

Defense Procurement Circular #55

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Schedule B

rate share of these direct costs. It also includes technical assistance to manufacturing operations performed by Contractor's Research and Technical Center. Also included is a pro rata share of the New York Division's indirect selling expense which is developed by using a formula that has been audited by the government and included in all previous Product X bids. 2/3 of the estimated amount of \$58,050 has been included in this proposal.

B. General and Administrative Expense

This expense is determined by using a formula that has been audited by the government and included in all previous Product X bids. Essentially, the formula spreads G&A expense pools on a Cost of Sales basis to all segments of the New York Division and Chicago Division operations. Unaudited 1965 actual G&A rate of 8.13% was used in this proposal.

G&A expense is included as follows:

Contract Administration & Technical Service	\$38,700
General Administrative	<u>41,900</u>
	<u>\$80,600</u>
<u>Total</u>	
Unit Cost	4.03 - C lb.

Item 11. Process Improvement and Research

This consists of process improvements and characterizations (measurement of physical and chemical properties) of Product X to be performed by Contractor's Research Center. Annual expenditures for this item have ranged from \$50,000 to \$5,000 over the past several years. This Proposal includes \$5,000 at a unit cost of .25.

Item 15. Total Price

The contract proposal price is calculated as follows:

1,850,000 lbs. Bulk at \$.35/lb.	\$647,500
150,000 lbs. Drummed at \$.38/lb.	<u>57,000</u>
	<u>\$704,500</u>
<u>Total</u>	
<u>Average Unit Price</u>	<u>35.22</u> - C lb.