



FAR TABLE 15-2 PROPOSAL GUIDE

Offeror:

The FAR Table 15-2 Proposal Guide ("Guide") is intended to assist subcontractors doing business with Raytheon in the preparation of compliant proposals, as per requirements of FAR 15.408 Table 15-2. This document is not intended to replace any other required forms that supersede the requested information below. It should be noted that every proposal is unique and that this Guide should not be construed as a template or a required format. All figures, charts and tables, and attachments included in this Guide have been fabricated for the purposes of illustrating the required details expected within a compliant proposal.

Raytheon is not providing legal or financial advice. Offeror should seek its own professional advice as deemed necessary. This Guide is not a waiver or relinquishment of any terms and conditions in purchase orders and subcontracts with Raytheon, does not constitute a change in any of the requirements of such purchase orders or subcontracts, and is not a direction to increase or decrease any scope of work thereunder. Raytheon reserves all its rights and remedies with respect to the subject matter in the Guide.

If you have questions or require further clarification, please contact your Raytheon Supplier Manager.

Section I: Cover Page

Instructions:

A cover page in a form similar to the one below, signed and dated by the authorized supplier representative and addressing all of the required information as per FAR part 15.408 Table 15-2.I(A) must be submitted as part of your proposal. Refer to the excel attachment, "Cover Page" worksheet for an example of a completed cover page. The Raytheon standard template, "Contract Pricing Proposal Cover Sheet", can be found in the "Supplier Resources" section of the Raytheon web page (http://www.raytheon.com/suppliers/supplier_resources/index.html) and can be completed and submitted as part of your proposal.

Offeror Proposal Number: _____	Period of Performance: _____ to _____
Proposal Submission Date: _____	Place of Performance: _____
Raytheon RFP Number: _____	Total Proposed Cost: _____
Raytheon Point of Contact: _____	Total Proposed Profit: _____
	Total Contract Value: _____

Offeror Information

Defense Contract Management Agency (DCMA) Information

Offeror Name: _____
 CAGE Code: _____
 Address: _____

 Point of Contact: _____
 Telephone: _____
 Email: _____

Office Name: _____

 Address: _____

 Point of Contact: _____
 Telephone: _____
 Email: _____

- (1) Type of Contract Action (with Raytheon): New Contract Change Order Price Revision/Redetermination Letter Contract
 Unpriced Order Other (specify) _____
- (2) Contract Type (with Raytheon): FFP FPI CPFF CPIF CPAF Other (specify) _____
- (3) Will you require the use of any government property in the performance of this work? Yes No
 If yes, please identify: _____

- (4) Is your organization subject to Cost Accounting Standards (CAS) regulations? If yes, continue to the questions below. Yes No
- a) Have you submitted a CASB Disclosure Statement? Yes No
- i. If yes, as it been determined adequate? Yes No
- b) Have you been notified that you are or may be in noncompliance with your Disclosure Statement or CAS? Yes No
- i. If yes, please explain: _____
- c) Is any aspect of this proposal inconsistent with your disclosed practices or applicable CAS? Yes No
- i. If yes, please explain: _____
- d) Is this proposal consistent with your established estimating and accounting principles and procedures and FAR Part 31? Yes No
- i. If no, please explain: _____

(5) The following statements hold true:

"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."

"Certified Cost and Pricing data are included as part of this proposal"

This section is intentionally left blank

Section II: Table of Contents

Instructions:

As per FAR 15.408 Table 15-2.1(B), you must include an index, appropriately referenced, of all the certified cost or pricing data and information accompanying or identified in your proposal, similar to the index below.

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Section III: Executive Summary

Instructions:

An executive summary, similar to the example below, should be submitted as part of your proposal. References in your executive summary may include (but are not limited to):

- Contract type
- Contract amount
- Summary of deliverables
- Period of performance
- Proposal validity

"Top Aerospace is pleased to present this proposal in response to Raytheon RFP #XXXX, which contains the cost and supporting data and rationale for the deliverables as requested by Raytheon.

This proposal is in support of a Firm Fixed Price (FFP) contract type with a total value of \$XXX,XXX,XXX for the manufacturing and assembly of the following deliverables:

123-ABC-789, quantity 2

123-ABC-790, quantity 1

Qualifying non-recurring costs

The proposed period of performance is (Month, Year) to (Month, Year). This proposal is valid for XX days."

Section IV: Pricing Summary

Section IV.A: Top Level Summary

Instructions:

As per FAR 15.408 Table 15-2.I(D), the relationship between contract line item and total contract price must be shown. A top level summary showing the part number (or other line item costs), description, quantity, unit price, and total price for all proposed deliverables, similar to the table below, should be submitted as part of your proposal. Refer to the excel attachment, "Top Level Summary" worksheet for an example.

Raytheon Part Number	Description	Quantity	Unit Price	Total Price
XYZ-123-ABC	Widget 1, Rev. A	#	\$	\$
PRS-456-MLK	Advanced Widget 1, Rev. P	#	\$	\$
NRC	Non-recurring Costs	#	\$	\$
			Total Extended Price	\$

Section IV.B: Cost Element Summary

Instructions:

As per FAR 15.408 Table 15-2.I(D), you must furnish supporting breakdowns for each cost element, consistent with your accounting system. A summary of the total proposed cost elements of the proposed contract, similar to the table below, should be submitted as part of your proposal. If the proposal covers multiple years, discrete breakouts for each year must be shown in addition to the contract total. For definition of cost elements, refer to FAR 15.408 Table 15-2.II.

In addition to the Cost Element Summary for the entire contract, Cost Element Summaries for each individual contract line item of your proposal must be submitted as part of your proposal. It should be noted that the sum of the individual cost elements for each line item (time-phased and total) should equal the corresponding cost element in the Cost Element Summary for the entire contract. Refer to the excel attachment, "Cost Element Summary" worksheet, for an example.

Cost Element	Year 20xx	Year 20xx	Total Price	Reference
<i>Materials and Outside Services</i>				
Materials	\$	\$	\$	Section X.1
Outside Services	\$	\$	\$	Section X.2
Total Materials and Services	\$	\$	\$	
Material Overhead	\$	\$	\$	Section X.3
<i>Direct Labor</i>				
Machining I	\$	\$	\$	Section X.4
Machining II	\$	\$	\$	Section X.5
Assembly	\$	\$	\$	Section X.6
Quality Assurance	\$	\$	\$	Section X.7
Engineering	\$	\$	\$	Section X.8
Program Management	\$	\$	\$	Section X.9
Total Direct Labor	\$	\$	\$	
Labor Overhead	\$	\$	\$	Section X.10
<i>Other Costs</i>				
Other Direct Costs	\$	\$	\$	Section X.11
General and Administrative (G&A)	\$	\$	\$	Section X.12
Total Cost	\$	\$	\$	
Profit/Fee	\$	\$	\$	Section X.13
Facilities Capital Cost of Money (FCCM)	\$	\$	\$	Section X.14
Total Extended Price			\$	

Section V: Material

Section V.A: Material Summary

Instructions:

Explanations of your estimating processes, (Ref. FAR 15.408 Table 15-2.I(C.2)) of how the proposed material quantities and pricing were derived for all proposed material in all contract line items, similar to the example below, should be submitted as part of your proposal. Included should be detailed references to the sources of any projected factors, i.e., material attrition and price escalation, such as internal attrition reports or IHS Global Insights forecasts. Refer to the excel attachment, "Consolidated Bill of Material" worksheet, for an example.

"Proposed material quantities are as per Raytheon technical drawings for part numbers 123-ABC-789 (Rev A) and 123-ABC-790 (Rev B). Material consists of hardware and finishing processes and is to be purchased entirely from outside suppliers with no customer furnished material.

All material pricing is based on recent quotations from our suppliers, where available, and recent purchase order history. Supporting documentation verifying the pricing for the top 80% of material is provided as an attachment to this proposal. No single supplier in the consolidated bill of material exceeds the TINA regulatory limit in purchase value.

A material attrition rate of 3% as a percentage of cost was applied to all material based on our internal historical average. Documentation verifying the material attrition rate is provided as an attachment to this proposal.

A yearly escalation factor of 2.5%, based on the IHS Global Insights Q2 2015 Forecast, was applied to all material pricing derived from purchase order history, as the material for the proposed parts was last purchased in Q3 of 2014 for Raytheon contract number XXX-XXX for the same deliverables.

A consolidated bill of material and individual bills of material for each proposed part are provided as an attachment to this proposal"

In addition to the material summary narrative, pricing for all proposed material must be supported with supplier quotes, previous purchase orders, or current invoices as per FAR part 15.408 Table 15-2.II(A), and should be reflected in the Consolidated and Individual Bills of Material (see Sections V.B and C below). To verify the material pricing, Raytheon requires that supporting documentation for the top 80% value of the Consolidated Bill of Material be submitted as part of your proposal.

Section V.B: Consolidated Bill of Material

Instructions:

As per FAR part 15.408 Table 15-2.II(A), provide a consolidated priced summary of individual material quantities included in the various tasks, orders, or contract line items being proposed. Include raw materials, parts, components, assemblies, and services to be produced or performed by others. For all items proposed, identify the item and show the material description, source, unit of measure, unit price, quantities, total price, and the basis for pricing (vendor quotes, invoice prices, etc.), presented in descending order from highest value. Include lot charges, minimum buy quantities, escalation and attrition factors, or any other adjustments if applicable, along with supporting documentation. Refer to the excel attachment, "Consolidated Bill of Material" worksheet, for an example.

Note: As per FAR part 15.408 Table 15-2.II(A), cost analyses must be performed by the offeror for subcontracts identified in the Consolidated Bill of Material as having total proposed pricing that exceeds the regulatory threshold indicated in FAR Part 15.403-4. If one or more of your subcontractors have been identified as such, certified cost and pricing data from those suppliers should be requested and a cost analysis performed. The results of this analysis should be submitted to Raytheon as part of your proposal. If you have questions or require further clarification on this topic, please contact your Raytheon Supplier Manager.

Section V.C: Individual Bill of Material

Instructions:

Similar to the Consolidated Bill of Material, provide a priced summary of individual material quantities included in the various tasks, orders, or contract line items being proposed discretely for each part. Refer to the excel attachment, "Individual Bill of Material" worksheet, for an example.

Section VI: Labor Hours

Section VI.A: Labor Basis of Estimates

Instructions:

Explanations of your estimating processes (Ref. FAR 15.408 Table 15-2.I(C.2)) of how all proposed labor hours were derived and calculated, similar to the example below, should be submitted as part of your proposal. This should include a detailed explanation of and reference to the labor estimating methodologies used (such as actuals from previous contracts, engineering estimates, labor standards, learning curves, etc.), reasoning for using the methodologies, and any adjustments for all proposed labor hours on all contract line items.

"Proposed labor hours are based on actuals captured through our ERP for previously completed contract number XXX-XXX, performed in Q3 of 2014, for contract line items 1 and 2 (parts numbers 123-ABC-789 and 123-ABC-790) using the following methodology:

- 1. Touch labor - All machining, assembly, and quality assurance hours were calculated based on the actual per-unit hours required for each part in contract XXX-XXX and adjusted to reflect an 85% learning curve.*
- 2. Support labor – Engineering Support and Program Management hours were calculated using parametric estimation. Total hours required for contract XXX-XXX for each category was divided by the number of months, and the results then multiplied by the number of months required in the proposed period of performance.*

The supplier takes a challenge and further reduced all hours by 5% to offer more favorable pricing for Raytheon. Labor reports for the actual hours incurred in contract XXX-XXX are provided as attachments to this proposal."

For contract line item 3 (non-recurring costs), labor hours were estimated using internal engineering estimates developed by our senior engineers based on the historical engineering and program support hours needed for similar contracts with other customers. As Top Aerospace considers this information competition sensitive, estimates will be made available for viewing only at our facilities."

In addition to the labor hours basis of estimates narrative, supporting documentation for all labor estimating methodologies should also be submitted as part of your proposal for review by Raytheon.

Section VI.B: Time-phased Labor Hours

Instructions:

As per FAR part 15.408 Table 15-2.II(B), provide time-phased (e.g., yearly, quarterly, monthly, etc.) breakdowns of all labor hours by deliverable item and labor category must be submitted as part of your proposal. Raytheon requests that all time-phased breakdowns are delineated at minimum by quarters. Refer to the excel attachment, "Time-phased Hours" worksheet, for an example.

Part Number: 123-ABC-789

Period of Performance: Oct 2015 - Mar 2016

	Oct-15	Nov-15	Dec-15	FY2015 Total	Jan-16	Feb-16	Mar-16	FY2016 Total	Grand Total
Machining I	625.0	625.0	0.0	1,250.0	0.0	0.0	0.0	-	1,250.0
Machining II	500.0	500.0	0.0	1,000.0	0.0	0.0	0.0	-	1,000.0
Assembly	0.0	1600.0	1600.0	3,200.0	0.0	0.0	0.0	-	3,200.0
Quality Assurance	0.0	0.0	1000.0	1,000.0	0.0	0.0	0.0	-	1,000.0
Engineering	600.0	400.0	200.0	1,200.0	0.0	0.0	0.0	-	1,200.0
Program Management	80.0	80.0	80.0	240.0	0.0	0.0	0.0	-	240.0

Total Hours

7,890.0

- 7,890.0

Section VII: Rates and Factors

Section VII.A: Direct Labor Rates

Instructions:

As per FAR part 15.408 Table 15-2.II(B), a breakdown of how the proposed Direct Labor Rates were derived and calculated, similar to the example below, must be submitted as part of your proposal. This should include a detailed explanation of and reference to the rate estimating methodologies used and any adjustments such as wage rate escalation and salaried workers' labor rate conversions. The following guidelines are provided for your reference:

1. All proposed labor rates should correspond to the budgeted rates for that period. If the proposed labor rates cover multiple years of performance, propose discretely using budgetary rates for each respective year.
2. If a labor category consists of a single employee, that employee's labor rate should be utilized. If it consists of 2 or more employees, the average of all employees' labor rates should be used.
3. For salaried workers categorized as direct labor, salary should be converted to hourly rates, following the guidelines in (1) and (2).
4. Address overtime pay discretely, ensuring that the same methodology used to account for overtime pay in the base rate is used in the proposed rates.

"Proposed direct labor rates for each respective labor category are calculated using the following methodology:

1. *For hourly workers, employees' forecasted labor rates for each year was taken for each labor category. Forecasted rates for each year was calculated by taking the base pay rate of the previous fiscal year and applying an escalation factor of X.X% (based on the IHS Global Insights Q2 2015 Forecast)*
2. *For salaried workers, base pay per pay period (2 weeks) as of the time of this proposal was divided by 80 hours to arrive at an hourly rate.*
3. *To calculate the direct labor rate for each labor category, the average base rates for all employees in their respective labor category.*
4. *Overtime premiums were excluded direct labor rate calculation, and are pooled separately into an overhead expense account.*

Redacted payroll records supporting the base pay rates used to calculate budgeted direct labor rates are provided as an attachment to this proposal."

In addition to providing a narrative of Direct Labor Rates, a time-phased breakdown of all direct labor costs by appropriate labor category, supported by their budgeted rates, must be submitted as part of your proposal. Refer to the excel attachments, "Time-phased Labor Hours" and "Direct Labor Rates" worksheets, for examples.

To verify that direct labor rates are accurate and complete, payroll records supporting all Direct Labor Rates should be submitted as part of your proposal for verification by Raytheon. Raytheon requests that supporting documentation for all budgetary rates and 3 years' history of actuals be provided with your proposal for verification.

Section VII.B: Indirect Rates and Factors

Instructions:

As per FAR part 15.408 Table 15-2.II(C), explanations of your estimating processes, similar to the example below, indicating how you have computed and applied all Indirect Rates and Factors, including cost breakdowns, trends, and budgetary data as basis for evaluating the reasonableness of proposed rates, must be submitted as part of your proposal. Provided for your reference are examples of commonly applied Indirect Rates and Factors:

1. Overhead – Labor, Material Handling, etc.
2. General and Administrative (G&A)
3. Other Rates and Factors - Low-cost Component Material Rate, Facilities Capitol Cost of Money, etc.

"Proposed indirect rates are based on FY2015 and FY2016 budgets and are composed of the following:

- 1. Labor Overhead – Budgeted labor overhead expenses were divided by the budgeted total direct labor costs for each year. This rate was then applied to the proposed direct labor costs for each respective year.*
- 2. Material Overhead – Budgeted material overhead expenses were divided by the budgeted total direct material costs for each year. This rate was then applied to the proposed direct material costs for each respective year.*
- 3. General and Administrative (G&A) – Budgeted G&A expenses were divided by the budgeted total cost of sales for each year. This rate was then applied to the proposed cost of sales for each respective year.*
- 4. Facilities Capital Cost of Money (FCCM) - FCCM rates were calculated based on the forecasted net book value of capitalized assets and their appropriate cost pools for each respective year.*

All unallowable costs have been removed in the calculation of the rates above. Historical financial data and calculation of rates for FY2014, 2013, and 2012 have been provided as attachments to this proposal."

In addition to providing a narrative of all Indirect Rates and Factors, supporting documentation clearly showing the cost bases and pools for all Indirect Rates and Factors should be submitted as part of your proposal for verification by Raytheon. Raytheon requests that supporting documentation for all budgetary rates and 3 years' history of actuals be provided with your proposal for verification.

Section VII.B.1: Overhead Rates

Instructions:

Calculation of overhead rates should clearly identify their allocated cost bases and pools. Refer to the excel attachment, "Indirect Rates" worksheet, for an example. If no Overhead Rates are being proposed, it should be clearly stated in your proposal.

The following guidelines are provided for your reference:

1. If one general overhead rate is being applied across all direct labor, clearly state so.
2. If individual overhead rates are being applied to their respective labor categories, clearly show how each rate was calculated and applied.
3. Unallowable costs must be removed from all cost pools, as per FAR 31.205.

Section VII.B.2: General and Administrative (G&A) Rates

Instructions:

Calculation of G&A rates should clearly identify their allocated cost bases and pools. Refer to the excel attachment, "Indirect Rates" worksheet, for an example. If no G&A rates are being proposed, it should be clearly stated in your proposal.

The following guidelines are provided for your reference:

1. If more than one G&A rate is being applied over several bases, clearly show how each rate was calculated and applied.
2. As per FAR 31.205, unallowable costs must be identified and removed from all cost pools,.

Section VII.B.3: Other Rates and Factors

Instructions:

Calculation of Other Rates and Factors should clearly identify their allocated cost bases and pools. Refer to the excel attachment, "Other Rates and Factors" worksheet, for an example. If no Other Rates and Factors are being proposed, it should be clearly stated in your proposal. It should be noted that, as per FAR part 15.408 Table 15-2.II(F), if facilities capital cost of money is to be claimed as an allowable cost, you must submit Form CASB-CMF and show the calculation of the proposed amount.

Section VIII: Other Direct Costs

Instructions:

As per FAR part 15.408 Table 15-2.II(D), a listing of Other Direct Costs, such as special tooling, travel, outside services, packaging, rework, etc., similar to the example below, must be submitted as part of your proposal. If no Other Direct Costs are being proposed, it should be clearly stated in your proposal.

"Other Direct Costs consist of the purchase of services, special test equipment, and travel expenses. A description of each line item is provided below:

- 1. Purchase of temperature testing service and special tools and equipment (STE), as required per Raytheon technical specifications.*
- 2. Travel – Airfare, car rental, hotel, and miscellaneous expenses for 3 round trips to the Raytheon facility for technical interchange meetings, as required per the SSOW.*

ODC is proposed as a cost element within the proposal as part of non-recurring costs (NRC) under "Other Direct Costs". Quotes for the temperature testing and STE are provided as attachments to this proposal. Travel expenses are based on recent market prices for airfare and car rental and GSA per diem rates for hotel and miscellaneous expenses. Quotes for all travel expenses are included as an attachment to this proposal."

In addition to the narrative of all Other Direct Costs, a time-phased summary of the other direct costs should be submitted as part of your proposal. Refer to the excel attachment, "Other Direct Costs" worksheet, for an example. It should be noted that Other Direct Costs are a cost element of a deliverable(s) in your proposal and should not be proposed as a separate contract line item unless it is deemed as a deliverable in and of itself. Moreover, bases for pricing for all Other Direct Cost items (vendor quotes, previous invoices, estimates for travel, etc.) should also be submitted for verification by Raytheon.

Section VIII: Profit/Fee

Instructions:

Explanation of your estimation of proposed profit, similar to the example below, should be submitted as part of your proposal. As per FAR part 15.404-4, a structured approach must be utilized when determining profit rates. It should be noted that profit is calculated as a percentage of total cost, less cost of money factors, and not as a percentage of total price. Both profit percentage and amounts should be clearly stated in your narrative and must be supported by a logical structure. Raytheon recommends that the Weighted Guidelines method, as shown in DD Form 1547 (available at <https://acc.dau.mil/CommunityBrowser.aspx?id=399164>), be used to assess risk and the appropriate profit/fee. Refer to the excel attachment, "Profit" worksheet, for an example.

"To calculate profit, the Weighted Guidelines method, as outlined in DD Form 1547, was utilized. Upon internal review of the performance risk, it was calculated that a 10% profit rate, weighted equally between technical and management/cost control risk, was deemed appropriate. Additionally, a 2.5% fee to account for contract type risk was found to be appropriate, for a total of 12.5% profit on total proposed costs, less cost of money factors.

Risk regarding working capital and capitalized assets were neither assessed nor considered in this proposal as they were found to be not applicable."

Section X: Proposal Adequacy Checklist

Instructions:

Raytheon requires that you submit a Proposal Adequacy Checklist as part of your proposal. If you have not received the checklist with the Request for Proposal (RFP) form Raytheon, please contact your Raytheon Supplier Manager. The checklist should be completed in its entirety, with the contents confirmed by the supplier prior to submission.