

APPENDIX B

CARRYFORWARD TEMPLATE REVISIONS

Exhibit 1 appended to this Appendix B contains the existing single-rate carryforward template used by NBC. An electronic version of this existing template (Excel spreadsheet) will be filed separately as part of this PSA III. Under the existing carryforward template, where under-recoveries result from under-payments of indirect costs (i.e., where the amount of indirect costs paid in a given year is less than the product of Rate X Base) such under-recoveries are currently set forth in a “shortfall column” and are not carried forward to adjust the rate.

Under this PSA III, the underpayment amounts captured in the existing shortfall column will be retained under a different name called the “Under-Funded” Column in the new carryforward templates. The amounts to be set forth in the “Under-Funded” column may, but will not necessarily be, due to shortfalls in congressional appropriations. Continuing existing practice, under this PSA III, these amounts of under-payments (relative to the Rate X Base amount) set forth in the new “Under-Funded” Column will not be carried forward as an under-recovery to adjust the rate.

The new carryforward templates under this PSA III will also contain a new “Over-Funded” column. That column will capture the amounts paid in a given year to the Plaintiffs for indirect costs that exceed the estimated indirect cost need (Rate x Base amount) for the same year. As a change from existing carryforward practices, under this PSA III, that category of over-recoveries (due to over-payments) will not be carried forward to affect the rate. However, with the exception of theoretical over-recoveries prohibited by 25 USC 450j-§1(d)(1), all over-recoveries and under-recoveries that are due to variances between the estimated indirect cost need (the Rate x Base amount) and the actual indirect cost incurred for that period (pool allocation)

will be carried forward to affect future rates, as per current practice.

Exhibit 2 to this Appendix is the modified single-rate carryforward template implementing the agreed-upon changes. An electronic version of this modified template (Excel spreadsheet) containing the formulas underlying the template set forth in Exhibit 2 will be filed separately as part of this PSA III.

Exhibit 3 to this Appendix illustrates the results of the agreed-upon changes to the treatment of over-recoveries in the carry forward process, considering all possible variations in the relative amounts of the indirect cost incurred, the Rate x Base amount and the indirect cost recovered amount in a given year. An electronic version of this illustrative template (Excel spreadsheet) will be filed separately as part of this PSA III.

The presence of an amount in the “indirect under-funded” column or the “indirect over-funded” column does not constitute a determination or admission that either the government or the contractor is liable to the other for any amount. Resolution of such issues will be the responsibility of the contractor and the funding agency.