

**PURCHASE ORDER ATTACHMENT FS-05**  
**FOREIGN OFFSET CREDIT PROPOSAL**

- I. Raytheon Systems Company products and/or services are purchased by many countries throughout the free world to meet their commercial and defense requirements. Doing business with most foreign countries requires a reciprocal obligation to buy, as a percentage of the contract value, products or services from those foreign countries. This negotiated sum is generally referred to as an "offset".
- II. Offsets can be described as either "direct" or "indirect". First consideration is usually given to direct offset, that is, buying from the foreign country some portion of the product or services being sold by Hughes to that country. Indirect offsets, that is, offsets not related to the products or services being sold to that foreign country, are often feasible.
- III. Buyer currently has or anticipates having in the future, certain offset commitments in \_\_\_\_\_.  
In addition, Buyer has offset obligations in the following countries:

Australia	Denmark	Italy	Sweden
Belgium	Egypt	Korea	Switzerland
Brazil	Finland	Norway	United Kingdom
Canada	Greece	Spain	

- A. Offeror agrees that any resultant purchase order will be issued with the intent of Buyer claiming offset credit. Offeror further agrees, if necessary, to support Buyer in obtaining such credit from the appropriate foreign government agencies.
- B. As part of its proposal, Offeror commits to procuring products and services in the countries identified above, herein to the aggregate percentage of \_\_\_\_\_ of the total value of the proposal. The countries in which these procurements will be made are noted below: (list countries)

_____	_____
_____	_____
_____	_____

- IV. If a purchase order is awarded to Offeror, Offeror will make cumulative reports to Buyer, by quarter, for each of the listed countries. Reports will include:
  - A. Solicitations offered by country and by Supplier, that did not result in awards.
    - 1. Item
    - 2. Value in U.S. dollars
    - 3. Date of solicitation
  - B. Purchase orders by each country and by supplier(s) within said countries:
    - 1. Item
    - 2. Value in U.S. dollars (including changes in value, as issued)
    - 3. Competitive or noncompetitive
    - 4. Date of award
    - 5. Identification and location of subcontractor.
  - C. Status of deliveries under subcontracts placed under B. above.

*THE TEXT OF THIS DOCUMENT SHALL NOT BE CHANGED EXCEPT BY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.*

***PURCHASE ORDER ATTACHMENT FS-05 (continued)***

D. Reports are made to:

Offshore Trade Development  
Raytheon Systems Company  
P.O. Box 80028  
Building C01, Mail Station A154  
Los Angeles, CA 90080-0028

Telephone: (310) 568-6905

V. Offeror understands that this offset commitment will be one of the factors used in evaluating this proposal and subsequently awarding a purchase order.

**END OF DOCUMENT**

***THE TEXT OF THIS DOCUMENT SHALL NOT BE CHANGED EXCEPT BY WRITTEN AGREEMENT BETWEEN BUYER AND SELLER.***

*9/91 Edition*