

January 19, 2006

Re: DFARS Clause 252.225-7014, Preference for Domestic Specialty Metals, Alt 1

Dear Supplier:

Raytheon has recently encountered non-compliances by some of its suppliers with the contract clause at DFARS 252.225-7014, Preference for Domestic Specialty Metals, Alt 1 (hereinafter sometimes referred to as "the Alt 1 clause"). The purpose of this letter is to ensure your compliance with the requirements of the Alt 1 clause.

The Alt 1 clause prohibits the prime contractor and all suppliers at every tier from incorporating "specialty metals" (as defined in the clause) into military parts, components and/or end item deliverables unless the specialty metals have been melted in the United States, its outlying areas, or a qualifying country listed in DFARS 225.872-1. Articles manufactured in a qualifying country, regardless of where the specialty metal may have been melted, are not subject to the requirement, but the United States is *not* a qualifying country for this purpose. Note that you are required to flow the Alt 1 clause down to your suppliers with instructions that they must in turn flow the clause down to their suppliers.

Violations of the Alt 1 clause can result in government investigations, monetary withholds or forfeitures, delayed deliveries to DoD customers, and other sanctions or problems. For these reasons, Raytheon requires that you do the following where the Alt 1 clause applies:

1. Flow the clause down to all suppliers; be able to verify your compliance with that flow down requirement, and require your suppliers to provide you with objective evidence that they have supplied you with compliant specialty metals.
2. Make certain that your employees understand the Alt 1 requirements.
3. Make certain that you are using only compliant specialty metals to manufacture articles supplied to Raytheon and notify Raytheon immediately if you are not.

If you have any questions about this matter, please contact your local Supply Chain contact for Raytheon Aircraft Company.



Brad Widmann
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