

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 7
2. AMENDMENT/MODIFICATION NO. P00096	3. EFFECTIVE DATE 5-6-03	4. REQUISITION/PURCHASE REQ. NO. N/A	5. PROJECT NO. (If applicable)
6. ISSUED BY Defense Supply Center Philadelphia 700 Robbins Avenue Philadelphia, PA 19111 Attn: Donna Kennedy/DSCP-MSAA/215-737-7232	CODE	7. ADMINISTERED BY (If other than Item 6) See Block 6	CODE
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Owens & Minor 4800 Cox Road Glen Allen, VA 23060		9A. AMENDMENT OF SOLICITATION NO.	10B. DATED (SEE ITEM 11) July 19, 2000
CODE 9C381 FACILITY CODE		10A. MODIFICATION OF CONTRACT/ORDER NO. SPO200-00-D-7162	10B. DATED (SEE ITEM 13) July 19, 2000

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment. (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment and is received prior to the opening hour and date specified.

12. Accounting and Appropriation Data (If required)

MEDICAL SURGICAL PRIME VENDOR - GLOBAL EAST REGION

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

<input type="checkbox"/>	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.102(f).
<input checked="" type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: AGREEMENT OF THE PARTIES
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return _____ 1 copies to the issuing office.

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

SEE ATTACHED PAGES

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) JAMES P. DILLON DIRECTOR, GOVERNMENT RELATIONS	15B. CONTRACTOR OFFICER James P. Dillon (Signature of person authorized to sign)	15C. DATE SIGNED 6 MAY 03	15A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) L. FLATLEY CONTRACTING OFFICER	15B. UNITED STATES OF AMERICA BY L. Flatley (Signature of Contracting Officer)	15C. DATE SIGNED 5-6-03
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I. Cross-docking Service Description: Under this service, Owens & Minor shall consolidate **non-prime vendor** ordered products destined for USAMMCE for pick-up by a Government-supplied carrier. Product suppliers shall ship the materiel to the Owens & Minor's Savage, MD distribution center (DC), address below. Owens & Minor shall only accept orders destined for USAMMCE.

II. Cross-docking Performance Period(s):

Cross-docking Base Period: Award through September 7, 2003 (4 months)

Cross-docking Option 1: September 8, 2003 through December 7, 2003 (3 months)

Cross-docking Option 2: December 8, 2003 through March 7, 2004 (3 months)

Cross-docking Option 3: March 8, 2004 through July 7, 2004 (4 months)

III. Fee Agreement:

A. Base Period Pricing: Price will be \$ 71,956 per month plus the extra variable fee for every monthly line over 10,000 as set forth in paragraph B below (for this and contract SP0200-00-D07160 P00065 combined). The attached Appendix A-1 (page 7) details the Assumptions/Specifications that have been agreed upon as the basis for pricing. The Assumptions/Specifications are supplemented with the following:

1. Assumption 4: If the seven variable lead/receiving employees will be used to perform work for commercial customers, Owens & Minor agrees to reduce that cost to DSCP on a pro-rated basis. Corporate general and administrative costs and pre-tax profit applicable to costs shared with other customers shall also be reduced proportionately.

2. Assumption 8: DSCP agrees to make reasonable enhancements to the DSCP's cross-docking website to make it a useful tool for tracking receipts and shipments.

3. Assumption 10: It is agreed that Owens & Minor will advise the DSCP Contracting Officer if the daily value of the shipped products approaches \$500,000, with a recommendation for an increase in the insured value with the associated cost.

4. Assumption 11: It is agreed that Owens & Minor personnel will perform no weekend or holiday work unless specifically authorized in advance by the DSCP Contracting Officer.

5. Assumption 13: Revised as indicated in Part III C below.

6. Assumption 14: If the volume or profile of the cross-docking is 15%-lower than that specified herein, after 60 days of performance, Owens & Minor shall propose to the DSCP Contracting Officer a reduction in the costs. If the volume or profile of the cross-docking is 15% higher than that specified herein, after 60 days of performance, Owens & Minor may propose to the DSCP Contracting Officer, an increase in the costs. Assumption 14e: Any additional costs for packing supplies shall be limited to the cost of Temperature Monitors used for refrigerated/frozen products, at a unit price of \$ 37.00 each.

B. Extra Variable Fee Schedule:

Monthly Lines		extra variable fee	
10,001	-	10,500	\$ 770
10,501	-	11,000	2,300
11,001	-	11,500	3,830
11,501	-	12,000	5,360
12,001	-	12,500	6,890
12,501	-	13,000	8,420
13,001	-	13,500	9,950
13,501	-	14,000	11,480
14,001	-	14,500	13,010
14,501	-	15,000	14,540
15,001	& above	14,540	plus \$ 3.06 for every line over 15,001

C. Option Period(s) Pricing: The options will not be priced at time of modification award, but each option period monthly fee will be established in writing a minimum of three days prior to option exercising, by agreement of Owens & Minor and the DSCP Contracting Officer. The decision to exercise an option is solely at the discretion of the DSCP Contracting Officer. Owens & Minor is required to provide updated detailed price proposal data based on recent historical costs incurred, including a proportional re-assessment of costs should Owens & Minor start performing commercial cross-docking service, 30 days in advance of the option effective date. The option pricing for fixed costs cannot exceed those negotiated to price the base period. The cost for any required additional capacity, not covered by the “extra variable fee” shall be negotiated. Should the DSCP be the only firm using Owens & Minor’s cross-docking service, building rent termination costs will be minimized whenever DSCP can provide at least 31 days advance notice that it will not be exercising an option.

D. Termination Costs: Should the Government Terminate for Convenience the cross-docking service or fail to exercise an option period as identified above, the Government agrees to pay Owens & Minor termination costs not exceeding those agreed upon herein. Termination costs will only be assessed for the period covering the date of termination through July 7, 2004. For termination cost calculation, the monthly rate value for each category of cost will match the rate used for the most recent option pricing. The categories of allowable costs include: any lease termination fees, unrecovered leasehold improvements, unrecovered information system and equipment capital purchases, and any severance costs for variable lead and/or receiving employees. Termination costs for corporate general & administrative costs and estimated pre-tax profit will be limited to the application of those negotiated rates to the other categories of allowable termination costs identified above.

IV. Authorized Products: ONLY the following categories of medical products are authorized for cross-docking:

- Dental
- Hazardous Materiels (HAZMATs authorized for air transport)
- Medical Equipment
- Medical Laboratory

Medical Sets
Medical Surgical
Optical
Pharmaceuticals

Owens & Minor will not be shipped or required to handle any controlled substances or pharmaceuticals listed on DEA schedules I through V or HAZMATs requiring surface transport.

V. Authorized Offices: ONLY the following offices are authorized to send materiel for cross-docking:

DSCP Medical
U.S. Army Medical Materiel Agency (USAMMA)
Air Force Medical Logistics (AFMLO)
Naval Medical Logistics Command (NAVMEDLOGCOM)
Marine Corp Systems Command
6th Medical Logistics Management Center (MLMC)
U.S. Army Medical Materiel Command Europe (USAMMCE)
Doha - Qatar

VI. Ship-To Address for Product Suppliers: Product suppliers will be advised to use the following ship-to address for cross-docking orders:

DSCP Cross Dock Project
c/o O&M X-Dock Center
8870 Greenwood Place, Suite D
Savage, Maryland 20763

VII. Materiel Receipt by Owens & Minor:

A. Received Damaged Packages: Owens & Minor shall refuse acceptance upon carrier presentation of visibly damaged materiel. Owens & Minor shall gather as much information as possible regarding the product, such as document number, authorized offices, etc. and provide this information to the DSCP Cross-Docking Point of Contact (POC), identified below.

B. Received Partial Shipments: Owens & Minor is authorized to hold received partial shipments for up to two days unless the product is refrigerated or frozen. Owens & Minor shall present refrigerated or frozen products for Government carrier pickup immediately.

VIII. Special Instructions for Refrigerated/Frozen Product:

1. Perishable items requiring refrigeration or freezing shall be packed in suitable thermal shipping containers with a quantity of ice (water/wet, chemical, or dry, as applicable) sufficient to maintain proper preservation of the materiel during shipment. In addition, for frozen items, an irreversible indicator will be placed inside each container as evidence that materiel has not thawed during transit.

2. Marking on shipping containers containing limited unrefrigerated medical materiel shall indicate the maximum cumulative time that materiel can remain out of refrigeration during shipment. Marking on shipping containers containing materiel requiring constant refrigeration or constant freeze shall indicate the date and time when re-icing is required.

IX. Mark-For Address Label: Product suppliers will be advised to complete a *Mark-For Address Label* citing the ultimate destination. Upon acceptance of the product, Owens & Minor shall inspect the *Mark-For Address Label* to ensure it contains the requisition number/document number (also called the Transportation Control Number [TCN]) as well as the following *Mark-For Address*:

XR W0CC USA MED MAT CTR EUR
HUSTERHOH KASERNE
BUILDING 4171
PIRMASENS GE 66953

X. Pallets: Owens & Minor is authorized to use Government Furnished Pallets.

XI. Option to Consolidate PV-distributed items and non-PV items: If cost effective and Owens & Minor has the ability to segregate the costs associated with the cross-docking project, Owens & Minor is authorized to consolidate the outgoing PV-distributed item shipments with the outgoing non-PV ordered products for USAMMCE.

XII. Presentation for Delivery: Owens & Minor will arrange for the Government-supplied carrier to pick-up materiel daily (business days only).

Items shall be shipped at the product supplier's expense using the product supplier's carrier to the PV's DC dock. Except as specified below, Title, Risk of Loss, Inspection & Acceptance shall be as specified in the Product Suppliers' contracts (includes purchase orders and Blanket Purchase Agreements). Items shall be shipped at the product supplier's expense to the PV's DC dock for pick-up by the Government-supplied carrier. The PV shall inspect for kind, count, and condition and document all incoming and outgoing "cross docking" shipments to allow for complete trackability while the items are at the PV's facility. Notwithstanding the Title and Risk of Loss terms in the Product Suppliers' contracts, the PV shall at no time take or hold title to the products covered by this modification; however, the PV is responsible for any loss or damage to the supplies while the items reside on its DC dock or elsewhere in its facility prior to pick-up. The Government-supplied carrier shall perform an inspection for shipping container(s) count and condition at time of pick-up and deliver the items to the Government's designated delivery point (i.e., the ultimate destination). The Government-supplied carrier shall be responsible for any loss or damage to supplies from the time they are picked-up at the PV's facility to the time they are delivered to the ultimate destination.

XIII. Shipping Information: Section XVIII - *Shipping Information for Outside the US (except AMC/Military Air Terminal Shipments and Depot Shipments) and Information on the In-Transit Visibility (ITV) Process*, of the Statement of Work, applies to the cross-docking project.

XIV. Minimum/Maximum Weights and Cubes: There are no restrictions on the weights or cubes for the materiel under the cross-docking project unless otherwise approved by the DSCP Contracting Officer.

XV. DSCP Website Shipment Tracking for Non-Prime Vendor Items: Authorized offices are required to post pre-alert shipping information on the website available for monitoring by Owens & Minor. (NOTE: This website will be used to identify costs per Purchasing Activity; therefore, entries must be per Purchasing Activity Document #.) This website can be accessed at www.dmmonline.com. All fields to be completed by Owens & Minor can be found under the Owens & Minor Tab.

XVI. Invoicing and Reporting: Owens & Minor shall submit a manual invoice once a month under Administrative Contract Number SP0200-00-D-6183 using the Delivery Order Number Range of A001-A999. Prior to submitting the invoice, Owens & Minor must provide the DSCP Contracting Officer with an invoice accounting of all expenses, separated by destination.

XVII. DSCP POC for Cross-Docking Issues is Ms. Jackie Basquill at 215-737-5013 or via e-mail at: Jackie.Basquill@dla.mil.

DSCP - Cross Docking Operations

Appendix A-1

Assumptions/Specifications for Pricing

5/5/2003

1. O&M does not take title to the products.
2. DSCP manages and pays all freight (inbound & outbound) directly.
3. O&M will only be required to handle products that O&M has agreed upon. DSCP will obtain O&M's approval prior to having new products shipped to the cross dock facility.
4. O&M has leased a separate facility to accommodate the anticipated increase in volume from the DSCP. If O&M is able to share the space with other O&M customers, O&M agrees to reduce the DSCP's price for all applicable costs (rent, utilities, equipment, and information systems) except direct costs associated with the DSCP (corporate general and administrative cost and pre-tax profit, warehouse employees, insurance and supplies) on a pro-rated basis. A pricing analysis will be performed when other commercial customers are added to the facility.
5. DSCP to supply pallets to O&M for the cross docking operations at no cost to O&M.
6. DSCP to provide reasonable resources at Savage site for on the job training during the initial time period for each phase of the project. The training will be for use of the website and other unique packaging requirements.
7. DSCP to provide assistance in resolving issues (incomplete documentation, etc.) with the suppliers. O&M assumes less than 10% of the incoming orders will need to be researched.
8. DSCP agrees to make reasonable enhancements to the web service in order to enhance service and/or improve O&M's productivity.
9. O&M will weigh the products but is not required "cube" it.
10. Daily value for shipped products is less than \$500,000. O&M will insure the products at the facility up to \$500,000. DSCP will be responsible for any losses above this amount.
11. All weekend or holiday work will be billed at a four hour minimum. Hourly rate is \$25.
12. Payment terms will be Net 15 days.
13. The cross docking performance periods are as follows:

Base period:		through 9/7/03
Option 1:	9/8/2003 -	12/7/2003
Option 2:	12/8/2003 -	3/7/2004
Option 3:	3/8/2004 -	7/7/2004
Option 4:	7/8/2004 -	11/11/2004 (CENTCOM only)

If all options are not exercised by the DSCP, termination fees will include lease termination fees charged to O&M, unrecovered capital purchases, unrecovered leasehold improvements, severance cost for direct warehouse employees, corporate general and administrative cost and pre-tax profit. O&M requests that DSCP provide written notification to O&M at least 31 days prior to an option not being exercised in order to avoid being charged an additional month of costs on the building.
14. O&M has the right to modify rates if the volume or profile of your business proves to differ significantly (higher or lower) from the specifications. If necessary, DSCP and O&M shall meet to review operating cost changes and revise the pricing based on operating cost changes, including but not limited to, costs related to activity levels, scope of services, and insurance rates.
 - a. Maximum lines received per month 10,000
 - b. Minimum Lines to be delivered to O&M on pallets 30%
 - c. Maximum hazmat lines received per month 15%
 - d. Maximum refrigerated lines received per month 15%
 - e. Maximum packing supplies per month: \$ 5,000 (if packing supplies exceed this amount, they will be billed to DSCP at cost.)
15. Pricing is for the base period of the agreement. During the first 60 days of the agreement, O&M will perform a cost analysis for the cross docking activities and propose activity based pricing for the remaining term of the agreement.