

as chargeable in accordance with Part 2 of Section XV of the Armed Services Procurement Regulation revised 2 November 1959.

(1) The cost of material including (I) the net cost after deducting all discounts, of material, foodstuffs and parts purchased directly for performance of this contract, whether or not such materials, foodstuffs and parts are purchased through commercial channels or through the Navy Supply System; (II) the cost of materials and parts withdrawn from the Contractor's Stores or stock; and (III) the cost of transporting material purchased by the Contractor for the performance of this contract.

(2) The salaries and wages of all personnel employed in the performance of this contract except those personnel permanently located in the Contractor's Corpus Christi, Texas and Honolulu, Hawaii Offices, but excluding corporate officers. The salary of any employee permanently assigned to said Corpus Christi, Texas or Honolulu, Hawaii Office except corporate officers of the contractor, shall be an allowable cost hereunder for such temporary period of time as he is assigned solely to the performance of this contract away from Corpus Christi, Texas or Honolulu, Hawaii including necessary travel time. Such temporary assignments shall be made for business purposes only in connection with the performance of this contract, and shall be made in the sole discretion of the Contractor. The salary scales and fringe benefits allowable as costs hereunder shall be those set forth in Exhibit C and/or D to the contract, however, employees assigned temporarily to the performance of this