



Supplier Proposal Adequacy Guidelines

Raytheon Company - Approved for Public Disclosure

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Purpose of This Guideline

- This guideline explains the basic requirements for proposals submitted to Raytheon when cost or pricing data are required.
- This guideline does not apply to proposals that are:
 - Below the simplified acquisition threshold [DFARS 215.403-3\(a\)\(2\)\(i\) \(Deviation 2026-O0048\)](#).
 - Based on competition [FAR 15.403.1 \(b\) 1](#)
 - Based on commercial pricing [FAR 15.403.1 \(b\) 3](#)
 - Pricing set by law or regulation [FAR 15.403.1 \(b\) 2](#)
 - When a waiver has been granted by the Head of the Contracting Activity FAR [15.403.1 \(b\) 4](#)
- Questions regarding these requirements should be addressed to your Raytheon Supply Chain contact.

Table of Contents

- When cost or pricing data is required, the supplier's proposal needs to include the following sections:

Required Items	Page	FAR Reference
Supplier Proposal Adequacy Checklist	Pg. 4–5	Supplier Resources
Cover Sheet – SF1411 or equivalent	Pg. 6–7	FAR 15.408, Table 15-2, I.A.
Index	Pg. 8	FAR 15.408, Table 15-2, I.B.
Cost Element Breakdown	Pg. 9–10	FAR 15.408, Table 15-2, I.D.
Summary Cost Element Breakdown	Pg. 11–13	FAR 15.408, Table 15-2, I.E.
Material (Including Consolidated BOM)	Pg. 14–23	FAR 15.408, Table 15-2, II.A.
Labor	Pg. 24–29	FAR 15.408, Table 15-2, II.B.
ODC	Pg. 30	FAR 15.408, Table 15-2, II.D.
NRE	Pg. 31–32	FAR 15.408, Table 15-2, II
Rates	Pg. 33–41	FAR 15.408, Table 15-2, II.C.

- Additional areas of proposal support, which are not applicable to most proposals:

Required Items	Page	FAR Reference
Commercial Justification	Pg. 42-47	FAR 2.101 & FAR 15.403
Change Proposal	Pg. 48–53	FAR 15.408, Table 15-2, III.B.

Supplier Proposal Adequacy Checklist

Purpose of the Adequacy Checklist

The Supplier Proposal Adequacy Checklist is designed to streamline both supplier preparation and Raytheon review:

- The checklist creates a comprehensive, structured framework that promotes proposal accuracy and completeness.
- It gives Raytheon a consistent mechanism for rapidly locating documentation, improving cycle time, and ensuring proposals meet compliance standards mandated by Raytheon, our customers, and the DCAA.
- Suppliers must submit detailed cost element breakdowns, bills of material, and labor data in Excel format.
- An example of the Raytheon Checklist is provided on the next slide.

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Supplier Proposal Adequacy Checklist

SUPPLIER PROPOSAL ADEQUACY CHECKLIST

Supplier Name

Supplier Proposal Number

Form SAA-005 Rev M 08-2026

Select a response for each item		YES	N/A	LOCATION IN PROPOSAL (FOLDER, FILE NAME, PAGE NUMBER)	If N/A, please explain
37	proposal? Has supporting documentation been provided for the ODC costs proposed?	☐	☐		
38	If travel is proposed is there detail showing the number of trips, people, days by location (to/from), lodging cost, transportation cost, meals and rate?	☐	☐		
Royalties when they exceed \$1,500 FAR 15.408 Table 15-2, II E.					Comments
39	If royalties have been proposed and they exceed \$1,500, has the required information been provided? (see 39a-39j)	☐	☐		
39a	Name and Address of Offeror	☐	☐		
39b	Date of license agreement	☐	☐		
39c	Patent numbers	☐	☐		
39d	Patent application serial numbers, or other basis on which the royalty is payable	☐	☐		
39e	Brief description (including any part or model numbers of each contract item or component on which the royalty is	☐	☐		
39f	Percentage or dollar rate of royalty per unit	☐	☐		
39g	Unit price of contract item	☐	☐		
39h	Number of units	☐	☐		
39i	Total dollar amount of royalties	☐	☐		
39j	If specifically requested by the Contracting Officer, a copy of the current license agreement and identification of applicable claims of specific patents	☐	☐		
Non Recurring Engineering (NRE) FAR 15.408 Table 15-2, II					Comments
40	Has a written NRE BoE been provided demonstrating rationale for the NRE costs proposed? Has supporting documentation been provided for the NRE proposed?	☐	☐		
41	Have separate cost element summaries and supporting Individual BoMs been provided to support the NRE proposed? In addition have the NRE material costs been included in the CBOM?	☐	☐		
Additional Information					Comments
	Has the proposal been submitted in a non-password protected versions of Excel, Word, and/or PDF?	☐	☐		
Supplier					
By Signing below, you are confirming that required cost and pricing data is part of your proposal and meets the requirements of Raytheon's proposal pricing instructions.					
Seller's Representative (type or print)					Date (mm/dd/yy)
Raytheon					
By Signing below, you are confirming receipt of required cost and pricing data for this proposal and that it meets the requirements of Raytheon's proposal pricing instructions.					
Supply Chain Supplier Proposal Compliance Lead					Date (mm/dd/yy)

[Supplier Proposal Adequacy Checklist](#)

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Cover Sheet

- You must Include a cover sheet that includes the following information:
 1. Solicitation number, contract and/or modification number.
 2. Name and address of offeror.
 3. Name and telephone number of point of contact.
 4. Name of contract administration office (if available).
 5. Type of contract action (that is, new contract, change order, price revision/redetermination, letter contract, unpriced order or other).
 6. Proposed cost, profit or fee, and total price.
 7. If you will require the use of government property.
 8. Whether your organization is subject to cost accounting standards (CAS) – see details in [FAR 15.408, Table 15-2, I.A. \(8\)](#).
 9. The statement designated in [FAR 15.408, Table 15-2, I.A. \(9\)](#).
 10. Date of submission.
 11. Name, title and signature of authorized representative.
- An example is provided on the next slide.

[FAR 15.408, Table 15-2, I.A.](#)

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Cover Sheet Example

CONTRACT PRICING PROPOSAL COVER SHEET		1. SOLICITATION/CONTRACT/MODIFICATION NO.	FORM APPROVED OMB NO. 9000-0013
NOTE: This form is used in contract actions if submission of cost of pricing data is required.			
2. NAME AND ADDRESS OF OFFEROR		3A. NAME AND TITLE OF OFFEROR'S POINT OF CONTACT	3B. TELEPHONE NO.
4. TYPE OF CONTRACT ACTION (Check)			
A. NEW CONTRACT		D. LETTER CONTRACT	
B. CHANGE ORDER		E. UNPRICED ORDER	
C. PRICE REVISION/REDETERMINATION		F. OTHER (Specify)	
5. TYPE OF CONTRACT (Check)		6. PROPOSED COST (A+B=C)	
☐ FFP ☐ CPFF ☐ CPIF ☐ CPAF ☐ FPI ☐ OTHER (Specify)		A. COST B. PROFIT/FEE C. TOTAL \$ - \$ - \$ -	
7. PLACES(S) AND PERIOD(S) OF PERFORMANCE			
8. List and reference the identification, quantity and total price proposed for each contract line item. A line item cost breakdown supporting this recap is required unless otherwise specified by the Contracting Office (Continue on reverse, and then on plain paper, if necessary. Use same headings.)			
A. LINE ITEM NO.	B. IDENTIFICATION	C. QUANTITY	D. TOTAL PRICE
9. PROVIDE NAME, ADDRESS, AND TELEPHONE NUMBER FOR THE FOLLOWING (If available)			
A. CONTRACT ADMINISTRATION OFFICE		B. AUDIT OFFICE	
10. WILL YOU REQUIRE THE USE OF ANY GOVERNMENT PROPERTY IN THE PERFORMANCE OF THIS WORK? (If "Yes," identify)		11A. DO YOU REQUIRE GOVERNMENT CONTRACT FINANCING TO PERFORM THIS PROPOSED CONTRACT? (If "Yes," complete Item 11B)	
☐ YES ☐ NO		☐ YES ☐ NO	
12. HAVE YOU BEEN AWARDED ANY CONTRACTS OR SUBCONTRACTS FOR THE SAME OR SIMILAR ITEMS WITHIN THE PAST 3 YEARS? (If "Yes," identify item(s), customer(s), and contract number(s))		13. IS THIS PROPOSAL CONSISTENT WITH YOUR ESTABLISHED ESTIMATING AND ACCOUNTING PRACTICES AND PROCEDURES AND FAR PART 31 COST PRINCIPLES? (If "No," explain)	
☐ YES ☐ NO		☐ YES ☐ NO	
A. WILL THIS CONTRACT ACTION BE SUBJECT TO CASB REGULATIONS? (If "No," explain in proposal)		B. HAVE YOU SUBMITTED A CASB DISCLOSURE STATEMENT (CASB DS-1 OR 2)? (If "Yes," specify in proposal the office to which submitted and if determined to be adequate)	
☐ YES ☐ NO		☐ YES ☐ NO DCMC, Burlington MA	
C. HAVE YOU BEEN NOTIFIED THAT YOU ARE OR MAY BE IN NON-COMPLIANCE WITH YOUR DISCLOSURE STATEMENT OR COST ACCOUNTING STANDARDS? (If "Yes," explain in proposal)		D. IS ANY ASPECT OF THIS PROPOSAL INCONSISTENT WITH YOUR DISCLOSED PRACTICES OR APPLICABLE COST ACCOUNTING STANDARDS? (If "Yes," explain in proposal)	
☐ YES ☐ NO		☐ YES ☐ NO	
This proposal reflects our estimates and/or actual costs as of this date and conforms with the instructions in FAR 15.403-5(b)(1) and Table 15-2. By submitting this proposal, we grant the Contracting Officer and authorized representative(s) the right to examine, at any time before award, those records, which include books, documents, accounting procedures and practices, and other data, regardless of type and form or whether such supporting information is specifically referenced or included in the proposal as the basis for pricing, that will permit an adequate evaluation of the proposed price.			
15. NAME AND TITLE (Type)		16. NAME OF FIRM	
17. SIGNATURE		18. DATE OF SUBMISSION	
NSN 7540-01-142-9845		1411-102	
		STANDARD FORM 1411 (REV. 9-95) Prescribed by GSA	

[2. Name and Address](#)

[5. Contract Type](#)

[4. Name of contract administration office](#)

[7. Use of Government Property?](#)

[11. Name, Title, Signature](#)

[1. Solicitation/Mod No.](#)

[3. Point of Contact](#)

[6. Proposed Cost, Fee and Price](#)

[8. Subject to CAS?](#)

[9. Include Statement from FAR 15.408, Table 15-2, I.A. \(9\)](#)

[10. Date Submitted](#)

Index Requirements

- Index of Certified Cost or Pricing Data

- Include an index that references where the supporting data for your estimate is located.

Example: FAR Index of Certified Cost or Pricing Data

Index should list all types of cost data included in the proposal submittal.

- It should include the following:
 - Title of information being referenced (summary cost element breakdown, material, labor, etc.).
 - Location in the proposal (page number or file name and page if located in a separate file).
 - Cost element supporting

Cost Data Provided	Location of Data	Cost Element Supporting
Cost Elemental Breakdown	Proposal Section 1	Total Cost/Price
Consolidated Bill-of-Material (CBOM)	Proposal Section 2	Material
Vendor Quotations	Proposal Section 2	Material
PO History	Proposal Section 2	Material
Time-Phased Labor	Proposal Section 3	Labor
Labor BOEs	Proposal Section 3	Labor
Labor Actuals	Proposal Section 3	Labor
Travel Details	Proposal Section 4	ODC
Travel Calculations	Proposal Section 4	ODC
Travelocity Quotes	Proposal Section 4	ODC
Interdivisional Cost Elemental Breakdown	Proposal Section 5	IWO
Interdivisional Quote	Proposal Section 5	IWO
Interdivisional CBOM	Proposal Section 5	IWO
Interdivisional Labor BOE	Proposal Section 5	IWO
Interdivisional Travel Details	Proposal Section 5	IWO

[FAR 15.408, Table 15-2, I.B.](#)

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Cost Element Breakdown by Line Item

- Cost Element Breakdown by Line Item, which should include:
 - Direct labor hours and cost by category
 - Material [inclusive of any IOT (Interorganizational Transfer) and sub-tiers greater than \$10,000,000]
 - Subcontracts
 - Other Direct Costs (ODC)
 - Direct and Indirect Rates
- A cost element breakdown is required for each proposed line item. If the proposal covers multiple price points or multiple years, a cost element breakdown will be required for each price point for each year.
- For example, assume your proposal includes the following three-line items listed in the table:
- The supplier would need to provide separate cost element breakdowns for Parts ABC, ABB and the NRE (reference example slide 10)

Part Number	Quantity	Unit Price	Total Price
Part ABC	400	\$ 35,634	\$ 14,253,494
Part ABB	300	\$ 32,053	\$ 9,615,885
NRE	1		\$ 754,187
Total			\$ 24,623,565

[FAR 15.408, Table 15-2, I.D &E.](#)

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Cost Element Breakdown by Line-Item Example

Cost Element Detail - Part ABC (Qty 400)

Cost Element	Rate	Hours	Total \$
Assembly	\$18.25	14,175	\$ 258,694
Machinist	\$24.00	1,925	\$ 46,200
Quality Assurance	\$22.00	4,445	\$ 97,790
Engineer 1	\$32.00	833	\$ 26,656
Total Direct Labor		21,378	\$ 429,340
Labor Overhead	225%		\$ 429,340
Material			\$ 8,881,052
ODC			\$ 7,500
Total Mfg Exp			\$10,283,906
G&A	26%		\$ 2,673,816
Total Cost			\$12,957,722
Profit/Fee	10%		\$ 1,295,772
Total Price			\$14,253,494

Cost Element Detail - Part ABB (Qty 300)

Cost Element	Rate	Hours	Total \$
Assembly	\$18.25	14,700	\$ 268,275
Machinist	\$24.00	1,750	\$ 42,000
Quality Assurance	\$22.00	2,800	\$ 61,600
Engineer 1	\$32.00	1,270	\$ 40,647
Total Direct Labor		20,520	\$ 412,522
Labor Overhead	225%		\$ 928,175
Material			\$ 5,587,671
ODC			\$ 9,500
Total Mfg Exp			\$ 6,937,868
G&A	26%		\$ 1,803,846
Total Cost			\$ 8,741,713
Profit/Fee	10%		\$ 874,171
Total Price			\$ 9,615,885

Cost Element Detail - NRE

Cost Element	Rate	Hours	Total \$
Assembly	\$18.25	875	\$ 15,969
Machinist	\$24.00	-	\$ -
Quality Assurance	\$22.00	-	\$ -
Engineer 1	\$32.00	1,750	\$ 56,000
Total Direct Labor		2,625	\$ 71,969
Labor Overhead	225%		\$161,930
Material			\$310,248
ODC			\$ -
Total Mfg Exp			\$544,146
G&A	26%		\$141,478
Total Cost			\$685,625
Profit/Fee	10%		\$ 68,562
Total Price			\$754,187

Summary Cost Element Breakdown

- When a proposal includes multiple contract line items (such as part numbers, NRE, or other elements), you must provide a consolidated summary showing total amounts for each element of cost across all items.
- If the proposal includes high, mid, and low pricing points, the summary only needs to show totals for those three points—not for every possible range-pricing combination.
- For multi-year proposals, a separate summary must be provided for each individual year.

Part Number	Quantity	Unit Price	Total Price
Part ABC	400	\$ 35,634	\$ 14,253,494
Part ABB	300	\$ 32,053	\$ 9,615,885
NRE	1		\$ 754,187
Total			\$ 24,623,565

- For the table above you would need to provide a summary by cost element that includes the total proposed value of \$24,623,565. See the next slide for an example showing the three individual cost elements being combined into a summary.

[FAR 15.408, Table 15-2, I.E.](#)

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Summary Cost Element Breakdown Example

Cost Element Detail - Part ABC (Qty 400)

Cost Element	Rate	Hours	Total \$
Assembly	\$ 18.25	14,175	\$ 258,694
Machinist	\$ 24.00	1,925	\$ 46,200
Quality Assurance	\$ 22.00	4,445	\$ 97,790
Engineer 1	\$ 32.00	833	\$ 26,656
Total Direct Labor		21,378	\$ 429,340
Labor Overhead	225%		\$ 966,014
Material			\$ 8,881,052
ODC			\$ 7,500
Total Mfg Exp			\$10,283,906
G&A	26%		\$ 2,673,816
Total Cost			\$12,957,722
Profit/Fee	10%		\$ 1,295,772
Total Price			\$14,253,494

Cost Element Detail - Part ABB (Qty 300)

Cost Element	Rate	Hours	Total \$
Assembly	\$ 18.25	14,700	\$ 268,275
Machinist	\$ 24.00	1,750	\$ 42,000
Quality Assurance	\$ 22.00	2,800	\$ 61,600
Engineer 1	\$ 32.00	1,270	\$ 40,647
Total Direct Labor		20,520	\$ 412,522
Labor Overhead	225%		\$ 928,175
Material			\$ 5,587,671
ODC			\$ 9,500
Total Mfg Exp			\$ 6,937,868
G&A	26%		\$ 1,803,846
Total Cost			\$ 8,741,713
Profit/Fee	10%		\$ 874,171
Total Price			\$ 9,615,885

Cost Element Detail - NRE

Cost Element	Rate	Hours	Total \$
Assembly	\$ 18.25	875	\$ 15,969
Machinist	\$ 24.00	-	\$ -
Quality Assurance	\$ 22.00	-	\$ -
Engineer 1	\$ 32.00	1,750	\$ 56,000
Total Direct Labor		2,625	\$ 71,969
Labor Overhead	225%		\$ 161,930
Material			\$ 310,248
ODC			\$ -
Total Mfg Exp			\$ 544,146
G&A	26%		\$ 141,478
Total Cost			\$ 685,625
Profit/Fee	10%		\$ 68,562
Total Price			\$ 754,187

Cost Element Summary - Total Proposal

Cost Element	Rate	Hours	Total \$
Assembly	\$ 18.25	29,750	\$ 542,938
Machinist	\$ 24.00	3,675	\$ 88,200
Quality Assurance	\$ 22.00	7,245	\$ 159,390
Engineer 1	\$ 32.00	3,853	\$ 123,303
Total Direct Labor		44,523	\$ 913,831
Labor Overhead	225%		\$ 2,056,119
Material			\$14,778,971
ODC			\$ 17,000
Total Mfg Exp			\$17,765,920
G&A	26%		\$ 4,619,139
Total Cost			\$22,385,060
Profit/Fee	10%		\$ 2,238,506
Total Price			\$24,623,565

Summary Cost Element Breakdown

- For any proposal that includes a base year and one or more option years, a separate Summary Cost Element Breakdown must be provided for each individual year. Ensure that these year-specific summaries are included at every point in the RFP where cost or pricing information is required.

Cost Element Detail - Year 1			
Cost Element Detail - Part ABC (Qty 400)			
Cost Element	Rate	Hours	Total \$
Assembly	\$18.25	14,175	\$ 258,694
Machinist	\$24.00	1,925	\$ 46,200
Quality	\$22.00	4,445	\$ 97,790
Engineer 1	\$32.00	833	\$ 26,656
Total Direct Labor		21,378	\$ 429,340
Overhead	225%		\$ 966,014
Material			\$ 8,881,052
ODC			\$ 7,500
Total Mfg Exp			\$10,283,906
G&A	26%		\$ 2,673,816
Total Cost			\$12,957,722
Profit/Fee	10%		\$ 1,295,772
Total Price			\$14,253,494

Cost Element Summary - Year 1

Cost Element	Rate	Hours	Total \$
Assembly	\$18.25	28,875	\$ 526,969
Machinist	\$24.00	3,675	\$ 88,200
Quality	\$22.00	7,245	\$ 159,390
Engineer 1	\$32.00	2,103	\$ 67,303
Total Direct Labor		41,898	\$ 841,862
Overhead	225%		\$ 1,894,189
Material			\$14,468,723
ODC			\$ 17,000
Total Mfg Exp			\$17,221,774
G&A	26%		\$ 4,477,661
Total Cost			\$21,699,435
Profit/Fee	10%		\$ 2,169,944
Total Price			\$23,869,379

Cost Element Detail - Year 2			
Cost Element Detail - Part ABC (Qty 400)			
Cost Element	Rate	Hours	Total \$
Assembly	\$18.80	14,175	\$ 266,455
Machinist	\$24.72	1,925	\$ 47,586
Quality	\$22.66	4,445	\$ 100,724
Engineer 1	\$32.96	119	\$ 3,922
Total Direct Labor		20,664	\$ 418,687
Overhead	225%		\$ 942,045
Material			\$ 9,147,484
ODC			\$ 7,500
Total Mfg Exp			\$10,515,715
G&A	26%		\$ 2,734,086
Total Cost			\$13,249,801
Profit/Fee	10%		\$ 1,324,980
Total Price			\$14,574,781

Cost Element Summary - Year 2

Cost Element	Rate	Hours	Total \$
Assembly	\$18.80	28,875	\$ 542,778
Machinist	\$24.72	3,675	\$ 90,846
Quality	\$22.66	7,245	\$ 164,172
Engineer 1	\$32.96	1,389	\$ 45,789
Total Direct Labor		41,184	\$ 843,584
Overhead	225%		\$ 1,898,064
Material			\$14,902,785
ODC			\$ 17,000
Total Mfg Exp			\$17,661,433
G&A	26%		\$ 4,591,973
Total Cost			\$22,253,406
Profit/Fee	10%		\$ 2,225,341
Total Price			\$24,478,747

Material

- Include a Bill of Material (BOM) for each individual part proposed.
 - The consolidated and individual BOMs must clearly identify the required information for each line item at every price point, and each must fully reconcile back to the elemental summaries:
 - Part number
 - Part Description
 - Quantity
 - Unit Price
 - Extended Price
 - Supplier Name
 - Pricing Source (e.g.. PO, Quote, etc.)
 - Raytheon requires support documentation, such as quotes and purchase orders for approximately 80% of the value of the BOM. Additionally, if any items on the BOM exceed the TINA threshold, you must provide a current valid quote.
 - Provide your BOMs in Excel format

[FAR 15.408, Table 15-2, II.A](#)

Material – Attrition, Yield, or Scrap Factors

If you include extra material in your cost estimate to account for scrap, yield, or attrition during the manufacturing process, you must show:

- **Documentation** supporting why this factor is needed (e.g., historical scrap rates, engineering analysis, test data).
- **A clear basis** for the percentage or quantity added.

[FAR 15.408, Table 15-2, II.A](#)

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Material – Minimum Buys or Supplier-Passed NRE

Some sub-tier suppliers have minimum order quantities or charge non-recurring engineering (NRE). If these affect your BOM, you must:

- **Clearly identify** these factors or minimum buys in the BOM.
- **Support them** with supplier quotes, purchase orders, or email confirmations.

[FAR 15.408, Table 15-2, II.A](#)

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Material – Consolidated Bill of Material

In addition to individual BOMs for assemblies, you must produce **one consolidated BOM** that lists **all materials** required for the proposal, including materials associated with NRE.

A consolidated Bill of Material (CBOM) must be provided for each price point, option, and/or lot/year proposed and it needs to tie back to the elemental summaries/details.

[FAR 15.408, Table 15-2, II.A](#)

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Individual Bills of Material Example

Bill of Material - Part #: ABC

Qty - 400

Part #:	Description	Supplier	Qty/Part	Total Qty	Unit Price	Total Price	Basis
AA45621	Motor	Motor World	1	400	\$ 10,654.52	\$4,261,808	Quote
CV97564	Antenna	Worldcom	1	400	\$ 6,589.76	\$2,635,904	PO
RB98745	Antenna Cover	APP	1	400	\$ 760.32	\$ 304,128	Quote
DF9987	Contact	Continental	5	2,000	\$ 425.43	\$ 850,860	PO
RQ6942	Base Plate	APP	1	400	\$ 789.13	\$ 315,652	Quote
HV4561	Housing	APP	1	400	\$ 1,160.85	\$ 464,340	Quote
QQ9866	Retaining Screw	McMaster	15	6,000	\$ 1.26	\$ 7,560	PO
DV4123	Connector	Continental	6	2,400	\$ 17.00	\$ 40,800	PO

Total Material \$8,881,052

Note: The Total Material should tie to the material listed on the cost element breakdown for Part #: ABC

Bill of Material - Part #: ABB

Qty - 300

Part #:	Description	Supplier	Qty/Part	Total Qty	Unit Price	Total Price	Basis
AA45621	Motor	Motor World	1	300	\$ 10,654.52	\$3,196,356	Quote
HY9876	Harness	POM	3	900	\$ 1,262.26	\$1,136,034	PO
VD9684	Agent	Fluid Systems	2	600	\$ 786.26	\$ 471,756	Quote
DF9987	Contact	Continental	4	1,200	\$ 425.43	\$ 510,516	PO
RQ6942	Base Plate	APP	1	300	\$ 789.13	\$ 236,739	Quote
QQ9866	Retaining Screw	McMaster	15	4,500	\$ 1.26	\$ 5,670	PO
DV4123	Connector	Continental	6	1,800	\$ 17.00	\$ 30,600	PO

Total Material \$5,587,671

Note: The Total Material should tie to the material listed on the cost element breakdown for Part #: ABB

Bill of Material - NRE

Part #:	Description	Supplier	Qty/Part	Total Qty	Unit Price	Total Price	Basis
JTM-4VS	Bridgeport Vertical Mill	Supplier H	1	1	\$162,256.00	\$ 162,256	Quote
GH-2280	Precision Metal Lathe	Supplier I	1	1	\$147,992.00	\$ 147,992	Quote

Total Material \$ 310,248

CBOM Total
\$14,778,971

Consolidated Bill of Material Example

A **consolidated BOM** is created by taking multiple individual BOMs and combining them into a single list. When parts appear in more than one BOM, their quantities should be **combined** so the consolidated BOM shows the **total quantity required** across all products or assemblies.

For example, if Part ABC and Part ABB both require Motor AA45621, the consolidated BOM will show the combined total number of motors needed for the full proposal.

Consolidated Bill of Material

Part #:	Description	Supplier	Total Qty	Unit Price	Total Price	Basis
AA45621	Motor	Motor World	700	\$ 10,654.52	\$ 7,458,164	Quote
CV97564	Antenna	Worldcom	400	\$ 6,589.76	\$ 2,635,904	PO
RB98745	Antenna Cover	APP	400	\$ 760.32	\$ 304,128	Quote
DF9987	Contact	Continental	3,200	\$ 425.43	\$ 1,361,376	PO
RQ6942	Base Plate	APP	700	\$ 789.13	\$ 552,391	Quote
HV4561	Housing	APP	400	\$ 1,160.85	\$ 464,340	Quote
QQ9866	Retaining Screw	McMaster	10,500	\$ 1.26	\$ 13,230	PO
DV4123	Connector	Continental	4,200	\$ 17.00	\$ 71,400	PO
VD9684	Agent	Fluid Systems	600	\$ 786.26	\$ 471,756	Quote
HY9876	Harness	POM	900	\$ 1,262.26	\$ 1,136,034	PO
JTM-4VS	Bridgeport Vertical Mill	Supplier H	1	\$162,256.00	\$ 162,256	Quote
GH-2280	Precision Metal Lathe	Supplier I	1	\$147,992.00	\$ 147,992	Quote

Total Material \$14,778,971

Note: The Total Material should tie to the material listed on the summary cost element breakdown

Consolidated Bill of Material

- If the proposal includes a base year and one or more option years, a consolidated Bill of Materials (BOM) must be provided for each year. The BOM should be included at every point in the RFP where cost or pricing information is required.

Consolidated Bill of Material - Year 1

Part #:	Description	Supplier	Total Qty	Unit Price	Total Price	Basis
R689433	Radome	Ray Dome	1,500	\$4,110.00	\$ 6,165,000	Quote
S453333	Servo	Motion Bay	3,000	\$1,050.00	\$ 3,150,000	Quote
C986577	Frame	APS Limited	1,500	\$ 766.02	\$ 1,149,030	PO
A446588	Antenna	Motion Bay	1,500	\$1,470.00	\$ 2,205,000	Quote

Total Price Year 1

\$12,669,030

Consolidated Bill of Material - Year 2

Part #:	Description	Supplier	Total Qty	Unit Price	Total Price	Basis
R689433	Radome	Ray Dome	2,000	\$3,862.50	\$ 7,725,000	Quote
S453333	Servo	Motion Bay	4,000	\$1,004.25	\$ 4,017,000	Quote
C986577	Frame	APS Limited	2,000	\$ 772.50	\$ 1,545,000	PO
A446588	Antenna	Motion Bay	2,000	\$1,467.75	\$ 2,935,500	Quote

Total Price Year 2

\$16,222,500

- To determine if a sub-tier cost analysis is required, the anticipated costs for each sub-tier must be added together for all years proposed.
 - In the above example there are two sub-tiers will require a cost analysis (Ray Dome and Motion Bay) as the total value of the items being purchased exceeds the \$10,000,000 threshold.

Total Proposal Dollars by Sub-Tier Supplier

Sub-Tier Supplier	Total Proposal \$	Cost Analysis Required
Raydome	\$ 13,890,000	Y
Motion Bay	\$ 12,307,500	Y
APS Limited	\$ 2,694,030	N
Total	\$ 28,891,530	

[FAR 1.108](#)

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Material

Subcontracts:

When a **prime contractor** is required by the government to submit certified cost or pricing data, that obligation cascades down to its **subcontractors**.

This includes **next-tier subcontractors** (often called sub-tiers).

Any **exceptions** that would allow the prime contractor to avoid providing certified cost or pricing data (such as adequate price competition or commercial item determinations) also apply to subcontractors and their suppliers.

FAR **15.404-3(c)(1)** is the section that directly describes when and how subcontractors must submit certified cost or pricing data to the prime (or next-higher-tier subcontractor).

Subcontractor sub-tier proposals:

A cost analysis report is required if any of the subcontractor's sub-tier proposals exceed the Truth in Negotiations Act (TINA) threshold of \$10,000,000. These reports need to be submitted with the proposal.

If the cost analysis for a subcontractor is not complete at the time of your proposal submittal, a schedule listing the estimated completion dates for each subcontractor needs to be provided in the proposal.

If an exemption applies that eliminates the need for a cost analysis (commercial or competitively priced), documentation needs to be provided to support these claims.

[FAR 15.408, Table 15-2, II.A](#)

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Material

- If you claim your sub-tier supplier was competed and the value is over \$10,000,000 you will need to provide the following:
 - Evidence that an RFP or solicitation to bid was sent to two or more potential sub-tier suppliers capable of providing the goods or services requested.
 - Copies of the quotes received from each of the potential sub-tier suppliers who were competed.
 - Supplier's analysis with basis of rationale for why the winning bid represents the best value (lowest price, technical considerations, etc.).
- If you claim your sub-tier supplier's parts or services are commercial refer to the commercial section for what is needed.

[Commercial Section](#)

[FAR 15.408, Table 15-2, II.A](#)

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Material

Refer to the detailed instructions in the RFP when your proposal supports a base year plus options contract or a long-term agreement. Guidance should be provided here on the consolidation and sub-tier requirements. If you have any questions regarding this, contact your Raytheon Supply Chain representative.

- **Interorganizational costs:**

- Interorganizational costs transfers (IOTs), are defined as materials, supplies or services sold or transferred between any divisions, subsidiaries or affiliates of an offeror under a common control.
- Noncompetitive IOTs: for noncompetitive IOTs priced at cost, cost volume detail is required.
- There is no threshold applicable to IOT's. A full cost volume is required for IOT's regardless of dollar value proposed for the IOT.

- **One more thing:**

- If you have a sub-tier supplier with a value in excess of \$20 million or is greater than 10 percent of your total proposal and exceeds \$10,000,000, FAR 15.408 Table 15-2 requires that you submit your sub-tier suppliers certified cost or pricing data to Raytheon. Raytheon is then required to submit this with our proposal to our customer.

[FAR 15.408, Table 15-2, II.A](#)

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Labor

- Labor hours:

- Provide a time-phased (e.g., monthly, quarterly) breakdown of labor hours, rates and cost by appropriate category, and furnish basis for estimates.

Time Phased Detailed Cost Element Breakdown

Year		20XX			20XX			Total	
Dept.	Description	Hour	Rate	Dollars	Hour	Rate	Dollars	Hours	Dollars
Direct Labor:									
1001	Assembly	2,000	\$ 17.20	\$ 34,400	1,333	\$ 17.72	\$ 23,615	3,333	\$ 58,015
1002	Machine Shop	250	\$ 25.00	\$ 6,250	167	\$ 25.75	\$ 4,300	417	\$ 10,550
1003	Test	100	\$ 28.00	\$ 2,800	67	\$ 28.84	\$ 1,932	167	\$ 4,732
Total Direct Labor		2,350		\$ 43,450	1,567		\$ 29,848	3,917	\$ 73,298

[FAR 15.408, Table 15-2, II.B](#)

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Labor

Labor hours:

- Proposed labor hours typically include two components: **direct labor hours** and **support labor hours**.
- **Direct labor hours**
 - These are hours that can be clearly and specifically traced to a single end item.
 - Examples: assembly time for a particular part, machining hours for a specific component.
- **Support labor hours**
 - These are hours that cannot be directly tied to one specific end item because the work supports multiple items or broader activities.
 - Example: oversight from a production manager who supervises several parts or processes simultaneously.

[FAR 15.408, Table 15-2, II.B](#)

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Labor

You need to provide a breakdown of the labor hours by labor category and function along with a basis of estimate for the proposed labor hours – see example below.

Manufacturing Engineer – 60 hours

Basis:

- Item has not been manufactured previously; engineering estimate required.
- Engineering tasks include developing work instructions, updating routing, BOE documentation, and creating tooling layout.

Method:

- Engineering estimated:
 - Work instructions: 25 hours
 - Routing & BOM verification: 10 hours
 - Tooling review: 15 hours
 - Coordination/review cycles: 10 hours
 - Total: 60 hours
- Cost Accounting Standards (CAS) 48 CFR 9904.401 requires that a company is consistent between proposals and accounting practices. The way a company estimates its labor hours needs to also be the way it accumulates its production history. Reference FAR Part 52.230-2 Cost Accounting Standards and 48 CFR 9903.201-1 (b) for exemptions.

[FAR 15.408, Table 15-2, II.B](#)

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Labor Hours Example

Proposal No.: KLM.09.059

Date: October 7, 20XX

ABC Corporation

Labor Hours

Proposed Labor Hours - 82.79 hours/unit for Part ABC

Direct Labor	Hrs/Unit
Assembly	38.00
Machinist	3.50
QA	7.62
Engineer 1	2.38

Sub-total 51.51

Production Support	Hrs/Unit
MFG Supervisor	9.20
Eng Supervisor	3.68
QA Supervisor	9.20
Production Mgr	9.20

Sub-total 31.28

82.79

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Labor Hours

Example – Actual Production History

Actual Production History - Part ABC

Duration - Months	7
Qty	30
End Date	11/15/20XX

9
39
9/8/20XX

24
110
9/1/20XX

Proposed	
12	
50	

Direct Labor	Total Hrs	Hrs/Unit	Total Hrs	Hrs/Unit	Total Hrs	Hrs/Unit	Total Hrs	Hrs/Unit
Assembly	1,836	61.20	1,675	42.95	4,338	39.44	1,900	38.00
Machinist	169	5.64	154	3.96	400	3.63	175	3.50
QA	368	12.28	336	8.62	870	7.91	381	7.62
Engineer 1	115	3.83	105	2.69	272	2.47	119	2.38

Production Support	Total Hrs
MFG Supervisor	268.00
Eng Supervisor	107.00
QA Supervisor	268.00
Production Mgr	268.00

Total Hrs
345.00
138.00
345.00
345.00

Total Hrs
920.00
184.00
920.00
920.00

Total Hrs	Hrs/Unit
460.00	9.20
184.00	3.68
460.00	9.20
460.00	9.20

Hrs/Unit 82.79

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Labor Hours Examples – Basis of Estimate

- Labor BOE:
 - BOE must include:
 - Definition of the work to be performed
 - Estimated methodology and rationale
 - Source data
 - Calculations
 - Typically, labor BOEs would contain, but not be limited to, the following information:
 - Work breakdown structure
 - Period of performance showing start and stop dates
 - Labor categories being priced, to include task descriptions
 - Time-phased hours
 - Name of person who estimated BOE
 - Identification of any historical data utilized in the estimate
 - Cost estimating relationships forming all or part of the estimate
 - If man months are used, you must identify hour per man-month

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Other Direct Costs (ODC)

- Other direct costs (ODC)
 - List other expenses not otherwise included under material and labor (e.g., travel, freight) and provide basis for pricing.
 - For example, the basis for travel would include the location, number of trips, number of people attending and the estimated expenses for the travel.

[FAR 15.408, Table 15-2, II.D](#)

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Nonrecurring Expenses (NRE)

- Nonrecurring Expenses (NRE)
 - NRE refers to one-time costs that you would not normally see from proposal to proposal.
 - Examples of NRE are as follows:
 - Special tooling.
 - New equipment.
 - Equipment refurbishment.
 - Hours and materials associated with increasing throughput capacity.
 - Hours and materials to research, develop, design and test new processes.
 - One-time review events.

[FAR 15.408, Table 15-2, II](#)

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NRE

Raytheon Supplier NRE (Non-Recurring Engineering) charges are treated the same as part numbers and must be supported with full cost-proposal documentation. This includes Cost Element Breakdowns, Bills of Material (BOMs), Basis of Estimate (BOEs), and any other required substantiating data for each proposed NRE item.

[FAR 15.408, Table 15-2, II](#)

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Rates

- Suppliers must provide supporting data for all proposed labor rates, including:
 - Budgetary data
 - Trend analysis
 - Current forward-pricing documentation (FPRA, FPRR, or recently submitted FPRP)
- Required rates include:
 - Direct Labor
 - Overhead
 - General & Administrative (G&A)
 - Cost of Money (COM)
- Raytheon may perform rate audits on suppliers as an alternative to DCAA audits.
- If you allow Raytheon to perform this rate audit, you need to provide the following information:
 - Explanation as to how the rates were calculated.
 - Detailed documentation (financial statements, labor pools, listing of unallowable expenses, etc.) that support the rate calculations.
 - If the detailed documentation is based upon budgetary numbers, you will also need to provide three years of your most current actuals to support your budgetary numbers.
 - If budgetary numbers differ significantly from the most recent actuals, provide detailed explanations for these differences.

Information Raytheon will
require to do the rate audit



[FAR 15.408, Table 15-2, II.C](#)

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Rate BOE Example

- The following is an example Basis of Estimate (BOE) illustrating a specific rate scenario for Widgets Inc.'s proposal offering. This example is not intended to represent all possible scenarios, nor does it imply compliance for any proposal instance. In actual practice, BOEs must be developed to include rationale, supporting data, and calculations that accurately reflect how the business is currently conducted or is planned to be executed during the proposed period of performance.
- Historical data supporting the base and proposed direct and indirect rates must be included with the proposal, or the offer must explain how it will be provided. If the prime contractor is denied access to audit these rates, a BOE is still required explaining how the rates were developed and specifying what information was withheld.

[FAR 15.408, Table 15-2, II.C](#)

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Rate BOE Example

Labor Rates

- Widgets Inc. does not have forward pricing rate agreements in place.
- Each direct-charging employee is assigned a labor category, and the proposal uses the average hourly rate for all employees in each category (see Table X). Rates include wages, overtime, payroll taxes, workers' compensation, benefits, and paid time off, based on December 31, 2025, employee data.
- For the performance period (March 1, 2026–January 31, 2029), these 2025 rates were escalated by labor category using annual adjustment factors derived from average promotions and merit increases over fiscal years 2021–2025.
- To determine the total unburdened labor cost, the average labor rate is applied against total proposed hours for each labor category.

[FAR 15.408, Table 15-2, II.C](#)

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Rate BOE Example

- **Indirect Rates**

Indirect rates include overhead, material overhead, and general and administrative (G&A). These rates are developed annually using the most recently completed fiscal year as the baseline. The annual rate development process incorporates adjustments for known changes, anomalies, and planned staffing modifications to ensure the forecasted rates accurately represent expected operating conditions for the next fiscal year. Indirect rates are prepared on a fiscal-year basis (September 1 through October 31).

- **Note: Must provide supporting data and show calculations for rate development and any applied factors.**

[FAR 15.408, Table 15-2, II.C](#)

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Rate BOE Example

- **Labor Overhead %**

- **Labor overhead %** = Overhead Expense Pool / Direct Labor Base
- Overhead Expenses = costs that cannot be directly identified with a finished product but contribute to the product's cost. They are the expenses that are not considered direct material or direct labor.
- Examples of labor overhead expenses are:
 - Indirect labor (e.g., engineering/manufacturing supervisor wages)
 - Engineering/Manufacturing employee related expenses
 - Engineering / Manufacturing supplies
 - Small tools (hammers, screw drivers)
 - Software costs

[FAR 15.408, Table 15-2, II.C](#)

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Rate BOE Example

- **Material Overhead %**

- **Material overhead %** = Material overhead expense pool / Direct Material Base
- Material Overhead Expenses = costs that are associated with a company's receipt and use of materials in the production process. These expenses are different than the cost of direct materials that become an integral part of the finished product.
- Examples of expenses that comprise the material overhead expense pool are:
 - Expendable material (e.g., glue, adhesive, nails, nuts, bolts)
 - Procurement
 - Transportation
 - Packaging/shipping/receiving
 - Material control
 - Material warehouse

[FAR 15.408, Table 15-2, II.C](#)

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Rate BOE Example

- **General and Administrative %**

- **General and Administrative %** = G&A Expense Pool / Direct & Indirect Manufacturing Expense
- General and administrative costs include the overall cost to manage the business. This type of indirect cost relates to the company's administrative and executive offices.
- Examples of G&A expenses are:
 - Executives and staff
 - Staff services such as legal and accounting
 - Corporate charges
 - Independent research and development (IR&D)
 - Rent
 - Selling and marketing expenses (e.g., commissions, travel, advertisement)

[FAR 15.408, Table 15-2, II.C](#)

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Allowable/Unallowable Costs

- FAR 31.204 discusses what are allowable costs to be charged to U.S. government contracts
 - Costs are allowable to the extent they are reasonable, allocable and determined to be allowable under FAR 31.201, 31.202, 31.203 and 31.205.
- FAR 31.205 provides detail to what costs are allowable or unallowable (52 clauses).
 - Example of topics:
 - Cost of Money ([FAR 31.205-10](#))
 - Depreciation ([FAR 31.205-11](#))
 - Entertainment Costs ([FAR 31.205-14](#))
 - Costs of Alcoholic Beverages ([FAR 31.205-51](#))

[FAR 31.204](#)

[FAR 31.205](#)

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Rates

- Facilities capital COM:

- When you elect to claim COM, submit a completed form CASB-CFM (Facilities Capital Cost of Money Factors Computation) in accordance with FAR 31.205-10. Also, complete DD Form 1861 and include a copy in your proposal submission. Both forms can be found online at various locations.

CONTRACT FACILITIES CAPITAL COST OF MONEY		CMB No. 0704-0067 CMB approval expires Jul 31, 2007	
The public reporting burden for this collection of information is estimated to average 30 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Directorate for Information Operations and Reports (0704-0188), Washington, DC 20301-4070.			
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ORGANIZATION. RETURN COMPLETED FORM TO YOUR CONTRACTING OFFICIAL.			
1. CONTRACTOR NAME		2. CONTRACTOR ADDRESS	
3. BUSINESS UNIT			
4. RFP/CONTRACT FSN NUMBER			
		5. PERFORMANCE PERIOD	
6. DISTRIBUTION OF FACILITIES CAPITAL COST OF MONEY			
POOL a.	ALLOCATION BASE b.	FACILITIES CAPITAL COST OF MONEY c.	
		FACTOR (1)	AMOUNT (2)
4. TOTAL			\$0.00
6. TREASURY RATE			%
5. FACILITIES CAPITAL EMPLOYED (TOTAL DIVIDED BY TREASURY RATE)			
7. DISTRIBUTION OF FACILITIES CAPITAL EMPLOYED			
	PERCENTAGE a.	AMOUNT b.	
(1) LAND	%		
(2) BUILDINGS	%		
(3) EQUIPMENT	%		
(4) FACILITIES CAPITAL EMPLOYED	100%	\$0.00	

DD FORM 1861, AUG 2004
PREVIOUS EDITION MAY BE USED.
Riser

FAR 15.408, Table 15-2, II.F

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Summary

In summary, all noncompetitive, noncommercial proposals valued at more than \$10,000,000 are required to include the following information:

Required Items	FAR Reference
Supplier Proposal Adequacy Checklist	Supplier Resources
Cover Sheet — SF1411 or equivalent	FAR 15.408, Table 15-2, I.A.
Index	FAR 15.408, Table 15-2, I.B.
Cost Element Breakdown	FAR 15.408, Table 15-2, I.D.
Summary Cost Element Breakdown	FAR 15.408, Table 15-2, I.E.
Material	FAR 15.408, Table 15-2, II.A.
Labor	FAR 15.408, Table 15-2, II.B.
ODC	FAR 15.408, Table 15-2, II.D.
NRE	FAR 15.408, Table 15-2, II
RATES	FAR 15.408, Table 15-2, II.C.

- Each proposed cost element must be accompanied by adequate justification and supporting documentation.
- Raytheon cannot submit its proposal until it receives adequate subcontractor proposals, making timely receipt of supplier proposals critical.

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Other Types of Proposals

- Commercial item proposals
- Change proposals
- The following slides are only applicable in certain situations.

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Commercial Items (if applicable)

If you or one of your suppliers provides a **commercial part**, then **cost or pricing data and a cost analysis are not required**.

However, you **must be able to demonstrate** two things:

1. **The item is commercial**, and
2. **The price is reasonable**.

What qualifies as a commercial item?

A commercial item is any item (other than real property) that:

- Is **customarily used by the general public** or by a **nongovernment entity**, and
- **Has been sold, leased, or licensed** to the general public, **or has been offered** for sale, lease, or license to the general public.

Who decides if an item is truly commercial?

- The **government contracting officer makes the final determination**.
- If the contracting officer decides the item **is not commercial**, the supplier must submit a **complete proposal**, including **cost and pricing data**.

[FAR 2.101](#) and [FAR 15.403](#)

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Commercial Items (if applicable)

- If you claim that one or more parts are commercial items, you must provide documentation supporting that position. Acceptable forms of support include:
 - Copies of relevant pages from a company catalog or a link to a company website showing the item, its description, and its unit price.
 - Evidence that the general public or non-government customers can purchase the item.
 - If a website or catalog is not available, copies of invoices demonstrating sales of the item to nongovernment customers are acceptable.

[FAR 2.101](#) and [FAR 15.403](#)

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Commercial Items (if applicable)

- Raytheon policy requires suppliers to complete a Raytheon Supplier Proposal Adequacy Checklist (sent with the RFP) for all proposals where the supplier claims its parts are commercial.
- A screenshot of the Supplier Proposal Adequacy Checklist for commercial items is provided on the next slide.

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Commercial Items (if applicable)

SUPPLIER PROPOSAL ADEQUACY CHECKLIST - COMMERCIAL ITEMS OR COMMERCIAL SERVICES

Supplier Name

Supplier Proposal Number

Form SAA-005 Rev M 08-2026

Commercial Items

Select a response for each item		YES	N/A	LOCATION IN PROPOSAL (FOLDER, FILE NAME, PAGE NUMBER)	If N/A, please explain
General					
Have all parts, scope and years been provided in accordance with the RFP / SOW?		☐	☐		
Quote		Comments			
1	Is there a Quote Identifying the Parts/Services, Quantities and Unit Pricing for the items being proposed?	☐	☐		
Commercial Item/Service Support		Comments			
2	Is there a current narrative supplier assertion of commerciality? (Raytheon CR-006 or equivalent)	☐	☐		
3	Provide one or more of the following:				
3a	Formal documentation from the Government Contracting Officer recommending commerciality within the last 24 months	☐	☐		
3b	A link to website showing where the parts/services are offered to the public	☐	☐		
3c	A link to 3rd party distributors website where the parts/services are offered to the public	☐	☐		
3d	End-uses by industry for the parts/services proposed	☐	☐		
4	If the parts/services are "of-a-type" are associated comparison and contrasting data provided?	☐	☐		
5	Is the "as-is" item sold as a base material with no conversion of any kind?	☐	☐		
Fair Market Pricing Support		Comments			
6	Provide one or more of the following:				
6a	A link to a publicly accessible supplier website that shows the parts/services with price/quantity visibility	☐	☐		
6b	A link to a 3rd party supplier website that shows the parts/services with price/quantity visibility	☐	☐		
6c	Has publicly accessible price list data been provided to support the current Government pricing	☐	☐		
6d	Recent (last 24 months) commercial sales history for the parts/services being proposed	☐	☐		
6e	Was a commercial P.O./Invoice sample (6-12) provided in support of the sales history data?	☐	☐		
7	Has the supplier considered minor modifications valuation testing per FAR 15.403-3 (Regulatory Threshold or 5% Test)?	☐	☐		
7a	If testing exceeds FAR threshold limits, has the supplier provided the associated full cost and pricing data for the mods?	☐	☐		
Supplier					
By Signing below, you are confirming that required cost and pricing data is part of your proposal and meets the requirements of Raytheon's proposal pricing instructions.					
Seller's Representative (type or print)					Date (mm/dd/yy)
Raytheon					

[Supplier Proposal Adequacy Checklist](#)



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Change Proposals

This portion of FAR Table 15-2 outlines the required format and estimating method for preparing a proposal to modify an existing contract. In addition to the standard cost element breakdowns described earlier, any modification or change proposal must also include the FAR-required table shown below.

Cost Elements	Estimated Costs of All Work Deleted	Cost of Deleted Work Already Performed	Net Cost to Be Deleted	Cost of Work Added	Net Cost of Change	Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)

[FAR 15.408, Table 15-2, III.B.](#)

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Change Proposals

B. Change orders, modifications and claims

Cost Elements	Estimated Costs of All Work Deleted	Cost of Deleted Work Already Performed	Net Cost to Be Deleted	Cost of Work Added	Net Cost of Change	Reference
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Column 2 includes the cost of all work deleted. This includes cost of work deleted already performed (amount in column 3) and cost of work deleted not yet performed (column 4). Column 3 includes the cost of deleted work already performed. This amount will not be included in the credit (delete) adjustment amount (e.g., we will not give back for costs already incurred). Column 4 includes cost for deleted work not yet performed – must be priced using current estimates (but the current estimate may be the same as the original estimate) – it is developed similar to a normal “add” proposal with a few exceptions. Column 5 includes the cost of the new work and is developed as we do any other proposal.						

FAR 15.408, Table 15-2, III.B.

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Change Proposals

Detail for columns listed on previous page:

- 1) Enter appropriate cost element.
- 2) Enter current estimates of what it would take to complete the deleted work that has not yet been performed.
- 3) Enter incurred cost of deleted work already performed. This should be based on actuals and copies to support these actuals should be included in the proposal.
- 4) Enter the net cost to be deleted (Column 2 minus Column 3).
- 5) Enter your estimate for cost of work added by the change.
- 6) Enter the net cost of change (Column 5 minus Column 4).
- 7) Identify where in your proposal the supporting documentation and basis of estimate can be found for each of these sections.

[FAR 15.408, Table 15-2, III.B.](#)

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Change Proposals

When evaluating whether individual suppliers must submit a proposal and certified cost or pricing data for a contract change proposal, the following standard applies:

1. Determine Each Supplier's "Absolute Value" Change Amount

For every supplier affected by the change:

- Take the **"delete" amount** (the value of work being removed),
- Take the **"add" amount** (the value of new/revised work being added),
- Compute:
absolute value of delete amount + add amount

2. Threshold for Requiring Supplier Cost/ Pricing Data

If this computed absolute value **exceeds \$10,000,000**, and the supplier is:

- an **actual supplier** (still providing parts/services on the contract), **or**
- a **prospective supplier** (expected to provide parts/services going forward),

→ The supplier must submit a proposal and certified cost or pricing data in support of the change proposal.

Change Proposals

Understanding the “Deleted Amount”

Important clarification:

- The **deleted amount is our current estimate,**
- It is **not necessarily the original contract value,**
- Unless the original contract value happens to still match the current estimate.

So, deletion values must reflect current estimated costs, not historical ones.

[FAR 15.408, Table 15-2, III.B.](#)

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Change Proposals: Cost of Work Deleted for a Partial Deleted Quantity

- In cases where part of a material quantity is being deleted (e.g., original contract requires 100 widgets, and the contract is modified to delete 30 of them), one method of estimating the amount of the delete is:
 - Develop a current estimate of the extended cost for the item(s) given the original quantity.
 - Develop a current estimate of the extended cost for the items(s) at the lower (remaining) quantity.
 - The delta between these two values represents the amount of the delete.
- The same method can be used if the contract is modified to increase a quantity for a part.

[FAR 15.408, Table 15-2, III.B.](#)

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