

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 1 of 18

Government Property Control

Seller will be directly responsible and accountable for all Buyer/Government property in accordance with the provisions of the contract and these terms and conditions.

A. DEFINITIONS

Reference FAR 45.101, 45.301 and 45.501 for additional property definitions.

1. CUSTOMER means, for purposes of these terms and conditions, Buyer's customer.
2. SELLER means the party with whom Buyer is contracting and includes any reference to "Subcontractor," "Contractor," "Supplier," or "Vendor."
3. PROPERTY means all property, both real and personal. It includes facilities, material, special tooling, special test equipment, and agency-peculiar property.
4. BUYER PROPERTY may consist of any of the following:

GOVERNMENT PROPERTY: All property owned by or leased to the Government or acquired by the Government under the terms of the contract.

GOVERNMENT FURNISHED-PROPERTY (GFP): Property in the possession of or directly acquired by the Government and subsequently made available to the contractor.

GFX: Government Furnished Equipment, Property, Information, Facilities, and Services identified in Attachment 4 of the FCS Other Transaction Agreement (OTA).

CONTRACTOR ACQUIRED PROPERTY (CAP): All property acquired or otherwise provided by the contractor for performing a contract requirement and to which the Government has title.

CUSTOMER-FURNISHED PROPERTY (CFP): Property provided by a contractor, which is Company-owned, and used in the completion of a contract requirement. (Title does not transfer to the Government.)

NOTE: Government-owned property furnished to a subcontractor in completion of a prime contract requirement cannot be defined as "Customer-Furnished Property."

5. BUYER-FURNISHED PROPERTY may consist of Government-Furnished Property (GFP), GFX, Contractor-Acquired Property (CAP) and/or Customer-Furnished Property (CFP).

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 2 of 18

6. **FACILITIES** means property used for production, maintenance, research, development or testing. It includes plant equipment and real property. It does not include material, special test equipment (STE), special tooling (ST), or agency-peculiar property. When used in a facilities contract, the term includes all property provided under that contract.
7. **PLANT EQUIPMENT** means personal property consisting of a capital nature (including equipment, machine tools, test equipment, furniture, vehicles, and accessory and auxiliary items) for use in manufacturing supplies, in performing services; or for any administrative or general plant purpose. This category does not include ST or STE.
8. **SPECIAL TOOLING (ST)** means all special tooling or special inspection equipment which is not of a temporary or expendable type and is of such a specialized nature that its use, without substantial modification or alteration is limited to the production and/or inspection of a particular item, or the performance of a particular service. This category shall include, but not be limited to, jigs, dies, fixtures, molds, patterns, special taps, special cutters and special gauges. It does not include material, STE, facilities (except foundations and similar improvements necessary for installing ST) general or special machine tools, or similar capital items. ST, for the purpose of these terms and conditions, does not include any item acquired by Seller before the effective date of this contract, or replacement of such items, whether or not altered or adapted for use in performing this contract, or items specifically excluded elsewhere in this contract.
9. **SPECIAL TEST EQUIPMENT (STE)** means either single or multipurpose integrated test units engineered, designed, fabricated or modified to accomplish special purpose testing in the performance of this contract. It consists of items or assemblies of equipment, including standard or general-purpose items or components, that are interconnected and interdependent so as to become a new functional entity for special testing purposes. It does not include material, ST, facilities (except foundations and similar improvements necessary for installing STE and plant equipment items used for general plant testing purposes.
10. **AGENCY-PECULIAR PROPERTY** means Government-owned personal property that is peculiar to the mission of one agency (e.g. military or space property). It excludes Government material, STE, ST and facilities.
11. **MATERIAL** means all property other than plant equipment, minor equipment, ST, and STE. It may be incorporated into or attached to other assemblies or products, consumed, expended or used in performance of the subcontract. It shall include, but not be limited to, assemblies, components, parts, raw and processed materials, and small tools and supplies that may be consumed in normal use in performing a contract.

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 3 of 18

12. **CONSUMABLE OR EXPENDABLE TOOLS (AS DIFFERENTIATED FROM “SPECIAL TOOLING”)** means tools consisting of types which support production of parts and catalog-type items available on the open market which, because of their size and nature, are considered consumable or expendable, i.e., tooling plates, set-up sheets, drill tapes, countersinks, production tapes, collet adapters, numerical control program tapes, drills, reamers, taps, thread gauges and milling cutters. Also material and hardware items such as protectors, containers, electrodes, coils, pliers, vise grips, screwdrivers wrenches, and processing baskets.
13. **SCRAP** means personal property that has no value except for its basic material content.
14. **WORK-IN-PROCESS** means material that has been released to manufacturing, engineering, design or other services under the contract and includes undelivered manufactured parts, assemblies, and products, either complete or incomplete.

B. SELLER PROPERTY CONTROL SYSTEM

Seller shall establish written procedures and will implement a Property Control System, which is fully compliant with Federal Acquisition Regulation (FAR) Part 45 and all provisions herein. Seller’s property control system shall contain an adequate locator system or technique to permit the location of any item of Buyer property within a reasonable period of time after request therefor. Buyer reserves the right to conduct periodic surveillance or otherwise review Seller’s Property Control System to assure compliance with the requirement of these terms and conditions.

1. One copy of each of the following must be submitted to Buyer:
 - a. Seller’s current Property Control Procedures.
 - b. Document granting approval of Seller’s Property Control system if “U.S. Government Approved.” This document must be provided annually to Buyer as long as this contract is in effect.
2. If Seller has a “U.S. Government Approved” Property Control System, Buyer may, with appropriate U.S. Government concurrence, accept such approval in lieu of conducting a duplicative survey of Seller’s implemented system.
3. Buyer will evaluate Seller’s Property Control System, identify any necessary changes thereto, and notify Seller of Buyer’s assessment in writing. Seller will promptly address problems identified in writing within thirty (30) days. Buyer will evaluate Seller’s corrective action and notify Seller in writing of acceptance of corrective actions taken.

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 4 of 18

4. Buyer reserves the right to withdraw approval of Seller's Property Control System, previously approved by Buyer's Property Management organization and excluding government approved property systems, at any time. Buyer will notify Seller in writing of a proposed withdrawal, reasons for the withdrawal, and corrective action required.
5. Seller must notify Buyer in writing of any unsatisfactory rating or disapproval of Seller's Government Approved Property Control System. Seller shall provide Buyer a copy of any corrective action plan submitted to the Government, including a schedule of completion. If the Property Control System is subsequently re-evaluated and rated satisfactory or approved, a copy of that rating or approval must be provided to Buyer.

C. CHANGE IN BUSINESS STATUS

1. Seller is required to notify Buyer in writing of relocation, name change, ownership change or discontinuance of business as soon as such conditions are known. Seller's name change, ownership change, relocation, or discontinuance of business may subject Seller to immediate return of Buyer-furnished property as Buyer may direct by written amendment or change notice to this contract.
2. Seller must obtain Buyer's prior written authorization to transfer Buyer property to Seller's new location.

D. USAGE LIMITATION FOR BUYER PROPERTY

Buyer may deliver to Seller, for use in connection with this contract, property described as Buyer-furnished property; or Seller may manufacture or acquire such property for Buyer or Buyer's customer for use on this contract. The property shall be used only for the performance of this contract unless otherwise provided herein or approved by Buyer in writing. Seller shall immediately notify Buyer in writing of any additional property required and any property listed on this contract which is not being used.

NOTE: The requirements of these terms and conditions shall apply to all Buyer property in Seller's possession or at a lower tier subcontract or, from receipt of such property by Seller, through and following completion or termination of this contract, until Buyer releases Seller from accountability for such property by written amendment of change notice to this contract.

E. BUYER-FURNISHED PROPERTY

If Buyer furnishes, or causes to be furnished any property to Seller, the following additional provisions apply:

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 5 of 18

1 DISCREPANCIES INCIDENT TO SHIPMENT

If overages, shortages, or damages are discovered upon receipt of Buyer-furnished property, Seller shall provide a statement of the condition and apparent causes to Buyer. Only that quantity of property actually received will be recorded on the official records.

2. CARRIER LIABILITY. When the shipment is moved by Bill of Lading and carrier liability is indicated, Seller shall report any discrepancies to Buyer.

F. ACQUISITION OF STE/ST/PE

1. Seller may, with proper authority, acquire STE and components, the exact nature of which are not known as of the date of this contract
 - a. All changes to STE that change form, fit, and function will be approved by Buyer.
2. General Purpose Plant Equipment will be provided by Seller and not charged to this contract unless Buyer authorizes procurement, in writing.
 - a. Such plant equipment will not be modified or altered by Seller without prior written approval of Buyer's Authorized Procurement Representative.

NOTE: Seller's failure to comply with the above could result in denial of request or cost disallowance.

G. RECEIPT OF GFX

1. Seller shall notify Buyer promptly upon receipt of GFX. Such notification shall include providing a list of GFX received by Seller's subcontractors/suppliers.
2. Upon receipt of GFX, Seller shall inspect the GFX to identify any overages, shortages, or damages. Seller shall provide Buyer a written report of any overages, shortages or damages and their apparent causes.
3. Seller will incorporate the substance of this paragraph G in all subcontracts that may involve GFX and will provide to Buyer reports of overages, shortages, or damages received from lower tier subcontractors.

H. IDENTIFICATION

1. Buyer will assign a virtual property-control number to each item reported by Seller. Seller shall use this number in conjunction with its property-control number and shall include this number in its property-control system. Buyer will include Seller's property-control number in its property-control database. This number will be provided on all reports and correspondence as part of the

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 6 of 18

descriptive data. In accordance with FAR 45.506, paragraph (d), all property identification markings shall be removed or obliterated when Buyer/Government property is sold, scrapped, or donated.

Identification shall consist of:

- a. Unique part number or identification number.
 - b. Ownership designation such as “Boeing,” “U.S. Government,” or another customer's name as advised by Buyer.
2. For Buyer-furnished property, Seller shall advise Buyer if, upon receipt, property identification is different from the applicable transmittal/record documents.

I. RECORDS AND DATA

Seller shall develop property records for use during performance of this contract and retain records for a minimum of four years after contract closeout. Seller's property records shall provide for positive traceability to applicable shipping and receiving documents. As a minimum, such records shall provide information for each item of Buyer property as follows:

1. ST, STE, Facilities, and Agency-Peculiar Property:
 - a. Ownership;
 - b. Acquisition authority: Contract No. or equivalent code;
 - c. Name, Description and Identification Number (include serial number and model number when available);
 - d. National Stock Number (if furnished by the government or available in the property control system).
 - e. Quantity;
 - f. Unit Price;
 - g. Location;
 - h. Inventory date;
 - i. Disposition authority document;
 - j. Posting reference and date of transaction;

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 7 of 18

- k. Identification of any easily removable general purpose test equipment over \$5,000 incorporated as a component of STE;
- l. Identification number (part number) of item on which used (ST/STE only); and
- m. Classification of Property (i.e., ST, STE, etc.).

2. MATERIAL:

- a. Contract No. or equivalent code;
- b. Name/description;
- c. Unit Price & Unit of Measure;
- d. Quantities received;
- e. Quantities issued;
- f. Quantities on hand;
- g. National Stock Number and/or part number (as applicable)
- h. Location;
- i. Disposition (if applicable);
- j. Posting reference and date of transaction; and
- k. Inventory date.

3. PLANT EQUIPMENT:

In addition to data elements shown in I.1, above, records for U.S. Government Owned Plant Equipment shall include the following data elements for plant equipment having a unit cost of \$5,000 or more.

- a. Federal Supply Code for the manufacturer.
- b. Federal Supply Classification
- c. The original manufacturer's model or part number.
- d. Serial Number and year built (when available).
- e. Government identification/tag number.

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 8 of 18

- f. Acquisition and disposition document references and dates.

J. REPORTS

1. ACCOUNTABLE PROPERTY REPORT.

- a. Seller shall furnish Buyer a list of all Buyer/Government property acquired or manufactured by Seller to perform this contract within 45 days after receipt or completion of fabrication of the property unless otherwise requested by Buyer.
- b. This Accountable Property List will include the same information as listed under Paragraph I, "Records and Data," above.
- c. Seller shall furnish Buyer the total quantity and dollar value of material on an annual basis (see 2.f, below). This will apply to the following:
- 1) Cost-reimbursable contracts;
 - 2) Customer-furnished material; and
 - 3) As contractually required.

This report will include:

- 1) Contract number;
- 2) Total dollar value and quantity of material accountable to each contract;
- 3) Whether material was contractor acquired or U.S. Government furnished.

2. U.S. GOVERNMENT PROPERTY REPORTS. Seller shall provide Buyer annually the total acquisition cost of U.S. Government property for which Seller is accountable under each contract with each agency, including U.S. Government property at subcontractor (sub-tier) plants and alternate locations, in the following classifications:

- a. Land and rights therein;
- b. Other real property, including utility distribution systems, buildings, structures, and improvements thereto;
- c. Plant equipment;

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 9 of 18

- d. ST;
- e. STE;
- f. Material; and
- g. Agency-Peculiar Property.

These property reports will be submitted to Buyer on DD Form 1662. Seller shall retain inventory lists that are representative of the dollar amounts for end of period totals on the DD Form 1662.

Reports will be provided to Buyer by October 10th of each calendar year to meet report submittal dates required in the DoD FAR Supplement.

K. CHANGES IN DESIGN.

1. In the event of any changes in design or specifications which affect interchangeability of parts, Seller shall, unless otherwise agreed to by Buyer, give Buyer notice of any part which is not interchangeable with the new or superseding part and the ST for each part covered in such notice shall be retained by Seller until Buyer provides disposition instructions.
2. If an engineering change requires either the acquisition or fabrication of new, or substantial modification to existing STE, Seller shall comply with Paragraph F.1, above.

L. SELLER'S LIABILITY (RISK OF LOSS).

Unless otherwise approved in writing by Buyer or included elsewhere in this contract, Seller assumes the risk of, and shall be responsible for any loss or destruction of or any damage to Buyer's property in Seller's possession. Seller agrees to return said property in as good condition as when received, except for reasonable wear and tear due to the utilization of the property in accordance with the provisions of this contract. Seller may also be liable when the use or consumption of Buyer property unreasonably exceeds the allowances provided for by this contract, the Bill of Material, or other appropriate criteria.

M. REPORTING LOSS, DAMAGE AND DESTRUCTION.

Seller shall report all cases of loss, damage or destruction of Buyer property in its possession or control or property located at Seller's sub-tier suppliers to Buyer's Authorized Procurement Representative as soon as such facts become known, utilizing form shown at Attachment A (or equivalent). The lost, damaged or destroyed property report shall include:

1. Name of Seller.

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 10 of 18

2. Location (address) of incident.
3. Date and Time of incident.
4. Name and Description of item lost, damaged or destroyed. (Include NSN or applicable Part Number, if available, or identification number if item is tooling or equipment.)
5. Accountable Contract Number.
6. Item's Acquisition Cost and quantity.
7. Description of incident including cause (provide date of last inventory).
8. Estimated cost of repair or replacement.
9. Corrective action taken to prevent recurrence.
10. Statement as to whether item is covered by insurance and, if so, are costs charged to this contract.
11. Statement as to whether item needs to be replaced to complete contract requirements.
12. Security classification of the items, if any.

N. PHYSICAL INVENTORY

1. Physical inventory, as used herein, consists of sighting, describing, recording and reporting the property concerned and reconciling the property recorded and reported with the property records.
2. Physical inventories will be taken on an annual basis, or as otherwise required by Seller's Property Control system and the results will be provided to Buyer.
3. Physical inventories for material accountable to this contract will be conducted annually in accordance with a schedule approved by Buyer.
4. Immediately upon completion or termination of this contract, Seller will perform a physical inventory adequate for disposal purposes of all Buyer/Government-owned property in Seller's possession or control, which is applicable to this contract. The inventory will be prepared on appropriate inventory schedule forms (see Paragraph U, DISPOSITION).

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 11 of 18

5. Seller shall report the results of the inventory to Buyer, in a format acceptable to Buyer, within 60 days after completion of the inventory. Overages and shortages shall be clearly identified and described in the report.
6. Seller shall provide to Buyer a signed statement that physical inventory was completed on a given date and the property records were found to be in agreement with the physical inventory except for discrepancies reported.
7. Property, which previously was reported lost and then located during a physical inventory, will be reestablished on the accountability records and reported.
8. Records of such inventory shall be retained by Seller until completion of this contract and made available to Buyer upon request.
9. Personnel who perform the physical inventories shall not be the same individuals who maintain the property records or have custody of the property unless the size of Seller's operation is so small as to make it impracticable for others to do so.

O. UTILIZATION

An annual utilization review will be performed and reported by Seller in conjunction with the annual physical inventory requirement. This review will be performed to identify property that is no longer required by Seller.

P. STORAGE

1. Storage areas will be maintained in accordance with sound business practices and property will be protected from loss, damage, theft, destruction, and the elements while in storage.
2. Seller will adequately care for and maintain all Buyer/Government property in its possession or control, and will ensure that it is used only in the performance of the subcontract for which it was provided, unless otherwise approved in writing by Buyer or the Government.
3. Government property, particularly material, will be segregated and kept physically separate from Seller's own property at all times. There may be occasions, however, when commingling of property may be advantageous to the Government. Commingling will be permitted only when requested of and authorized by the cognizant Government property administrator, and the property is clearly marked whether it is Government or Seller's property.

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 12 of 18

Q. MODIFICATION

1. Modification is a process in which the property configuration is changed and requires a part number change. Modification will not be accomplished without the prior approval of Buyer.
2. Upon completion of modification for ST, STE, plant equipment and agency peculiar property, Seller will:
 - a. Update applicable drawings
 - b. Provide an updated property list to Buyer, including:
 - 1) New part number
 - 2) Original part number before change occurred
 - 3) Dollar value of modification

R. REPLACEMENT

Replacement of Buyer property will occur when an item becomes worn or damaged beyond repair. Replacement will not be accomplished without prior approval by Buyer.

S. MAINTENANCE

1. Seller shall be responsible for the proper care, maintenance and use of all Buyer property in its possession or control from the time of receipt until properly relieved of responsibility in accordance with sound industrial practice. The removal of property to storage, or its contemplated transfer, does not relieve Seller of these responsibilities.
2. Seller's maintenance program shall provide for -
 - a. Disclosure of need for and the performance of preventative maintenance.
 - b. Recording of work accomplished under the program.
3. Seller shall keep records of maintenance actions performed and any deficiencies in the property discovered as a result of inspections. These records will be made available to Buyer upon request.
4. Seller agrees that between the date any usable items of property are no longer needed by Seller, within the meaning of this contract and the date of final disposition of such items under this contract, it will take all reasonable steps necessary to maintain the identity and existing operating conditions of such

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 13 of 18

items unless Buyer has directed that such items be disposed of as scrap or has given notice that Buyer and/or Buyer's Prime Customer has no further interest therein and waives its rights therein.

T. SHIPPING/RELOCATION OF PROPERTY

All Government-owned property will be checked and inspected promptly at the time of receipt. Any visible evidence of damage will be annotated on the carrier's weighbill, and the signature of the carrier's agent will be obtained before releasing the document to the carrier. Seller will make immediate notification to Buyer.

Property may be shipped from Seller's facility to another location of Seller, or any sub-tier source and returned, at Seller's cost, with applicable move/transfer documents established and maintained to fully control and provide for accurate traceability and return of such moved/transferred property except for 2. below. If property is shipped or transferred to Seller's sub-tier source, Seller shall maintain files sufficiently documented to reflect Seller's review and approval of applicable sub-tier sources Property Control System. Property to be returned to Buyer shall, in addition to being documented on Seller's shipping documents, be authorized by Buyer.

1. Shipping documentation will include, as a minimum:
 - a. "Shipment from" address.
 - b. "Shipment to" address. (Include "Mark For" name)
 - c. Contract under which property is currently accountable.
 - d. Authorization for shipment.
 - e. Part number, I.D. number, or serial number if available.
 - f. Nomenclature/description.
 - g. Acquisition/Estimated value.
 - h. Date of shipment.
 - i. Name of Buyer's personnel authorizing shipment. (If applicable.)
2. Relocation of U.S. Government-Owned property accountable to this contract outside of the United States of America is not authorized unless approved in writing by Buyer's U.S. Government Contracting Officer. Seller shall request permission from Buyer to relocate U.S. Government Property outside of the U.S.A. 45 days prior to shipment.

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 14 of 18

U. DISPOSITION

1. Seller shall report to Buyer all Buyer property in excess of the amounts needed to complete full performance under this contract immediately after determination that the property is excess to further requirements unless a later date is authorized by Buyer. Seller shall also report to Buyer at the completion of this contract or at time of termination all Buyer property not consumed in performance of this contract or not already delivered by Seller.
2. Reporting will be accomplished as follows:
 - a. If this contract is a cost-reimbursable contract or the property to be disposed is due to a termination; Seller shall report property to Buyer on Inventory Schedules in accordance with FAR Subpart 45.6 or by the electronic submission to Buyer of a Plant Clearance Automated Reutilization Screening System (PCARSS), as appropriate.

Note:

 - 1) Condition codes must be identified on the applicable Inventory Schedule or PCARSS.
 - 2) National Stock Numbers and/or National Stock Class must be provided, if available.
 - 3) A complete item description must be furnished to allow proper reutilization screening.
 - b. Seller shall furnish Buyer a final list of ST acquired under this contract for determination of disposition action. This list shall specify the nomenclature, tool number, related product part number (or service performed) and unit or group cost of the ST. ST which has become obsolete as a result of changes in design or specifications need not be reported, if previously reported as provided for in Paragraph K, above.
3. At the time Seller furnishes Inventory Schedules or listings under 2.a or 2.b, above, Seller may designate those items of ST, STE or other property that Seller desires to retain, together with a written offer. Written offer should ordinarily be for an amount not less than the fair market value of such items. Fair market value takes into account the value of such items to Seller for use in further work by Seller.
4. If Buyer, with Buyer's customer's concurrence, accepts an offer of Seller to retain any items of ST, STE, or other property or if, upon Buyer's approval, any such items are sold to third parties or disposed of as scrap, the net proceeds shall: (1) be deducted from the amounts due to Seller under this contract and

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 15 of 18

the contract amended accordingly; or (2) be otherwise paid as Buyer may direct.

5. After receipt of any Inventory Schedules or List under Paragraphs 2.a. or b. above, Buyer, after Buyer's customer's review, shall furnish to Seller appropriate disposition instructions. Seller shall promptly comply with any request by Buyer to: (1) immediately prepare such items for shipment by proper packaging, packing and marking, in accordance with any instructions which may be issued by Buyer, and shall promptly deliver such items to Buyer or Buyer's customer f.o.b. origin, as directed by Buyer; or (2) if a storage agreement is entered into, prepare such items for storage as directed by Buyer. Any items so delivered or stored shall be accompanied by such operation sheets or other appropriate data as are necessary to show the manufacturing operations or processes for which such items were used or designed. (3) Any items of ST which are not disposed by transfer of title and delivery to Buyer or Buyer's customer or by acceptance of an offer by Seller shall be disposed of in accordance with Buyer's and/or Buyer's customer's instructions.
6. Seller shall continue to report items on the annual financial report (DD Form 1662) that remain on Inventory Schedules or PCARSS and has not been officially notified of disposal by the Government.

V. RESTORATION OF SELLER'S PREMISES AND ABANDONMENT.

Unless otherwise provided herein, Buyer:

1. May abandon, with written advice to Seller, any Buyer property in place, and thereupon all obligations of Buyer regarding such abandoned property shall cease; and/or
2. Has no obligation to Seller with regard to restoration or rehabilitation costs.
3. May not abandon property to seller without written concurrence if due to its nature the property constitutes a danger to public health, safety, or welfare.

W. SELLER'S SUBCONTRACTOR/SUPPLIER CONTROL.

The same basic controls for Buyer property that are required of Seller and covered by this document will be required of Seller's subcontractors (second-tier suppliers). These controls will ensure that second-tier suppliers utilize property only as authorized by this contract. Seller shall maintain accountability records relating to this contract for property at its second-tier suppliers.

X. SELLER'S SPECIAL TOOLING PROVISIONS FOR SUBCONTRACTS.

Seller agrees that in placing any subcontracts or purchase orders under this contract which involve the acquisition of ST, the full cost of which is charged to such

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 16 of 18

subcontract or purchase order, Seller will include therein appropriate provisions to obtain rights comparable to those granted to Buyer by these terms and conditions and agrees that it will exercise such rights for the benefit of Buyer, as Buyer may direct.

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 17 of 18

Clause 3068 Attachment "A"

REPORT OF LOST, DAMAGED OR DESTROYED PROPERTY

- A. Subcontractor/Supplier Name & Location of Incident:
- Address:
- City & State:
- Zip Code:
- B. Contract No.:
- C. Prime Contract Number:
- D. Description of Lost, Damaged or Destroyed Property (Should include NSN or applicable part number of I.D. Number):
- E. Serial Number (If applicable):
- F. Acquisition Cost of Item/s: \$
- G. Date & Time of Incident: Date: Time:
- H. Was incident reported to Boeing HB/SB H&T as soon as it became known:
- Yes_____ No_____ If No, please explain:
- I. Describe Loss Damage or Destruction including particulars of what caused the incident (attach separate sheet if necessary):
- J. Corrective Action Taken to Prevent Recurrence:
- K. Estimated cost to repair or replace (as applicable): \$

Common Terms and Conditions Guide
Section 3 – Administrative Clauses

Clause Number: 3068
Effective: 01/26/2005
Page: 18 of 18

L. Known interests in co-mingled property of which Government property is a part:

M. Item/s reported above were covered by insurance? Yes___ No___

Insurance costs were charged to this Contract? Yes___ No___

N. Current status of Property Control System: ___Approved ___Disapproved

O. Signature:_____

Typed Name:

Phone Number:

FAX No.:

Date: