

## **BDS PAYMENT PROCESS**

### **Standard Payment Process**

**Applicable to GP1, GP2, GP3, GP4, GP6, GP7, GP8 and GP9**

- A. Terms of Payment. Subject to any set-off or deduction authorized under this Contract or applicable law, Buyer's payment terms are as follows:

Supplier Size	Prime Contract Type	Term (Net Days)	Payment Discounts	Payment Processing
Small*	U.S. Government, including Military Sales	Net 15	0.25% 10 – Net 15	On the “net payment” date
Small*	Non-U.S. Government	Net 30	1.0% 10 – Net 30	On the “net payment” date
Large	U.S. Government, including Foreign Military Sales	Net 30	1.0% 10 – Net 30 0.75% 15 – Net 30 0.5% 20 – Net 30	On the Wednesday immediately following the “net payment” date
Large	Non-U.S. Government	Net 90	N/A	On the “net payment” date

\* As defined by the U.S. Small Business Administration

- B. In all cases, when the payment processing date is a Federal Reserve Bank holiday, the payment shall be made on the next business day which is not a Federal Reserve Bank holiday.

### **Adjustment Process**

**Applicable to GP1 and GP7**

- A. Notwithstanding anything to the contrary in the Contract, in the event the Seller's total quantity of Goods actually delivered under the Contract divided by the total quantity of Goods scheduled to be delivered, as measured on a rolling three (3) month average basis (the “Payment Adjustment Factor”), falls below 90% or exceeds 100% at any time during the performance of the Contract, Seller shall devote the necessary resources and work cooperatively with to resolve the delivery performance issues. If after a reasonable time the Parties are unable to come to a resolution reasonably agreeable to Buyer that results in the improvement Seller's Payment Adjustment Factor under this Contract, as measured in accordance with the foregoing, Buyer shall have the right to adjust the payment terms of this Contract by increasing the applicable payment term in the Contract by 30 days. The payment due date for invoices may remain extended by Buyer until Seller's Payment Adjustment Factor, as measured in accordance with the foregoing, is improved to no less than 90% and no greater than 100% under the Contract. Buyer reserves the right, in its sole discretion, to revert to the original payment term at any time.

B. Seller may dispute Buyer's calculation of the Payment Adjustment Factor under the Contract and/or Buyer's application of the extended payment term by informing Buyer's Authorized Procurement Representative in writing within 30 days of the date of extension of the payment term. Such notice shall include Seller's basis for its challenge of Buyer's Payment Adjustment Factor calculation(s). Buyer shall consider Seller's basis for its challenge in good faith. If the Parties fail agree on a resolution within 30 days of Seller's providing Buyer with notice of dispute, then the Parties shall elevate the dispute to their respective executive level management. If executive level management is unable to resolve the dispute, then either Party may seek resolution in accordance with the Disputes article of the Contract.