

From: [REDACTED] </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=FD670570448043E69CA25D85B1180798-
To: [REDACTED]
Sent: 05-Apr-18 3:56:49 PM
Subject: RE: [Non-DoD Source] SPE4A7-18-R-X033

I would expect that this part will continue to have commercial pricing action above and beyond ~5%/yr, so we are losing out if we agree to an LTA. I wouldn't go beyond base + 1 only if they guarantee the volume in both years. Just annual contracts would be best though. You can reference the history of the GVT not meeting the forecasted LTA volumes in the out years in the past as justification.

[REDACTED]
From: [REDACTED]
Sent: Thursday, April 5, 2018 10:34 AM
To: [REDACTED]@champaero.com
Subject: FW: [Non-DoD Source] SPE4A7-18-R-X033

[REDACTED] told me you declined the LTA for AA134 for GVT. She submitted just one year of pricing and they pushed back. In my prior discussions they are looking to us to submit and play ball on these LTA's because each contracting officer is required to get their parts on these types of agreements.

Sounds like they'll drop to a base + 2. What I want is 2 guaranteed years and 1 option year. You OK with me pushing that? Or do you prefer to just tell them we are not open to an LTA point blank?

Thanks,
[REDACTED]

Business Unit Manager



Office: [REDACTED]
Mobile: [REDACTED]
Email: [REDACTED]@champaero.com
Web: www.championaerospace.com

From: [REDACTED]
Sent: Wednesday, April 4, 2018 8:05 AM
To: [REDACTED]@champaero.com
Subject: FW: [Non-DoD Source] SPE4A7-18-R-X033

[REDACTED] - this is the response on the AA134S-1.

Contract Administrator Business & Defense Turbine Products



Office: [REDACTED]
Fax: [REDACTED]

Email: [REDACTED]@ChampAero.com

Web: www.championaerospace.com

From: [REDACTED] CIV DLA AVIATION (US) [mailto:[REDACTED]@dla.mil]

Sent: Wednesday, April 04, 2018 6:40 AM

To: [REDACTED]@champaero.com>

Subject: RE: [Non-DoD Source] SPE4A7-18-R-X033

Good Morning [REDACTED]

Your quote only provided pricing for the base year, which is not in accordance with the terms and conditions of the solicitation. It does not meet the needs of the Government for this NSN. Please advise if you could review your quote and provide a quote for at least the base and two options years, if you do not want to quote the five years.

Thank you.

[REDACTED]
Contracting Officer
DLA Aviation-FAQE

COMM: [REDACTED]

FAX: [REDACTED]

Email: [REDACTED]@dla.mil

From: [REDACTED]@champaero.com>

Sent: Tuesday, April 03, 2018 4:13 PM

To: [REDACTED] CIV DLA AVIATION (US) <[REDACTED]@dla.mil>

Subject: [Non-DoD Source] SPE4A7-18-R-X033

All active links contained in this email were disabled. Please verify the identity of the sender, and confirm the authenticity of all links contained within the message prior to copying and pasting the address to a Web browser.

Hi [REDACTED] -

See attached. Let me know if I can be of further assistance.

Thanks!

Tell us how we're doing. Please take a brief survey located on our website. Caution-
www.championaerospace.com This electronic message transmission is intended only for the use of the party to which it is addressed, including any attachments, contains information from Champion Aerospace LLC, which may be privileged, confidential, or protected by law. If you are not the intended recipient you are hereby notified that any dissemination, copying or distribution of this e-mail or its contents is strictly prohibited. If you have received this message in error, please notify us immediately by replying to the message and deleting it from your computer. Thank you. ITAR NOTICE: This email may contain technical data which may be controlled by the US International Traffic in Arms Regulation (ITAR) 22 CFR part 120-130. If this data is determined to be ITAR controlled, such data may not be transmitted, shared or provided to any foreign party or entity either verbally or visually without proper licenses from the State Department. It is your responsibility to assure this item can be legally shared with another party. See the Champion Aerospace Export Compliance Officer if you have any questions regarding this requirement.

From: [REDACTED] </O=TRANS DIGM INC./OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=[REDACTED]>
To: [REDACTED]
Sent: 28-Mar-19 6:39:00 PM
Subject: RE: PN 3601541-1 (NSN: 3110-01-208-0337, Bearing, Roller, Cylindrical)
Importance: High

Thank you [REDACTED] Next up...

[REDACTED] – please contact the 2 suppliers and see if they actually sell these to anyone other than us. Give force them to cease-and-desist. Please review our docs with them and get them to sign whatever docs we need to ensure they only sell to us... no one else.

[REDACTED] – please look into how we update/fix Haystack, NSN-now, etc... to remove the other supplier's info and have ACX correctly identified as the CDA and sole-source.

Thanks team!

[REDACTED]
Business Unit Manager – Pumps

AERO
control

[REDACTED]
Direct
Fax
[\[REDACTED\]@aerocontrol.com](mailto:[REDACTED]@aerocontrol.com)
www.aerocontrol.com

From: [REDACTED]
Sent: Thursday, March 28, 2019 2:32 PM
To: [REDACTED]
Subject: RE: PN 3601541-1 (NSN: 3110-01-208-0337, Bearing, Roller, Cylindrical)

Our Print calls out ACX as the CDA. (Attached)

The AVL calls out these two groups as approves sources: (Attached)
-FAG bearings
-MPB Corp

These above groups cannot sell this PN. I'd be curious to see what NDA/NON-compete we have with these groups.

This is another reason why we CANNOT give out our prints to the DLA. There's no reason they should know what the approves sources are.

From: [REDACTED]
Sent: Thursday, March 28, 2019 2:17 PM
To: [REDACTED]
Subject: FW: PN 3601541-1 (NSN: 3110-01-208-0337, Bearing, Roller, Cylindrical)
Importance: High

All - Below is information from [REDACTED] regarding the EPBL contract and the extra scrutiny being placed on this contract given the current events surrounding the recent IG report. This part number (3601541-1) is a bearing for the B-1B bomber and I believe we should be in the sole-source position for this part. [REDACTED] references two sources below as listed on Haystack as the primary source of supply (FAG Bearings and MPB Corporation) and Transdigm is only listed as an advisory reference.

[REDACTED] - Please have someone check into the drawings for this part and the upper level(s). We need to validate that we are the CDA on the drawings we licensed from Honeywell.

[REDACTED] - With [REDACTED]'s confirmation above, please work together to understand how this info could be listed with 2 other primary sources of supply. Does this match NSN-Now? How do we change it to us?

[REDACTED] - FYI regarding at least one of your suppliers (FAG bearings). Can you reach out to them and get more info? Are they selling this direct to the gov't? Does this violate any terms of an LT/NDA we have in place with them?

Please keep this group involved in your findings. The EPBL contract is a 10-year \$100M+ contract for us and we need to be prepared to support and defend it. Thank you for your help on this!!!!!!!

[REDACTED]
Business Unit Manager - Pumps

AERO
CONTROLEX

[REDACTED]

[REDACTED] Direct
[REDACTED] Fax

[REDACTED]@aerocontrolex.com
www.aerocontrolex.com

From: [REDACTED] CIV DLA AVIATION (USA) [mailto:[REDACTED]@dla.mil]
Sent: Thursday, March 28, 2019 11:15 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: PN 3601541-1 (NSN: 3110-01-208-0337, Bearing, Roller, Cylindrical)

Hi [REDACTED]:

FYSA

When creating my individual write-ups, I came across the following source and part number information.

- FAG Bearings and MPB Corporation are both listed in Haystack as the primary source of supply with the HW approved part number 3601541-1
- HW is listed as the obsolete source of supply, and
- TransDigm (dba AeroControlex) is listed as an advisory reference only

I don't know that anything will come of it; however, based upon the amount of scrutiny surrounding this LTC, ACX may want to be prepared to defend this item as Sole Source under the HW licensing agreement. If I need anything in writing from ACX regarding this item, I will give you as much notice as possible.

Thanks,

[REDACTED]

[REDACTED]
Senior Contracting Officer
DLA Aviation at Richmond

-----Original Message-----

From: [REDACTED]@dcma.mil
Sent: Thursday, July 14, 2016 12:06 PM
To: [REDACTED] CIV DLA AVIATION (US)
Cc: [REDACTED]
Subject: RE: SPRPA115CY043 - delinquent

Good Afternoon [REDACTED]

Can you provide me with a copy of the approved RFV?

Also, would you let me know if and when the modifications to incorporate the RFV and to extend the DD will be processed?

Please contact me with any questions or if I can be of assistance.

Regards,

[REDACTED]
Administrative Contracting Officer
DCMA Dayton/Cleveland
[REDACTED]

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INNOVATIVE AEROSPACE SOLUTIONS

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The Art of Defense Pricing 101



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Agenda

- **Typical Pricing**
- **What's the Goal?**
- **Where to Start – Beginners guide to OEM's**
- **Customer Types**
- **US GVT Information**
- **The “Art” - Examples**

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TYPICAL GOV'T PRICING

The Basics of PRICE REASONABLENESS

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Price Reasonableness

- **Inflationary increases - usually a given 4-5%**
 - It's hard to argue with themselves:



- Use GVT Indices to justify a modest increase YOY
- GVT push back on gradual increases is modest

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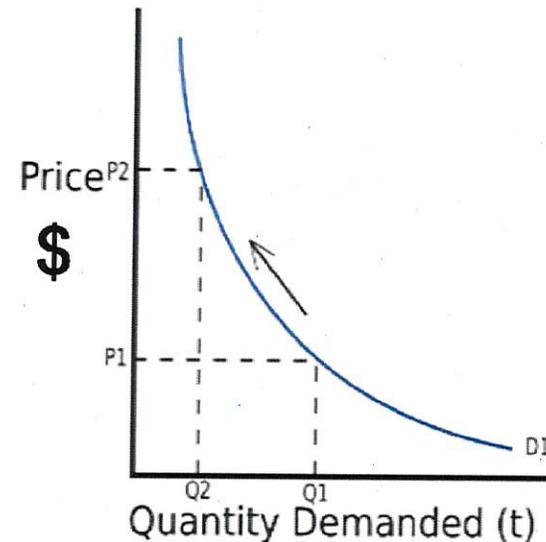
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Price Reasonableness



- **Quantity Curve:** the relationship between the price of a certain commodity and the amount of it that consumers are willing and able to purchase at that given price



You can often times get a bigger price increase or justify your price increase by using a logic like this with the GVT

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Price Reasonableness

- **More Volume = Lower Price to the GVT**

WRONG!

- Remember that QTY Curve??

Throw it out!

You're the salesperson, make the pricing work for you.

- *Are commodities up?*
- *Are labor rates increasing?*
- *Did purchased materials increase?*

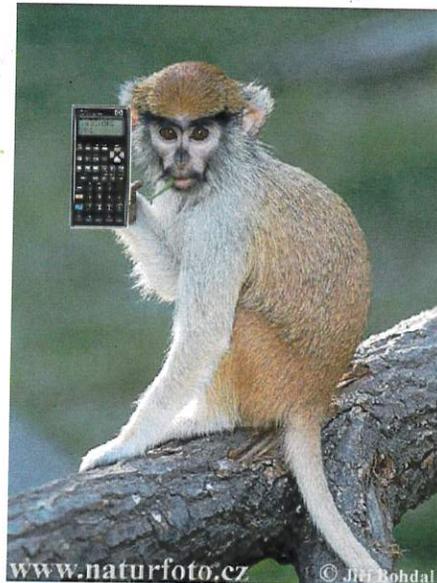
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Price Reasonableness & Consistency

- Pricing to your plan is mundane
 - If your plan is 5.5% don't just $P_{n+1} = P_n * (1.055)$



Grow value and be strategic!!

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GROWING OUR VALUE

Determining the fair market value for our parts...

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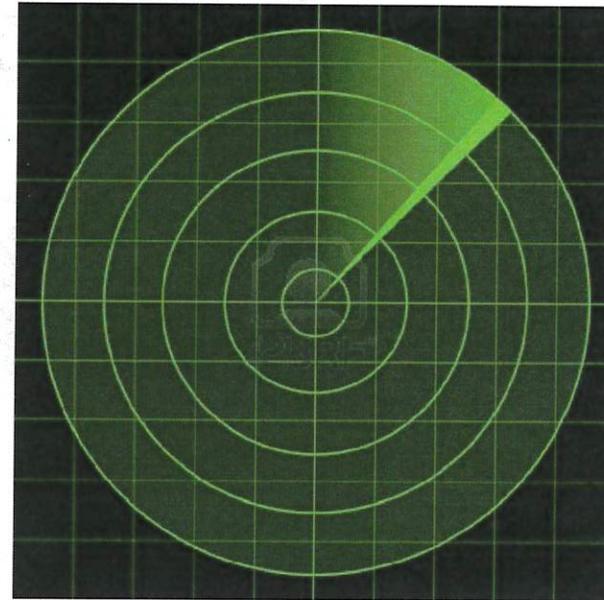
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Your Goals



Grow the Value of your product or service



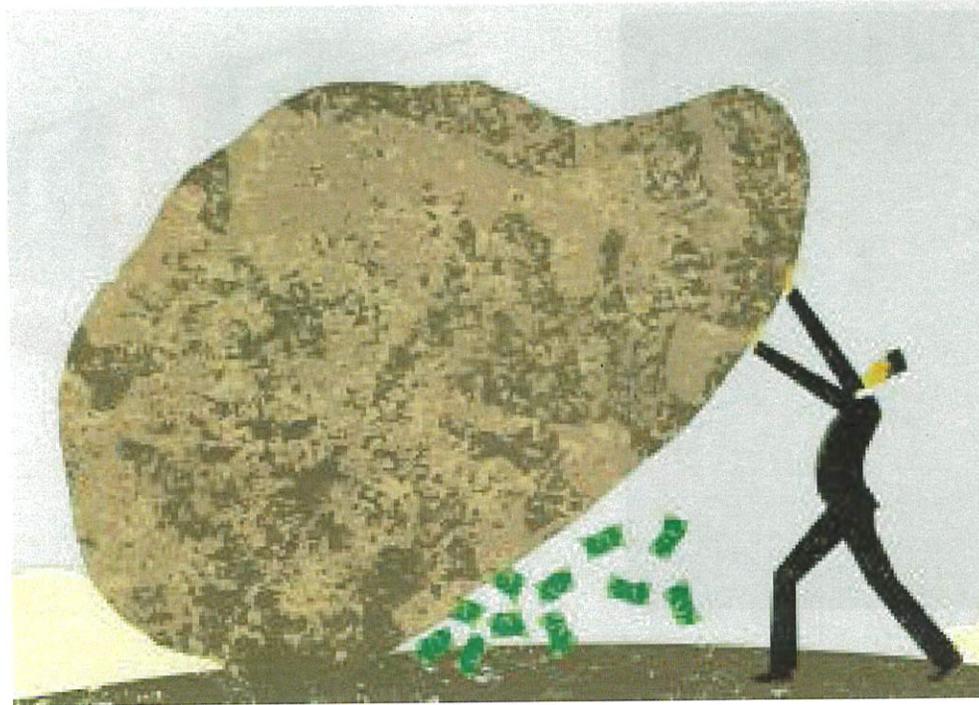
While staying off the radar

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How to do it?



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Who Buys Spares?

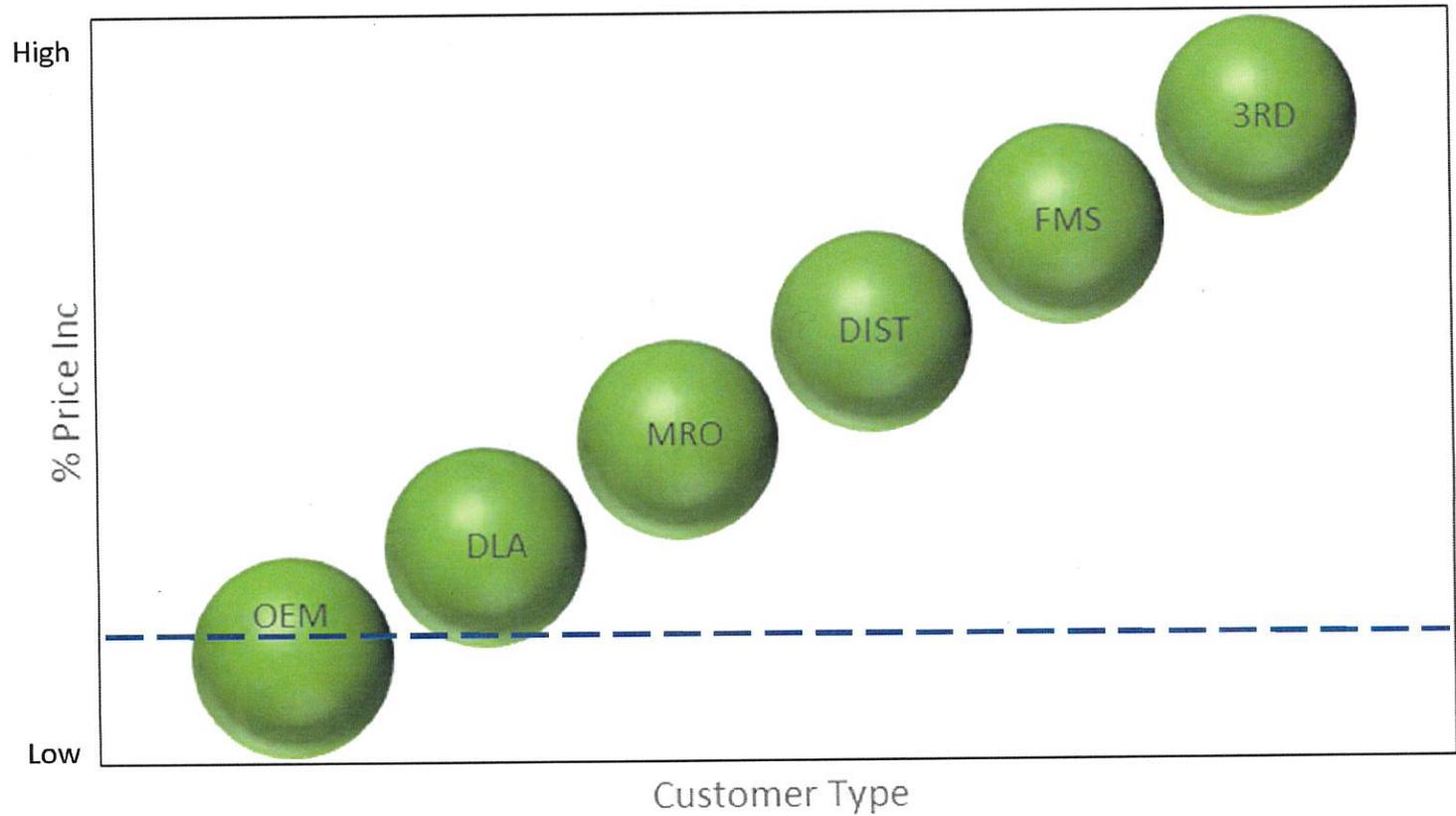
- Polled 100 Aftermarket Salesman and the Top 5 Responses are...

- OEM Pass Thru
- DLA
 - SBSA
- MRO Houses
- FMS
- Distributors/Resellers

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Pricing



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WHERE IT ALL STARTS...

Winning the AWARD starts with the PROGRAM

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Where to Start?



Honeywell
Aerospace



NORTHROP GRUMMAN

OEM

Original Equipment Manufacturer



Rolls-Royce®



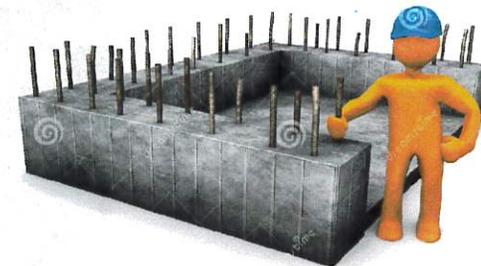
BOEING

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Starting with the OE

- **OE pricing lays the foundation**
- **Price substantiation**
- **Knowing the model**
 - Cost + Markup
 - What a higher cost means for the OEM?
- **TINA**
 - She doesn't just work for DLA
- **Aftermarket Avenues**
 - Direct Access
 - Spares Multiples
 - Spares Reconciliations

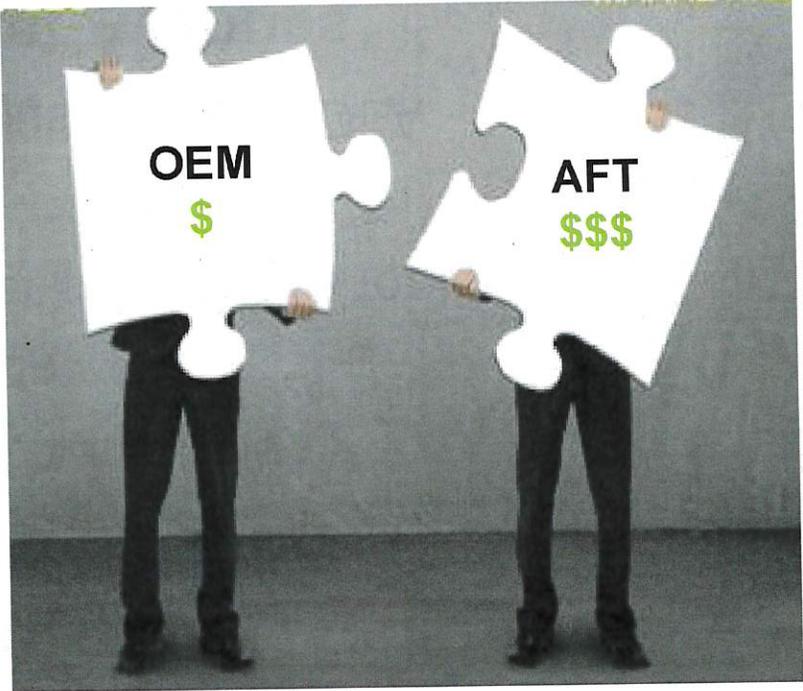


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Starting with the OE



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THE AFTERMARKET

Knowing the PLAYERS and the RULES

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Defense Logistics Agency (DLA)



DSC – Columbus
Land & Maritime

DSC – Philadelphia
Troop Support



DSC – Richmond
Aviation

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Defense Logistics Agency

- What's DLA Primary Objective?

Support the Warfighter



- What's DLA Secondary Objective?

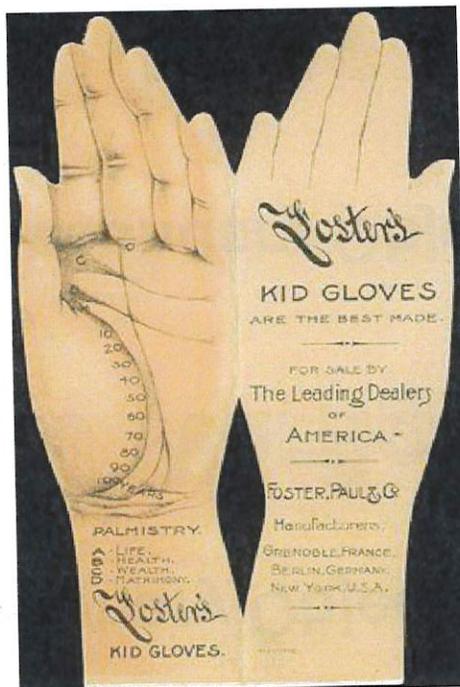
Support the Treasury



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Defense Logistics Agency

Handle with Kid Gloves



The GVT is not a normal customer

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Defense Logistics Agency



Know the Rules and Process

- **Micro Purchase <\$149k**
- **\$150k<\$750k**
- **TINA \$750k+**

Micro Purchase=	<\$149,999
Contract Admin gives acceptance	
Simplified Acquisition=	\$150K < \$750K
Upper level sign off required	
Scrutinized further for F&R	
TINA=	\$750K +
Requires Cost and Pricing Data	
Commerciality	
Of a type Comparison	

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Defense Logistics Agency



Commercial

- Commercial Determination
- Fair & Reasonable

Certified Cost & Pricing

- Open your Books

Competitive

- Bid It to Win It!
- Understand your competition

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Small Businesses

- When a solicitation is released for a “SB” requirement the “big players” cannot win directly (whether it is direct bid or auction)
 - **If auction, only “SB” bidders will be invited to participate.**
 - Price carefully - the “SB” must bid on your behalf & be competitive.
 - **Will be Re-Solicited as non Set-aside if no Small Businesses offer Pricing.**

Foreign Military Sales (FMS)

Letting DLA Handle Our FMS

- **Pro's**
 - Takes care of export concerns
 - We can ship early and often
 - USGVT pays fast



What's the negative?

- **Con's**
 - A distributor with no data
 - Takes your cut
 - Who's the end-user?
 - What to charge?



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Foreign Military Sales (FMS)

- **Huge MIL fleets around the world**
 - Supported by DLA
- **Reasons to get it direct from or go around DLA?**
 - Higher pricing for all fleets but especially the retired ones
 - FM's don't negotiate – they pay if they have the \$
 - Sets up a basis for future commerciality substantiations
- **Most likely will need an FMS focused distributor**
 - Stronger relationships
 - Better forecasting of demand
 - More intelligence on the market

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Distributors and DLA

- **All distributors have value (sort of)**
 - Good sources for commerciality support
 - Can sell to the GVT if needed
 - Will carry stock
 - etc...
- **Some distributors have FMS expertise**
 - AeroPrecision
 - Jupiter
 - IPT
 - Transaero

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GOVERNMENT INTELLIGENCE

The **FREEDOM** of Information

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Subscription Services

- **Freedom of Information**

The Freedom of Information Act (FOIA) is a law that gives you the right to access information from the federal government. It is often described as the law that keeps citizens in the know about their government.



- **Haystack**
- **Govgistics**
 - Pro's & Cons
 - Features

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Govgistics Pros & Cons



Pros

- Track Competitive parts more accurately
- Can offer insight to future demand
- Use historical data to support pricing

Cons

- Does not always show price and quantity or neither
- Manually updated, not Fool Proof
- Shows all awards, even cancelled, without designating them

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Govgistics- features



- **Historical Awards**
- **880204-3**

National Stock Number (NSN)

[Return To Search](#) [All Info](#)

National Stock Number 5915-01-416-8113 (FILTER SUBASSEMBLY) This is being monitored
 Federal Supply Class Filters and Networks (5915)
 FIG: - INC: 60476
 Assigned Date: 07/26/1995 Schedule B: 8517995000

CRIT - HNIC P
 ADP - PAN A
 DEMIL Q ESDEMI

Historical Awarded Contracts

Date	Contract #	SoS	Unit	EA	Qty	Vendor	Cost
2014/02	SPN7M014W0061	SDT	\$4,982.00	EA	250	TELAIR INTERNATIONAL	98889
2013/01	SPN7M513C0013	SDH	\$5,121.00	EA	18	TELAIR INTERNATIONAL	98889
2013/01	SPN7M513C0013	ANS	\$5,121.00	EA	24	TELAIR INTERNATIONAL	98889
2013/01	SPN7M513C0013	SDT	\$5,121.00	EA	64	TELAIR INTERNATIONAL	98889
2013/01	SPN7M513C0013	SDH	\$5,121.00	EA	19	TELAIR INTERNATIONAL	98889
2011/08	SPN40008G0005	AQS	\$5,203.45	EA	52	DERCO AEROSPACE INC.	51044
2011/05	SPN40008G0005	ANS	\$5,203.45	EA	44	DERCO AEROSPACE INC.	51044
2011/08	SPN40008G0005	ANS	\$5,203.45	EA	7	DERCO AEROSPACE INC.	51044
2011/04	SPN40008G0005	ANS	\$5,203.45	EA	37	DERCO AEROSPACE INC.	51044
2011/04	SPN40008G0005	AQS	\$5,203.45	EA	53	DERCO AEROSPACE INC.	51044
2011/04	SPN40008G0005	ANS	\$5,203.45	EA	20	DERCO AEROSPACE INC.	51044
2011/04	SPN40008G0005	AQS	\$5,074.00	EA	10	DERCO AEROSPACE INC.	51044
2009/08	SPN40008G0005	ANS	\$5,074.00	EA	6	DERCO AEROSPACE INC.	51044
2009/08	SPN40008G0005	ANS	\$5,074.00	EA	6	DERCO AEROSPACE INC.	51044
2009/05	SPN40008G0005	AQS	\$5,140.00	EA	10	DERCO AEROSPACE INC.	51044
2009/05	SPN40008G0005	ANS	\$5,140.00	EA	5	DERCO AEROSPACE INC.	51044
2009/05	SPN7M509V2664	AQS	\$5,164.00	EA	19	DERCO AEROSPACE INC.	51044
2009/03	SPN7M509V0888	AQS	\$5,050.00	EA	7	DERCO AEROSPACE INC.	51044
2009/03	SPN7M509V0888	ANS	\$5,050.00	EA	11	DERCO AEROSPACE INC.	51044



Govgistics- features



- 880204-3
 - Shows approved Sources

Master Cross Reference Library (MCRL)

Part Number	RNCC	RNYC	RNFC	SADC	DAC	VENDOR	Case Code
880204-3	5	9	-	-	5	DERCO AEROSPACE, INC.	(81044)
880204-3	3	2	-	-	5	AEROCNTROLEX GROUP, INC. DBA TALLEY ACTUATORS DIV TALLEY ACTUATORS	(90889)

Major Organizational Entity (MOE)

MOE Rule	AMC	AMSC	NIMSC	Assigned	IMC	IMCA	AAC	DSOR	Supp Collec	Supp Rcyt
FMK	3	D	-	09077	Z	SV	-	-	-	-
NFBH	3	D	-	13352	Z	GH	-	-	GGGT	-
WPD1	-	-	-	11169	-	-	-	-	-	-
YJ01	-	-	-	12177	-	-	-	-	-	-



Govgistics- features

- **880204-3**
 - **Historical**
 - **Forecast**

Historical Solicitations Over Last Two Years

Issued On	Solicitation Number	CLIN	SoS	Qty	(2) Year Opportunity Trends	
2015/07/31	SPETM51502141	0001	FBO	175	Newest	2015/07
					Oldest	2015/07
					Total	1
					Pace Per Month	0.04
					Average Qty Per	175

DLA Forecast

Supply Chain	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Total	
Maritime	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	89	0	0	0	0	0	0	0	0	0	89



Source Approval Request (SAR) Packages



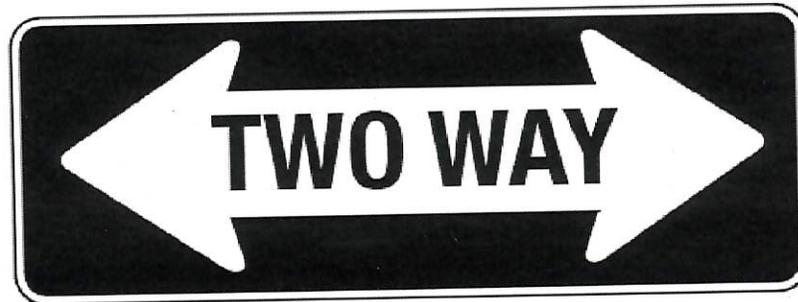
- **The GVT's PMA Process**

- Why do it?
 - Gain Direct Access to AM
- What to do?
 - Submit a Tech Package that demonstrates their product is "Equal to or Better than"
- Who to call?
 - DLA
- Where to start?
 - DLA Biz Case
 - SAR Checklist

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SAR Packages

- **But remember ...**



- **Your competition can do the same!**

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Know when you're on the Radar...



- **Replenishment Parts Purchase or Borrow Program (RPPOB)**

Aviation Parts Catalog

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15

Last Update: July 15, 2013



1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15

Virtual Parts Catalog

Replenishment Parts Purchase Or Borrow Program

Select View



RPPOB Virtual Web
1-804-279-3550

[Close Window](#)

[Print this page](#)

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MRO's

- They want some of YOUR pie.



A RUAG Group Company



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Repair Pricing

- **General Rule Repair Pricing is 65% New Spare**
- **Lower TAT = Higher Prices**
- **Understand the Business Case**
- **End-Users typically want more than one source of repair (it can be themselves)**

Repair Pricing

- What will you pay more for?



OR



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Repair Pricing

- Remember Repair Pricing is...

**Spare Part(s) at List Price
+
Labor (Including Profit)**

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38



3rd Party Resellers

- They should pay the most.
- What value are they providing?
- Are they part of a larger contract?



PRICE JUSTIFICATION

Commerciality & Step Changes

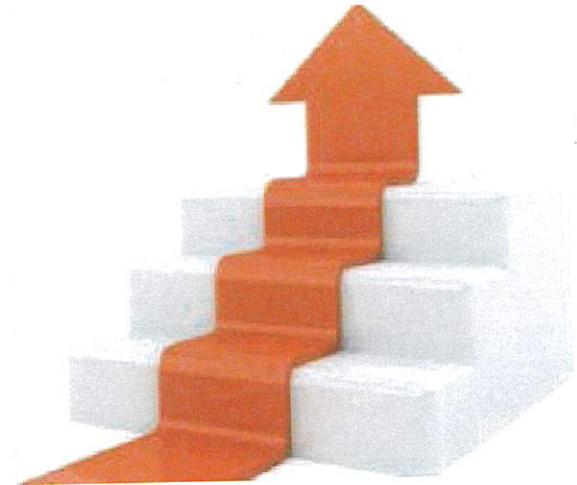
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How to Justify Pricing

Step Changes

- Typically you only get one or two while in production
 - Spares Factor (OEM)
 - Acquisition Related Pricing (AM)
- Transition Out of Production



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Commerciality



=



Design online at:
www.hairboarts.com/shirtdesigner

Are these the same thing?

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Commerciality

DOD Commercial Item Handbook

- **Commercial item** is any item that is **of a type** that has been **sold, leased**, or licensed or even merely **offered for sale**, lease, or license to the general public. Several indicators of this are the **existence of** a commercial **sales history, listings in catalogs** or brochures, known established price, **existence of multiple distributors**, and availability or announcement to the general public.
- The phrase **“of a type” is not** intended to allow the use of Federal Acquisition Regulation (FAR) Part 12 **to acquire** sole-source, **military-unique** items that **are not closely related** to items already in the marketplace. Rather, **“of a type” broadens** the commercial item **definition** so that qualifying items **do not have to be identical** to those in the commercial marketplace.

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Commerciality



Design online at :
www.hatboards.com/shirtdesigner

They both are shoes. (Form)

They both provide protection to your feet.(Function)

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Commerciality

- **When do you need to do it?**
 - Sole Source bids
 - Establishing a fair market price for a new item
 - Justifying a significant price increase

- **Doing it effectively means**
 - Being cooperative with DLA but aggressive
 - Providing the most impact with minimum amount of information
 - Responding quickly

Commerciality



- Commerciality streamlines GVT acquisitions
 - Makes their job easier...
- Proving that a price is “Fair and Reasonable” by comparing the item being sold to the government to one that is similar and sold directly to the commercial market

Does commerciality mean that it has to be identical?

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Commerciality



=



Are these the same thing?

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Commerciality



- Both are igniters that spark and start an aerospace engine
- Both are connected to a lead and receive a discharge of energy from an exciter
- **But... One of them is used in a B-1**
 - The USA is the only operator of the B-1
 - The B-1 igniter is the most expensive igniter Champion makes.

How do you claim it's commercial?

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Commerciality Example

- B-1 Bomber Igniter
 - Used only by the USAF
 - CH31729D: FY'15 Price is \$3,506 ea.
 - Most expensive igniter Champion sells by ROM of 3x's



**THEY ARE COMMERCIALY
COMPARABLE...**

BUT HOW???

- A380 RR Igniter
 - Used globally by various airlines
 - CH34829: FY'15 Price is [REDACTED] ea.
 - Most expensive "Commercial" igniter Champion sells



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Commerciality Example



- We told a “story” that was a logical progression for the GVT Agent and got approval
 - Our Submission:

Champion Aerospace CH31729D

<u>Statistics:</u>	CH31729D	CH34829	Δ CH31729D vs. CH34829
Components /Sub-assemblies	48	27	1.8X
Length (in.)	13"	6"	2.2x
Weight (lbs)	1.85	0.3	6.2x
Labor (cost)	Proprietary	Proprietary	2.5X
Material (cost)	Proprietary	Proprietary	10.8x
FY' 14 Annual Volume	169	253	0.7X
Price	\$3,506.35	██████████	3.1X

- We also included:
 - Cover letter
 - Redacted top level drawing
 - Invoices for a CH34829 to Aviall



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Commerciality Example



- It does not have to be this.

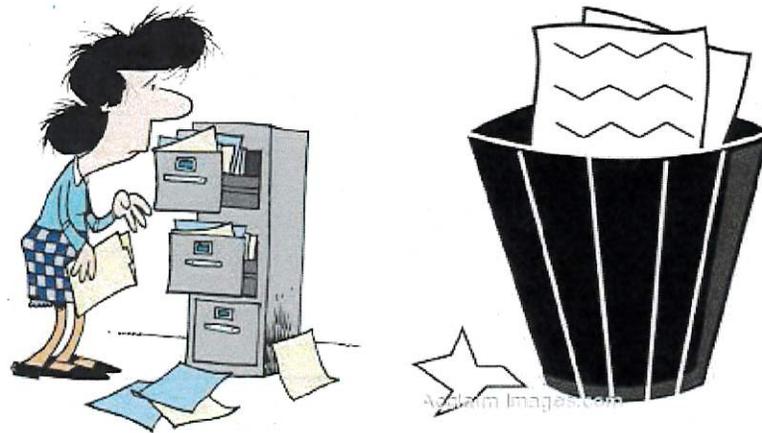
//////////	Hours	Rate	Amount
Material			\$ _____
Material OH		___%	\$ _____
TOTAL MATERIAL:			\$ _____
Mfg. Labor	_____	\$ _____	\$ _____
Mfg. Labor OH		_____	\$ _____
Engr. Labor	_____	_____	\$ _____
Engr. Labor OH		_____%	\$ _____
TOTAL LABOR:			\$ _____
Material + Labor			\$ _____
G&A		___%	\$ _____
TOTAL COST:			\$ _____
Profit		___%	\$ _____
UNIT PRICE:			\$ _____

Get Creative!!

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Commerciality

- In some cases this can be a “check the box” exercise for DLA
- Give them something!
- Don’t forget follow-up...



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THE “ART”

Pricing Examples

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Cutting out the OEM



F-18 Leak Detector



CURRENT MY			
OEM		AM	
\$	8,043	\$	10,054

PROPOSED MY			
OEM		AM	
\$	13,629	\$	18,872



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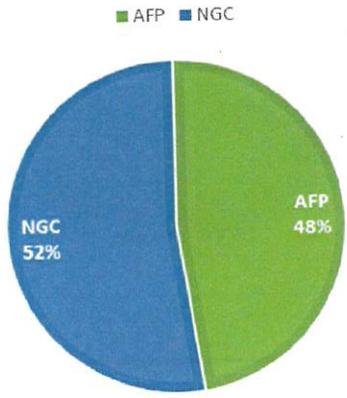
This is proprietary and company confidential.

54

Cutting out the OEM



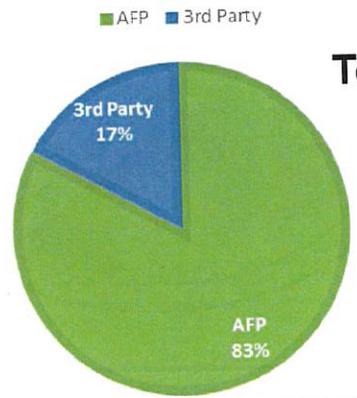
To OEM



F-18 Leak Detector



To 3rd Party



Price Increase: 87%
EBITDA Growth: \$2.3M



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Cutting out the OEM



How did we do it?

- **Large Solicitation Released**
- **We were not Listed as Source of Supply**
- **Put together a SAR Package**
- **Utilized a 3rd Party to Get Added**
- **Quoted NGC and Multiple 3rd Parties Same Price**
- **3rd Party Leveraged Relationships with GVT.**

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Step Change-Acquisition



Mid-Aquisition (July 2011)

PN	QTY	Unit Price
2497	9	\$ 45,867
1685	9	\$ 39,599
1646	18	\$ 6,749

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Step Change-Acquisition

The most recent historical sales were from 2008. Aero Fluid Products (AFP) acquired this product line in 2011. Therefore, AFP cannot speak on behalf of Telair regarding the basis of their cost structure.

As reflected in the current quote QTVT00297, an increase is noticed when compared to QTVT00038. There are multiple reasons for this increase which are delineated below.

In July, when QTVT00038 was submitted this product line was being transitioned from California (Telair) to Ohio (AFP). Since then, AFP has gained a better understanding of the cost structure and an error was made in July when AFP quoted these parts. When these parts are compared technically, PN: 1646T100 has the lowest technical difficulty, PN: 2497T100 is next and PN: 1685T100 has the highest technical difficulty. When looking at the prior quote, QTVT00038, PN: 1685T100 was quoted significantly less than PN: 2497T100 which is less technically difficult. AFP has also experienced a considerable increase in components costs due to supply chain changes. Components that were manufactured internally at Telair are now being sourced.

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Step Change-Acquisition



Mid-Aquisition (July 2011)		
PN	QTY	Unit Price
2497	9	\$ 45,867
1685	9	\$ 39,599
1646	18	\$ 6,749

Post-Aquisition (Jan 2012)		
PN	QTY	Unit Price
2497	9	\$ 94,530
1685	7	\$153,266
1646	16	\$ 29,661

EBITDA Growth \$1.6M

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Step Change-Out of Production

Quoting direct for components exiting production with OEM

- Time to Step change.

Gvt will push back on the large increase

- Offer Reason for increase; Ex. F-18 dwindling production, losing economies of scale with suppliers.



How to help the Check the Box?

Will need an increase in Qty to better price

- Offer a previously awarded price point, but at a much higher quantity.
 - Resets your Economies of Scale; validating your price.

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Quantity Vs. Price



Initial Request w/ Step Change	Second Offer w/ Qty Increase
<ul style="list-style-type: none">• Solicitation for 3 Ea.• Offered [REDACTED] Ea.<ul style="list-style-type: none">▪ F-18 Step changed price• Gvt push back<ul style="list-style-type: none">▪ Offer reason for Increase	<ul style="list-style-type: none">• Set new Qty breaks• 35 pc in 2016- [REDACTED]<ul style="list-style-type: none">▪ 8pc → [REDACTED] in 2015▪ 24pc → [REDACTED] in 2014• Negotiated further<ul style="list-style-type: none">▪ Awarded 23 Ea at [REDACTED]▪ 38% Increase over 2 Yrs

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Quantity vs. Price



- **Deemed Fair & Reasonable**

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Reset Market Price



- Inherited Repair Price at 20% OEM
- F-22 Out of Production
- First Time quoting under TDG Ownership
- Average Run Rate ~8 Units/Yr
- What do you do?

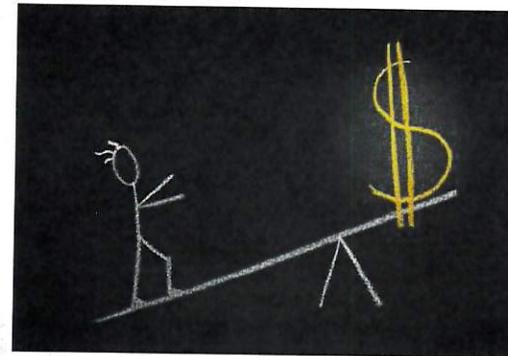
Pre-Acquisition		
OEM	SPARE	REPAIR

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Reset Market Price



Post-Acquisition		
OEM	SPARE	REPAIR
N/A	\$ 142,079	\$ 65,694

**Price Increase over 6x
EBITDA Growth \$400k in Yr 1**

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General Checklist – Check the BOX!

- Appropriate Contact info with the GVT**
 - Seems silly, but it is very real.
- Do a spares pass thru analysis?**
 - What are you losing out on? The OE is getting rich off of you.
- What Programs should you be seeing spares on?**
 - Are you?
- Can you go direct?**
 - If no, Get a SAR Package
- What Programs are going out of production or limited production?**

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Part Number Checklist– Check the BOX!



Run History

- Quote
- Historical Sales
- Open Orders

Market Intel

- Govgistics
- Haystack

Understand OEM Spares Markup/ Factor (If any)

What are similar to's going for?

- To the Government
- To the Commercial Market

What are they used to agreeing to?

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Control of the edge of the ocean floor is essential to the stability of the structure.

The End

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From: Jim Skulina TDIGM </O=TRANS DIGM INC./OU=AEROCONTROLEX/CN=RECIPIENTS /CN=JIMSKULINATDIGM>
To: [REDACTED]
CC: [REDACTED]
Sent: 31-Aug-17 7:48:31 PM
Subject: RE: ACX Commerciality Submittal - IG Audit - Email 2 of 5 - SPRPA115CY043 NSN: 4320-01-338-5876 PN: 4207-251004

[REDACTED]

This is still a bit of a reach but if this is all we have then I will use it. Do we not sell ant motor and pump assembly for over \$100K? Do we have any motor and pump assembly on the Aviall price list for over \$100k? It doesn't matter if it's been sold if it's on a price list and offered for sale.

From: [REDACTED]@aerocontrolex.com]
Sent: Thursday, August 31, 2017 3:30 PM
To: Jim Skulina [REDACTED]@Transdigm.com>
Cc: [REDACTED]@aerocontrolex.com>
Subject: RE: ACX Commerciality Submittal - IG Audit - Email 2 of 5 - SPRPA115CY043 NSN: 4320-01-338-5876 PN: 4207-251004

Jim,

Please see the revised CIJ Package attached. We have included additional data on the commercial pricing of the switches and a Qty curve based on the buy quantities of 6ea (military) versus 1ea (commercial).

Let me know if you have any further questions of need additional support.

Regards,

[REDACTED]
Sales Director
AeroControlex

[REDACTED] Mobile

From: Jim Skulina TDIGM
Sent: Tuesday, August 29, 2017 3:36 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: ACX Commerciality Submittal - IG Audit - Email 2 of 5 - SPRPA115CY043 NSN: 4320-01-338-5876 PN: 4207-251004

[REDACTED]

The price data you provided does not support the price the DLA paid for your parts. It's too much of a stretch. Can you take another look at this contract. Is there another part with better sales history (or preferably a price list) that we can use to support our commerciality claim?

From: [REDACTED]@aerocontrolex.com]

Sent: Friday, August 18, 2017 3:35 PM
 To: Jim Skulina [REDACTED]@Transdigm.com>
 Cc: [REDACTED]@aerocontrolex.com>
 Subject: ACX Commerciality Submittal - IG Audit - Email 2 of 5 - SPRPA115CY043 NSN: 4320-01-338-5876
 PN: 4207-251004

Jim,

Please see the attached Data for the Highlighted row in the table below.

ACX	COUNT	CONTRACT NUMBER	NATIONAL STOCK NO.	PART NUMBER
Y	3	SPE4A716C0410	2995-01-129-3919	C80743-1
Y	5	SPRPA115CY043	4320-01-338-5876	4207-251004
Y	10	SPRRA115D0068	2910-01-492-4261	4950552-1 (ACX Part: 4102-203032)
Y	25	SPE4A415M1400	1680-01-560-3228	16VP109-3
Y	47	W58RGZ15C0089	6610-01-551-0774	145CS007-9 (TransDigm Part: 32600-5)

Regards,

Sales Director
**AERO
 CONTROLEX**
 AeroControlex

[REDACTED]

Desk
 Mobile
 Fax

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From: [REDACTED] TRANS DIGM INC. [REDACTED]
To: Jim Skulina TDIGM
CC: [REDACTED]
Sent: 10-Oct-17 8:39:24 PM
Subject: FW: IG Audit Information
Attachments: Solicitation SPE4A715U0282.pdf; RE_ ACX Commerciality Submittal - IG Audit - Email 2 of 5 - SPRPA115CY043_NSN_ 4320-01-338-5876_PN_ 4207-251004

Jim,

Please see the attached submittal for Contract SPE4A415M1400 (Solicitation SPE4A7-15-U-0282). It is a copy of our DIBBs submission transmitted on 7/31/15.

The other Contract listed for ACX, SPE7M515MC492, ties to Whippany's NSN 5915-01-345-4444. I have advised [REDACTED] and copied him on this email.

The other contracts are listed correctly, but could not locate SPRPA116PZ005.

Contract	Listed	Actual
SPRPA116PZ005	Aerosonic	Could Not ID
SPE4A515M6628	Whippany	Whippany
SPE4A716M1128	AFP	AFP
SPE4A415M1400	Aerocontrolex	ACX
SPE7M316M2108	AFP	AFP
SPE7M515MC492	Aerocontrolex	Whippany
SPE7L316M7147	AFP	AFP
SPE7MC15M8656	AFP	AFP
SPE7MC15V3680	AFP	AFP
SPE7MC15M4741	Adel Wiggins	Adel Wiggins

Please let me know if you need additional information. We did prepare a modified commercial package for the 4207-251004 as the price delta is significant. I have included the email provided on 8/31. Let me know if you want us to submit for your review.

Regards,

[REDACTED]
Sales Director
AeroControlex

[REDACTED] Mobile

From: Jim Skulina TDIGM
Sent: Tuesday, October 10, 2017 2:07 PM
To: [REDACTED] AEROSONIC; [REDACTED] ADELWIGGINS
Cc: [REDACTED] TDIGM
Subject: IG Audit Information

The IG has asked for copies of your proposals to the DLA for the contracts listed below. I reviewed your original submissions and I did not see your original proposals to the DLA. Can you please review your files and send me your original quote to the DLA. If you do not have the original quote, please just tell me it's not available.

SPRPA116PZ005 Aerosonic

SPE4A515M6628 Whippany
SPE4A716M1128 AFP
SPE4A415M1400 Aerocontrolex
SPE7M316M2108 AFP
SPE7M515MC492 Aerocontrolex
SPE7L316M7147 AFP
SPE7MC15M8656 AFP
SPE7MC15V3680 AFP
SPE7MC15M4741 Adel Wiggins

Thanks

Jim Skulina
Executive Vice President
TransDigm Inc.

Phone: 

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From: Nick Howley </O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=NHOWLEY>
To: Jim Skulina
Sent: 06-Jan-18 6:17:07 PM
Subject: Redacted

Got it

Never underestimate the laziness

Nick Howley
Chairman & Chief Executive Officer
Transdigm Group Inc.(NYSE /TDG)

[REDACTED]

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On Jan 6, 2018, at 1:12 PM, Jim Skulina [REDACTED]@Transdigm.com> wrote:

If they wait a quarter, they will have fewer contracts that need to be audited under the TINA threshold. Instead of having an audit for a \$1m contract in Q3 I believe they will wait to award the contract in Q4 so they don't have to do the work

The smaller awards may also be delayed. The simple acquisition threshold increases from \$100k to \$250k. The DLA may let the order sit on their desk for a few months so they don't have to go through the sign off procedures

Sent from my iPhone

On Jan 6, 2018, at 1:02 PM, Nick Howley [REDACTED]@Transdigm.com> wrote:

Why is it easier ?

Nick Howley
Chairman & Chief Executive Officer
Transdigm Group Inc.(NYSE /TDG)

[REDACTED]

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On Jan 6, 2018, at 11:38 AM, Jim Skulina [REDACTED]@Transdigm.com> wrote:

I am concerned about the impact the TINA change will have on Q3 bookings. I suspect the DLA will delay placing orders in Q3 since it will be easier for them after the limits have increased.

Sent from my iPhone

On Jan 6, 2018, at 11:23 AM, Kevin Stein [REDACTED]@Transdigm.com> wrote:

We are covering at BUM. But I believe the teams are aware. This was well flagged for the last few months I believe. I think we were all skeptical it would happen.

Sent from my iPhone

On Jan 6, 2018, at 11:12 AM, Nick Howley [REDACTED]@Transdigm.com> wrote:

Do you think all our business eases know that ?

Could be a pretty good thing

Nick Howley
Chairman & Chief Executive Officer
Transdigm Group Inc. (NYSE /TDG)

[REDACTED]

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On Jan 6, 2018, at 11:05 AM, [REDACTED]@transdigm.com> wrote:

[REDACTED]
Redacted Privileged

Sent from my iPad

On Jan 6, 2018, at 11:04 AM, Nick Howley [REDACTED]@Transdigm.com> wrote:

Jim

Is that for sure ? Or is it in process !

Nick Howley
Chairman & Chief Executive Officer
Transdigm Group Inc. (NYSE /TDG)

[REDACTED]

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any dissemination, copying or distribution of this e-mail or its contents is strictly prohibited. If you have received this message in error, please notify us immediately by replying to the message and deleting it from your computer. Thank you.

On Jan 6, 2018, at 11:02 AM, Kevin Stein [REDACTED]@Transdigm.com> wrote:

Great point.

Sent from my iPhone

On Jan 6, 2018, at 10:31 AM, Jim Skulina [REDACTED]@Transdigm.com> wrote:

[REDACTED]

The TINA threshold is increasing from \$750k to \$2M in 2018. The number of contracts subject to the threshold should be reduced.

Sent from my iPhone

On Jan 5, 2018, at 8:01 PM, [REDACTED]@transdigm.com> wrote:

[REDACTED]

Redacted

Sent from my iPhone

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Re: [Non-DoD Source] PR#64593691 NSN#473(11691734 SPE7M316T5299

[redacted] to: [redacted] CIV DLA LAND AID

Cc: [redacted] MARITIME (US)

10/05/2016 12:46 PM

[redacted]

Thanks for the clarification! I have the price approved for the \$6,14,83.

We look forward to the award and subsequent release coming through.

Please contact [redacted] for the remaining order requirements.

Thanks!

[redacted]

[redacted]

Champion Aerospace
Business Unit Manager

O: [redacted]
M: [redacted]

On Oct 4, 2016, at 10:53 AM, [redacted] CIV DLA LAND AND MARITIME (US) <
[redacted]@dla.mil> wrote:

[redacted]

I am unable to do so because the FAR states that I am unable to split a PR to hit a threshold.

Sorry,

[redacted]

FAR 13.003

Do not break down requirements aggregating more than the simplified acquisition threshold (or for commercial items, the threshold in Subpart 13.5) or the micro-purchase threshold into several purchases that are less than the applicable threshold merely to -

- (i) Permit use of simplified acquisition procedures; or
- (ii) Avoid any requirement that applies to purchases exceeding the micro-purchase threshold.

-----Original Message-----

From: [redacted]@champaero.com [mailto:[redacted]@champaero.com]

Sent: Tuesday, October 04, 2016 9:40 AM

To: [redacted] CIV DLA LAND AND MARITIME (US) <
[redacted]@dla.mil>

Cc: #Federal-Mogul Aviation Inc [redacted]@champaero.com>

Subject: [Non-DoD Source] PR#64593691 NSN# 73011691734
SPE7M316T5299

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All active links contained in this email were disabled. Please verify the identity of the sender, and confirm the authenticity of all links contained within the message prior to copying and pasting the address to a Web browser.

Hi [REDACTED],

Thanks for the call yesterday. I do have one question, if the limit is \$150K per order, why not split the order into 2 separate orders to fulfill the demand and meet the price quoted? I'll look forward to your response.

Thanks!

[REDACTED]

[REDACTED]
Business Unit Manager

Office: [REDACTED]

Mobile: [REDACTED]

Email: [REDACTED]@champaero.com Web:

Caution-Caution-www.championaerospace.com

<Caution-Caution-http://www.championaerospace.com>

Hi [REDACTED],

Thank you for your email from last week. [REDACTED] forwarded that over to me and I have reviewed your comments. I left you a voicemail last week as well to discuss further. In relation to this NSN, I reviewed our Sales history on this part to the US Government. I have seen a pretty volatile swing over the last 2-3 years. This unpredictability and drastic volume changes combined with an overall drop in US Government igniter demand over the last 2 years has impacted our overhead costs and ability to mitigate cost risk across this and other Government product lines.

While we see that FY16 demand has bounced back significantly for this NSN compared to 2 years ago, we are still experiencing an overall quantity drop across all Government products. The total quantity drop plus the added volatility risk is what has driven the 7% price increase.

Does this sufficiently answer your question? If you have further inquiries, please feel free to contact me c [REDACTED]

Thanks!
[REDACTED]

[REDACTED]
Business Unit Manager

Office: [REDACTED]

Mobile: [REDACTED]

Email: [REDACTED]

@champaero.com Web:

Caution-Caution-www.championaerospace.com

<Caution-Caution-http://www.championaerospace.com>

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From: Nick Howley </O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=NHOWLEY>
To: Mike Lisman
CC: Kevin Stein
Sent: 12-Jun-19 8:45:36 PM
Subject: Re: Ontic - DOD Math

Seems high. Does that assume non commerciality exception ?

Nick Howley
Executive Chairman
Transdigm Group Inc. (NYSE /TDG)

[REDACTED]

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On Jun 12, 2019, at 12:22 PM, Mike Lisman <[REDACTED]@transdigm.com> wrote:

Nick -

We took a look at the EBITDA risk of TDG being forced into a cost disclosure arrangement like Ontic has.

I've walked through the spreadsheet math with Kevin.

We concluded that this would lead to an EBITDA reduction in the \$45 - 50 million ballpark.

In office if you'd like to discuss.

Mike

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From: Mike Lisman </O=FIRST ORGANIZATION/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=MIKE LISMAN9E2>
To: Nick Howley
CC: Kevin Stein
Sent: 12-Jun-19 7:22:14 PM
Subject: Ontic - DOD Math

Nick -

We took a look at the EBITDA risk of TDG being forced into a cost disclosure arrangement like Ontic has.

I've walked through the spreadsheet math with Kevin.

We concluded that this would lead to an EBITDA reduction in the \$45 - 50 million ballpark.

In office if you'd like to discuss.

Mike

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From: [REDACTED]@tscmlc.com>
To: Nick Howley
Sent: 14-Sep-17 2:24:06 PM
Subject: Re: TDG

Already did that after the tornado pic...

On Sep 14, 2017, at 10:20 AM, Nick Howley [REDACTED]@Transdigm.com> wrote:

That is an impure thought - must be confessed to a priest

Nick Howley
Chairman & Chief Executive Officer
Transdigm Group Inc (NYSE /TDG)

[REDACTED]

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On Sep 14, 2017, at 10:14 AM, [REDACTED]@tscmlc.com> wrote:

Yes. And almost suggests you can raise prices!!

On Sep 14, 2017, at 10:11 AM, Nick Howley [REDACTED]@Transdigm.com> wrote:

Thanks [REDACTED]

- we have seen the start of some of the " go round the prime " - not much but more inquiries than before . It makes sense , they just buy from us and add 15 or 20 %

We ll see where it goes

Nick Howley
Chairman & Chief Executive Officer
Transdigm Group Inc (NYSE /TDG)

[REDACTED]

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On Sep 14, 2017, at 9:54 AM, [REDACTED]@tscmlc.com> wrote:

Just FYI...my colleague just met with [REDACTED] (this morning. Below are his comments, which are good for TDG.

This was part of the [REDACTED] trip.

Begin forwarded message:

I had a good meeting this morning with the [REDACTED] for the DoD and we talked about TDG^A. After the meeting, I felt more confident in TDG's positioning with the DoD.

Several incremental takeaways from the meeting:

- 1) [REDACTED] said that he has met with the company directly and is very aware of what they are doing. The meetings were very professional and he specifically stated that as far as he can tell, the company has done nothing illegal. What TDG is doing is not unique and he said that many companies in the industry do the same.
- 2) At the end of the day, if a proprietary sole sourced part is not commercial (the part is unique, designed for the military, or not sold commercially), it is very difficult to get cost transparency because of the current laws. The DoD cannot change that, it is something Congress has to change and it faces an uphill battle.
- 3) He said multiple times during the meeting that the DoD will change their approach when dealing with sole source and proprietary suppliers. But when I pushed him on it, he explained that the pricing for these parts are what they are, and the DoD understands that the supplier can set market prices for non-commercial parts. The change in approach is really to bypass the prime contractors like LMT, NOC and BA (etc), and go directly to suppliers like TDG to at least cut out the contractor mark up. That is a negative for the primes but no change to the way TDG is currently doing business.

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To: [REDACTED]@aerocontrolex.com]; [REDACTED]@aerocontrolex.com]; [REDACTED]@aerocontrolex.com]
Cc: [REDACTED]@aerocontrolex.com]; [REDACTED]@aerocontrolex.com]
From: [REDACTED]
Sent: Mon 2/20/2017 2:52:41 PM
Subject: FW: PR 63132566, NSN 2835010139895, RFP SPE4A616R0629
CIJ SPE4A6-16-R-0629.docx

Team -

We continue to get Cost/Price data requests outside of the FAR requirements. When there appears to be no path forward, please know that we can relatively quickly put together Commercial Item Justification (CIJ).

Be very clear in your communications that:

- 1) It is not required by the FARs
- 2) You are helping your counterpart to do his job
- 2) ACX is offering this as a solution to support the warfighter
- 3) We welcome all opportunities to support the government to economically procure goods to support the troops.

Once we provide the CIJ package, we will not accept the award without receiving notification from DLA that the price has been determined to be Fair and Reasonable, See below. Having this documented will prevent us from having to duplicate work in the future.

I have included a copy of the Subject CIJ in Word for review. Please note that I need to review each submission prior to sending to government.

I have also created a folder at \\aerofilesmonty\Sales\Commerciality Support\CIJ Submissions to save all submissions in Word and pdf.

-----Original Message-----

From: [REDACTED] CIV DLA AVIATION (US) [mailto:[REDACTED]@dla.mil]
Sent: Friday, February 17, 2017 8:56 AM
To: [REDACTED]
Subject: RE: PR 63132566, NSN 2835010139895, RFP SPE4A616R0629

Good morning [REDACTED]

Yes I found the pricing for this procurement to be fair and reasonable upon the submission and analysis of the submitted data.

Regards,

[REDACTED]
Supervisory Contract Specialist

[REDACTED] DLA Aviation- FAM

[REDACTED]
This email may contain Source Selection Info - See FAR 2.101 and 3.104

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-----Original Message-----

From: [REDACTED]@aerocontrolex.com]
Sent: Friday, February 17, 2017 7:36 AM
To: [REDACTED] CIV DLA AVIATION (US) <[REDACTED]@dla.mil>
Subject: [Non-DoD Source] RE: PR 63132566, NSN 2835010139895, RFP SPE4A616R0629

Good morning [REDACTED]

Please advise that our pricing was fair and reasonable on the above contract.
Thank you so much and have a great weekend.

Regards,

[REDACTED]
SENIOR SALES REPRESENTATIVE

[REDACTED]@AEROCONTROLEX.COM

CONFIDENTIAL

TDG00015785

Regards,

[REDACTED]
Supervisory Contract Specialist

DLA Aviation- FAM

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-----Original Message-----

From: [REDACTED]@aerocontrolex.com]
Sent: Wednesday, February 15, 2017 2:25 PM
To: [REDACTED] CIV DLA AVIATION (US) <[REDACTED]@dla.mil>
Cc: [REDACTED] CIV DLA AVIATION (US) <[REDACTED]@dla.mil>
Subject: [Non-DoD Source] RE: PR 63132566, NSN 2835010139895, RFP
SPE4A616R0629

[REDACTED]
Enclosed is best and Final for the above solicitation.
Regards,

[REDACTED]
SENIOR SALES REPRESENTATIVE

[REDACTED]@AEROCONTROLEX.COM
[REDACTED]

-----Original Message-----

From: [REDACTED] CIV DLA AVIATION (US) [mailto:[REDACTED]@dla.mil]
Sent: Wednesday, February 15, 2017 12:34 PM
To: [REDACTED]
Cc: [REDACTED] CIV DLA AVIATION (US)
Subject: PR 63132566, NSN 2835010139895, RFP SPE4A616R0629

[REDACTED]
Please see attached document, in reference to your proposal response to the subject line RFP. Response via email is acceptable. I am requesting a
suspense of 5:00pm Eastern today.

Thank you,

[REDACTED]
Acquisition Specialist
DLA Aviation
[REDACTED]

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TDG00015787

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From: Nick Howley </O=FIRST ORGANIZATION/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=NHOWLEY>
To: [REDACTED]
Sent: 12-Jan-18 10:48:00 PM
Subject: Re: Significant Event

I think you 15 or higher on ebitda no GM

We ll need a HR person for you and doug now ?

Where can we do a cigar ?

Nick Howley
Chairman & Chief Executive Officer
Transdigm Group Inc. (NYSE /TDG)

[REDACTED]

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> On Jan 12, 2018, at 5:35 PM, [REDACTED]@icloud.com> wrote:

>
> Yes 1 1/2 drinks impacts me. It's a cost reduction for me. Yes about Tina. Yes, they are starting too low. As a point of reference, on todays spreadsheet, the GP margin of 15% WAS MULTIPLIED on cost so the GP to sales was 13%. TDG doesn't want to buy this company. Also. Don't give me insider info until I get my 10 b 5 1 in place. TDG HR services a piss poor. Another discussion. When do we have a cigar date?

>

>

>

> Sent from my iPad

>

>> On Jan 12, 2018, at 5:28 PM, Nick Howley [REDACTED]@Transdigm.com> wrote:

>>

>> Does it take less vodka now to get your buzz ? That is a productivity improvement

>>

>> I assume you ll ask Jim about the Tina/1411 rules . I think they are probably starting too low .

>>

>> Thanks for helping with Jim by the way

>>

>>

>>

>> Nick Howley

>> Chairman & Chief Executive Officer

>> Transdigm Group Inc. (NYSE /TDG)

[REDACTED]

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>>

>> On Jan 12, 2018, at 5:23 PM, [REDACTED] wrote:

>>
>>

>> Drinking vodka at a low weight so caution this, Read below a couple emails, [REDACTED] at [REDACTED] is no [REDACTED]. I know [REDACTED] would dive ass deep to figure it out but I dont see that in [REDACTED]. Ive scheduled a call with Skulina next week. Maybe I'm to focused on value to much but I dont think so. go down at least two chains. Had 2 cigars yesterday, life is good.

>>
>>
>>

>> Sent from my iPad

>>

>> Begin forwarded message:

>>

>> From: [REDACTED]

>> Date: January 12, 2018 at 4:03:07 PM EST

>> To: [REDACTED]@icloud.com [REDACTED]@icloud.com>>

>> Subject: RE: Significant Event

>>

>> They will continue to take the conservative route until we actually show them differently. I've pretty much told [REDACTED] we're not buying their analysis. I do need some type of consultant to give us some perspective on the grey area where we can modify the formulas to our advantage.

>>

>> From: [REDACTED]@icloud.com]

>> Sent: Friday, January 12, 2018 1:24 PM

>> To: [REDACTED]

>> Subject: Re: Significant Event

>>

>>

>> I'm not looking for life long friends at [REDACTED], have you just considered telling [REDACTED] you have little confidence in there interpretation & [REDACTED] and has to read the FAR & sign off on the accounting interpretation. The numbers are too big to play nice. Just a thought. If you have no confidence in them, do you or [REDACTED] or [REDACTED] work with a consultant?

>> Sent from my iPad

>>

>> On Jan 12, 2018, at 11:00 AM, [REDACTED]

wrote:

>> Fyl. We can tell him your best practice is to get on the line with the experts.

>>

>> From: [REDACTED]

>> Sent: Friday, January 12, 2018 11:00 AM

>> To: [REDACTED]

>> Cc: [REDACTED]

>> Subject: RE: Significant Event

>>

>> Thanks [REDACTED]. I have to talk to [REDACTED] about another matter today. I'll see if he has any best practices.

>>

>> From: [REDACTED]

>> Sent: Friday, January 12, 2018 10:58 AM

>> To: [REDACTED]

>> Cc: [REDACTED]

>> Subject: RE: Significant Event

>>

>>

>> I have not discussed this with [REDACTED]. [REDACTED] works up the certified cost with

OH (both material and labor), and G&A support from [REDACTED]. I have asked [REDACTED] to review your comments as he is more familiar with the FAR regulations regarding the governments parameters for evaluation. I'll get back to you early next week.

>> Regards,

>> [REDACTED]

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>> From: [REDACTED]

>> Sent: Friday, January 12, 2018 9:54 AM

>> To: [REDACTED]

>> Cc: [REDACTED]

>> Subject: RE: Significant Event

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>> We submitted a solicitation for 100 each M2 Cargo Parachute Releases to DLA around October of last year. An award to [REDACTED] is being considered contingent on approval of certified costs. The value of the first phase of the contract is \$1,744,500 with an option two year (100 additional units) of \$1,795,900. The government will negotiate a profit margin using a maximum allowed weighted average of 15%. We are going in at 15%. See the attached costing breakdown. Thanks.

>> Regards,

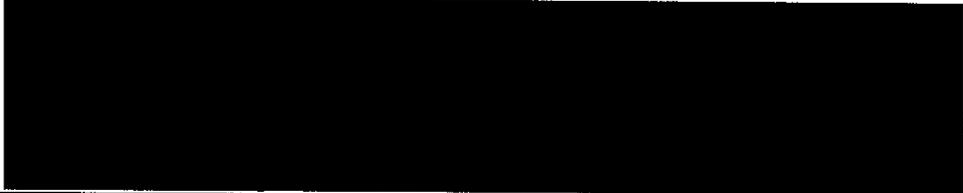
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