I. DAC 26-687

These instructions are presented as a guide for use by the Seller in preparing Form DAC 26-687. These instructions are supplementary to those on the back of the Form DAC 26-687 and Part III hereof provides additional detailed information for the completion of and Form DAC 26-687. The purpose of this form is to provide a standard format by which the Seller submits to Boeing a summary of incurred and estimated costs (and attached supporting information) suitable for detailed review and analysis.

1. As a part of the specific information required by Form DAC 26-687, Seller is requested to submit supporting schedules or other factual data sufficient to substantiate the proposed costs or prices. The supporting schedules or data should be appropriately identified and referenced in the "REF. NOTE" column of DAC Form 26-687. Seller is further requested to submit an explanation of any deviation from standard estimating practices and any information reasonably required to explain Seller's estimating process, including (a) the judgmental factors applied and the mathematical of other methods used in the estimate, including those used in projecting from known data, and (b) the contingencies used by the Seller in its proposed price.

2. When attachment of supporting cost or pricing data to Form DAC 26-687 is impracticable, the data will be specifically identified and described (with schedules as appropriate) and made available upon the request of Boeing.

3. The formats provided for the presentation of the "Cost Elements" and the "Proposed Cost/Price" are not intended as rigid requirements. These may be presented in different format to be compatible with Seller's accounting system.

II. ADDITIONAL DETAILED INSTRUCTIONS

These instructions also supplement the instruction for the Form DAC 26-687.

1. Recurring and Nonrecurring Costs

It is mandatory that recurring and nonrecurring costs be separately stated and clearly identified as such. The formats or supporting schedules for each are to follow the guidelines established below. Also, the amortization base for nonrecurring costs (i.e., over what number of units will the nonrecurring costs be recovered) must also be clearly identified. Nonrecurring costs shall include, but not necessarily be limited to, design, development and qualification tests (including hardware), special tooling and test equipment.

2. Material

A. Purchased Parts and Subcontracted Items

Furnish a priced bill of material which identifies the following:

(1) List of part numbers and nomenclature.
(2) Quantity of each part number required.
(3) Price for each part and name and address of the source.
   (a) Copy of quotation used and explanation if not the lowest bid.
   (b) Number of quotations requested and received.
   (c) If estimated cost, basis for estimate (i.e., Kardex history, dollars per pound, etc.) – show the computations used.
(4) Parts peculiar to this procurement.
(5) Parts common to other orders; specify the quantity for all orders.
(6) Modified standard parts; describe the extent of modification, the price of the standard part and the modified part.

B. Raw Material

Furnish the following information:

(1) Raw material price per pound or sheet.
(2) Quantity and type of raw material required.
(3) Anticipated waste or scrap factors and basis for each.
(4) Source for raw material prices, including:
   (a) Copy of quotation.
   (b) Competition available.
   (c) Quantity buy discounts.
   (d) If estimated, basis for estimate.

C. Standard Commercial Items

(1) Identify part number and nomenclature.
(2) Explain price method used and reason if priced at other than "lower of cost or market".

D. Inter-division/Company Transfers

Furnish the following information:

(1) Total estimated cost to Seller.
(2) A separate list of the item(s)/service(s) furnished by the division(s) and a breakdown of the amount shown in the various elements of cost (i.e., labor, material, burden, etc.).
(3) Identify the division(s) by name and location.
(4) Explain the amount of profit, if any, to feeder division(s).
E. Other
Describe and support, in the manner above, of any other material costs not otherwise included.

3. Material and Direct Labor Burdens and General Administrative Expense (G&A)
Furnish the following information:
A. If approved, forward bidding rates for this period have been negotiated with a Government Audit Agency, attach a copy of the executed agreement for all classifications used in this proposal/quotation. Agreement must identify location and time period involved. It is permissible to reference an agreement on file with Boeing.
B. If negotiated bidding rates are not used, include a basis for the establishment of the rates:
   (1) Chart of accounts in the overhead category.
   (2) Sales history and sales forecasts for applicable period.
   (3) Cost actuals for past three years and projections or budgetary data for applicable time period.
   (4) Basis for allocation of burden pool to direct business.
   (5) Any escalation or judgmental increases must be identified.

4. Direct Labor Hours
Furnish the following information:
A. Estimated hours required by task or labor category.
B. Estimating rationale:
   (1) Improvement curve projections.
   (2) Historical hours required.
   (3) Most recent actual experience in this or related work.
   (4) Work standards - explain how used in this estimate.
   (5) Identify the location at which the work will be accomplished.
   (6) Hours per pound or other parametric basis, explain how used and basis for development.
C. Other
Describe and support in the manner above of any other direct labor hours not otherwise included.

5. Direct Labor Rates
The following information shall be furnished regarding rates used for direct labor.
A. Furnish labor rates by labor classification by year for the past three years and projection through life of the Purchase Order/Contract. If Government approved bidding rates are used, furnish copies of the agreement.
B. If applicable, basis for establishment of direct rates in lieu of Government approved rates:
   (1) Current direct labor rates and any judgmental increases.
   (2) Union labor agreements or contracts providing for escalation.
   (3) Manloading projections and current employment trends.

6. Travel
A. Furnish separate information pertaining to:
   (1) Number of trips.
   (2) Purpose.
   (3) Destination.
   (4) Number and classification of affected personnel.

7. Special Tooling/Test Equipment
A. Include the cost of only those special dies, jigs, fixtures and test equipment which will be peculiar to item(s) covered by this requirement. Standard and/or commercial equipment and capital equipment shall not be considered special tooling or test equipment charges. On a separate schedule(s) furnish:
   (1) A list of tooling acquired and proposed to be charged directly to this procurement which, upon completion of the procurement, will be delivered to Boeing or Boeing's customer or disposed of as directed by Boeing.
   (2) A breakdown of the amount into its various elements (i.e., labor, material, burden, etc.) if this item is not subcontracted.
   (3) A separate schedule of the information required by Paragraph 2.A above for each subcontract if this item is subcontracted.

8. Data Items
Estimated costs for data items shall be accompanied by supporting justification and shall include only those costs which are generated solely as a direct result of the imposition of the data requirement. Each data item shall be priced separately. Allowable data costs related to tasks such as design, development, test, evaluation, and management reporting shall include only those costs of reproduction and transmittal of such data. The cost to generate the data is included in the nonrecurring effort that creates the data (i.e., drawings, procedures, analysis, reports). If the data requirement imposes a format unique to that data otherwise maintained by the Seller, reformatting costs are a justifiable data cost.

9. Taxes, Customs Charges, Royalties, etc.
Include any applicable taxes, customs charges, royalties, etc., with supporting justification.
## COST/PRICE PROPOSAL/QUOTATION BREAKDOWN SUMMARY

**NAME OF OFFEROR:**

**DIVISION(S) AND LOCATION(S) WHERE WORK IS TO BE PERFORMED:**

**OFFEROR PROPOSAL / QUOTATION NO.:**

**RFP / Q NO.:**

**TYPE OF PURCHASE ORDER / SUBCONTRACT:**

- [ ] FP
- [ ] FPI
- [ ] CPIF
- [ ] CPFF

**SUPPLIES AND/OR SERVICES TO BE FURNISHED:**

**QUANTITY:**

**TOTAL AMOUNT OF PROPOSAL / QUOTATION:**

### COST ELEMENTS

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<th>RECURRING Qty</th>
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**TOTAL PRICE**

These cost or pricing data are subject for use in connection with and in response to (describe Boeing’s RFP/Q) ________________________________

**NAME AND TITLE**

**SIGNATURE**

**NAME OF FIRM**

**SUBMISSION DATE**

This reflects the offeror’s best estimate as of this date in accordance with the general instructions to offeror on the reverse side hereof.
**GENERAL INSTRUCTIONS TO OFFEROR**

**GENERAL**
A. Offeror is requested to incorporate by reference (in the appropriate column) and submit as part of this Proposal / Quotation, any additional data, supporting schedules or other information which will substantiate the proposed costs. Offeror is further requested to provide such information which will afford a clear understanding of each of the following:

B. When the attachment of supporting cost or pricing data to this form is impractical, the data should be described (with schedules, as appropriate) and made available to Boeing or its designee, upon request.

C. The format and prescribed cost breakdown are not intended as a rigid requirement. The data may be presented in another form, if required, for a more effective and efficient presentation of cost or pricing data.

**NOTE 1.** Include all non-recurring costs. Provide an identification and explanation of same.

**NOTE 2.** 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 should be accurate, complete and current, and the judgment factors used in projecting from the data to the estimates should be stated in sufficient detail to enable Boeing to evaluate the Proposal / Quotation. For example, provide the basis used for pricing the bills of material such as by vendor quotations, shop estimates, or invoice prices the reason for use of overhead rates which depart significantly from experienced rates (reduced value, 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 reject and defective work, anticipated costs of engineering redesign and retesting, or anticipated technical difficulties in designing high-risk components.

**NOTE 3.** Provide a list of principal items within each category of material, indicating known or anticipated source, quantity, unit price, competition obtained, basis of establishing source and the reasonableness of cost.

**NOTE 4.** Include estimated costs for parts, components assemblies and services to be produced or performed by other than Offeror in accordance with Offeror’s designs, specifications or directions and applicable only to the subject requirement. On a separate schedule furnish the following information for each intended subcontract(s):
   (i) Name and address of subcontractor.
   (ii) Brief description of materials to be ordered.
   (iii) The dollar amount of the subcontract.

**NOTE 5.** Include raw and processed material for the contemplated purchase order / subcontract in a form or state which requires further processing.

**NOTE 6.** Enter the total estimated cost to Offeror. On a separate schedule, furnish a list of the item(s) or service(s) furnished by the division(s), etc., and a breakdown of the amount shown in its various elements of cost, i.e., Labor, Material Burden etc. Explain the amount of profit, if any, to feeder division(s).

**D.** When any of the costs proposed have already been incurred (e.g., on letter contract or other authorization to proceed, etc.) identify them on a separate supporting schedule. Notwithstanding, such letter contract or authorization to proceed costs, etc., should also be included in the Offer’s pricing estimate of total costs for the subject requirements.

**NOTE 7.** Note all other estimated costs which are not otherwise included. Provide any additional supporting data necessary.

**NOTE 8.** Indicate the amount of burden, detailed by account title for the latest accounting period of at least six (6) months duration. Note if these rates have been approved by a Government Audit Agency. Provide the method of computation and application of appropriate overhead expenses, including historical information, trends and budgetary data, where possible.

**NOTE 9.** Include the labor cost chargeable to the subject requirement. Provide a separate breakdown of labor by task and by labor classification as applicable and furnish the basis for the estimates.

**NOTE 10.** Include separate information pertaining to the number of trips, the purpose, the destination and the number and classification of affected personnel.

**NOTE 11.** Include the cost of only those special dies, jigs, fixtures, and test equipment which will be peculiar to item(s) covered by this requirement. Standard and / or commercial equipment and capital equipment shall not be considered special tooling or test equipment charges. On a separate schedule(s) furnish:
   (i) A list of tooling acquired and proposed to be charged directly to this Procurement which, upon completion of the Procurement will be delivered to Boeing or Boeing’s customer or disposed of as directed by Boeing.
   (ii) A breakdown of the amount into its various elements, i.e., Labor, Material, Burden, etc., if this item is not subcontracted.
   (iii) A separate schedule of the information required per Note 4 above for each subcontract(s) if this item is subcontracted.

**NOTE 12.** Include any applicable taxes, customs charges, etc., on finished articles.