulatory price that must be applied to the end user due to the host country following authorities: - Authority of Telecommunication (AGCOM) for regulatory and wholesale rules - Antitrust For these reason is necessary that: 1) the bidder state in the Fee Proposal the minimum regulatory end user price. 2) any change downward of the price must be agreed and compliant to host country laws.	All host country laws and regulations must adhered to. Such tariff rates will be considered in the establishment and/or modification of the price.	No Changes

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
80	Exhibit G, Section 9.1	The price currency to the end-user is in dollars, while the minimum regulatory price currency is in euro. Due to host country regulation (see P.5), could happen that a relevant variation of currency exchange will reflect on the final price to the end user making it lower than the minimum regulatory price. (a) How can be managed this issue? (b) Can be included in the contract a yearly repricing rule, depending on the currency exchange? (c) Alternatively, can be the end user price currency in Euro?	(a) Exhibit D, Sections 2 through 4 describe pricing adjustments. Any regulatory rates will be taken into consideration when establishing re-pricing. (b) Yes (c) No	No Changes
81	Exhibit H, Section 2.a.iii	The copy license document issued to [offeror] from Italian [or German] Government is in Italian [or German] language. It can't be not provided to [offeror] from Italian [or German] Government in a different language. Please confirm is acceptable for Exchange.	All documents must be translated to English if possible, so that the meaning of the documents can be determined	No Changes
82	Exhibit H, Section 2.a.v	Please confirm if a chamber of commerce and power of attorney document are required. The copies of these documents issued to [offeror] from Italian [or German] Government are in Italian [or German] language. It can't be not provided to [offeror] from Italian [or German] Government in a different language. Please confirm is acceptable for Exchange.	All documents must be translated to English if possible, so that the meaning of the documents can be determined	No Changes
83	Exhibit H, Section 2.ii	Does Exhibit G need to be submitted together with the Technical Proposal? The Excel spread sheet only refers to some of the commercial obligations to be undertaken by the Offeror. If the Offeror has comments/requests for amendments relating to legal terms & conditions (Exhibit A) and other clauses/obligations not referred to in the Excel spread sheet, can such comments/requests for amendments be submitted by the Offeror at the time of the offer? If yes, when and in which form?	Refer to the Instructions on Exhibit H, Tab B. In the Excel sheet please provide a short explanation or reference to the proposal showing how this objective will be met	No Changes
83.1	Exhibit H, Section 2.ii	If the Offeror has concerns with respect to some of the legal terms & conditions set out in Exhibit A (General Provisions) can the Offeror raise such concerns and is Exchange willing to revise/negotiate the most critical clauses? In this case, how would the process be managed?	Exceptions to Schedule, Exhibit A, and Exhibit C may result in a proposal being determined non-responsive and not being further considered for award.	No Changes
84	Exhibit H, Section 3.b	Please confirm that in case the bidder answer separately (i.e. one proposal for AAA and one proposal for ISP) in the same country, all administrative documentation coming from bidder (chamber of commerce, power of attorney, etc.) can be one original and one copy instead of two originals.	Yes, this documentation need only be provided once, if separate AAA and ISP proposals are submitted per country.	No Changes
85	Exhibit I, Section 7, first sentence	Please clarify, it seems that daily and weekly subscription FEE are not included in the evaluation model.	See answer # 57	No Changes
86	Exhibit I, Section 7	Looking at the example tables Please confirm that: - the Weighted Total Score is the sum of (D-E)*C for all the Tiers - the award will be assigned to the highest weighted total score	The formula calculates the weighted score for each range. The value of the weight is not disclosed and represented by the factors: Xa, Xb, Xc, Xd, etc. The total of the factors is 100%. \$45 is represented, as the initial price setting.	No Changes
87	Exhibit I, Section 7	Looking at the example tables Please confirm that: the award will be assigned to the highest weighted total score	The formula calculates the weighted score for each range. The value of the weight is not disclosed and represented by the factors: Xa, Xb, Xc, Xd, etc. The total of the factors is 100%. \$45 is represented, as the initial price setting.	No Changes
88	Exhibit I, Section 7.a	Is not clear the value of [Xa%, Xb%, Xc%, Xd% of] Za%, Zb%, Zc%, Zd% in order to calculate the Weighted Total Score.	X(a-d) represents the weighted value for Germany and Z(e-d) is for Italy. These values may not be the same and are not disclosed.	No Changes
91	Exhibit F, Section 2.a.	About insurance coverages to provide, the following COMMENTS are referred to the specific situation of ITALY as set forth in the Italian Civil Code and other Italian laws when applicable. Workers' compensation is compulsory in Italy, under a State controlled scheme, therefore it is not possible to show the United States and the Exchange as additional insureds for this liability coverage. *1.- EL is in force We assume that this issue can be managed as exception due to the host country laws.	The Host Nation equivalent of these Insurance items will be adequate as long as the requirements are met	No Changes
92	Exhibit F, Section 2.a.	About insurance coverages to provide, the following COMMENTS are referred to the specific situation of ITALY as set forth in the Italian Civil Code and other Italian laws when applicable. Automobile liability is compulsory in Italy with form controlled, therefore it is not possible to show the United States and the Exchange as additional insureds for this liability coverage. According to the law the insurance covers the liability of any individual driving the vehicle (which is "insured"), and the Owner, as of Jun. 2012 the minimum limit set by law at EUR 6 (six) million We assume that this issue can be managed as exception due to the host country laws.	The Host Nation equivalent of these Insurance items will be adequate as long as the requirements are met	No Changes
93	Exhibit G, Section 6.1	What sort of services pertaining the current environment should the ISP migrate? E-Mail Services? Could you please include a detailed list?	The proposal shall outline which services such as personal storage, email, account data (which does not impact privacy protection regulations) should be addressed as a possibility.	No Changes

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
94	not provided	How is the internet service currently operated? Who is providing the access? Which technology (e.g. ADSL) is used at the moment?	Primarily through a Hybrid Fiber COAX (HFC) based system; however, some areas utilize ADSL, and some areas are unknown. Government owned COAX is utilized in most barracks buildings. Technical submissions need not rely upon the incumbents' infrastructure. Site surveys will be required to determine the various methods currently in use.	No Changes
95	not provided	Is Wi-Fi a possible option?	Yes	No Changes
96	not provided	Is it intended that VoIP (e.g. via Skype) and TV is used via the offered solution? If so, are there any additional requirements beyond the one already defined?	It is intended that any IP based service or application may be usable on the network	No Changes
97	not provided	Is it possible to build new infrastructure on all (sub-) localities incl. related construction work without creating costs for the ISP, e.g. rental fees?	This not within scope of this solicitation	No Changes
98	Exhibit G, Section 4.8	Does providing unlimited access to United States Internet Protocol (IP) addresses implicitly mean that the residents of US military bases and installations in Germany be treated as though they were US citizens residing in USA? More precisely, is it necessary to provide the residents access to internet services (viz. movies, music videos, streaming and television serials) that are otherwise denied to viewers in Germany?	The intent is to provide our network with specific ranges of IP addresses which are isolated from the general public and unavailable to the general public. Our network can then be identified as a group with access rights to US based content.	No Changes
99	not provided	Should the existing CPEs be used further? If yes, could you please provide us with the details of the CPEs?	This is a part of your technical proposal. It is not necessary to reuse the CPE; however, we would like a plan for the cable and DSL modems.	No Changes
100	not provided	Are required/suggested amendments to the terms and conditions of the solicitation possible? This might be necessary for operative, commercial and/or legal reasons. This might be necessary due to the proposed technical solution.	See answer #83.1	No Changes
101	not provided	How should required/suggested amendments to the terms and conditions be delivered/presented when submitting a proposal?	See answer #83.1	No Changes
102	not provided	Please quantify the total number of internet-service-packages, sold within the last 12 months, split in daily, weekly and monthly packages.	This is a new product and solicitation, so previous history is not available.	No Changes
103	not provided	Is it possible to provide on April 28th first the offer in electronic form and afterwards (some days later) in printed form?	Technical proposals are due on the date indicated on AAFES Form 4450-002, if they are not received in accordance with instructions then the proposal will be late and may not be considered.	No Changes
104	not provided	How does the current AAA process look like and who is the current AAA-provider?	The Exchange has no current AAA provider.	No Changes
105	Exhibit G, Section 6, Figure 1	The incumbent provider offers an IP-based service bundle (Internet / Phone / TV) delivered over its own broadband cable infrastructure. The transition to an Internet only business model will result in the loss of all other related services, specifically the loss of residential telephone lines, e-mail addresses and accessibility, and digital television channels. Would this be a fair and reasonable consequence for our customers? Is this a consideration that must be accommodated by the winning provider under the transition plan? What should the customer expect and how would a reasonable accommodation be structured?	This solicitation is for Internet Service only.	No Changes
106	Exhibit G, Sections 4.6.7, and Figure 4 and Schedule, Section 15	Can the Exchange define the usage and availability of the existing infrastructure, and under what statutory or regulatory authority would a concessionaire be allowed to operate this infrastructure?	The infrastructure available varies widely from installation to installation in both its condition and availability. As a part of the transition period from contract award until May 2013 site surveys will be conducted as required to identify the existing infrastructure, regardless of where they now reside.	No Changes
107	not provided	Is there a guarantee that the government-owned infrastructure and equipment can be used without cost?	The Government infrastructure may or may not be available based upon local Command approval. The Exchange has no control over command infrastructure or associated costs of use.	No Changes
108	not provided	Government networks are normally terminated at a central hub or node, these buildings are typically in high-security zones. An ISP will need access to those buildings. Is it guaranteed that the ISP will have unlimited access to any military network facility in order to meet the stringent service requirements set forth by the Exchange?	Typically there are shared areas. However, in no cases can the commercial network connect physically or logically to the military network. Unlimited access will not be available. Separate facilities will be required, due to network security requirements.	No Changes
109	Exhibit H, Section 1 and Exhibit G, Section 6.1	Meeting the service levels required by the Exchange while depending on government owned equipment and infrastructure means that the ISP's overall level of service would be dependent on the government's level of service. What are the guaranteed service levels for government-owned equipment and infrastructure?	No guarantees are implied by use of government owned and maintained infrastructure.	No Changes
110	not provided	Is there a different guaranteed level of service when government-owned equipment and infrastructure is employed?	No, the same level of service will be required	No Changes

Item No.	Reference	Question/Concern	Exchange Response	Impact (to RFP)
111	Exhibit E, Figure 3	Do the indicated figures of the base population apply only to customers that indeed live on-base, or are off-base customers included?	The Exhibit E population figures 1 and 2 represent on base Military Family Housing, leased housing, barracks or dormitories. Off post private rental housing populations are not counted. Figure 3 represents all active duty Army and Air Force members, civilians, and dependents.	No Changes
112	not provided	Since this is an on-base service solicitation, can the Exchange provide accurate on-base residency demographics?	See answer #111	No Changes
113	Exhibit E, Figure 2	Can the Exchange clarify the definition of "Housing Units", "# Residents (AFH)", "Barracks Spaces", and "# Residents (UPH)"?	See answer #56	No Changes
114	not provided	It would be very useful to know the total number of buildings (housing and barracks, etc.) that will need service, and the number of units/spaces. The estimated demographics specify the number of housing units, but not the total number of buildings. You have provided the number of barracks spaces and residents; however the actual number of barracks buildings is not specified. Can the Exchange provide installation maps that show the service areas and buildings where services are required?	This level of detail is not available at this time. Site surveys will be conducted to provide this data after contract award.	No Changes

SCHEDULE

1. Purpose

- a. This solicitation is for prepaid unofficial internet service to authorized users, including lodging and leased housing areas, located on military installations in Germany and Italy, and will result in contract(s) for the following related functions: (1) internet service provider (ISP) for network connectivity, (2) authentication, authorization, and accounting (AAA) provider for billing and administration functions, or (3) a combination of services by the same provider (single award). Further definition of each function is as follows:
 - i. The ISP will be required to design, plan and coordinate with local installation management to build a network capable of providing a baseline level of service of ≥ 6 Mbps which will be available to every resident on every installation. This may require an expansion and/or overbuild of infrastructure from previous providers and use of existing government infrastructure.
 - ii. The AAA provider will work in conjunction with the ISP to monitor and control access to internet, provide a sales and information portal, authenticate users onto the network, provide management reports, and provide customer service support.
- b. Multiple proposals for each country (Germany, Italy) are allowed and each will be evaluated independently. Contract Awards will be made by country.

2. Future Expansion

- a. Emerging telecommunications technologies or other services may be added to the contract, as they become available.
- b. Any new or additional services offered by the Concessionaire and approved by the Contracting Officer may be added to this agreement through bilateral amendment.
- c. Services may be provided to Army and Air Force lodging and other Government organizations as authorized under regulations and approved by the Contracting Officer.

3. Contract Commencement/Contract Period

- a. This contract will be for ten (10) years, unless sooner terminated according to the contract provisions. The service commencement will be established by mutual agreement after contract award, but no later than 1 September 2013.

- b. The Exchange may unilaterally extend the term of this contract for two (2) additional three (3) year Option periods. The Exchange will consider Concessionaire's performance and market conditions in deciding to exercise Option period(s). Written notice of Exchange's intent concerning Option periods will be provided to the Concessionaire 180 days prior to contract expiration. A unilateral amendment will be issued by the Contracting Officer no later than 30 days prior to contract expiration, if the Exchange decides to extend the contract. If the Exchange elects not to exercise Options, the 180-day Phase Out/Changeover period identified below will begin.
4. **Evaluation for Award of Contract(s)** – Award determination will utilize technically acceptable, competitive low fee selection process using Two-Step methodology. This process is more completely explained in Exhibit H – Instructions to Offerors and Exhibit I – Evaluation for Award Criteria. Any proposal which modifies, or fails to conform to solicitation requirements shall be considered nonresponsive and not further considered for contract award. The following overview is provided:
- a. Step 1 – Technical Proposal. Offerors will submit technical proposals with no Fee information. Proposals will be evaluated by an appointed Technical Committee, using pass/fail basis only; i.e. proposals will not be ranked. Proposals which fail to meet minimum technical requirements in any area, as solely determined by the Exchange, will not be further considered for award consideration.
- i. Clarifications/discussions may be required during Step 1 to establish pass/fail. If discussions occur, proposal revisions will be requested.
- ii. Unsuccessful offerors will be notified, when excluded from further consideration.
- b. Step 2 – Fee Proposal. Offerors evaluated as technically acceptable will be invited to submit Fee Proposals. Award determinations will be made on lowest evaluated fee. Low fee is established due to the flow of monies. All monies will be collected by the Exchange by means of the AAA provider. The Exchange will pay fees to the ISP and AAA providers. Low fee determination will result in the highest value to the Exchange in support of morale, welfare, and recreation dividend distribution to military services.
- i. The contracting officer may determine a competitive range.
- ii. Clarifications/discussions may be required during Step 2. If discussions occur, final proposal revisions (fee-only) will be requested from those offerors in the competitive range.

- c. Award determinations will be made based on technically acceptable, lowest evaluated fee, and affirmative responsibility determinations by the contracting officer. Unsuccessful offerors will be notified after contract award.
5. **Conflict of the Exchange Contract and Host Country Laws, Rules, Regulations and Codes** – The Concessionaire and all subcontractors shall ensure that all services offered under this contract, comply with all applicable host country laws, rules, regulations and codes. The Concessionaire must also indemnify the Exchange from any violations of host country laws, rules, regulations and codes and any claims of patent, trademark, service marks or copyright infringement by third parties.
6. **Business Permit** - The Concessionaire certifies by submission of proposal and/or acceptance of a contract that it will obtain all necessary permits and licenses relative to operating in the Country in which contract will be performed prior to contract performance. The burden of determining applicability of host country business requirements is strictly the Concessionaire's responsibility and will not give rise to any claim against the Exchange or a basis for adjusting terms and conditions of the contract.
7. **Phase Out/Changeover Period** – If extension options are not exercised, the 180-day period prior to expiration of the contract will be a phase-out/changeover period to a new provider, as necessary. During this period the Concessionaire will continue contract performance and cooperate fully with the Exchange phase-in plan, as directed by the Contracting Officer.
- a. The Concessionaire will cease customer sign-up 30 days prior to contract expiration.
- b. The Concessionaire will have installation access rights for 30-days after contract expiration for the purpose of removing Concessionaire's equipment.
8. **Business Risk** – The Concessionaire understands and agrees that all business risk remains with the Concessionaire. Business risk includes, but is not limited to, Concessionaire's investment in infrastructure, equipment, supplies, permit and license fees, employee wages, and lost sales and income resulting from all operational changes or contract termination.
9. **Customs** – The Concessionaire is responsible for complying with all custom directives and regulations, payment of all custom duty and obtaining appropriate documentation to substantiate compliance.
10. **Base Access** – The Concessionaire is responsible for obtaining all Installation passes, permits, Letters of Introductions (LOIs), etc. required in performance of this contract, and ensuring that such documents are returned to the proper authorities upon contract expiration or termination.

in accordance with local command guidance. Passes, permits, etc. issued to employees who are subsequently separated must be delivered to the Contracting Officer for return to the issuing authority.

11. Compliance with Manufacturer and Industry Standards – Concessionaire shall comply with all manufacturer requirements, industry standards and military regulations with regard to installation, maintenance, operation and repair of equipment.

12. Use of Contract by Other Federal Entities:

- a. Federal Statute and Department of Defense (DoD) Procurement Policy encourage DoD Non-appropriated fund Instrumentalities (NAFIs) to enter into contracts or other agreements with other Federal Government entities, where it is advantageous to do so. It is solely within the discretion of each entity to decide whether or not to participate.
- b. This is a Non-appropriated fund (NAF) contract.
- c. The prices, costs, rates, commissions/fees, terms and conditions and any other contract provision are non-negotiable absent modification, change or amendment by an authorized Contracting Officer of the NAFI that issued this contract.
- d. Any dispute and/or claim shall be submitted to the NAF contracting office that issued this contract for any required adjudication. Any issue between another Federal Entity authorized to use this contract (other than the NAFI that issued this contract) and the Concessionaire, which cannot be resolved without formal action by the Contracting Officer (e.g. delivery/task order, modification, final decision letter, termination action, etc.) will be referred to the Contracting Officer of the NAFI that issued this contract for action. Any issue that appears to require formal contract action, and/or that is a potential dispute or claim will be brought to the attention of the Contracting Officer of the NAFI that issued this contract.
- e. Regardless of which Federal Entity receives services under this contract, the Concessionaire shall perform the contract requirements in accordance with this contract. The terms and conditions of this contract shall apply to all performance under this contract, without regard to differences in Federal Entity, delivery or performance site, location or facility, etc.
- f. If the Concessionaire cannot fulfill the requirements of another Federal Entity authorized to use this contract, regardless of reason, the Concessionaire shall immediately advise the respective Federal Entity. Generally, such notice shall be provided within one (1) business day of the date and time the Concessionaire is aware (or should have been aware) that the requirement could not be fulfilled.
- g. The sites, locations, or facilities identified herein as being required in this contract are not all inclusive of the number of sites, Installations, locations, or facilities that may be added in the future; however, this contract does not create a right of first refusal and does not require, guarantee, or imply the addition of any sites, locations, or facilities to

this contract. Additional sites, locations, or facilities that are not listed in the contract may only be added to the contract by contract modification by authorized Contracting Officer of the NAFI that issued this contract.

- h. No additional quantities, sites, Installations, locations, or facilities are guaranteed or implied as a result of this clause.
- i. Other Federal entities authorized to use this contract to fulfill requirements include:
 - 1. Army and Air Force Exchange Service (AAFES), now known as the "Exchange",
 - 2. US Army Installation Management Command, G-9, Family and Morale, Welfare and Recreation Programs (IMCOM G9 Family and MWR Programs),
 - 3. Air Force Non-appropriated fund Purchasing Office (AFNAFPO),
 - 4. U.S. Marine Corps Personal and Family Readiness Division (MR) and Marine Corps Community Services (MCCS)
 - 5. Navy Exchange Command (NEXCOM) and Navy Exchange System (NES),
 - 6. Commander, Navy Installations Command (CNIC), Fleet and Family Readiness (F&FR)
 - 7. Coast Guard Exchange system (CGES); and
 - 8. Other Federal activities not specifically named in this contract.
- j. More favorable prices costs, rates, commissions, fees, terms and conditions than reflected in this contract may be offered by the Concessionaire to the various other Federal Entities and/or negotiated by the other Federal Entities, based upon economic factors that support such mutually agreed to arrangements, provided that:
 - 1. Any such agreement is made in writing; and
 - 2. A complete copy of any such agreement is given to the Contracting Officer of the NAFI that issued the contract, prior to performance.
- k. The NAFI that issued this contract is not responsible or liable for payment related to another Federal Entity. The other Federal Entity that received products and/or services is solely responsible for payment in accordance with applicable Federal laws.
- l. On a quarterly basis (15 Jan, 15 Apr, 15 Jul, 15 Oct), unless a different reporting requirement is specified elsewhere in the contract, the Concessionaire shall provide the Contracting Officer with a written report recapping all performance for all entities that have placed orders during the preceding quarter.

13. Transition to the Exchange: The Army and Air Force Exchange Service (AAFES) is transitioning to a new corporate logo and commercial name (as used in commerce) the "Exchange". Our legal name remains the Army and Air Force Exchange Service and the "AAFES" acronym still exists. However this clause authorizes the substitution of the word "Exchange" where the "AAFES" acronym exists, except in the case of "Commander, AAFES" which is changed to "Commander, Army and Air Force Exchange Service.

14. Exchange's Proceeds: The concessionaire is providing service to the Exchange and payments made to the concessionaire by the authorized patron are proceeds of the Exchange, which are

taken in a fiduciary capacity by the concessionaire and are fully credited to the Exchange. The Exchange will settle fees to the concessionaire for each service for all locations as identified in Exhibit E, Fee Schedule.

- 15. Government Owned Property:** There is no Exchange furnished equipment. After award, the ISP concessionaire will conduct site surveys and submit implementation plans. Plans will include intended use of any Government-owned equipment and infrastructure and any business arrangements between the ISP concessionaire and Military Housing authorities.

The Exchange's intent with this solicitation is to phase out the ARMP (Army Recreation Machine Program) for -fee prepaid Internet business at Baumholder, Bamberg, Hohenfels, and Wiesbaden. ARMP will no longer operate this business after contract award. ARMP will provide a detailed inventory of their installed equipment, uninstalled equipment, and estimates on value (based on property book value). The Exchange will facilitate an introduction to the ARMP District Director, Mr. Dan Metsala at Daniel.Metsala@ARMP.org. The provider will have the option to purchase ARMP's assets.

16. Alterations

- a. **Exhibit A, General Provisions Paragraph 8, Termination (JUN 94)** is revised as follows:

Delete and Replace paragraph b. with the following:

- b. "This contract may be terminated in whole or part by either party upon 180 days notice in writing to the other party."

Delete and Replace paragraph c. with the following:

- c. Termination due to Installation Closure:** This contract is automatically terminated upon the dispatch of written notice to Concessionaire in the event the Exchange is inactivated or the Installation at which the Exchange is located is inactivated. If this contract covers services to be performed at various Exchanges or Installations and only one or more of the Exchanges or Installations are inactivated, then only that portion of the contract being performed at the inactivated Exchange or Installation is terminated. *The Exchange or the government will not be liable for any costs associated for installed or uninstalled infrastructure and any other losses due to closure. Concessionaire will retain ownership of its equipment and infrastructure in the case closure and will be responsible for its disposition to include removal at the direction of the military command.*

Add paragraph d. as follows:

d. **Termination at the End of Contract:** Upon the completion of the term of this agreement, Concessionaire installed Infrastructure will be dispositioned via one of the following ways at Concessionaires discretion:

(1) Sell/Transfer ownership, or

(2) Abandon in place in coordination with the local installation

All uninstalled equipment shall be removed at the contractor's expense and return the equipment room/facilities back to pre-contract conditions.

- b. Exhibit A, General Provisions Paragraph 9, PERMITS, LICENSES AND APPLICABLE LAWS (DEC 04) is revised as follows:

Delete and Replace with the following:

By contracting with the Exchange, contractor warrants that all necessary permits and licenses have been obtained and it has complied with all applicable laws and regulations governing the manufacture, sale, packing, shipment and delivery of the products and services provided.

- c. Exhibit A, General Provisions Paragraph 29, UNSPC Item Category Identifiers (AUG 09) is Deleted in its entirety.

- d. Exhibit C, Europe Special Provisions Telecommunication Concession Contracts (MAY 2011), Paragraph 2. FACILITIES/MAINTENANCE/OPERATING HOURS (APR 05), PARAGRAPH E:

Delete paragraph 2 in its entirety.

- e. Exhibit C, Europe Special Provisions Telecommunication Concession Contracts (MAY 2011), Paragraph 3, Equipment, Furniture and Movable Trade Fixtures (Oct 00)

Delete paragraph 3 in its entirety.

- f. Exhibit C, Europe Special Provisions Telecommunication Concession Contracts (MAY 2011), Paragraph 19. PROMOTIONAL EVENTS (APR 05), PARAGRAPH a. (2):

Delete and replace paragraph a.(2) as follows:

" (2) The cost of a telecommunication providers directed or Concessionaire sponsored promotions will be borne by the Concessionaire. Fees payable by the Exchange (Gross Sales) will be based on regular sale price less any discount or fee items customers are entitled to resulting from redeeming coupons."

g. Exhibit C, Europe Special Provisions Telecommunication Concession Contracts (MAY 2011), Paragraph 11, Internal Controls (Jan 05)

Delete paragraph 11 in its entirety.

h. Exhibit C, Europe Special Provisions Telecommunication Concession Contracts (MAY 2011), Paragraph 22, Customer Checks (May05)

Delete paragraph 22 in its entirety.

i. Exhibit C, Europe Special Provisions Telecommunication Concession Contracts (MAY 2011), Paragraph 30. PRICES (MAY 99), PARAGRAPH C

Delete paragraph 30.c. in its entirety.

j. Exhibit C, Europe Special Provisions Telecommunication Concession Contracts (MAY 2011), Paragraph 31. PRICE/FEE REVISION (JAN 87)

Delete paragraph 31 in its entirety.

17. **Glossary:** The terms contained herein are defined for purposes of this contract. If the definition of a term conflicts with general usage, the definition in this Exhibit or within this contract controls.

AAFES: Army & Air Force Exchange Service now known as the Exchange.

Adjusted gross sales: Adjusted gross sales is total gross sales less a) refunds to customers, except when the refund is due to poor performance by the contractor; b) promotions which the the Exchange's Contracting Officer has agreed in writing, in advance to fund; c) any sales tax the contractor is responsible to remit to a proper taxing authority (these type of taxes are just a pass through from customer to the taxing authority and exclude any corporate or other tax)

Asset Classification – Assets are classified per Army Regulation 215-1, Military, Morale, Welfare and Recreation Programs and Non-appropriated Fund Instrumentalities, 6 October 2008

Class A – Mission sustaining programs (non-fee). Note: Exchange Concessionaire would not accomplish any services under this category

Class B – Community support programs (mixed "for-fee" and non-fee). Note: Exchange Concessionaire would only accomplish the "for-fee" services under this category

Class C – Revenue generating programs ("for-fee"). Note: Exchange Concessionaire would accomplish all "for-fee" services under this category.

ATD: Advanced Telecommunications Division – This is the Exchange commercial telecommunications support group.

Authorized Customers: Only authorized Exchange Customers are permitted to shop on the Exchange Online Store and the Exchange Online Mall. Customers must log in to verify that they are authorized. Authorized customers include:

- Active Duty Military
- Retirees
- Reserves
- National Guard Personnel
- US Civilian DOD employees, when stationed outside of the US
- Department of State Officials serving in foreign countries
- Dependents of the above

Bandwidth: For the purposes of this contract, bandwidth refers to the amount of data transferred (measured in bytes), not the speed in which the data is transferred or data transfer rate (measured in bits).

Bit: A bit (binary digit) is a digit in the binary numeral system, which consists of base 2 digits (i.e., there are only two possible values for each digit, viz. 0 or 1). For example, the number 10010111 is 8 bits long. Binary digits are almost always used as the basic unit of information storage and communication in digital computing.

Bit rate: In telecommunications and computing, bit rate is the number of bits that are conveyed or processed per unit of time. Bit rate is often used as synonym to the terms connection speed and transfer rate (or data transfer rate).

Byte: A series of 8 physical bits representing a character (letter, number, punctuation mark, or control character).

CAPEX: Capital Expenditures.

Concept of operations (abbreviated CONOPS, CONOPs, or ConOps) is a document describing the characteristics of a proposed system from the viewpoint of an individual who will use that system. It is used to communicate the quantitative and qualitative system characteristics to all stakeholders. CONOPS are widely used in the military or in government services, as well as other fields.

A CONOPS generally evolves from a concept and is a description of how a set of capabilities may be employed to achieve desired objectives or a particular end state for a specific scenario

Concessionaire: Vendor, offeror, provider, contractor, and supplier may be used through this solicitation interchangeably. A Concessionaire is defined as a single business entity that is responding to this solicitation.

CONUS - Continental United States (48 states); for the purpose of this contract also includes Alaska and Hawaii.

Contention ratio: refers to the maximum number of people a user share the connection infrastructure with. In other words, it entails how much of ISP bandwidth user's share between themselves. The lower the ratio, the better the service.

Data Transfer Rate: In telecommunications, data transfer rate, or just transfer rate, is the peak number of bits, characters, or blocks per unit time passing between equipment in a data transmission system. For the purposes of this contract, data transfer rate is simply the peak amount of data that can be carried from one point to another in a given time period (usually a second). For the purposes of this contract, this kind of data transfer rate is expressed in bits (of data) per second (bps). The data rate is the maximum or loss free rate that a communications channel can achieve and differs from "Through-put". (See "Through-put")

Data Transmission: Sending a stream of bits from one location to another using any number of technologies, such as copper wire, optical fiber, laser, radio or infra-red light. Practical examples include moving data from one storage device to another and accessing a website, which involves data transfer from web servers to a user's browser.

Download Speed: This is the speed the download and is measured in Kilo Bits per Second.

Equipment: Assets purchased by the concessionaire in order to execute the services under the contract and are easily removable and not shared with other providers. Equipment would include such items as:

Electronic equipment such as troubleshooting and testing equipment, external, non-core switches, routers or controllers; or equipment which is installed outside the areas of service under other agreements; and

Passive equipment such as administrative computing or billing computers, non-network electronics, spare units of inventory or unrepaired items, and stock on hand awaiting installation.

FIS- Family and Morale, Welfare and Recreation Command Information Systems - This is an Army telecommunications support program that provides support for US Army Installation Management Command, G-9, Family and Morale, Welfare and Recreation Program mission systems. It may also be used for locations which provide internet, TV, and voice support for locations in which end users do not pay a fee. An example is the garrison library which is required to provide internet to its patrons as a part of its mission. This program provides primarily free internet services and MWR communications and program support. This is a US Army owned and operated program, which is implemented through MWR operations.

Infrastructure: Any asset, any asset, device, or structure that, once installed, becomes a permanent part of the military Base and is not easily removable, such as:

Electronic infrastructure includes tower stations, microwave radio equipment, switches, antennas, transceivers for signal processing and transmission. Radio network controllers and core network are a part of this infrastructure.

Non-electronic infrastructure includes tower, shelter, air-conditioning equipments, diesel electric generator, battery, electrical supply, technical premises and easements & pylons

Site Infrastructure includes common equipment such as Antenna system, masts, cables, ducts, filters, power source and shelters.

MSC and Routers or backbone includes sharing switches and routers on the operator's fixed network.

Network Infrastructure where a network infrastructure is created expressly for the purpose of sharing resources.

Inside Wiring and equipment such as cabling, fiber, wall jacks or outlets, switches, routers, hubs, antennas, and other equipment once it is installed inside a government building.

Installation: as referred to as Base or Camp, Post, or Site. An area of land akin to a city but is directly owned and/or operated by one or more of the Military Services (Army, Navy, Air Force, Marines). It includes facilities that shelter military equipment and personnel, and facilitates training and operations. Larger Installations have a wide variety of retail and entertainment facilities. Such terms does not include any facility used primarily for civil works, rivers and harbors projects, flood control, or other projects under the primary jurisdiction or control of the Department of Defense.

Installation Fee: One-time fee for initial connection or setup to the system - otherwise known as a connection fee, initial fee, etc.

Installed: Refers to the physical Installation of equipment and infrastructure necessary to provide required services.

Internet Speed: Synonymous with "data transfer rate".

ISP: Internet Service Provider.

kbps: For the purposes of this contract, a kilobit per second (kbps) is defined as a unit of data transfer rate equal to 1,024 bits per second (using the binary meaning).

Mbps: For the purposes of this contract, a megabit per second (Mbps) is defined as a unit of data transfer rate equal to 1,024 kilobits per second (using the binary meaning).

Main Retail Store or Exchange (BX/PX): Base Exchanges (BX) and Post Exchanges (PX) operated by the Exchange. The major retail activity of a military installation providing retail merchandise and services for authorized customers.

MB: megabyte.

Military Family Housing (MFH) - Military base housing (used for Marine, Navy and Air Force housing) and Army family housing (AFH) is reserved for enlisted, noncommissioned and commissioned officers and their families. Military housing serves as a benefit separate from pay and other military allowances. With military housing, service members can have their family members accompany them on assignments or Permanent Change of Station (PCS). Service members will apply for military housing at their new duty station. Those who are waiting for a unit on-base will live off-base and receive the Basic Allowance for Housing (BAH). Officers above pay grade 06 will qualify for a four-bedroom unit. Family size is also taken into consideration, as are the ages and genders of children in the family.

Military Star Card: The MILITARY STAR Card® is a proprietary, private label credit card owned by the Exchange, The Exchange' primary credit card and can be used for all purchases ranging from everyday items to luxury, high-end items. MILITARY STAR also does something that bank cards do not; 50% of the MILITARY STAR Card's earnings are given back to customer through Morale, Welfare and Recreation (MWR) programs.

MWR: Morale Welfare Recreation – military operations and services located on a post. These include: Libraries, fitness centers, gymnasiums, swimming pools, recreation centers, parks, and community centers.

NEXCOM -Navy Exchange Service Command; the retailer that serves the U.S. Naval forces.

OCONUS: Outside the continental United States. For ATD, OCONUS excludes Alaska and Hawaii.

Offeror: An offeror is defined as the single business entity that is responding to this RFP.

OPEX: Operating Expenses.

PCS: Permanent Change of Station is the official relocation of an active duty military service member—along with any family members living with her or him to a different duty location, such as a military base.

PIS: Personal Information Services- intended to provide personal information services to authorized patrons for personal use. Personal information services include, but are not limited to Internet, telephone, and television access via any delivery method such as wireline or wireless.

PowerZone: Department in the Exchange facility where a consumer electronics, including, but not limited to televisions, audio equipment, DVD players, computers, DVDs and CDs are sold.

Settlement Report: (refer to Attachment A in Exhibit E, Fee Schedule) For the purpose of monthly representation of the calculation of sales and fees to the Exchange. This represents sales by units of categories such as activations, upgrades, recharge / refill cards, devices, and accessories and is submitted by the Concessionaire to the Exchange.

Shoppette: A retail outlet located primarily, but not exclusively, in a high traffic area near major Installations roadways or housing areas. A shoppette is open for business longer hours than other retail outlets and carries a stock assortment focused on convenience food and household items. Some shoppettes also have has sales and video rentals areas.

Respondent: Synonymous with "offeror".

Responsible Offeror: Responsibility refers to the Exchange's determination as to whether an offeror would or could perform a contract. Generally, a responsible prospective contractor must (1) have been determined not to be an ineligible source, (2) have adequate financial resources as required during performance of the contract, (3) be able to comply with the required or proposed performance schedule, taking into consideration all existing and projected business commitments, commercial as well as government, (4) have a satisfactory record of past and current performance, (5) have a satisfactory record of past and current integrity, (6) have the necessary organization, experience and technical skills to perform the contract and (7) have the necessary production and technical equipment and facilities to perform the contract.

Responsiveness: Proposal must satisfy all requirements set forth in this RFP. Any proposal that does not adhere strictly to RFP requirements may, at the sole discretion of the Exchange, be rejected as not responsive to the RFP, without further consideration. Proposals will be evaluated, according to whether the offeror meets the qualifications described in the RFP and submits a proposal complying with all RFP requirements. AAFES reserves the right, in its sole discretion, to determine whether any deviation(s) from our expectation(s) to RFP requirements make the proposal non-responsive or otherwise unacceptable such that the proposal will be rejected without further consideration.

RFP: Request for proposal, synonymous with Solicitation.

TDY: Temporary Duty refers to a United States Government employee travel assignment at a location other than the employee's permanent duty station.

Through-put: the measure of successful message deliver, ignoring any losses or overhead data.

Transaction - A transaction takes place when all of the following actions occur: a) an address and/or phone number is entered into vendor's system b) the offer is returned c) an order is placed and d) a confirmation number is generated.

Vendor - offeror, concessionaire, contractor, and supplier may be used throughout this solicitation interchangeably. A vendor is defined as the single business entity that is responding to this solicitation.

Unaccompanied Personnel Housing (UPH) - Single enlisted military members must live in the barracks or BOQ (Bachelor Officer's Quarters). These units are similar to apartment multiple units. On Air Force Installations UPH is also known as dormitories.

Upload Speed: This is the speed the upload and is measured in Kilo Bits per Second.

***** END OF SCHEDULE *****

EXHIBIT A
GENERAL PROVISIONS

Contract for Services – Telecommunications
MAY 2011

1. Legal Status (AUG 08)
2. Authority to Bind (NOV 95)
3. Procurement Integrity (NOV 95)
4. Oral Representations (JAN 94)
5. Modifications and Additions (MAY 04)
6. Subcontracting (MAY 11)
7. Assignment - Services (DEC 07)
8. Termination (JUN 94)
9. Permits, Licenses and Applicable Laws (DEC 04)
10. Indemnify and Hold Harmless – Infringement (MAY 11)
11. Disputes (DEC 07)
12. Non-Waiver of Defaults (MAY 89)
13. Advertisements (AUG 08)
14. Examination of Records (AUG 08)
15. Contractor Personnel and Representatives (AUG 08)
16. Environmental Protection (AUG 09)
17. Contractor Liability - Services (MAY 04).
18. Drug-Free Workplace (AUG 92).
19. Restrictions on Purchases of Foreign Goods (MAY 04).
20. Payment by Electronic Funds Transfer (OCT 98).
21. Privacy Act (DEC 07).
22. Choice of Law and Forum (DEC 07).
23. Date Compliant (DEC 07).
24. Payment Card Industry (PCI) Compliance (OCT 10)
25. Green Clause (AUG 09)
26. Personal Identity Verification of Contractor Personnel (May 11)
27. Combating Trafficking in Persons (AUG 09)
28. Performance (AUG 09)
29. Unspsc Item Category Identifiers (AUG 09)
30. Army and Air Force Exchange Service Rights (UNLIMITED) (AUG 09)
31. Indemnify and Hold Harmless (MAY 89)

1. LEGAL STATUS (AUG 08).

The Army and Air Force Exchange Service (hereinafter and as known in commerce, the "Exchange"), including its activities, offices, and individual exchanges, is an integral part of the Departments of the Army and Air Force and an instrumentality of the United States Government. Exchange contracts are United States contracts; however, they do not obligate appropriated funds of the United States except for a judgment or compromise settlement in suits brought under the provisions of the Contract Disputes Act of 1978, as amended, in which event the Exchange will reimburse the U.S. Government. Exchange procurement policy is established by applicable directives and instructions promulgated by the Department of Defense. The Federal Acquisition Regulation (FAR) does not apply to the Exchange.

2. AUTHORITY TO BIND (NOV 95).

a. "Contracting Officer" means a person authorized by the Commander, Army and Air Force Exchange Service to execute and administer contracts, purchase orders, or other agreements on behalf of the Exchange. Only contracting officers may waive or change contract terms; impose additional contract requirements; issue cure, show-cause and termination notices; issue claims against contractors, and issue final decisions on contractor claims.

b. The contracting officer may authorize other Exchange and government officials to perform actions of an administrative nature, such as conducting inspections and audits; placing orders against existing contracts; forwarding requests for contract changes to the contracting officer; collecting contract payments, and processing routine documents. These officials are not contracting officers, as defined in a. above.

c. The Exchange has no obligation to recognize or accept waivers or changes to this contract that result from the actions of officials other than the contracting officer. The contracting officer may deny claims based on such actions. Contractors' should refer questions concerning the authority of other Exchange or government officials to the contracting officer.

3. PROCUREMENT INTEGRITY (NOV 95).

a. By submission of an offer or performance of this contract, the offeror or contractor certifies with respect to this Exchange purchase action:

(1) that no discussion, offer or promise of future employment or business opportunity has nor will be made to Exchange civilian or military personnel who personally and substantially participated in the purchase action;

(2) that no offer, promise or gift of any gratuity, entertainment, money, or other thing of value has nor will be made to any Exchange civilian or military personnel or any other employee of the United States Government or member of their family or household;

(3) that no information proprietary to other offerors or other purchasing information (offeror list, prices offered, technical evaluations or rankings, etc.) is sought or obtained until it is available to the public under the Exchange procedures.

(4) that no person or selling agency has been employed or retained to secure this contract for a commission, percentage, brokerage or contingent fee except bona fide employees or bona fide established commercial selling agencies retained by the contractor for the purpose of securing business.

b. Contractor certifies that no gratuities (entertainment, gifts, money, kickbacks or other thing of value) were nor will be solicited or accepted by the contractor, or any contractor representative, from any subcontractor or subcontractor representative, for the purpose of obtaining or rewarding favorable

treatment in connection with this contract or any subcontract under it.

c. Contractor will report in writing to the Director, Loss Prevention Division. Any possible violation of this clause when there are reasonable grounds to believe a violation may have occurred. The contractor will cooperate fully with any federal agency investigation of a possible violation of this clause.

d. For breach of any of these certifications, the Exchange may terminate this contract for default, and/or deduct from amounts due under this or other contracts, or charge contractor for, the total value of any contingent fee, gratuity or kickback or other loss to the Exchange arising out of the breach.

4. ORAL REPRESENTATIONS (JAN 94).

This contract represents the entire agreement of the parties. Any changes or amendments thereto may not be recognized by the Exchange unless committed to writing and incorporated by reference into the contract by the contracting officer.

5. MODIFICATIONS AND ADDITIONS (MAY 04).

a. Except as otherwise specifically provided in this contract, all changes, modifications, additions or deletions to this contract must be prepared in writing as formal amendments signed by both parties and approved in accordance with provisions of applicable regulations.

b. **UNILATERAL AMENDMENTS:** The contracting officer may make unilateral amendments to the contract to incorporate administrative changes, provided such changes are within the general scope of the contract and the changes have no cost impact on the contractor. The contracting officer may make unilateral amendments to the contract cost prices and/or other changes when such amendments incorporate contractor's written requests for revision.

6. SUBCONTRACTING (MAY 11).

a. Concessionaire shall not subcontract any part of the work to be performed without the prior written consent of the Contracting Officer. Any subcontractor used in connection with this contract is the agent of the contractor and not the agent of the Exchange.

b. Prior to contract execution, the successful Offeror will be required to furnish the corporate or company name and names of the officers and principles of all subcontractors. Notwithstanding any such consent by the Exchange, the successful Offeror shall itself be solely responsible for ensuring the subcontractor is responsible for the performance of all work set forth in any contract resulting from the solicitation, and for compliance with the price and other terms provided in the contract. The successful Offeror shall cause the appropriate provisions of its proposal and the contract to be inserted in all subcontracts.

c. The Exchange's consent to any subcontract or subcontractor proposed by an Offeror shall not create or purport to create any obligation of the Exchange to any subcontractor, or any form of contractual relationship or relationship of privity between the Exchange and the subcontractor. Any Offeror who obtains such consent of the Exchange shall be required to insert a clause so providing in all subcontracts.

7. ASSIGNMENT - SERVICES (DEC 07).

The Assignment of Claims Acts, 31 U.S.C. 3727 and 41 U.S.C. 15, are not applicable to amounts due under Exchange contracts. Contractor may not assign its rights or delegate its obligations under this contract, and the Exchange will neither consent to, nor recognize, any purported assignment. Contractor may request permission from the contracting officer to have contract payments forwarded to a third party.

8. TERMINATION (JUN 94).

Relative to termination of this contract, it is mutually agreed:

- a. This contract may be terminated in whole or in part by either party immediately upon written notice to the other party in the event of breach of this contract by the other party.
- b. This contract may be terminated in whole or in part by either party upon ninety (90) days notice in writing to the other party.
- c. This contract is automatically terminated upon the dispatch of written notice to contractor in the event the exchange is inactivated or the installation at which the exchange is located is inactivated. If this contract covers services to be performed at various exchanges or installations and only one or more of the exchanges or installations are inactivated, then only that portion of the contract being performed at the inactivated exchange or installation is terminated.

9. PERMITS, LICENSES AND APPLICABLE LAWS (DEC 04).

By contracting with the Exchange, contractor warrants that all necessary permits and licenses have been obtained and it has complied with all applicable laws and regulations governing the manufacture, sale, packing, shipment and delivery of the products and services provided. Contractor certifies that it, its subcontractors and its suppliers, have complied with applicable labor laws, including but not limited to the Fair Labor Standards Act (FLSA). Contractor will notify subcontractor that the Exchange requires that goods will be made in compliance with the FLSA and will provide subcontractors with information regarding the requirements of FLSA. If requested by the contracting officer, vendor will promptly provide subcontractor names and manufacturing sites. Vendor will have an effective monitoring program for it, and its subcontractors and suppliers, and will display Wage and Hour Division posters in workers' language and other appropriate materials, provided by US Department of Labor (DOL) through the Exchange, at US work sites inviting workers to make inquiries about the Fair Labor Standards Act.

10. INDEMNIFY AND HOLD HARMLESS - INFRINGEMENT (MAY 11)

- a. The contractor will indemnify, hold harmless the Exchange and all other agencies and instrumentalities of the United States, their agents, representatives, employees and customers from any and all judgments promulgated by a court of competent jurisdiction, and all charges and expenses incident thereto which arise out of the alleged or established violation or infringement of any patent, copyright or trademark rights asserted by any third party with regard to any product (to include hardware, software and firmware) or services provided by contractor. Contractor shall not be liable under this clause if the judgment is rendered pursuant to a settlement entered into on behalf of the Exchange by the United States Attorney or the Department of Justice, for reasons other than of any infringement of patent, copyright or trademark rights.
- b. The Contractor shall have no obligation whatsoever for any claim, demand, suit, or action with respect to any modifications to Contractor's product by or on behalf of the Exchange or any claim, demand, suit or action arising out of the unauthorized combination, operation or use of the product by the Exchange.
- c. In the event that an injunction or order is issued by a court of competent jurisdiction against the Exchange's use of any product provided by contractor under this contract, or if in contractor's opinion the product provided under this contract is likely to become the subject of a claim or infringement of a copyright, trade secret or other proprietary right of a third party, Contractor shall have one of the following options to: (1) at its expense procure, for the Exchange's benefit, the right to continue using the product; (2) replace or modify the product at its expense so that it becomes non-infringing, unless such modification or replacement would adversely affect the specifications for the product or its use by

Exchange, or (3) terminate the license for the affected product by 30 days written notice to the Exchange through the contracting officer.

d. If contractor selects option c(3), the Exchange shall be entitled to a refund for any license fees which the Exchange has already Paid, prorated on a 12-month basis, beginning the day the product was first licensed to or accepted by the Exchange, and the Exchange shall have no further obligation to pay fees for the terminated portion of the contract.

e. Contractor's obligations under this clause are conditioned on the Exchange having provided written notice of any infringement claim to contractor, which notice in any event shall be given no later than the 30th business day after actual written notice of such claim has been received by the Exchange contracting officer. Contractor shall notify the contracting officer no later than the 30th business day after contractor receives written notice of any claim that could affect the Exchange's right to use the product.

f. Contractor expressly agrees and acknowledges that, because the Exchange is a nonappropriated fund instrumentality of the United States and is sovereign immune to the same extent as the federal government, the Exchange is: (1) not subject to suit in state court; (2) is without authority to grant contractor the right to defend an infringement claim brought against the Exchange, and (3) is defended by the United States Attorney for the district in which such claim is brought, or the Department of Justice if suit is brought in the United States Court of Federal Claims. The Exchange shall, to the extent permitted by the United States Attorney, the Department of Justice, and applicable federal laws and regulations, cooperate fully with Contractor in the defense of the claim and provide contractor reasonable access to the Exchange personnel and records.

g. This clause contains the Exchange's exclusive remedy and Contractor's entire liability for infringement. The rights and obligations of the parties shall survive the expiration or other termination of this contract with respect to acts or events occurring or alleged to have occurred prior to termination of this contract, and is expressly made for the benefit of, and shall be enforceable by any or all of the indemnified persons.

11. DISPUTES (DEC 07).

a. This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613). Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved under this clause.

b. "Claim" as used in this clause means a written demand or written assertion by one of the contracting parties seeking the payment of money in a sum certain or other relief arising under or relating to this contract. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Contract Disputes Act.

c. A claim by the contractor shall be made in writing and submitted to the contracting officer for a written decision. A claim by the Exchange against the contractor shall be made by a written decision by the contracting officer.

d. For contractor claims exceeding \$100,000, the contractor shall submit with the claim, a signed certification that:

- (1) The claim is made in good faith;
- (2) Supporting data are accurate and complete to the best of the contractor's knowledge and belief, and
- (3) The amount requested accurately reflects the contract adjustment for which the contractor believes the Exchange is liable.

e. The claim must be executed by an individual with authority to bind the contractor.

f. The contracting officer will mail, or otherwise furnish, a written decision in response to a contractor claim within the time periods specified by law. Such decision will be final and conclusive unless:

(1) Within 90 calendar days from the date of contractor's receipt of the final decision, the contractor appeals the decision to the Armed Services Board of Contract Appeals (ASBCA),

(2) Within 12 months from the date of contractor's receipt of the final decision, the contractor brings an action in the United States Court of Federal Claims.

g. Pending final resolution on any request for relief, claim, appeal, or action arising under or relating to this contract, contractor will proceed diligently with the performance of this contract and will comply with the contracting officer's decisions.

h. Submission of false claims to the Exchange is a violation of federal law and may result in civil and/or criminal penalties. If contractor cannot support all or part of its claim as a result of fraud or misrepresentation of fact, then in addition to other remedies or penalties provided for by law, contractor will pay the Exchange an amount equal to the unsupported part of the claim and all the Exchange's costs attributable to reviewing that part of the claim.

12. NON-WAIVER OF DEFAULTS (MAY 89).

Any failure by the Exchange at any time, or from time to time, to enforce or require strict performance of any terms or conditions of this contract will not constitute waiver thereof and will not affect or impair such terms and conditions in any way or the Exchange's right at any time to avail itself of such remedies as it may have for breach or breaches of such terms and conditions.

13. ADVERTISEMENTS (AUG 08).

Contractor will not represent in any manner, expressly or by implication, that products purchased under this contract are approved or endorsed by any element of the United States, including the Exchange. All contractor advertisements that refer to Exchange or military exchanges will contain a statement that the advertisement was neither paid for nor sponsored, in whole, or in part, by Exchange, the military exchange system, or the United States Government.

14. EXAMINATION OF RECORDS (AUG 08).

a. This clause applies if the amount of the contract exceeds \$10,000 and the contract was entered into by means of negotiation. The contractor agrees that the contracting officer or his duly authorized representative will have the right to examine and audit the books and records of the contractor directly pertaining to the contract during the period of the contract and until the expiration of three years after the final payment under the contract. The contractor agrees to include this clause in all subcontracts that exceed \$10,000.

b. "General Accountability Office" may be substituted for "contracting officer or his duly authorized representative" when the prospective contractor does not accept the standard wording of the examination clause.

c. Contracts awarded to foreign contractors may exclude the examination clause when its use is precluded by the laws of the country involved, subject to the approval of the servicing Exchange General Counsel (Exchange HQ and Exchange Europe). Contract files will be in such circumstances be documented to show the basis for exclusion of the clause.

15. CONTRACTOR PERSONNEL AND REPRESENTATIVES (AUG 08).

a. The contractor will discontinue using any individual in Exchange facilities upon contracting officer's written notice that the individual is not acceptable for performance under this contract. Contractor will

not use any such person to perform other Exchange contracts without the prior written consent of the contracting officer.

b. The contractor will not employ any individual to work in Exchange facilities whom an Exchange contracting officer has determined unacceptable under any other Exchange contract without the prior written consent of the contracting officer.

c. Contractor personnel will abide by applicable regulations and directives and conduct themselves so as not to reflect discredit on the Exchange.

d. The contractor will not represent himself/herself to be an agent or representative of the Exchange, another instrumentality, or an agency of the United States.

16. ENVIRONMENTAL PROTECTION (AUG 09).

a. This clause shall apply to any contract in excess of \$100,000, and indefinite quantity contracts estimated to exceed \$100,000 in one year; however, it shall not apply to use of facilities located outside the United States.

b. Unless this contract is exempt, by acceptance of this contract, contractor (and, where appropriate, subcontractor) stipulates:

(1) that any facility to be utilized in the performance of any nonexempt contract or subcontract is not listed on the EPA List of Violating Facilities as of the date of contract award;

(2) its agreement to comply with all requirements of Section 114 of the Air Act and Section 308 of the Water Act relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in sections 114 and 308 of the Air Act and the Water Act, respectively, and all regulations and guidelines issued thereunder;

(3) that as a condition of award of contract, contractor shall promptly notify the contracting officer of the receipt of any communication from the Director, Office of Federal Activities, U.S. Environmental Protection Agency, or delegatee, indicating that a facility to be utilized for the contract is under consideration to be listed on the EPA List of Violating Facilities;

(4) its agreement to include the criteria and requirements in subparagraphs (1) through (4) in every nonexempt subcontract, and to take such actions the Government may direct as a means of enforcing such provisions.

17. CONTRACTOR LIABILITY - SERVICES (MAY 04).

In addition to the liabilities specifically provided for in other clauses, contractor will be liable as follows in the event contractor fails to fully and timely perform in accordance with all contract provisions:

a. Incidental damages, including expenses reasonably incurred in inspection, receipt, packing, rejection or screening of goods in lieu of rejection, care and custody of goods rightfully rejected, transportation, and any other reasonable expense incident to contractor's failure to fully and timely perform in accordance with all contract provisions.

b. Contractor will not be liable for consequential damages except in the case of illicit or disabling codes up to the total contract value.

c. Contractor will not be liable for incidental damages if the failure to perform arises out of causes beyond the control and without the fault or negligence of the contractor and any subcontractors and suppliers. Such causes may include acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. In such case, contractor must provide prompt written notice to the contracting officer; the contracting officer, may accept late, partial or substituted performance, or may terminate the contract in whole or in part effective immediately upon receipt of written notice by contractor.

18. DRUG-FREE WORKPLACE (AUG 92).

Contractor agrees to make a good faith effort to establish and maintain a drug-free workplace in connection with the performance of this contract. Consistent with the size and organization of its work force, contractor may wish to consider taking the following or other appropriate actions in establishing a drug-free workplace: publicizing a drug-free workplace policy, initiating an employee drug awareness program or encouraging participation in existing community/installation programs and informing employees of the general availability of drug counseling programs.

19. RESTRICTIONS ON PURCHASES OF FOREIGN GOODS (MAY 04).

a. Contractor will not acquire for use in the performance of this contract any merchandise, equipment, supplies or services originating from, processed in, or transported from or through, the countries prohibited from commerce by the United States Government. A current list of prohibited countries is available at <http://www.ustreas.gov/offices/enforcement/ofac/programs/index.shtml>

This restriction includes merchandise, equipment, supplies or services from any other country that is restricted by law, regulation or executive order at any time during performance of the contract.

b. Contractor agrees to insert the provisions of this clause, including this paragraph, in its subcontracts.

20. PAYMENT BY ELECTRONIC FUNDS TRANSFER (OCT 98).

The following will apply for all payments made by the Exchange to the contractor under the terms of this contract.

a. Method of payment.

(1) All payments by the Exchange under this contract shall be made by electronic funds transfer (EFT). The term "EFT" refers to the funds transfer and may also include the payment information transfer.

(2) If the Exchange is unable to release payment by EFT, the Contractor agrees to either (i) accept payment by check or some other mutually agreeable method of payment, or (ii) request the Exchange to extend the payment due date until such time as the Exchange can make payment by EFT.

b. The Exchange shall make payment to the Contractor using the EFT information provided by the contractor. In the event that the EFT information changes, the Contractor shall be responsible for providing the updated information to the Exchange, not less than thirty days prior to the effective date.

c. If the Contractor's EFT information in the Exchange database is incorrect the Exchange need not make payment to the Contractor under this contract until correct EFT information is entered into the Exchange database; and any invoice shall be deemed not to be a proper invoice for the purpose of prompt payment under this contract.

d. If the Contractor has identified multiple payment receiving points in the Exchange database, and the Contractor has not notified the Exchange of the payment receiving point applicable to this contract, the Exchange shall make payment to the first payment receiving point listed in the Exchange database.

e. The payment or disbursing office shall forward to the Contractor available payment information. The Exchange shall send the payment information to the remittance address contained in the Exchange database.

21. PRIVACY ACT (DEC 07).

a. The contractor agrees to:

(1) Comply with the Privacy Act of 1974 (the Act) and Department of Defense (DOD) rules and regulations issued under the Act in the design, development, or operation of any system of records on individuals to accomplish an agency function when the contract specifically identifies:

- a. The systems of records; and
- b. The design, development, or operation work that the contractor is to perform;

(2) Include the Privacy Act notification contained in this contract in every solicitation and resulting subcontract and in every subcontract awarded without a solicitation, when the work statement in the proposed subcontract requires the redesign, development, or operation of a system of records on individuals that is subject to the Act, and

(3) Include this clause, including this subparagraph (3), in all subcontracts awarded under this contract which requires the design, development, or operation of such a system of records.

b. In the event of violations of the Act, a civil action may be brought against Exchange when the violation concerns the design, development, or operation of a system of records on individuals to accomplish an Exchange function, and criminal penalties may be imposed upon the officers or employees of Exchange when the violation concerns the operation of a system of records on individuals to accomplish an Exchange function. For purposes of the Act, when the contract is for the operation of a system of records on individuals to accomplish an Exchange function, the contractor is considered to be an employee of Exchange

c. "Operation of a system of records," as used in this clause, means performance of any of the activities associated with maintaining the system of records, including the collection, use, and dissemination of records.

d. "Record," as used in this clause, means any item, collection, or grouping of information about an individual that is maintained by an agency, including but not limited to education, financial transactions, medical history, and criminal or employment history; must contain the person's name, identifying number, symbol, or other identifying particular assigned to the individual.

e. "System of records on individuals," as used in this clause, means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

f. The system or systems of records identified for this contract is/are: The system of records refers to information collected, compiled, and/or utilized to build a customer database for potential and/or current/follow-on services. Instruments used to collect information in written or electronic format includes, but are not limited to, application for services, verification of credit rating, customer inquiries/comments, data for invoicing current customers, change of address notifications, information used for marketing purposes, etc.

g. Subcontracting/outsourcing customer data outside CONUS is not acceptable for DOD Operational Security (OPSEC) purposes.

22. CHOICE OF LAW AND FORUM (DEC 07).

This contract shall be construed and interpreted in accordance with the laws of the United States of America as applied by, among others, the Armed Services Board of Contract Appeals and the United States Court of Federal Claims. By execution of this contract, the contractor expressly agrees to waive any rights to invoke the jurisdiction of the national or state courts where this contract is performed and agrees to accept the exclusive jurisdiction of an appropriate U.S. Federal administrative body or court.

23. DATE COMPLIANT (DEC 07).

a. Contractor warrants that all information technology (software, hardware, micro-code, firmware, etc.) supplied under the contract are able to accurately and efficiently process date and time data including, but not limited to, calculating, comparing, and sequencing date and time data from, into, and between the twentieth and twenty-first centuries, and leap year calculations through at least 31 December 2101. The supplied information technology when used in combination with other information technology will accurately and efficiently process date and time data if the other information technology

properly exchanges date and time data. No human intervention is needed to invoke the date compliance (i.e. rebooting the hardware or restarting the software.) The information technology methods to be date compliant must run fault free (no abnormal exiting applications and error free results) and be transparent to the user.

b. If the information technology supplied under this contract relies on other information technology to accurately and efficiently process date and time data then the contractor must disclose this reliance before entering into any agreement or allowing any contract addition or substitution (as may be authorized by the contracting officer.)

24. PAYMENT CARD INDUSTRY (PCI) COMPLIANCE (OCT 10).

a. If payment cardholder data is processed via a contractor's processor or via an Exchange point of sale terminal or if card data is shared with contractors, subcontractors, merchants or service providers under the terms and conditions of this contract, the contractors, subcontractors, merchants and service providers must adhere to the most current version of the Payment Card Industry Data Security Standards (PCI DSS) requirements. These requirements are available at <https://www.pcisecuritystandards.org>.

b. The contractor acknowledges that each contractor, subcontractor, merchant and service provider with access to payment cardholder data is responsible for the security of the cardholder data the provider possesses. The contractor will also include this clause in any subcontract that provides access to cardholder data.

c. The contractor will control any duplicate or store copies of payment card receipts in a locked cabinet or in a locked register or locked drawer. The contractor will use equipment that masks the card number on the customer's receipt per the PCI DSS. The contractor will develop and implement procedures for destruction of receipts based on PCI standards and applicable state law.

25. GREEN CLAUSE (AUG 09).

Exchange encourages contractors/vendors to embrace, establish and promote environmentally "Green Initiatives". We look to the contractor to accomplish this by :

- a. Where possible utilize environmentally friendly products
- b. Where possible promote energy-efficiency and water conservation
- c. Where possible eliminate/reduce the production or generation of hazardous waste and the need for special material processing (including special handling, storage, treatment and disposal)

26. PERSONAL IDENTITY VERIFICATION OF CONTRACTOR PERSONNEL (May 11).

This clause is to provide guidance concerning compliance with Homeland Security Presidential Directive (HSPD) 12 and Policy for Common Identification Standard for Contractors and Subcontractors when contract performance requires routine physical access to a Federally controlled facility and/or routine access to a Federally controlled information system. As processes and procedures could change over time, go to <http://www.shopmyexchange.com> , click on, "Doing Business", click on "Authorization to Enter Military Installations" for the most up-to-date instructions. Questions should be directed to the Exchange HQ Chief of Staff, Force Protection (CS-FP) or your Contracting Officer.

a. After contract award and prior to performance on any Federal installation, the contractor shall comply with the local installation's personal identity verification procedures identified by that installation which implements HSPD-12 policy for a Common Identification Standard for Federal Employees and Contractors.

(1) If the contractor employee is to work at only one site, the Exchange's contractors must follow local installation guidelines and directives concerning identification, access, and security requirements.

These guidelines may vary from one installation to another and it is the contractor's responsibility to seek guidance concerning these issues from the Exchange Service Business Manager or General Manager.

(2) If the contractor or their employees will access sensitive data or go to multiple DoD or access to multiple non-DoD facilities on a recurring basis for a period of 6 months or more (CONUS or OCONUS), they must obtain a Common Access Card (CAC) and will be required to submit a clearance package to CS-FP, no less than 30 days in advance of needed access. Authorization must be received from CS-FP before contractors can be issued a CAC card. CAC card will be issued after a thorough background check which includes the completion of a FBI fingerprint check with favorable results and submission of a National Agency Check with inquiries to the Office of Personnel Management (OPM) or a DoD determined equivalent investigation, you will then be directed to the nearest military installation where the card can be obtained.

b. The contractor shall insert this clause in all subcontracts when the subcontractor is required to have routine physical access to a Federally controlled facility and/or routine access to a Federally-controlled information system.

c. The contractor is responsible for securing and returning to the issuing office all identification cards issued under these procedures (1) for all employees at the end of the contract; and (2) for individual employees no longer employed or no longer assigned to perform the Exchange contract.

d. As a reminder, any costs associated with the clearance process are the responsibility of the contractor.

27. COMBATING TRAFFICKING IN PERSONS (AUG 09).

a. Definitions. As used in this clause—

“Coercion” means—

- (1) Threats of serious harm to or physical restraint against any person;
- (2) Any scheme, plan, or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against any person; or
- (3) The abuse or threatened abuse of the legal process.
- (4) Withholding any documents (e.g. passports, visas, IDs, etc.) that prevents or restricts the person to move freely. “Commercial sex act” means any sex act on account of which anything of value is given to or received by any person. “Debt bondage” means the status or condition of a debtor arising from a pledge by the debtor of his or her personal services or of those of a person under his or her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not respectively limited and defined.

“Employee” means an employee of the Contractor directly engaged in the performance of work under the contract who has other than a minimal impact or involvement in contract performance.

“Forced labor” means knowingly providing or obtaining the labor or services of a person—

- (1) By threats of serious harm to, or physical restraint against, that person or another person;
- (2) By means of any scheme, plan, or pattern intended to cause the person to believe that, if the person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint; or
- (3) By means of the abuse or threatened abuse of law or the legal process.

“Involuntary servitude” includes a condition of servitude induced by means of—

- (1) Any scheme, plan, or pattern intended to cause a person to believe that, if the person did not enter into or continue in such conditions, that person or another person would suffer serious harm or physical restraint; or
- (2) The abuse or threatened abuse of the legal process.

“Severe forms of trafficking in persons” means—

- (1) Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or
- (2) The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

“Sex trafficking” means the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act.

b. Policy. The United States Government and the Army and Air Force Exchange Service has adopted a zero tolerance policy regarding trafficking in persons. Contractors and contractor employees shall not—

- (1) Engage in severe forms of trafficking in persons during the period of performance of the contract;
- (2) Procure commercial sex acts during the period of performance of the contract; or
- (3) Use forced labor in the performance of the contract.

c. Contractor requirements. The Contractor shall—

- (1) Notify its employees of—
 - (i) The United States Government's and the Army and Air Force Exchange Services' zero tolerance policy described in paragraph (b) of this clause; and
 - (ii) The actions that will be taken against employees for violations of this policy. Such actions may include, but are not limited to, removal from the contract, reduction in benefits, or termination of employment; and
- (2) Take appropriate action, up to and including termination, against employees or subcontractors that violate the policy in paragraph (b) of this clause.

d. Notification. The Contractor shall inform the Contracting Officer immediately of—

- (1) Any information it receives from any source (including host country law enforcement) that alleges a Contractor employee, subcontractor, or subcontractor employee has engaged in conduct that violates this policy; and
- (2) Any actions taken against Contractor employees, subcontractors, or subcontractor employees pursuant to this clause.

e. Remedies. In addition to other remedies available to the Army and Air Force Exchange Service, the Contractor's failure to comply with the requirements of paragraphs (c), (d), or (f) of this clause may result in—

- (1) Requiring the Contractor to remove a Contractor employee or employees from the performance of the contract;
- (2) Requiring the Contractor to terminate a subcontract;
- (3) Suspension of contract or fee payments;
- (4) Loss of award fee, consistent with the award fee plan, for the performance period in which the Army and Air Force Exchange Service determined Contractor non-compliance;
- (5) Termination of the contract for default or cause, in accordance with the termination clause of this contract; or
- (6) Suspension or debarment.

f. Subcontracts. The Contractor shall include the substance of this clause, including this paragraph (f), in all subcontracts.

g. Mitigating Factor. The Contracting Officer may consider whether the Contractor had a Trafficking in Persons awareness program at the time of the violation as a mitigating factor when determining remedies. Additional information about Trafficking in Persons and examples of awareness programs can be found at the website for the Department of State's Office to Monitor and Combat Trafficking in Persons at <http://www.state.gov/g/tip>.

28. PERFORMANCE (AUG 09).

Contractor will perform in accordance with all contract provisions. The Exchange will make payments only for performance as promised including supplies delivered and accepted per product specification and free of defects, or services rendered that satisfy the contractual specifications and are accepted. Payments for milestones will be paid when the milestones have been achieved and accepted. Additional periods of performance (if any) will only be granted for performance at or above the contractual level. The contracting officer may exercise remedies in accordance with the provisions of this contract for poor performance, non-performance, or failure to meet the service level agreement established.

29. UNSPSC ITEM CATEGORY IDENTIFIERS (AUG 09).

The vendor shall identify the contractor's items by utilizing the United Nations Standards Products and Services Code (UNSPSC) system for categorizing products and services. UNSPSC code guidance can be found at: www.unspsc.org.

The UNSPSC product or service identifiers will be part of the originally proposed item descriptions along with subsequent replacement and or substitution items. The identifiers will be provided in a format which shall indicate the appropriate item category identifier along with sales transaction information required by the report.

The UNSPSC code has five levels, with each successive level supplying greater detail. These levels are identified as follows:

- Level 1: SEGMENT
- Level 2: FAMILY
- Level 3: CLASS
- Level 4: COMMODITY
- Level 5: BUSINESS FUNCTION

For Example:

IT Items – UNSPSC Segment Identifier Number 43

All reported items should be coded following the guidance contained on the UNSPSC website. Each line item number can be code identified by the first four levels of the UNSPSC structure. The fifth level coding can be completed utilizing either '00' or a business function code. Example: Notebook Computer – 42.17.18.01.00

For Exchange purposes, UNSPSC reporting of servers shall contain an additional identifier at the fifth level (Business Function) as follows:

- Low-end (32-bit) 43.17.18.06.01
- High-end (64-bit) 43.17.18.06.02

In situations where more than one UNSPSC code applies to a CLIN, the predominant item's UNSPSC will be reported. The code reported should be at least to level 3 (Class), and by the digits '00'. Example: Network Hardware (assorted) – 43.17.27.00.00.

UNSPSC Implementation – the Exchange will assist vendors in assigning UNSPSC codes when required. The UNSPSC codes assigned to transacted items should coincide with any such items incorporated where possible. Exchange reserves the right to change or add item identifier format reporting as required.

30. ARMY AND AIR FORCE EXCHANGE SERVICE RIGHTS (UNLIMITED) (AUG 09).

If there are any deliverables under this contract or this contract is for consulting services, the following applies: The Exchange shall have unlimited rights, in all works (including drawings, designs, specifications, notes, data, information, reports, analysis, recommendations, or other products) developed in the performance of this contract. These Exchange rights include the right to use these works on any other Exchange contract or agreement or other efforts without additional compensation to the Contractor. The Contractor hereby grants to Exchange a paid-up license throughout the world to all Exchange works to which he may assert or establish any claim for intellectual property derived from this Exchange contracted effort or products developed under this contract. The Contractor for a period of three years after completion of the project agrees to furnish the original or copies of all such works on the request of the Contracting Officer.

Contractor shall have no rights to use the Exchange furnished data or information supplied to Contractor by the Exchange for other than this Exchange contract; it will be deemed Exchange Confidential Information and shall remain the Exchange sole property. All reports, analysis, and recommendations provided by Contractor pursuant to this contract will be and remain the sole property of the Exchange and the United States Government and may not be used on any other work by Contractor without Contracting Officer approval (e.g. including consideration or additional costs to the Exchange) and with respect thereto, the contractor agrees not to assert any proprietary or confidential rights and not to establish any claim for intellectual property.

The contractor agrees that duly authorized representatives of the Exchange will have access at all reasonable times to inspect and review all notes or other data pertaining to the work to be performed under this contract.

31. INDEMNIFY AND HOLD HARMLESS (MAY 89).

a. Concessionaire will indemnify, hold harmless and defend AAFES and all other agencies and Instrumentalities of the United States, their agents, representatives, employees and customers from any and all suits, judgments and claims, including those established by or pursuant to court decisions, to international agreements, or duly promulgated regulations of the United States Government, and all charges and expenses incident thereto which arise out of any of the following:

1. The alleged or established violation or infringement of any patent, copyright or trademark rights asserted by any third party with regard to items or services provided by contractor;
2. Loss, damage, or injury alleged or established to have arisen out of or in connection with items or services provided by Concessionaire, unless such loss, damage, or injury was caused by or resulted solely from the acts or omissions of AAFES, its agents, representatives, or employees;
3. Any loss, damage, or injury alleged or established to have arisen out of or in connection with any other acts or omissions of the Concessionaire.

b. AAFES will give Concessionaire notice and an opportunity to defend."

***** END OF EXHIBIT *****

Exhibit B - Labor Provisions (Jan 11)

Equal Employment Opportunity/Employment of the Handicapped: During the performance of this contract, the concessionaire agrees insofar as allowed by the laws of the country in which the contract is being performed, to the following:

a. The concessionaire will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, marital status, or physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The concessionaire agrees to take affirmative action to employ, advance in employment and otherwise treat qualified individuals equally without discrimination regardless of race, color, religion, sex, age, national origin, marital status, physical or mental disability in all employment practices. The concessionaire agrees to post in conspicuous places available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

b. The concessionaire will, in solicitation or advertisements for employees placed by or on behalf of the concessionaire, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, age, marital status, physical or mental disability of an otherwise qualified person.

c. The concessionaire will send to each labor union or representative of workers with whom he has a collective bargaining agreement or other contract of understanding, a notice advising the labor union workers' representative of the concessionaire's commitments under this Equal Employment Opportunity/Employment of the Handicapped Clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The concessionaire will furnish all information and permit access to his books, records, and accounts by the contracting agency for the purpose of investigation to ascertain compliance with the Equal Employment Opportunity/Employment of the Handicapped Clause.

***** END OF EXHIBIT *****

**EXHIBIT C - EUROPE SPECIAL PROVISIONS
(TELECOMMUNICATIONS CONCESSION CONTRACTS) MAY 2011**

1. Activity (MAR 90)
2. Facilities/Maintenance/Operating Hours (APR 05)
3. Equipment, Furniture, and Movable Trade Fixtures (MAR 11)
4. Tools and Supplies (APR 97)
5. Prohibited Activities (FEB 89)
6. License for the Exchange Trademarks (JAN 05)
7. Authorized Customers (DEC 88)
8. Customer Complaints and Claims (DEC 88)
9. Signs, Identity and Décor Standards (JAN 05)
10. Utilities (APR 05)
11. Internal Controls (JAN 05)
12. Concessionaire Settlement (NOV 02)
13. Fee Payment (MAY 05)
14. Taxes (FEB 89)
15. Concessionaire and Concessionaire Employees (Concession Personnel) (JAN 00)
16. Actions to be Taken Upon Termination (Including Expiration) (JAN 05)
17. Indebtedness (FEB 89)
18. Insurance (FEB 89)
19. Promotional Events (APR 05)
20. The Exchange Tabloid/Special Sales Coupons and Merchandise Gift Certificate Redemption (APR 05)
21. Refunds (DEC 88)
22. Customer Checks (MAY 05)
23. Safeguarding of Concessionaire Funds on Army and Air Force Installations (DEC 88)
24. Charge Card/Military Star Card Sales (MAY 05)
25. Inspections (MAR 00)
26. Smoking Policy (DEC 86)
27. The Exchange/Vendor Partnership Marketing Program (JUL 94)
28. Organizational Sales (NOV 00)
29. Scope of Service/Minimum Quality (DEC 88)
30. Prices (May 99)
31. Price/Fee Revisions (JAN 87)
32. Proposals in English (MAR 11)
33. Customs (AUG 10)

1. ACTIVITY (MAR 90).

a. The Exchange grants concessionaire a nonexclusive concession to operate the activity described in the Schedule. The assignment of space for concession is a revocable license, not a tenancy.

b. The Exchange makes no warranty or representation, express or implied, that merchandise or services sold in the concession are free of competition. During the contract period, other activities may sell the same or similar merchandise or services. Such activities are: The Exchange, other Exchange concessionaires, military affiliated activities, firms selling without authorization or others. Any Concessionaire complaint of competition from these activities must be written and must be provided to the military installation commander and the Contracting Officer. The Exchange may assist Concessionaire in resolving its complaint. The Exchange will not be liable for any income, sales, profit or other losses of concessionaires attributed to competition.

c. If premises furnished by or through the Exchange are destroyed either in whole or in substantial part, so as to significantly hinder or prevent normal operations by concessionaire, by acts of God (such as, but not limited to, fire, flood, hurricane, unusually severe weather conditions) or unusual occurrence (unless solely and directly caused by the Exchange negligence), Exchange will not be responsible to concessionaire for repair/restoration of the premises, lost income, sales, or lost profits, damage to concessionaire property, employee salaries, or any consequential costs incurred, or be obligated to relocate concessionaire. Concessionaire should consider obtaining business insurance to cover risks to its property and concession activity.

d. During the contract period, the Contracting Officer may require the concession to relocate to better meet the Exchange needs or those of the installation, as determined by the Contracting Officer. Concessionaire will be given advance notice. The Exchange will pay for moving and installing Exchange furnished equipment and fixtures and hooking up utility lines. The Exchange will reimburse the reasonable cost of moving and installing concessionaire furnished equipment and fixtures. The Exchange will not be liable for lost income, profit and/or salaries associated with relocating.

2. FACILITIES/MAINTENANCE/OPERATING HOURS (APR 05).

a. Concessionaire investment for buildings and installed property or fixtures will not be required, unless otherwise specified in this contract. The Exchange will maintain Exchange furnished premises including ordinary running repairs and interior decorating. Concessionaire will be liable for damage to the premises resulting from acts or omissions of concessionaire, concessionaire's employees, or agents. The Exchange may inspect the premises at any time.

b. Concessionaire will keep the premises clean, orderly, secure, and sanitary. Concessionaire will comply with the installation/exchange fire, safety and security regulations and applicable health and sanitation and environmental protection regulations.

c. Concessionaire will do custodial maintenance on the exterior of the facility and grounds if a building is assigned for concessionaire's use. If the facility is shared with other concessionaires, exterior custodial maintenance will be assigned by Exchange management. If the concession is located in an exchange complex and predominant tenancy is by the Exchange direct-operated activities, the Exchange will perform exterior custodial maintenance, except those tasks described in "d" below. The equipment

and labor to perform exterior custodial maintenance assigned to the concessionaire will be at concessionaire's expense. Assigned exterior maintenance may include:

- (1) Pick up all refuse daily within the assigned exterior areas.
- (2) During the season, cut and trim the grass weekly within the assigned exterior areas.
- (3) During the season, clear the snow, ice, slush and mud deposits from the sidewalks and walkways within the assigned exterior areas.

d. Concessionaire will, as needed, but at least daily, clean the entrance door, exterior of storefront windows, entranceway and customer walkways; empty and thoroughly clean all waste and smoking receptacles; and check exterior lighting. Exterior lighting failures will be promptly reported to the Exchange. In automotive activities, the service bay floors, equipment, and work benches will be cleaned daily.

e. Posted operating hours are those that will be displayed at the facility. However, each facility will be open for business at least 5 minutes before posted opening, and will remain open at least 5 minutes past posted closing, as in the following example:

POSTED Hours of Operation 1000 - 1800

ACTUAL Hours of Operation 0955 - 1805

The term open for business means ready to serve the customer. Activities such as preparing cash registers and sales forms will be accomplished prior to actual opening. Facilities will be open for business at all times during scheduled operating hours. Hours of operation will generally conform to those of nearby exchange activities, and may be changed by written mutual agreement between the concessionaire and the general manager. If concessionaire and general manager cannot agree on changes to the hours of operation, the issue will be submitted to the Contracting Officer for resolution. Hours of operation for facilities not located near exchange activities are fixed and may only be changed by written amendment to the contract. If the nearby exchange is open on a holiday, the concession must also be open during the same hours. If the nearby exchange is closed on a holiday, the concession may also choose to remain closed.

3. EQUIPMENT, FURNITURE, AND MOVABLE TRADE FIXTURES (MARCH 11).

a. The Exchange Furnished: When there is Exchange furnished equipment, the following will apply. The item list, agreed value, and condition of equipment, furniture and trade fixtures furnished by the Exchange are stated in this contract. Concessionaire will sign a custody receipt for the items furnished. Repairs of and replacement parts for the Exchange furnished equipment, furniture, and fixtures will be provided by the Exchange, or at the Exchange's option, by concessionaire at the Exchange' cost. Concessionaire will perform routine preventive maintenance and keep the equipment, furniture, and fixtures clean, sanitary, and secure. Broken or malfunctioning equipment must be reported, in writing, to the Exchange General Manager or Services Business Manager immediately upon discovery. The Exchange will not be liable for concessionaire losses caused by malfunction of equipment. The Exchange property will not be removed from the premises without the prior written approval of the Contracting Officer. The Exchange property will only be used for this contract. The Exchange may inspect Exchange furnished equipment, furniture, and fixtures at any time.

b. Concessionaire Furnished: Concessionaire will provide and install all the equipment, furniture and movable trade fixtures required by this contract. All concessionaire furnished property is subject to approval of the Contracting Officer. All electrical equipment will carry the Underwriters' Laboratories (UL) Seal of Approval. At the request of the Contracting Officer, and prior to the commencement date of services under this contract, concessionaire will give the Contracting Officer a typed list of all equipment, furniture and movable trade fixtures to be used for this contract. Each item will be identified by manufacturer, model name/number, serial number or concessionaire's fixed asset number, as appropriate. Concessionaire will not sell or remove any equipment, furniture or fixtures from the concession premises without the prior written approval of the Contracting Officer. Concessionaire will maintain and repair or replace, as necessary, all concessionaire furnished equipment, furniture and fixtures. Title to concessionaire furnished equipment, furniture and fixtures remains with the concessionaire. If Concessionaire uses leased equipment in the performance of the contract, concessionaire must notify the Contracting Officer of the name and address of the lessor. Concessionaire investment in equipment, furniture and fixtures for this contract is a business risk of the concessionaire. It is expressly understood and agreed that neither the Exchange nor any other agency or instrumentality of the United States is or will be liable to concessionaire for costs of concessionaire's investing in equipment, furniture or movable trade fixtures in the event of termination or expiration of this contract without extension.

4. TOOLS AND SUPPLIES (APR 97).

Concessionaire will furnish tools of the trade and supplies required for this contract.

a. The Exchange may purchase and furnish expendable supplies of the kind and quality the Contracting Officer considers necessary for performing the required service when those supplies are not readily available on the local economy. Without the express prior approval of the Contracting Officer, the concessionaire will neither request nor accept supplies from the Exchange.

b. Supplies furnished by the Exchange will be charged to concessionaire's account at cost plus 10 percent, except as otherwise provided in the contract.

c. Supplies will not be used for other than in performance of the services specified in the contract. Unauthorized use or sale of the Exchange supplies by concessionaire will be reported by the Exchange to host country customs and tax authorities.

5. PROHIBITED ACTIVITIES (FEB 89).

a. Concessionaire will not, in or about the premises of the military installation, engage in or permit gambling or the use of any device which savors gambling (such as punch cards or slot machines), engage in loan operations, or sell merchandise or services on credit unless otherwise provided for in the contract. Concessionaire is responsible for all deferred charges. Concessionaire will take no actions counter to the purpose of the contract or which have the effect of diverting sales from the concession activity to concessionaire's commercial business activities. Facilities will not be used for performance or support of other Exchange contracts or commercial business activities.

b. Concessionaire will not provide free merchandise or services except in conjunction with

promotional programs approved by the Contracting Officer.

6. LICENSE FOR THE EXCHANGE TRADEMARKS (JAN 05).

a. Should the concessionaire be granted permission to use an Exchange trademark, concessionaire agrees that it becomes a temporary licensee of such mark and warrants that it shall use the licensed mark only for the purposes of and pursuant to this Agreement. Concessionaire agrees that it has no claim, option, or other right whatsoever, direct or implied, to any like license for any geographic area or location other than the licensed location(s) in this Agreement.

b. Upon cancellation, termination or expiration of this Agreement, concessionaire shall immediately discontinue all use of the licensed mark and will be deemed to have automatically and irrevocably assigned any rights, equities, good will, titles or other rights in the mark which concessionaire may have obtained or had vested in pursuance of any endeavors under this Agreement. Any such assignment shall be without other consideration than the mutual covenants of this Agreement.

7. AUTHORIZED CUSTOMERS (DEC 88).

Concessionaire will sell service or merchandise only to personnel authorized to use the Exchange facilities. Concessionaire will comply with the Exchange patron identification procedures.

8. CUSTOMER COMPLAINTS AND CLAIMS (DEC 88).

Concessionaire will adhere to the Exchange's policy of customer satisfaction guaranteed. All customer complaints and claims will be resolved at concessionaire's expense. Any disagreement that cannot be resolved between concessionaire and the customer will be decided by the Contracting Officer, whose decision will be final and not subject to the Disputes clause. If concessionaire fails to process complaints and claims timely, the Exchange may, in addition to other rights and remedies available under this contract, settle customer complaints and claims and charge them to concessionaire's account. Customer complaints or claims based on merchandise or services sold by a predecessor concessionaire will be referred to the Contracting Officer.

9. SIGNS, IDENTITY AND DÉCOR STANDARDS (JAN 05).

Concessionaire will post only those signs and décor items approved by the Contracting Officer.

a. The concessionaire will post all signs and décor items furnished by the Exchange, including, but not limited to, those that provide customer information and those that set identity and décor standards.

b. In the event the concessionaire owns and operates an existing business under a commercially recognized brand, they may use the recognized brand image, signing and store décor.

(1) All requests for approval of concessionaire furnished commercially recognized brand image, signing and store décor must be made in writing to the Contracting Officer and include sufficient detail to fully identify the proposed brand or image.

(2) Concessionaire will not take any action to implement or install the brand image until they receive written approval from the Contracting Officer.

(3) The decision of the Contracting Officer to accept or reject the concessionaire's proposed brand image is final and not subject to the disputes clause.

10. UTILITIES (APR 05).

a. The Exchange will pay for all utilities, to include heat, power, water, sewage service, and trash removal unless otherwise provided in the contract. The Exchange will not be liable for losses caused by interruptions of utility service.

b. Concessionaire will pay for connecting and disconnecting utilities to concessionaire furnished equipment.

c. Concessionaire will pay all costs for telephone service used in performance of this contract. The concessionaire will publish the phone number in all listings by identifying the type of business or the Exchange Corporate Identity, as applicable, followed by the installation name (i.e., Barber Shop, Hill AFB, or Stripes the Alterations Place, Hill AFB).

d. Concessionaire and concessionaire employees will comply with the Exchange energy conservation programs. Concessionaire furnished equipment requiring utilities hookup will comply with the Exchange energy conservation policy. Concessionaire furnished equipment determined by the Contracting Officer to be energy inefficient will be replaced with acceptable equipment at concessionaire's expense.

11. INTERNAL CONTROLS (JAN 05).

Concessionaire will keep a complete and accurate accounting of all transactions including, but not limited to, facility sales, route sales, online sales, organization sales, etc.

a. Cash Registers. The concessionaire will provide and maintain cash registers, either Electronic Cash Registers (ECR) or an Electronic POS System as required in the exhibit titled Concessionaire Furnished Equipment and as described below. Cash register procedures follow:

(1) Concessionaire will obtain the written approval of the exchange representative on the Exchange Form 6550-27, Contractor's Cash Register Record, before a cash register is placed into or removed from service. The approval will document the information listed on Exchange Form 6550-27 and be signed by the exchange representative and the concessionaire. The concessionaire will immediately notify the exchange representative if a cash register becomes inoperative. Sales will be recorded on the Exchange Form 6550-9, Customer Daily Sales Register, until the inoperative register is repaired or replaced. An Exchange Form 6550-27 must be completed when the inoperative register is removed from service and again before it is returned to service or replaced.

(2) All sales (cash, charge card or deposit) will be recorded on the cash register when the transaction is made. Service and merchandise sales will be recorded separately on the designated keys of the cash register. The customer will be given a cash register receipt for the sale.

(3) Refunds, overrings, void transactions and readings before and after test rings made for other than recording sales (e.g., repair) will be documented using the Concessionaire Cash Register Adjustment Voucher, the Exchange Form 6550-24. If the contract requires a cash register with a sales form validation feature, the concessionaire will validate the adjustment vouchers. Attach one copy of completed vouchers, signed by the customer or repairman and concessionaire or concessionaire's designee, to the Z reading receipt tape submitted with the Concessionaire's Settlement Report,

Exchange Form 6550-10. All other deductions from sales must be supported as required by the contracting officer.

(4) The concessionaire will Z read cash registers daily at close of business. At the monthly cut-off, concessionaire will Z read the register and remove the register tape. Write the activity/branch number on the tape, Z read, then X read the register again to put the opening readings on the next month's tape. Submit Z reading receipt tapes for each settlement period with the Salesclerk Daily Report/Register Summary Report to the supporting exchange accounting office. Cash register journal tapes will be retained by the concessionaire for six (6) months.

(5) Only cash, checks, and other cash instruments received from sales, and established change and petty cash funds will be placed in cash registers. All cash register disbursements such as customer refunds or petty cash purchases must be supported by an appropriate refund or petty cash voucher.

b. Electronic Cash Register (ECR) - The ECR will be a general purpose unit for use in a small business environment. General Specifications:

(1) Key functions: The following key functions are required:

(a) Department Keys: A sufficient number of department keys to accommodate the number of services and/or different fee percentages is required by this contract.

(b) Numeric Keys: Includes 0-9 keys that are used in entering quantity, price and other values as required. Decimal point will be automatic where required.

(c) No Sale Key: Other than the emergency release feature, the no sale key must be the only key that opens the cash drawer when the machine is outside of a transaction. No other keys may be used in conjunction with the no sale key. The no sales feature must produce a transactional counter printout on the X and Z readout tapes.

(d) Refund Key: Used to refund a completed transaction. Must have separate resettable totalizer which will not subtract nor add to the non-resettable grand totalizer.

(e) Tax Key: A tax key programmable for various tax rates in accordance with the particular state/host country law. Taxes must totalize on the X and Z readout tape. The register should provide for manual entry of tax amounts different than the programmed amount.

(f) Item Correct/Void Key: Used to void item operations within a transaction. Must have a separate resettable totalizer which will not subtract nor add to the non-resettable grand totalizer.

(g) Validation Key: A validation key and slip printer capability. Validation print will be on an item basis, not a transaction basis, printing only a single line of data on a single or multiple copy form.

(h) Other Keys: Other keys may be used as determined by the concessionaire. Registers with received-on-account, paid out, or other features that subtract from the department total and non-resettable grand totalizer must have those features blocked for non-use.

(2) Physical: The ECR may be unified or modular in design with overall uniform dimensions not to exceed 21" deep x 20" wide x 18" high. The cabinet will be made of durable molded plastic type material or other heavy duty construction that is stain resistant and easy to clean with general purpose household cleaners. All hinges, locks, latches, mounting brackets and other cabinet hardware will be constructed of metal or other equally durable material that is rust resistant and designed for heavy daily use. The register will be designed to insure that miscellaneous items such as paper clips, metal staples, coins and etc. cannot accidentally enter or fall into the register.

(3) Cash Drawer: The cash drawer will be of heavy duty construction designed for constant daily

use. It will have an emergency release mechanism preferably located under the drawer. The ECR must have a closed drawer feature to prevent register operation unless the drawer is closed and fully latched.

(4) Keyboard: The keyboard shall be the basic mode of information entry. It shall consist of 10-numeric value keys arranged in standard adding machine configuration, functional keys as required to perform all cash register functions and transaction keys to perform all required cash register transactions. An audible tone will sound when a key is depressed or an error is made.

(5) Displays: Operator and customer displays are required. Both will be large, easy to read panels having a minimum character height of 1/2 inch. It will display a minimum of 8 numeric values and required transaction indicators. The customer display must be viewable by customers at all times.

(6) Printer Tapes: Must print a Customer Receipt Tape and a Journal Tape.

(a) Customer Receipt Tape will print header, proper descriptors (including department number) next to amounts and the date. Receipt print shall be legible and self-explanatory and be identified with a cash register number and a transaction number.

(b) Journal Tape will contain the date, each transaction total, no sales, voids, refunds, X and Z readings and a non-resettable customer or transaction counter printed on it. It shall be legible and self-explanatory. Changing of receipt and journal tape will not require removal of any part of the print mechanism or electroplate.

(c) ECRs will have a Customer Receipt and Journal Tape (two station) alpha/numeric dot matrix printer units. Unified ECRs will have a "fixed" self-contained, 2-station printer unit with either a drum or alpha/numeric, dot matrix print element.

(d) The 2-station printer receipt and journal paper will be single-ply rolls having identical dimensions to allow one size roll to fit both printers. Paper will be either 38MM or 44MM wide. The receipt and journal will space and feed paper independent of the other.

(e) The journal tape will be automatically rolled and stored in a compartment.

(7) Grand Totalizer: Must have a non-resettable grand totalizer, non-resettable Z reset counter and non-resettable transaction counter. It must produce an X and Z readout tape totaling each/all functions of the register. The non-resettable grand totalizer and Z reset counter need not print on the X tape. The Z readout, after initial printing, must clear all totals except the three non-resettable totalizers.

(8) Electronic Memory Unit: Will identify by letter abbreviation or numerical identification department numbers, total, change, amount tendered, X and Z operations and any other salient features of the ECR.

(9) Totals and Counters:

(a) The register shall have the capability to total all departments with each having a separate total that accumulates net sales, i.e., sales minus refunds and voids.

(b) Grand Totals: The grand total shall be the result of accumulating gross sales data unaffected by refund and void key entries, i.e., it shall not be decreased by refund and void key transactions. The grand total will be non-resettable, nine-digit capacity and will print on the receipt and journal when read (X read operation).

(c) Counters: All counters will be four-digit capacity and non-resettable providing a continuous count for customers or transactions.

(10) Power Requirements: The equipment will have a factory installed, internal power supply

that is designed to operate using the commercially available power within the Exchange facility.

(11) Memory Protection: The register will be fully operational after power interruptions or outages without any loss of programming parameters or accumulated totals for a minimum of 125 hours. Register with operating memory on/off switch is not acceptable.

c. Electronic POS System. Offerors who have not previously obtained the Exchange approval of their Electronic POS System must send a request to the contracting officer with adequate information demonstrating the capabilities of the system and its compatibility with paragraph 11, Internal Controls, of Exhibit C, Special Provisions. If the request is not approved, offerors must provide the Electronic Cash Register as identified in paragraph 11.b. above. When an Electronic POS System is approved in writing by the Contracting Officer, the requirements of 11.a.(3) and 11.a.(4) above are not waived. However, in lieu of the Exchange Form 6650-24, Concessionaire Cash Register Adjustment Voucher, the concessionaire may use a printed POS form completed in accordance with paragraph 11.a.(3). The requirements of paragraph 11.a.(4) are waived only if the POS system has an electronic journal tape. All other requirements of this Special Provision still apply. Concessionaire must supply all documents described in their approved system procedures with each settlement report. Modifications of the approved procedures and reports will require written approval of the Contracting Officer prior to implementation.

d. Forms. The following procedures apply if customer property is accepted for servicing, a deposit is collected, an item is rented, an item is sold on layaway, an item is purchased to be delivered, or an item is ordered for customers.

(1) Concessionaire will provide prenumbered claim tickets, work orders, sales forms, or order forms as appropriate, acceptable to the contracting officer. Forms will list concessionaire's name, followed by the phrase "Exchange Service Concessionaire." Where the contract specifies that the concessionaire will perform under an Exchange Corporate Identity, the phrase "Exchange Service Concessionaire" will be replaced with the name and logo of the Exchange Corporate Identity. A separate number series will be used for each outlet and forms will be numbered to preclude repetition of numbers during the contract. Concessionaire will submit a list of forms assigned for use by each outlet or route to the supporting exchange office. Distribution of copies will be prescribed by the contracting officer.

(2) Concession activities accepting customer property for servicing or processing will use claim tickets providing spaces for the following information as applicable: (a) date of order, (b) customer's name, rank, organization or address, and telephone number, (c) description of customer property, (d) list of each service performed, (e) charge(s) for each service, (f) sales tax if applicable, and (g) the following: "If the property identified on this order is not picked up within 90 days after the item is ready, the customer donates and transfers all right, title, and interest in the property to the Army and Air Force Exchange Service." (In case of privately owned vehicles left for servicing, the customer will be required to sign adjacent to the clause on the concessionaire copy of the order.)

(3) Forms will be used in numerical sequence. Voided forms will be annotated with the number of the form used to replace it and processed as a completed transaction. Customer identification and a full description of each product sold, or service performed, will be listed on the form and the charge for each item listed separately. Parts and/or products will not be included with service as a single charge. If

in Exhibit G, the contract requires a cash register with a sales form validation feature, the concessionaire will validate each form for every sales transaction.

(4) The customer will be furnished a copy of completed form. If a customer calls for property without a claim ticket, require identification, obtain the customer's signature on the control copy, countersign, and indicate the date of pickup.

(5) Route sales will be shown separately on the settlement report.

(6) If a customer picks up a portion of the items listed on a claim ticket, the unclaimed items will be listed on a new claim ticket, and the customer furnished a copy.

(7) Completed forms will be retained in the originating activity for 90 days (1 year for automotive activities) after the applicable settlement report date. After this period, concessionaire will remove forms from the concession activity and maintain at concessionaire's records storage area for three (3) years after final payment under the contract.

e. Customer Daily Sales Register. If a cash register is not required, concessionaire may use Customer Daily Sales Register, the Exchange Form 6550-9. The register will be prepared in duplicate, showing the applicable sales data and signed by the customer. Each sale will be recorded on the sales register at the time payment is made. Customers will be given a receipt showing the name of the concessionaire, item purchased, purchase price, and date of sale. Customer refunds will also be recorded on the sales register. Refund amount will be enclosed in brackets and deducted from register totals. Each refund entry must contain the customer's name, address, telephone number, and signature. Attach a copy of all completed register pages to the settlement report.

f. Cash Control. Cash (including checks) received by the concessionaire from sales becomes the property of the Exchange at time of receipt from customers. Misappropriation or use other than as authorized by the Exchange is prohibited and may result in prosecution. Concessionaire shall be financially liable for loss of cash receipts regardless of cause until such receipts are deposited with and receipted for by authorized the Exchange personnel at the designated cash collection point or a deposit receipt is obtained from the financial institution designated by the Exchange. In the event of loss of receipts, the concessionaire shall reimburse the Exchange the amount established by The Exchange audit.

g. Change Funds: Concessionaire will provide his own change fund, and the general manager will be advised of the amount of the change fund in writing. The authorized change fund will be documented by written authorization from the general manager when provided by concessionaire. The authorization from the general manager will be filed at the concession activity. Concessionaire will not keep funds in the facility in excess of the change fund plus sales receipts unless authorized in writing by the general manager. Any currency found in the facility in excess of the documented change fund plus sales receipts will be considered to be the property of the Exchange.

12. CONCESSIONAIRE SETTLEMENT (NOV 02).

At the close of each business day, concessionaire will prepare the Exchange Form 7200-12, Sales Clerk Daily Report/Register and turn in this form with the Exchange Form 6550-9, Customer Daily Sales Register, and/or cash register Z reading receipt tapes (originals only), as applicable, to the Exchange cash collection point or financial institution designated by the installation general manager. All receipts from sales (cash and checks) will be deposited with the Exchange cash collection point or financial institution designated by the installation general manager. Copies of credit card tickets will be handled in accordance with The Exchange Europe published procedures.

13. FEE PAYMENT (MAY 05).

a. The Exchange shall pay to the concessionaire the fee(s) of the total combined sales of all locations included in the contract in accordance with the Fee Schedule in the contract. Not later than twenty (20) calendar days after the end of the Exchange fiscal month, the Exchange shall submit to the concessionaire, in the appropriate currency equivalent specified in the contract, the full amount due and payable to the concessionaire, less any amounts used to satisfy customer claims and debts due the Exchange under the contract.

b. Upon contract termination or expiration, the Exchange may, at the option of the Contracting Officer, retain all or any part of compensation due the concessionaire for a period of ninety (90) calendar days. Such monies will be used to satisfy customer claims and debts due the Exchange under the contract. The balance will be paid to concessionaire.

14. TAXES (FEB 89).

a. Concessionaire is responsible for determining the applicability of and for payment of all federal, state, host country, and local taxes applicable to the property, income, and transactions of concessionaire. If required by applicable laws and regulations, concessionaire will collect and remit sales taxes to the state or host country, as applicable. Sales taxes which have been collected as required by Clause 30, Prices, will be excluded from the computation of gross receipts. The amount excluded will be listed on the Concessionaire Settlement Report. The amount of taxes excluded will not exceed the actual sum payable to the state or host country. If required by state law, host country or regulation, concessionaire will obtain and conspicuously display the state sales tax permit.

b. Concessionaire warrants that the contract prices or other consideration do not include any tax or duty from which concessionaire is exempt under the laws or agreements of the United States Government, state or host country where this contract is performed. If any such tax or duty has been included in the pricing or consideration through error or otherwise, the contract pricing or consideration will be correspondingly reduced or adjusted. If for any reason after the contract date, concessionaire is relieved, in whole or in part, from the payment or the burden of any tax or duty included in the contract pricing or other consideration, the contract pricing and/or other consideration will be correspondingly reduced or adjusted.

c. If this contract covers an activity involving a Federal Occupational Tax, concessionaire agrees as a condition precedent to engaging in or operating such activity, to tender to the Exchange the amount of any Federal Occupational Tax applicable thereto if payment has not been accomplished by

concessionaire, or to reimburse the Exchange the amount of any such tax the Exchange has paid as a result of the operation of such activity by concessionaire. As between the parties of this contract, notice or demand for payment from an office of the U.S. Internal Revenue Service will be conclusive that the Federal Occupational Tax is payable and in the amount so specified to be due.

15. CONCESSIONAIRE AND CONCESSIONAIRE EMPLOYEES (CONCESSION PERSONNEL) (Jan 00).

a. Responsible management will be provided during all hours of operation at the concession activity. The manager or designated representative will be knowledgeable of contract terms and conditions and will have authority to conduct business as required by this contract. Authority will include, but will not be limited to, purchase of operating supplies, maintenance and repair of equipment, training of employees, maintaining prescribed hours of operation, supervision of concessionaire employees, and settlement of customer complaints and claims. The concessionaire will provide written notice to the Contracting Officer naming the person appointed manager or representative.

b. Concessionaire will furnish a sufficient number of trained, qualified employees to ensure the efficient performance of this contract. New concessionaires will give first consideration for employment to employees of the previous concessionaire, or if direct operated, the Exchange employees.

c. All concessionaire employees having customer contact must be able to read, write, and speak English at a fluency level sufficient for efficient performance of the contract.

d. The concessionaire will, at concessionaire's expense, make employees available for any applicable training according to training dates determined by Exchange management.

e. Concession personnel must meet the health and security standards prescribed by the contract and applicable regulations, and must obtain installation passes, permits, and security clearances when applicable.

f. Concession personnel will be neat and clean. Customer contact personnel will wear attire typical of styles commonly used by the better local commercial facilities of the same trade and as approved by the Contracting Officer. Nameplates will be worn by all customer contact personnel. For branded facilities the logo nameplate will be provided by the concessionaire. For non-branded facilities, the standard The Exchange nameplate will be worn in the manner prescribed by current directives. Standard Exchange Nameplates will be furnished by the Exchange to the concessionaire at a nominal cost.

g. Concession personnel will give prompt and courteous treatment to authorized customers.

h. Concession personnel will abide by applicable regulations and directives and conduct themselves so as not to reflect discredit on the Exchange.

i. Concessionaire will discontinue the use of any employee for performance of this contract upon written notice from the Contracting Officer that the individual is not (or no longer) acceptable for performance under this contract. Concessionaire will not use any such employee to perform other Exchange contracts without the prior written consent of the applicable Contracting Officer.

j. Concessionaire will not employ any individual for this contract who has been determined unacceptable for performance under any other Exchange contract or has been separated for cause by the Exchange.

16. ACTIONS TO BE TAKEN UPON TERMINATION (INCLUDING EXPIRATION) (JAN 05).

a. If contractor desires to sell, and the Exchange desires to purchase, any or all of the concessionaire furnished property including equipment, furniture and movable trade fixtures, etc., used in the facility by concessionaire for this contract, the value of the property will be jointly agreed upon by both parties. Contractor must show clear title to all items transferred.

b. Concessionaire will promptly settle concessionaire's account with the Exchange including payment in full of all amounts due; yield up the premises, installed property and fixtures, and all The Exchange furnished property, clean and in as good order and condition as when received (damage due to acts of God or the U.S. Government, and ordinary wear and tear excepted); surrender all installation passes, decals, etc., for all concession personnel; and complete satisfactory settlement of all customer complaints and claims. Termination of this contract does not release concessionaire from the obligation to satisfactorily settle customer complaints and claims.

c. Concessionaire will promptly remove all concessionaire furnished property not purchased by the Exchange including equipment, furniture and movable trade fixtures, tools of the trade and supplies. Property will be removed after the close of business on the final day of the contract unless other arrangements have been approved by the local exchange. Upon failure to yield up the premises or remove concessionaire's property as required, the Contracting Officer may enter the premises, have concessionaire's property removed and stored in a warehouse at concessionaire's expense, and have the premises cleaned and restored at concessionaire's expense. In this event the Exchange will exercise due care in the removal and storage of Concessionaire's property, however the Exchange assumes no liability for any loss or damage to concessionaire property under these circumstances. If concessionaire is indebted to the Exchange, or does not promptly remove concessionaire property, concessionaire authorizes and empowers the Contracting Officer or their representative to take possession of concessionaire's property and dispose of same by public or private sale without notice, and out of proceeds of sale, satisfy all costs to the Exchange including the costs of sale, handling, storage, etc., and any other indebtedness to the Exchange.

d. If concessionaire is not awarded a follow-on contract, concessionaire will arrange transfer of the activity's telephone number to the new concessionaire unless prohibited by the servicing telephone company.

e. Where concessionaire performed the contract under an Exchange Corporate Identity, concessionaire will cease use of all the Exchange names and identity standards upon the termination or expiration of the contract.

17. INDEBTEDNESS (FEB 89).

a. Concessionaire will pay promptly according to the terms of this contract all indebtedness incurred in connection with performing the contract. If a due date is not specified, payments due the Exchange must be received no later than 15 days after receipt of notice of amounts due. If all amounts due under this or other contracts are not received, at any time thereafter the contracting office may direct by written order that daily receipts be turned over to the Exchange until all amounts owing the Exchange are paid.

b. The Exchange may charge concessionaire for a dishonored check received from concessionaire, except when (1) the bank acknowledges the dishonor to be a bank error or (2) the return is the result of an Exchange error. The charge will not exceed the administrative amount the Exchange normally charges its customers for dishonored checks. The Contracting Officer may require payment to be made in cash, certified check, or cashier's check.

18. INSURANCE (AUG 06).

a. Failure to maintain insurance throughout the contract is considered a breach of contract and may result in the termination of the contract. Concessionaire will maintain in full force and effect, during the contract, at least the insurance coverage in the Insurance Requirements exhibit.

b. Concessionaire will be liable for damage, loss or injury to property or persons resulting from acts or omissions of concessionaire, concessionaire's employees or agents, whether or not covered by required insurance

c. The Exchange insurance does not cover any loss, damage, or theft of concessionaire's equipment, tools, or other property in the facility and the Exchange will not be liable for obtaining commercial insurance for the property.

19. PROMOTIONAL EVENTS (APR 05).

Concessionaire will conduct promotional events as specified below:

a. Concessionaire Sponsored (Paid-For) Promotions:

(1) The Concessionaire will participate in all telecommunications providers directed promotions for all services covered under this contract and may also conduct independent promotions at the activity level subject to prior coordination with local exchange management. Promotion programs will be equal to or better than programs offered in the commercial sector by similar businesses.

(a) The specific promotional items/services, discounts, and promotion dates will be coordinated by written agreement between the concessionaire and the Exchange. The agreement need not be in the form of an amendment to the contract.

(b) The concessionaire will provide the exchange a proposed promotional program for the balance of the calendar year within 30 days of contract award. The concessionaire will provide a proposed promotional program during the month of November each year for the subsequent calendar year. The promotional program will describe the items/services to be promoted, the dates of the promotion, and the discounts proposed.

(2) The cost of a telecommunication providers directed or Concessionaire sponsored promotions will be borne by the Concessionaire. Fees payable to the Exchange (Gross Sales) will be based on regular sale price less any discount or fee items customers are entitled to resulting from redeeming coupons.

(3) Concessionaire is encouraged to advertise in media produced primarily for distribution on military installations/bases to authorized customers. Advertising in commercial media not specifically

directed towards the military market, when not otherwise prohibited by the contract, requires prior approval of the Contracting Officer.

(4) If concessionaire operates as a branded business, they will participate in the promotion programs developed by the brand.

(5) Other promotional price reductions for limited time periods may be provided upon written agreement between concessionaire and the Exchange. Such written agreement may provide for temporarily reducing fee in conjunction with the promotional price reduction. The agreement need not be in the form of an amendment to the contract.

b. The Exchange Directed Promotions:

(1) Concessionaire will participate in all the Exchange Special Coupon Booklets/Programs. Periodically, the Exchange will provide customers with special coupons in recognition of events or achievements (i.e. reenlistments, birth of a child, newcomers, educational achievements, deployments, etc.) for use in purchasing merchandise or services that may be provided under this contract at reduced prices. The coupon will show the specific amount of discount customers will be entitled to receive. The Exchange will fund the full cost of the face value of these coupons and the cost of marketing and advertising materials.

(2) Concessionaire will participate in all the Exchange promotions identified in the Promotional Events clause of the Schedule. Cost of these promotions will be as stated in the Schedule and may either be the Exchange funded, concessionaire funded, or shared between the Exchange and the concessionaire.

(3) Concessionaire will participate in any other Exchange directed promotions. These promotions may include, but are not limited to, percentage or dollar off coupons, temporary price reductions, reduced prices for service or merchandise with purchase of regular priced service or merchandise, frequent purchase/loyalty card program, gift with purchase, etc. The Exchange will fund the full cost of these promotions.

(4) When the Exchange directed promotions require the redemption of an Exchange coupon, concessionaire must comply with the following guidelines:

(a) Concessionaire will honor and redeem all Exchange coupons presented by exchange customers. The coupons are redeemable at face value only towards purchase of specific item/service indicated, subject to compliance with any time limit and/or other restrictions that may be specified. Coupons will not be redeemed for cash.

(b) The regular sell price (price before discount) will be rung on the cash register. The amount of money collected from the customer will equal the regular sell price discounted by the coupon's face value. Concessionaire will calculate fee to the Exchange based on the regular sell price, before considering the discount customers are entitled to resulting from redeeming the special coupons.

(c) If directed by the Exchange, concessionaire will have the customer print and sign their name and print their telephone number and the date on each coupon redeemed.

20. THE EXCHANGE TABLOID/SPECIAL SALES COUPONS AND MERCHANDISE GIFT CERTIFICATE REDEMPTION (APR 05).

a. The Exchange Tabloid/Special Sales Coupons:

(1) Concessionaire will enter the total face value amount of the Exchange Tabloid and Special coupons redeemed during a reporting period on the Concessionaire Settlement Report, the Exchange Form 6550-10. The coupons received and redeemed will be submitted to the supporting exchange accounting office with the settlement report. The supporting exchange accounting office will verify the coupon amount.

(2) Concessionaire will deduct the total face value of the coupons redeemed from fee payment unless otherwise specified by the contract.

b. The Exchange Merchandise Gift Certificates:

(1) Concessionaires will follow all current Exchange policies and procedures regarding acceptance and processing of gift certificates, as set out in the Exchange EOP 40-11 (Special Retail Programs).

(2) Concessionaire will honor the Exchange Merchandise Gift Certificates and redeem for any combination of merchandise and cash back. The Exchange Merchandise Gift Certificates cannot be redeemed for cash only at concession activities. Customers who wish to redeem certificates for cash only must do so at any Exchange direct retail facility.

(3) Concessionaire will ensure that Gift Certificates have been properly completed by both the Exchange and the customer. Review for the following information on certificates:

(a) Recipient's name must be written on the "Payable To" line of gift certificate.

(b) Value of gift certificate must be written in both numbers and words. The amount in numbers must agree with amount written in words.

(c) Ensure that the issuing Exchange Name, 10-digit facility number and a date are indicated on the gift certificate.

(d) Ensure that all Gift Certificates presented are originals and not copies.

(4) Ring the merchandise selected and total the sale.

(5) Tender the amount of the gift certificate(s) as Cash.

(6) If the amount of the sale is greater than the face value of the certificate(s), collect additional amount due from customer. If the amount of the sale is less than the face value of the certificate(s), give the customer change.

(7) Write the current date and the word "REDEEMED" on the front of the gift certificate(s) and ask the customer to endorse the back of the certificate(s).

(8) The Exchange will reimburse concessionaire for amount of valid gift certificates redeemed by exchange customers as follows:

(a) Concessionaire will enter the total face value amount of gift certificates redeemed, during a reporting period, on the Concessionaire Settlement Report, The Exchange Form 6550-10, and deduct the gift certificate amount from fee payment due the Exchange.

(b) The gift certificates received and redeemed will be submitted to the supporting exchange accounting office with the settlement report. The supporting exchange accounting office will verify the gift certificate amount.

21. REFUNDS (DEC 88).

a. Concessionaire will be responsible for refunds to customers for customer dissatisfaction with an item or service or for any overcharges to customers. Should concessionaire refuse or fail to promptly make any refund of overcharges to a customer, the Exchange may make the refund and charge the amount to concessionaire's account. If a customer cannot be located or if refund to a customer is otherwise not practicable as determined by the Contracting Officer, concessionaire will pay the amount of the overcharge to the Exchange within 15 calendar days from date of demand by the Exchange.

b. Requests for refunds not promptly honored are considered complaints or claims subject to the provisions of the Customer Complaints and Claims clause.

22. CUSTOMER CHECKS (MAY 05).

Customer checks will be accepted by the concessionaire in accordance with the following procedures:

a. The check will be approved by the Exchange Check Verification System, or

b. Concessionaire will insure that the customer's name and address are printed or handwritten on the check. The customer's name will be compared with the customer's ID card. Concessionaire will verify that the customer's social security number from the customer's ID card is not on the current Exchange Check Suspension List. (DO NOT RECORD THE SOCIAL SECURITY NUMBER OF CUSTOMER'S CHECK.) A copy of the Exchange Check Suspension List will be furnished the concessionaire by the local general manager. The Exchange reserves the right to charge the concessionaire for any checks that are accepted by the concessionaire when the Exchange can prove that the individual's SSN was on both the Exchange Check Verification System and on the applicable Exchange Check Suspension List at the time the check was accepted.

23. SAFEGUARDING OF CONCESSIONAIRE FUNDS ON ARMY AND AIR FORCE INSTALLATIONS (DEC 88).

a. When more than \$100 are kept in the concessionaire facility during non-operational hours, funds will be secured in a steel safe equipped with a three-position combination tumbler locking device.

b. When more than \$500 are held in the concessionaire facility during non-operational hours, the safe must:

- (1) be secured to the premises by being encased in a concrete bed; or
- (2) be bolted or steel-strapped to a floor beam or an internal wall support beam with the bolts or straps concealed to prevent cutting or prying; or
- (3) weigh in excess of 1,000 pounds.

24. CHARGE CARD AND MILITARY STAR CARD SALES (MAY 05).

a. Charge Cards: Concessionaire will accept Visa and MasterCard. Concessionaire may also accept other recognized U.S. commercial charge cards.

(1) Concessionaire will accept the GSA Smart Pay Card and Government Purchase Card (GPC) from authorized customers and DoD civilians for official purchases upon presentation of the charge card and

a Government Identification Card.

(2) Concessionaire is responsible for the payment of any fees, charge backs, and other arranged costs levied by the charge card issuing companies. If concessionaire uses the Exchange furnished verifone to process credit cards other than Military Star Card, there will be a 2.0% charge.

(3) Credit cards will be processed in accordance with current Exchange Europe published procedures.

b. Military Star Card:

(1) Concessionaire will accept the Military Star card for products/services as authorized in this contract. Primary responsibilities are as follows:

(a) Concessionaire will report such sales on the Salesclerk's Daily Report/Register Summary Report in the same manner as other credit card sales.

(b) The Exchange will provide procedures and forms required to process the Military Star card credit transactions.

(c) Concessionaire will be charged a processing fee of 2.0% of all Military Star card transactions, to include sales tax, less merchandise refunds or adjustments, which will be deducted from the Exchange reimbursement to the concessionaire. The fee percentage may be administratively reduced by the Exchange without contract amendment.

(d) The Exchange will pay the Concessionaire in accordance with Clause 13 of this exhibit.

(e) The Exchange will be responsible for collection of Military Star card account balances from customers.

(f) Concessionaire will handle refunds and adjustments under the Military Star card program in the same manner as other credit card sales.

(g) The term "daily sales receipts" in Special Provision 17, Indebtedness", is expanded to include any funds payable to the concessionaire under the Military Star card program.

c. When the charge card sales for the month exceed the amount of cash and checks turned into the Exchange, a condition known as "negative balance" may occur. Concessionaire must clear negative balances within 5 business days after receipt of their Exchange Concession Statement of Earnings and Deductions. If condition continues over two consecutive months, concessionaire will be required to deposit with the Exchange accounting office an average month's sales for a compensating balance. The deposit will be refunded to the concessionaire within 90 days of the expiration or termination of the contract, less any amounts due the Exchange. No interest will accrue to concessionaire on the deposit while held by the Exchange.

d. The Exchange Europe assigns its claims against the credit card companies to the concessionaire.

25. INSPECTIONS (MAR 00).

a. The Exchange Contracting Officer, or any person designated by the Contracting Officer, may conduct inspections to ensure compliance by the concessionaire with all provisions of this contract.

b. The Exchange may perform surveillance to verify concessionaire and concessionaire employee compliance with contract terms and to detect theft of government funds in accordance with host country laws. Surveillance may include the use of electronic equipment. Concessionaire will inform employees that such surveillance may be conducted and that individuals implicated may be prosecuted in Federal courts. Concessionaire will obtain written certification from all employees that they have

been so informed and will maintain the certification on file for the period of the contract. A form for this certification is available from the Contracting Officer.

c. Concessionaire is liable and will pay the Exchange for losses under this contract detected by surveillance or otherwise discovered or incurred.

26. SMOKING POLICY (DEC 86).

The smoking policy for concession operations will be as directed by the general manager.

27. THE EXCHANGE/VENDOR PARTNERSHIP MARKETING PROGRAM (JUL 94).

The Exchange Marketing Program consists of numerous elements to enhance the sale of consumer products and services. At the Concessionaire's request, the Exchange will give the Concessionaire the opportunity to participate in selected elements of the Program. All participation will be in conjunction with the sale of authorized products and services to authorized customers. The Exchange reserves the right to limit the degree of participation based on availability, designated themes of special events, and the overall goals of the program.

28. ORGANIZATIONAL SALES (NOV 00).

Concessionaire may sell items to authorized official organizations and activities of the U.S. Armed Forces. Sales will be recorded on the cash register at the time the sales transaction is made. Any losses incurred as a result of organizational sales are concessionaire's responsibility.

29. SCOPE OF SERVICE/MINIMUM QUALITY (DEC 88).

Concessionaire will only sell merchandise and services specifically set out in the Price Schedule exhibit of this contract. Items sold under this contract will be in good taste. Merchandise and services provided under this contract will be equal to those provided by first quality commercial establishments.

30. PRICES (MAY 99).

- a. Articles stocked for sale will be individually price marked.
- b. Concessionaire will only charge the prices established in the Price Schedule exhibit of this contract.
- c. Where a state or host country law imposes a sales tax on the sale of the item and/or service, the sales tax will be stated separately from the sales price, added to the price in the Price Schedule exhibit, and collected from the customer.

31. PRICE/FEE REVISIONS (JAN 87)

The prices and fees established in this contract will remain firm throughout the term of the contract unless revised according to the following:

- a. The Contracting Officer may initiate a price increase or decrease or grant one at request of the concessionaire. A price increase or decrease will be at the sole discretion of the Contracting Officer. In the event of a price decrease, the fee to the Exchange will be decreased to result in the reduction of income due to the price decrease being absorbed by the Exchange. Any increase/decrease in

concessionaire expenses directly attributable to price revisions will be taken into consideration by the Contracting Officer in computing the appropriate fee change.

b. The Contracting Officer will make such price/fee revisions by issuing a unilateral contract amendment to become effective on the date indicated in the amendment. The concessionaire will implement the prices on the date established in the amendment. The fee revision will be considered final unless concessionaire submits a request for reconsideration to the Contracting Officer within 30 days after receipt of the amendment. A request for reconsideration may only be based on the fact that the Contracting Officer's fee revision will result in loss of income to the concessionaire which can be directly attributed to the price revision. After receipt of a request for reconsideration, the Contracting Officer will reconsider the action and issue a final decision under the Disputes clause of this contract. However, nothing in this clause will excuse the concessionaire from proceeding with implementation of the revised prices on the date established in the amendment.

c. If this contract contains a Base Currency Exchange Rate (BCER), fee revisions may be effected in conjunction with revisions to the BCER.

32. PROPOSALS IN ENGLISH (MAR 11).

Documents submitted in response to this solicitation and contract shall be in the English language. Documents received in other than the English language may be rejected.

33. CUSTOMS (AUG 10).

The Concessionaire is responsible for complying with all custom directives and regulations, payment of all custom duty and obtaining appropriate documentation to substantiate compliance.

***** END OF EXHIBIT *****

Exhibit D - Prices

1. **Services:** The services to be offered and the sell price criteria are highlighted below:

a. **Internet Service:**

Service	Description	Sell Price
	<i>Basic Tier Internet (ex. 6 Mbps or higher)</i>	
Basic Tier Pre-Paid Internet (6 Mbps or higher)	High speed service in Barracks, MWR activities, and other local WiFi hot spots. Signup on-line and pre-paid will be offered on daily, weekly, and monthly basis. Provides portability of service, such that any internet subscribed to under this contract provides access to the service at no additional costs within the same country. The website must be in English. Bandwidth speeds shall be 6 Mbps or higher to the customer.	Initial pricing must be: Daily: \$9.50 USD Weekly: \$24.50 USD Monthly (30 day duration): \$45.00 USD
Expanded Tier Pre-Paid Internet (ex. ~10 Mbps or higher)	Higher levels of prepaid internet service where available, according to infrastructure.	Consumer pricing will be determined after contract award.

b. **Additional Services:**

Services	Description	Sell Price
Customer Service	A toll free telephone number that provides customer assistance (7) days a week.	No Charge
Installation, Activation Fees, Connection Fees, Credit Card transaction fees, etc.	Charges associated with subscription to prepaid Internet services, unless otherwise indicated in the contract.	No Charges when activating or re-activating service, or processing a credit card transaction.

2. **Pricing:**

- a. All products and services will be priced in U.S. Dollars.
- b. Service Packages will be as follows: Daily equals consecutive 24 hours, Weekly equals 7 consecutive days, Monthly equals 30 consecutive days, regardless of calendar.
- c. Service Packages are based on elapsed time and not usage.
- d. Credits and Refunds will be in U.S. Dollars.

3. **Market Surveys:**

- a. Market surveys will be conducted by the Exchange annually and as the market dictates.
- b. Market surveys will be conducted by the ISP Provider annually and as the market dictates or as requested by the Contracting Officer or his/her representative(s).
- c. Market surveys will reflect regular non-promotional prices and/or service features from other providers. Market surveys locations and survey methods will be from local providers and mutually determined after contract award. Pricing and/or service feature discrepancies identified by either party will be elevated to the Contracting Officer along with recommended actions to bring pricing and/or service features in line with the market survey findings. At that time, the concessionaire and the Exchange will reach a mutual agreement of any adjustments to pricing and/or service features. If mutual agreement cannot be reached the Exchange reserves the right to unilaterally establish the price.

4. **Price Adjustments:**

- a. All prices for similar services will be uniform within the same country.
- b. The Contracting Officer will issue notice in writing, at least 90 days in advance, of any proposed price/service level changes to the contract.
- c. Requests for price/service level changes must be accompanied by supporting documentation, to include, but not limited to:
 - i. Most recent Price Survey of mutually selected market using established method
- d. The supporting documentation must be submitted to the Contracting Officer to provide a comparative analysis of the relationship of:
 - i. increased costs to the concessionaire's total costs and
 - ii. market locations and methods survey.
- e. Concessionaire(s) is responsible for remaining competitive with the latest services, prices, and services available in the local market.

5. Connection / Activation Charges:

- a. The concessionaire will not charge Installation, Activation, or Connection Fees for services.
- b. Partial month's service will not be pro-rated.

***** END OF EXHIBIT *****

Exhibit E - Fees

1. **Estimated Sales and Demographic:** The estimated monthly gross sales are listed below in figure 1. The Exchange makes no warranty, expressed or implied, concerning the accuracy of this information or its applicability to forecasting future sales or estimates.

- a. The estimated sales are derived from historical information Exchange possesses applicable to current concessionaire activity along with estimation for services not currently provided (e.g. off post locations may include leased housing areas).

Estimated Sales:

Figure 1

Germany Community	Estimated Monthly Sales (\$)
Stuttgart	71,500
Kaiserslautern	608,000
Wiesbaden	66,000
Ansbach	83,000
Grafenwoehr	227,000
Hohenfels	42,000
Garmisch	5,000
Schweinfurt	80,500
Bamberg	72,000
Baumholder	68,000
Spangdahlem	202,500
Italy Community	Estimated Monthly Sales (\$)
Vicenza	52,000
Livorno	4,500
Dal Molin	TBD
Aviano	132,500

Estimated Demographics:

Figure 2

Germany Community	Sub-Community	Housing Units	# Residents (AFH)	Barracks Spaces	# Residents (UPH)
Stuttgart	Patch	611	1911	425	232
	Panzer	194	628	308	202
	Kelly	119	586	39	23
	Robinson	447	877	-	-
Kaiserslautern	Ramstein	620	2121	1020	984
	Daenner Kaserne	-	-	69	61
	Kapaun	-	-	280	257
	Kleber Kaserne	-	-	263	242
	Rhine Ordnance Barracks	-	-	294	488
	Pulaski Kaserne	-	-	66	6

Germany Community	Sub-Community	Housing Units	# Residents (AFH)	Barracks Spaces	# Residents (UPH)
Stuttgart	Patch	611	1911	425	232
	Panzer	194	628	308	202
	Kelly	119	586	39	23
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	Kleber Kaserne	-	-	263	242
	Rhine Ordnance Barracks	-	-	294	488
	Pulaski Kaserne	-	-	66	6

Italy Community	Sub-Community	Housing units	# Residents (AFH)	Barracks Spaces	# Residents (UPH)
Vicenza	Vicenza	247	808	-	-
	Leased Housing	360	1055	100	91
	Ederle	-	-	1168	1065
Livorno	Leased Housing	75	227	-	-
	Camp Darby	-	-	88	37
Aviano		337	981	793	731

Demographics: **Figure 3**
Base Population Estimates, (FEB 2012)

Location	2011	2012	2013	2014	2015	2016	2017
Summary by Type							
Army	50,796	46,167	44,033	37,195	35,210	35,210	35,210
Air Force	30,807	30,807	30,807	30,807	29,877	29,877	29,877
Total Force	81,603	76,974	74,840	68,002	65,087	65,087	65,087
Total Civilian	64,956	64,418	62,731	57,961	56,822	56,771	55,275
Army Dependents	76,194	69,251	66,050	55,793	52,815	52,815	52,815
AF Dependents	46,211	46,211	46,211	46,211	44,816	44,816	44,816
Total Civilian Dependents	81,195	80,522	78,413	72,451	71,027	70,964	69,094
US ARMY GARRISON	TOT POP:	13,202	12,811	10,963	4,343	1,843	1,836

FINAL PROPOSAL REVISION (FEE ONLY)

Exhibit E

Attachment 2 to Solicitation Amendment 2

SCHWEINFURT								
US ARMY GARRISON WIESBADEN	TOT POP:	15,838	19,895	22,017	21,118	21,249	21,249	20,968
Consolidated Tri-Borders	TOT POP:	51,495	54,792	50,923	36,919	34,549	34,549	33,998
US ARMY GARRISON BAUMHOLDER	TOT POP:	13,055	3,217	3,226	3,226	3,226	3,226	3,084
US ARMY GARRISON KAISERSLAUTERN	TOT POP:	28,279	27,351	27,041	27,056	27,056	27,038	25,679
Ramstein	TOT POP:	25,388	25,388	25,388	25,388	25,739	25,739	25,739
Sembach	TOT POP:	4,125	4,125	5,250	5,250	5,250	5,250	5,250
Spangdahlem/Bitburg	TOT POP:	24,132	24,132	25,735	25,735	25,735	25,735	25,735
Consolidated Ramstein	TOT POP:	94,978	84,212	86,639	86,655	87,006	86,988	85,487
US ARMY GARRISON HEIDELBERG	TOT POP:	20,429	17,955	13,429	4,750	0	0	0
US ARMY GARRISON MANNHEIM	TOT POP:	8,739	7,335	2,500	0	0	0	0
US ARMY GARRISON STUTTGART	TOT POP:	22,209	22,112	22,176	22,164	22,057	22,019	21,762
Consolidated EUCOM	TOT POP:	51,377	47,402	38,104	26,914	22,057	22,019	21,762
US ARMY GARRISON LIVORNO	TOT POP:	3,024	2,944	2,239	2,237	2,237	2,237	2,212
US ARMY GARRISON VICENZA	TOT POP:	9,994	10,118	12,798	13,696	13,696	13,692	13,601
Aviano	TOT POP:	10,373	10,373	10,373	10,373	10,373	10,373	10,373
Consolidated SETAF	TOT POP:	23,391	23,436	25,410	26,306	26,306	26,302	26,186

2. In the tables below, propose the function designated by columns (ISP or AAA or Single Award) you wish to participate in this solicitation. Also, one business entity could make multiple submissions; this would encourage partnerships.

3. All fees for daily, weekly, and monthly plans will be based upon the number of monthly (30 day duration) subscribers. Four tier levels have been established and each tier can be a separate percentage of gross sales. The fee provided for monthly plans in section 7. will be same for daily and weekly plans. Propose the fee percentage amount you wish to be paid in each tier per number of monthly (30 day duration) subscribers. The offeror must respond to all tiers to be considered responsive.

4. In no event will the Exchange pay in excess of 100%. (ISP+AAA) or (Single Award) scenario.

5. Please notice that if you intend on proposing the Single Award section, there is no need to fill out the ISP and AAA sections.

6. For Germany, the (25,000 to 34,999) tier is the most heavily weighted, followed by the (35,000 to 44,999) tier, and the outer tiers being weighed less. For Italy, the (7,000 to 9,999) tier is most heavily weighted, followed by the (2,000 to 6,999) tier, and the outer tiers being weighed less. For evaluation purposes, weights will not be the same for Germany and Italy.

7. Offerors will propose ISP/AAA fees using the table below considering variable total monthly subscriptions for the various contract line item numbers (CLINS) below:

Table 1: Germany Matrix

	CLIN 100	CLIN 101	CLIN 102
	ISP	AAA	Single Award
Tiers* Monthly Subscribers	Germany	Germany	Germany

A	Less than 25,000	(b)(4) Proprietary	
B	25,000 – 34,999	(b)(4) Proprietary	
C	35,000 – 44,999	(b)(4) Proprietary	
D	45,000 or more	(b)(4) Proprietary	

* Note: If bands are columns, tiers are rows

Table 2: Italy Matrix

	CLIN 200	CLIN 201	CLIN 202
	ISP Italy	AAA Italy	Single Award
Tiers* Monthly Subscribers	Italy	Italy	Italy

A	Less than 2,000	(b)(4) Proprietary	
B	2,000 – 6,999	(b)(4) Proprietary	
C	7,000 – 9,999	(b)(4) Proprietary	
D	10,000 or more	(b)(4) Proprietary	

* Note: If bands are columns, tiers are rows

8. The award may be made individually to ISP and AAA, or a single provider for both functions (referred to above as single award). If a single provider is chosen, there will be no award for additional ISP and AAA. Awards shall be made separately for Germany and Italy. Awards will be made to derive an overall value to the Exchange i.e. line item award.

a. Figures 4 below show examples of how the separate ISP and AAA proposals will be evaluated against a proposal which is a combination of the services (single award).

Single

Figure 4:

	ISPx (#)	AAAY (#)	Award (#)	
Award Scenario 1	250	50	n/a	Successful: ISPx with AAAY
Award Scenario 1	n/a	n/a	350	Unsuccessful: single award

b. Figures 5 below show examples of how the separate ISP, AAA, and single award proposals will be evaluated to award best in class.

Figure 5:

	ISPx (#)	AAAy (#)	Single Award (#)	
Award Scenario 2	250	50	n/a	Unsuccessful ISPx; Successful AAAy
Award Scenario 2	200	100	n/a	Successful ISPx; Unsuccessful AAAy
Award Scenario 2	n/a	n/a	350	Unsuccessful: single award

9. **Fee Offer:** The contractor will be paid the fee percentage listed in Table 1 & 2 above, based on adjusted gross sales. Adjusted gross sales is total gross sales less a) refunds to customers, except when the refund is due to poor performance by the contractor; b) promotions which the Contracting Officer has agreed in writing, in advance to fund; c) any sales tax the contractor is responsible to remit to a proper taxing authority (these type of taxes are just a pass through from customer to the taxing authority and exclude any corporate or other tax).

a. **Review Process:** The initial tier shall be 25,000 to 34,999 in Germany and 2,000 to 6,999 in Italy for the period of one year after commencement date. After the initial period of 1 year, the tiers will be reviewed on a quarterly basis. During this quarterly review, the next tier will be chosen by the Contracting Officer based on the average monthly subscribers from the previous quarter. Monthly subscriber totals for each of the previous 3 months will be averaged to establish the next quarter's tier and associated fee structure. Fee changes will be adjusted according to the number of monthly subscribers if the number should enter a new tier level, and the new fee will be communicated to the ISP and AAA service representative and the Exchange Finance and Accounting (FA) group within one week of the quarterly meeting. The fee change will be locked for the period of 3 months or until the next quarterly review, unless otherwise directed by the Contracting Officer. The monthly subscriber figures will be sourced by the AAA provider in their reporting and verified by management reports and network usage statistics.

10. Reporting Requirements:

a. For the purpose of fee reporting for Pre-Paid services, the fee is computed based on the adjusted gross sales received in the previous month using a 4-5-4 Merchandising Calendar from National Retail Federation.

1. The contractor will submit a monthly settlement report and fee invoice to the Exchange for services rendered. The reporting period will be by 4-5-4 Merchandising Calendar month and the settlement reports and fee invoice is due on the 15th day of the following month of performance.

2. The settlement report will list the monthly sales and fee income for each location by service plan (daily, weekly, monthly) to include the facility number. Locations of service likely to be segmented by barracks, family housing areas, and MWR locations.

b. Monthly reports shall contain at a minimum, the data requested in Exhibit E, Attachment 1, Sample Fee Settlement Report.

c. The concessionaire will provide management reports showing, preferably through an online dashboard system, at a minimum the following metrics:

- i. Number of subscribers by service type and by locations of service segmented by barracks, family housing areas, and MWR locations
- ii. Real-Time revenue reporting by selectable date and time range
- iii. Graphical display with percentages of bandwidth utilized by location
- iv. Trouble ticket resolution log
- v. Number of concurrent users online by location specified above
- vi. Other reports which the concessionaire generates for other AAA or ISP providers

11. Settlement Reports:

a. Settlement reports must be electronically transferred to the below e-mail address on the 15th day of the month following the month of performance. The report will be sent to

phonefiles@aafes.com

b. An additional physical copy of the settlement report will be delivered on the due date to the Exchange Services Business Manager on the 15th day of the month following the month of performance.

1. The payment amount due and payable by the Exchange to the concessionaire will be made in US Dollars in an amount equal to the concessionaires proposed fee as a percentage of the total receipts collected by the Exchange during the fiscal month.

12. The concessionaire is responsible for giving the Contracting Officer the payment address, at the time of contract award. If the payment address changes during the contract period, the contractor must notify the Contracting Officer in writing.

BANK NAME (b)(4) Proprietary
 BANK ADDRESS (b)(4) Proprietary
 ACCOUNT NO. (b)(4) Proprietary
 BANKLEITZAHL (b)(4) Proprietary

***** END OF EXHIBIT *****

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1														
2	Contract Number:													
3	Calendar Month:													
4	Location / Controller:													
5	Facility Number:													
6														
7	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
8	Total Daily subscriptions this month @ \$3.50 each													
9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Total Daily Revenue													
11	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Total Weekly Revenue													
13	Monthly													
14	Total Active customers this month													
15	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Total Monthly Sales													
17	Other (Future)													
18	Total Active customers this month													
19	Total New customers this month													
20	Total Cancelled / Deactivated customers this month													
21	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Total Other Sales													
23	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Revenue													
25	\$0	\$0	\$0.00	\$0	\$0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
26	Fees to Providers													
27	Daily Sales x ISP Fee													
28	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Daily Sales x AAA Fee													
30	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Weekly Sales x ISP Fee													
32	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Weekly Sales x AAA Fee													
34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	Monthly Sales x ISP Fee													
36	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	Monthly Sales x AAA Fee													
38	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Other Sales x AAFES Fee													
40	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Total Exchange Fees, after ISP & AAA fee													
42	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
43														

DRAFT

Exhibit F – Insurance

1. The Concessionaire will maintain, during any contract period, insurance coverage listed below, with insurance company(ies) acceptable to the Exchange. All required liability insurance coverage will include the United States and the Exchange (AAFES) as additional insureds for claims, demands, suits, judgments, costs, charges, and expenses arising out of or in connection with any loss, damage, or injury resulting from the negligence or other fault of Concessionaire, or Concessionaire's agents, representatives, or employees.

2. The insurance coverage to be maintained is:
 - a. The following coverage in amounts complying with state, host country or military installation requirements, whichever is greater, where this contract is performed:
 1. Worker's Compensation and Employer's Liability Insurance
 2. Automobile Bodily Injury and Property Damage Liability for vehicles operated in performance of this contract by the Concessionaire or Concessionaire's agents or employees on the military installation, whether or not owned by Concessionaire.

 - b. The Concessionaire will maintain at their own expense with Insurance companies acceptable to the Exchange the coverage listed below or may elect to have such coverage provided through an insurance company selected by the Exchange at Concessionaire's expense by marking the box in paragraph c below. If the Concessionaire provides his own insurance coverage, Concessionaire will furnish the Contracting Officer with a current Certificate of Insurance, ACORD Form 25-S, showing the insurance is in effect prior to the commencement date of the contract, and will no less than 60 days prior to expiration of such coverage furnish the Contracting Officer with a Certificate of Insurance, evidencing continuation of coverage. In the event evidence of insurance Coverage is not received before commencement date of contract performance, or date thereafter as approved by the Contracting Officer, the Concessionaire will be automatically provided coverage by the Exchange and the provisions of paragraph 1.c., this exhibit, will apply. The Certificate of Insurance must show the United States and the Exchange as additional insureds for all required liability coverage. The "INSURED" block of the Certificate of Insurance must list both the Concessionaire's name and the Exchange contract number.

1. **Commercial General Liability** in minimum limits for Bodily Injury and Property Damage:
 - i. \$1,000,000 Each Occurrence Limit
 - ii. \$2,000,000 General Aggregate Limit

This insurance policy will be written on an "occurrence" basis. A policy written on a "claims made" basis is not acceptable.

c. _____ I desire that coverage in paragraph b above be provided through an insurance company selected by the Exchange. The current premium rate for this coverage is \$0.07 per \$100.00 gross sales. The premium will be charged Concessionaire's account based on gross monthly sales. If the premium rate changes during the contract period, Concessionaire's account will be charged the actual premium paid by the Exchange.

3. The Concessionaire agrees to self-insure customer-owned property left for servicing, and to accept sole responsibility until its return to the customer.
4. Insurance for Losses and/or Damages: Contract provisions provide that Concessionaire is financially liable for losses of and/or damages to the Exchange owned merchandise and losses of monies accepted in performance of the contract REGARDLESS OF CAUSE. It is suggested that Concessionaire purchase and maintain insurance coverage for such losses and/or damages. INSURANCE COVERAGE AS DISCUSSED HEREIN IS NOT AVAILABLE FROM THE EXCHANGE.

*****END OF EXHIBIT*****

**TELECOM ITALIA EXHIBIT G
STATEMENT OF WORK (SOW)
FOR THE DELIVERY OF INTERNET SERVICE
TO MILITARY BASES IN EUROPE**

Contents

1. Introduction	1
2 Scope - Reserved	2
3 Concept of Operations - Reserved	2
4 ISP Program Requirements	2
5 ISP Technical Requirements	5
5.1 Summary of Service Level Required	8
6 Transition Planning Requirements	9
6.1 Implementation Schedule	9
7 AAA Requirements - Reserved	10
8 Marketing and Promotions - Reserved	10
9 Business Model (ISP, AAA)	10
9.1 Chart of revenue and Information Flow	11

Telecom Italia S.p.A.
 Direzione Generale
 Via ...
 ...
 ...

1. Introduction

The Internet Service Provider "ISP" shall meet the performance requirements as established in this Statement of Work (SOW) for prepaid internet services to be provided to residential and unofficial business users located on military Installations in Italy. This SOW requires the ISP to deliver high quality service to Exchange customers.

Provider shall provide ISP services to residents on US Military Installations in the country of Italy. The ISP shall design, install, maintain, administer and operate the services as described. Services are to be provided to authorized Exchange patrons living in Army Family Housing (AFH), leased housing areas, and barracks and Cat B "For Fee" and Cat C "For Fee" locations on Army and Air Force Installations.

5. **Service Locations:** The ISP shall provide services to every location in the designated countries and in buildings that are connected and authorized to have access to Paid Internet Services. During the contract period, other activities may sell the same or similar services.
6. **Technical Support:** ISP shall provide technical expertise to create technical configurations for AAA provider owned and operated equipment to interface properly with ISP's services, if necessary. ISP technical support shall be able to identify and resolve interface problems between the ISP's services and AAA owned equipment.
7. **US IP Address Support:** ISP shall provide unlimited access to United States Internet Protocol (IP) addresses, including sites categorized as social networking, VOIP, and IPTV services.
8. **Building Modifications:** The ISP shall not modify or obtain access to any building or modify in any way any facility, without written permission from the necessary Exchange and Military Installation point of contacts. Examples: The Installation Network Enterprise Center (NEC), Department of Public Works (DPW) and the contracting office.
9. **Reporting:** The ISP shall identify key statistics for the monitoring of this contract including number of users. Exchange requires a monthly report that indicates this information.

(b)(4) Confidential/Proprietary

Monthly reports will be made and will be provided to Exchange contracting officer by email and/or on the web portal dedicated to Customer Service.²¹

10. **Authorized Customers:** The ISP shall support programs and announcements that describe who are authorized customers; this will be contained in a Terms and Agreements document that shall be required to be acknowledged by any paid users signing up for services.
11. **Provider concession fee payments:** ISP shall design, implement, and operate a process to invoice the Exchange not less than once per month.
12. **Customer service processes (Tier 2):** ISP shall provide a method to resolve network problems (b)(4) Proprietary in support of AAA Provider and the Exchange. (b)(4) Proprietary

12.1. The ISP shall provide 24x7, 365 days per year, English language call center support. The AAA Provider or Exchange will escalate network issues (b)(4) via one or more toll free numbers accessible from Italy, Germany and United States.

12.2. (b)(4) Confidential/Proprietary

13. **Service Level Agreement (SLA):** ISP shall provide a comprehensive service level agreement (SLA) showing escalated tiers of support and details of contact personnel, based on outages and numbers of subscribers affected.

14. (b)(4) Confidential/Proprietary

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 Direzione Regionale
 Direzione Provinciale

²¹ Vendor's Step 1 Technical Solution, reference: Solicitation, Exhibit G, Attachment 2, section 5.4.1.

15. Fair Usage Policy: The ISP shall publish a User Agreement and Fair Use policy; content will be mutually agreed upon and added by contract modification.

(b)(4) Confidential/Proprietary



(b)(4) Confidential/Proprietary



Handwritten signature

(b)(4) Confidential/Proprietary




5 ISP Technical Requirements

1. **Quality Assurance Plan (QAP) or Quality Control Plan (QCP):** The ISP shall provide a QAP or QCP include at a minimum:

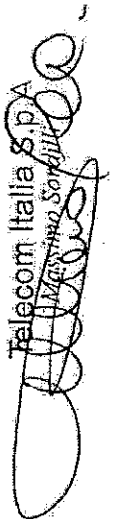
- 1.1. ISP shall provide description of the inspection system to cover all services provided. Description will include specifics as to the areas to be inspected on both scheduled and unscheduled basis, and the frequency of the inspections. ISP shall provide Accountable key personnel and their related responsibilities as well as a listing/description of periodic reports and tools used to track performance will also be included.

Telecom Italia S.p.A.
Marketing Services

- 1.2. ISP shall provide a written safety and health plan shall include details of the safety organization, responsibilities, method of program implementation, and how hazards and deficiencies are required to be identified and corrected.
 - 1.3. ISP shall provide tests and measurements to demonstrate that the system meets or exceeds the technical standards in the solicitation and standard industry practices are required and not reimbursable by the Exchange.
 - 1.4. The Exchange will be permitted to inspect and conduct tests and measurements of any and all equipment and facilities.
 - 1.5. ISP shall provide all service records, to include and not limited to repair records, service requests, service complaints, customer satisfaction surveys, and data rate and outage time statistics are required to be available to the Exchange.
2. (b)(4) Confidential/Proprietary
- 

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Telecom Italia S.p.A.
Massimo Sorbilli



(b)(4) Confidential/Proprietary



1. **Specifications:** ISP shall comply with specifications in Table 3.1 below that reflects minimum requirements for service at all locations. ISP's shall meet or exceed the minimum requirements identified.
 - 1.1. Technical specification must be in conformance with an accepted ITU Global Standard or other recognized industry group (i.e., ETSI, IEEE, CableLabs, etc.). Please state this standard and the specific characteristics and technology being used (i.e., ITU G992.1 ADSL, DOCSIS, WiMaxx, etc.)
 - 1.2. Any radios must be certified for use on Army installations and the cost of this certification will be borne by the Provider.
2. **Review:** The ISP shall conduct planning, review and progress meetings with the Exchange and/or installation management prior to and during implementation.
 - 2.1. ISP shall provide written reports of implementation progress, to include highlights of any issues and/or obstacles that may affect the ability of the ISP to meet the implementation timelines.
 - 2.2. The Exchange requires monthly account status meetings with the ISP to review current network status, customer satisfaction levels, or any operational issues at the contracted locations.
3. **Reporting:** The ISP shall provide meaningful and timely reporting and analytics that provide the Exchange with current and comprehensive information regarding technical and management performance (summarizing projected vs. actual measures).

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Massimo Sestini

- 3.1. The Exchange requires reports reflecting the status of the percentage of bandwidth utilized; peak periods of usage, average contention ratio, latency and lag times, and other commonly used network performance metrics to validate the standards in section 3.1.
4. **Project Management:** ISP shall follow Project Management Body of Knowledge (PMBOK®) standards.
- 4.1. ISP shall provide Actions and timelines must be clearly mapped out and responsibilities identified.
- 4.2. ISP shall provide a project critical path map for each installation to transition on the target dates as mutually decided. The critical path map must reflect the milestones that the provider will achieve to provision service.
5. The ISP shall provide (b)(4) Confidential/Proprietary

[Redacted]

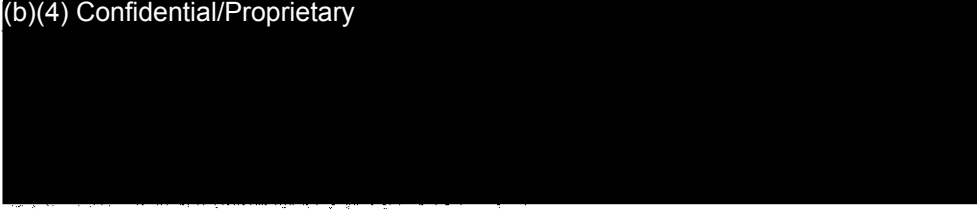
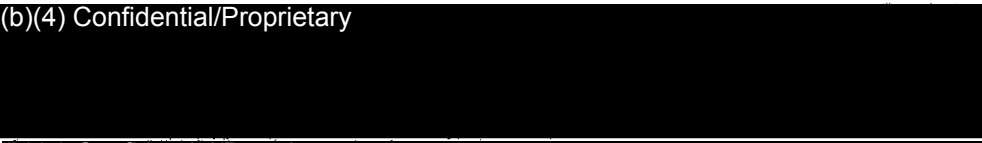
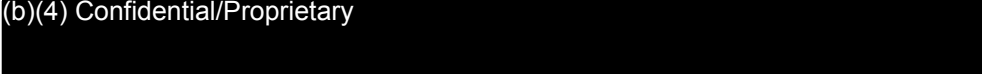
- (b)(4) Confidential/Proprietary
- [Redacted]
- [Redacted]

5.1 Summary of Service Level Required

REQUIREMENTS	Minimal Spec
• Download Speed	≥6 Mbps
• Upload Speed	≥3 Mbps
• Network Availability	≥ 99.99%
• Packet Loss	<1%
• Network Latency	<50ms round trip
• Response Target Time in the event of a problem	4-hour priority
• Network Monitoring	24x7 ~ 365

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6 Transition Planning Requirements

1. **Conversion and support for customer:** The ISP shall provide a transition plan which provides a seamless and expedited transition from the current environment to new pre-paid Internet services with minimal disruption to customers, while ensuring user account integrity.
2. **Converting Customers:** The ISP shall provide a plan for converting customers from existing service providers. Details shall include any data requirements necessary for transitioning from current provider to the new service.
 - 2.1. The ISP plan shall provide a means to establish an efficient and executable plan that will migrate customers from their current provider(s) and a strategy for existing customer accounts.
 - 2.2. The ISP plan shall address existing customer premise equipment (CPE), if applicable; i.e. intent to use. CPE consists user purchased or leased set top boxes, DSL modems, and cable modems.
3. **Upgrade and Enhancements:**
 - 3.1. The ISP shall be responsible for acquiring and or maintaining all required licenses so as to comply with all applicable local laws; statutes, ordinances, regulations, policy and rules.
 - 3.2. The ISP's plan shall provide for installation of the network to service to all required Military installations on or before the required commencement date of service.
 - 3.3. The ISP shall provide a plan which shall include the time schedules of base coordination/approval, installation, testing, and cutover of service for each garrison.
 - 3.4. (b)(4) Confidential/Proprietary

 - 3.5. (b)(4) Confidential/Proprietary

 - 3.6. (b)(4) Confidential/Proprietary

4. **Completion Date:** The ISP shall comply with the date to establish the baseline level of service in all areas is at or before May 2013.
5. **Use of Government Equipment:** After award, the ISP shall conduct site surveys and submit implementation plans. Plans will include intended use of any Government-owned equipment and infrastructure and any business arrangements between the ISP concessionaire and Military Housing authorities.

6.1 Implementation Schedule

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Marketing Services


Listed below are the community and sub-communities where services are required. Providers shall update the table below with estimated completion dates. All locations shall be completed no later than May 2013. Exchange does not guarantee the accuracy of the information; information is subject to change.

Italy Community	Sub-Community	Housing units	# Residents	Barracks	# Residents
			(AFH)	Spaces	(UPH)
Vicenza	Vicenza	247	808	-	-
	Leased Housing	360	1055	100	91
	Ederle	-	-	1168	1065
Livorno	Leased Housing	75	227	-	-
	Camp Darby	-	-	88	37
Dal Molin	Dal Molin	100	100	2500	1200
Aviano		337	981	793	731

7 AAA Requirements - Reserved

8 Marketing and Promotions - Reserved

9 Business Model (ISP, AAA)

- Prices charged to customers:** The Exchange shall set the prices charged to customers that will be comparable to those available by the local market in the Country of service.
- Service Plans:** There will be multiple service plan options that will include service plans ranging from at least 1 day up to any number of consecutive months. No alteration to service plans is authorized without express written approval of the Contracting Officer.
- Payments:** The Accounting functions as AAA (Authentication, Authorization, and Accounting) functions are responsible for payment process under authority of Exchange contract with Net Near U.
- Provider concession fee payments:** The ISP's fees are based on percentage of total revenue. Different fees are based on tier levels of subscribers. (see Exhibit E)

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4.1. The ISP shall manage the process for reconciling any customer disputes and the method and frequency of payments from the Exchange to the provider. (b)(4) Confidential/Proprietary

[Redacted]

Based on the management reports shared with the AAA provider, the ISP will invoice Exchange monthly for the services rendered. All (b)(4) Confidential/Proprietary

[Redacted]

4.2. In all situations legitimate customer refunds will be deducted from total sales.

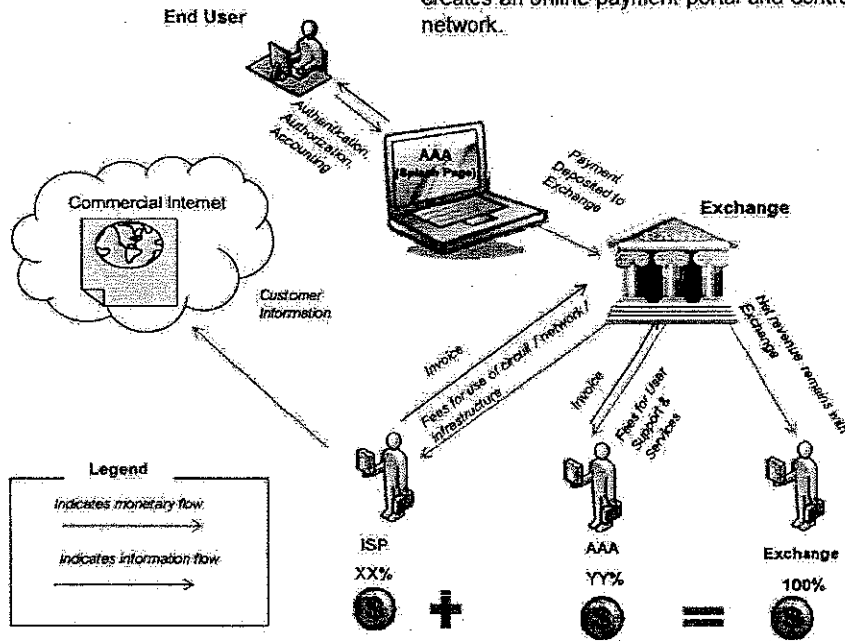
4.3. The ISP will design, implement, and operate a process to invoice the Exchange not less than once per month for services rendered.

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[Redacted]

9.1 Chart of revenue and Information Flow

The Exchange enters into agreements with an Internet Service Provider (ISP) and Authentication, Authorization and Accounting (AAA) provider for external connectivity with end-user network equipment. The AAA provider creates an online payment portal and controls users on the network.



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³ Vendor's Step 1 Technical Solution, reference: Solicitation, Exhibit G, Attachment 2, section 9.5.1

Section 3

ISP TECHNICAL OBJECTIVES

3.1. QUALITY ASSURANCE PLAN

3.1.1. Introduction

Telecom Italia has achieved since 1996 the ISO 9001 certification by implementing a Quality Management System referred to the process of Business and by identifying a Quality Policy aimed at improvement of all parameters of processes in order to position itself on the standard of excellence.

Certification is the declaration by which an external Body, independent and accredited, certify that the Company conducts activities consistent with the provisions of a reference standard. Certification is not mandatory but is one of the indispensable requirements to participate in competitions held by the Government. In addition, the need to ensure its customers services characterized by increasingly higher standards of quality has resulted in the increase and diversification of certifications associated with individual sectors, services and products.

The adoption of a Quality Management System allows the Company to act as a point of reference in the context of its market thanks to the achievement of the objectives of efficiency and continuous improvement, assessed in a transparent manner on the basis of parameters recognized and shared.

The Quality Management System was upgraded in 2009 with respect to ISO 9001:2008 standard, and now refers more broadly to sales activities and sales processes operated by the commercial functions of Telecom Italia that take care of Top Clients and Public Sector Business.

The responsibility for the Quality Management System is owned by the "Service Improvement and Certification" function, that conducts its activities for the entire Telecom Italia Group.


The certificate was issued by IQNet through its Italian partner CISQ and certifies that, for all the functions and operative units in Italy that take care of Top Clients and Public Sector Business, Telecom Italia has implemented and maintains a Quality Management System for the following fields of activities: "Ideation, design, development, realization, trading, maintenance and after-sales assistance of information and communication technology products, systems and services for business customers".




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Massimo Scialoja
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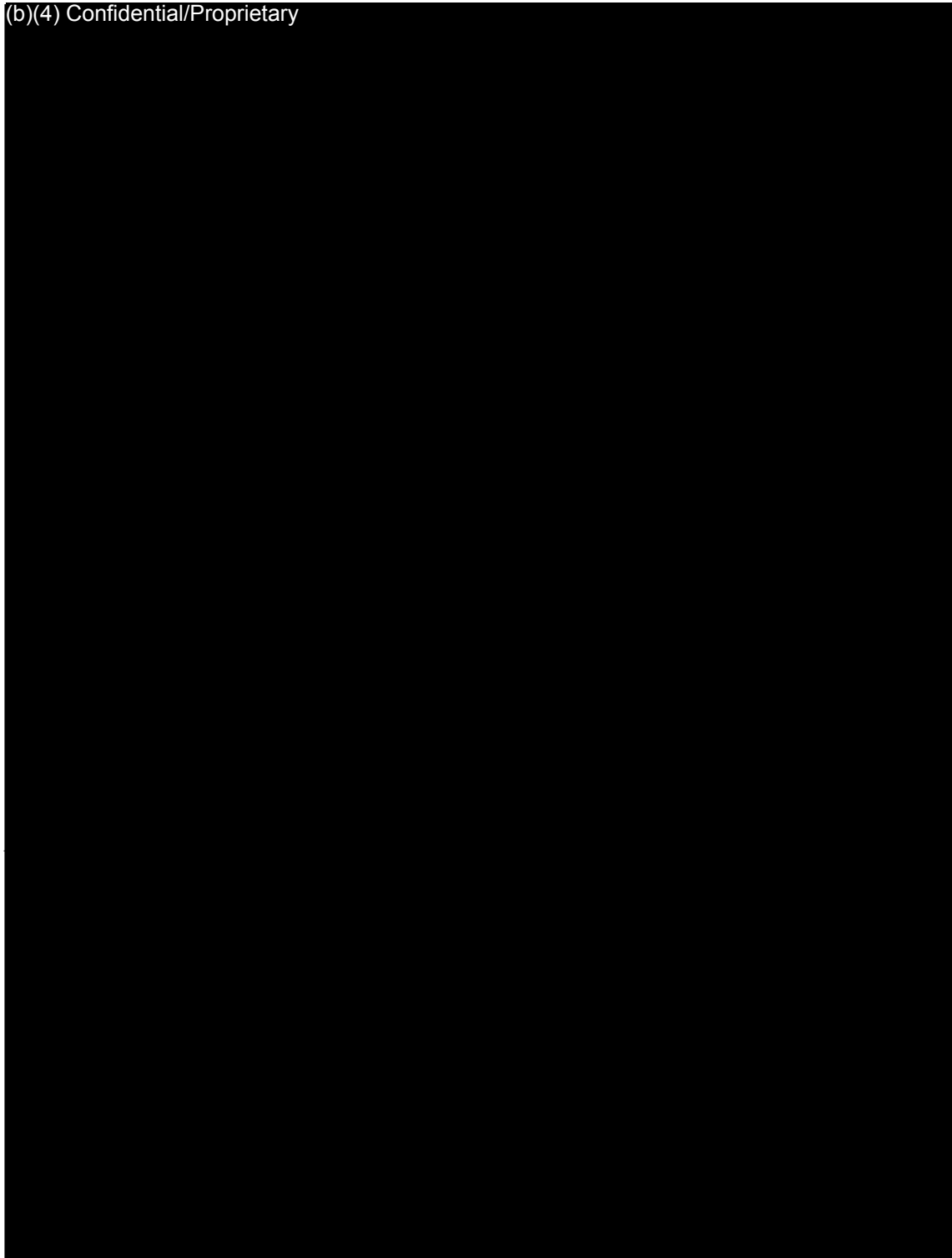
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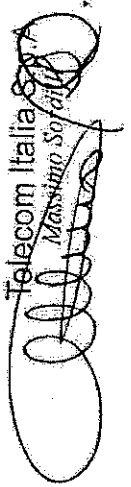
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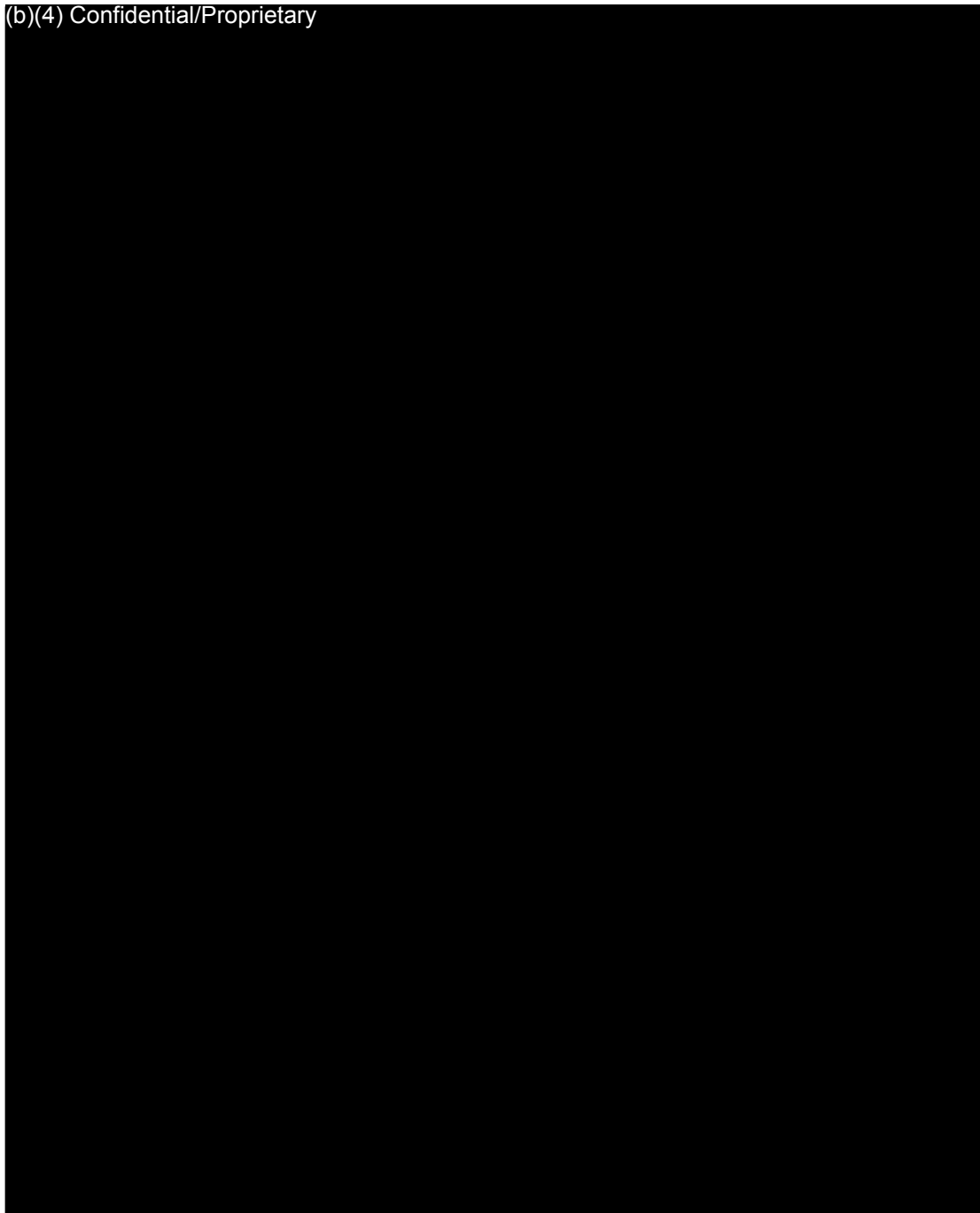
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3.1.5. Safety and Health Plan

Telecom Italia company has as its mission: "installation and operation, with any technical means and system, of facilities and equipment both fixed and mobile, radio stations, links to use in the maritime mobile radio, dedicated and/or integrated networks, for the completion, management and marketing, without territorial limits, of communications services, also resulting from the evolution of technologies, and for the conduct of the activities also indirectly related to them, including those of design, implementation, maintenance, integration, management and marketing of products, services, networks and telecommunications systems, computer and electronic systems, and typically ICT (Information Communication Technology) solutions to the end user".


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The process consists essentially in the following phases:

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An example of these procedures is listed below:

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Safety Procedures are distributed to all staff concerned and, as all the documentation on the subject of safety and health protection of workers, are available on-line from any computer connected to the intranet.

An example of Safety Procedures is listed below:

- Safety Procedure for interventions on electrical installations category 0 and 1 and on TLC equipment
- Safety Procedure for interventions on optical fiber telecommunications systems
- Safety Procedure for interventions on accumulator batteries.



The company has enabled appropriate control procedures to allow constant monitoring on the application of the provisions concerning safety and protection of workers.

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3.2. SPECIFICATIONS

TI proposal meets all technical and service requirement stated in paragraph 5.1 of Exhibit G - Attachment #2 to Solicitation Amendment #2.

TI solution is in conformance with (b)(4) Confidential/Proprietary

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3.3. REPORTING

TI will provide meaningful and timely reporting and analytics that provide the Exchange with current and comprehensive information regarding technical and management performance (summarizing projected vs. actual measures).

These reports, which will concern also about the status of the percentage of bandwidth utilized, peak periods of usage, average contention ratio, latency and lag times, and other commonly used network performance metrics, will be discussed during the review meetings to validate the service level parameters as declared in paragraph 5.1 of Exhibit G - Attachment #2 to Solicitation Amendment #2.

3.4. PROJECT MANAGEMENT

Telecom Italia has chosen to adopt the standard issued by PMI (Project Management Institute) for all its activities, both internal and business oriented.

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The company has also

(b)(4) Confidential/Proprietary PMIS (Project Management Information System)


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The Project Management Information System realized supports all the activities required in the areas of knowledge of the PMBOK:


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- Project Scope Management
- Project Time Management
- Project Cost Management
- Project Quality Management
- Project Human Resource Management
- Project Communications Management
- Project Risk Management
- Project Procurement Management
- Project Integration Management

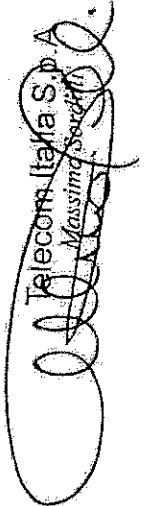
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3.4.1. Project Review

Project Manager will conduct planning, review and progress meetings with the exchange and/or installation management prior to and during implementation. He will provide written reports of implementation progress including highlights of any issues and/or obstacles that may affect the ability of TI to meet the implementation timelines.

TI Project Manager will attend to monthly account status meetings with Exchange to review current network status, customer satisfaction level and any cooperation issues.

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Section 4

TRANSITION PLANNING OBJECTIVES

4.1. IMPLEMENTATION APPROACH

The project implementation will be planned with the goals of
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TI will (b)(4) Confidential/Proprietary

EXCHANGE

TI and EXCHANGE representatives (b)(4) Confidential/Proprietary

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After preliminary acceptance TI will request EXCHANGE

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EXCHANGE.

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TI and EXCHANGE

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4.1.4.2. Completion Date and Time Schedule

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Completion date for baseline service in all Italy areas is at May 2013.

4.2. UPGRADE AND ENHACEMENTS

Solution to provide Internet Service to authorized users living on base at Italy Military installation sites is based (b)(4) Confidential/Proprietary

(b)(4) Confidential/Proprietary

It's meaningful to underline that our solution already implement technical elements to provide:

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