

INSTRUCTIONS TO OFFERORS

1. The purpose of this form is to provide a standard format by which the offeror submits to the Government a summary of incurred and estimated costs (and attached supporting information) suitable for detailed review and analysis. Prior to the award of a contract resulting from this proposal the offeror shall, under the conditions stated in ASPR 3-807.3, be required to submit a Certificate of Current Cost or Pricing Data (see ASPR 3-807.3(e) and 3-807.4).

2. As part of the specific information required by this form, the offeror must submit with this form, and clearly identify as such, cost or pricing data (that is, data which is verifiable and factual and as defined in ASPR 3-807.3(e)). In addition, he must submit with this form any supporting schedules or substantiation which are reasonably required to explain this offeror's estimating process and to clearly identify:

- a. The judgmental factors applied in projecting from known data to the estimate, and
- b. The contingencies used by the offeror in his proposed price.

3. When attachment of supporting cost or pricing data to this form is impracticable, the data will be specifically identified and described (with schedules as appropriate), and made available to the contracting officer or his representative upon request.

4. The format and the prescribed cost breakdown are not intended as rigid requirements. With the approval of the contracting officer the data may be presented in another form if required for a more effective and efficient presentation of cost or pricing data.

5. By submission of this proposal the offeror if selected for negotiation grants to the Contracting Officer, or his authorized representative, the right to examine, for the purpose of verifying the cost or pricing data submitted, those books, records, documents and other supporting data which will permit adequate evaluation of such cost or pricing data, along with the computations and projections used therein. This right may be exercised in connection with any negotiations prior to contract award.

NOTE 1. Enter in this column those necessary and reasonable costs which in the judgment of the offeror will properly be incurred in the efficient performance of the contract. When any of the costs in this column have already been incurred (e. g., on a letter contract or change order), describe them on an attached supporting schedule. When "pre-production" or "startup" costs are significant or when specifically requested in detail by the contracting officer, provide a full identification and explanation of same. Identify all sales and transfers between your plants, divisions, or organizations under a common control, which are included at other than the lower of cost to the original transferor or current market price.

NOTE 2. The use of this column is optional for multiple line item proposals, except where the contracting officer determines that a separate DD Form 633 is required for selected line items.

NOTE 3. Attach separate pages as necessary and identify in this column the attachment in which the information supporting the specific cost element may be found. No standard format is prescribed; however, the cost or pricing data must be accurate, complete and current, and the judgment factors used in projecting from the data to the estimates must be stated in sufficient detail to enable the Contracting Officer to evaluate the proposal. For example, provide the basis used for pricing the bill of materials such as by vendor quotations, shop estimates, or invoice prices; the reason for use of overhead rates which depart significantly from experienced rates (reduced volume, a planned major rearrangement, etc.); or justification for an increase in labor rates (anticipated wage and salary increases, etc.) Identify and explain any contingencies which are included in the proposed price, such as anticipated costs of rejects and defective work, anticipated costs of engineering redesign and retesting, or anticipated technical difficulties in designing high-risk components.

NOTE 4. Provide a list of principal items within each category of material indicating known or anticipated source, quantity, unit price, competition obtained, and basis of establishing source and reasonableness of cost.

NOTE 5. Include material for the proposed contract other than material described in the other footnotes under the cost element entitled "Direct Material."

NOTE 6. Include parts, components, assemblies, and services to be produced or performed by other than you in accordance with your designs, specifications, or directions and applicable only to the prime contract.

NOTE 7. Include raw and processed material for the proposed contract in a form or state which requires further processing.

NOTE 8. Include standard commercial items normally fabricated in whole or in part by you which are generally stocked in inventory. Provide explanation for inclusion at other than the lower of cost or current market price.

NOTE 9. Include all materials sold or transferred between your plants, divisions or organizations under a common control at other than cost to the original transferor and provide explanation of pricing method used.

NOTE 10. Provide the method of computation and application of your overhead expense, including cost breakdown, and showing trends and budgetary data as necessary to provide a basis for evaluation of the reasonableness of proposed rates.

NOTE 11. Include separate breakdown of costs.

NOTE 12. Provide a separate breakdown of labor by job category and furnish basis for cost estimates.

NOTE 13. Include all other estimated costs (e.g., special tooling, facilities, special test equipment, special plant rearrangement, preservation packaging and packing, spoilage and rework, and warranty) which are not otherwise included. Identify separately each category of cost and provide supporting details. If the proposal is based on a F.O.B. destination price, indicate separately all outbound transportation costs included in total amount.

NOTE 14. If the total cost entered here is in excess of \$250, provide on a separate page (or on DD Form 783, Royalty Report) the following information on each separate item of royalty or license fee: name and address of licensor; date of license agreement; patent numbers, patent application serial numbers, or other basis on which the royalty is payable; brief description, including any part or model numbers of each contract item or component on which the royalty is payable; percentage or dollar rate of royalty per unit; unit price of contract item; number of units; and total dollar amount of royalties. In addition, if specifically requested by the contracting officer, a copy of the current license agreement and identification of applicable claims of specific patents shall be provided.

NOTE 15. Selling price must include any applicable Federal excise tax on finished articles.