

Buyer-Furnished Material (Variable)

Buyer will furnish the following items at no charge: _____

1. Seller will keep all Buyer-furnished material, including parts requiring further processing, clearly marked and will maintain a complete inventory thereof. Seller agrees not to use substitute material in the performance of this Contract without Buyer's written consent. Seller shall inspect and acknowledge receipt of Buyer-furnished material to Buyer's Authorized Procurement Representative on record within five working days of receipt and report any damaged, defective or out-of-tolerance conditions and paperwork/quantity discrepancies. Out-of-tolerance conditions or other inadequacies in Buyer-furnished material that are accepted by Seller will not excuse performance that is not in strict compliance with the applicable specifications. Buyer furnished material not consumed in the period of performance of this Contract shall be handled in accordance with the Property Management article of the General Provisions of this Contract.
2. Accountability of all Buyer-furnished material at Seller's facility is mandatory. Accordingly, all Buyer-furnished material determined by Seller's quality control organization and/or Buyer Inspection and/or Buyer's engineering to be nonconforming must be reported. If at any point in the manufacturing process a part is thought to be nonconforming, Seller must report to Buyer per the requirements of the purchase contract. Seller shall report any parts dispositioned as scrap by Boeing immediately to Buyer's Authorized Procurement Representative via Buyer's Nonconformance Document.
3. Seller shall maintain the following information, including records of receipt, issuance, usage, and inventory line-of-balance in the following format. Seller shall provide this line-of-balance to their Buyer's Authorized Procurement Representative on a quarterly, or as requested, basis.

NOTE ALL INVENTORY COUNTS ARE MUTUALLY EXCLUSIVE

- a. Buyer Furnished Material Part Number, Material Code, Raw Material Code- Purchase Contract Number
- b. Total quantity of parts on Purchase Contract
- c. Total number of parts shipped against Purchase Contract
- d. Total number of completed parts currently in stock at Seller
- e. Total number of parts in WIP
- f. Total number of BFM parts raw
- g. Total number of parts submitted on nonconformance document (Include NCR number)
- h. (+/-) the difference of BFM Total Quantity vs. Total Purchase Contract Quantity
- i. Total number of parts scrapped
- j. Required On-Dock Date for Next Material Shipment (if applicable)

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4. Disposition of material balances by piece and size, must be obtained from Buyer upon job completion. Furnished materials unaccounted for by Seller and spoilage shall be purchased from Buyer at Buyer's actual replacement cost.