

## **1. MAINTAINING TRACEABILITY OF BUYER-FURNISHED MATERIALS (Clause C-16.1) (April 1999)**

Prior to incorporating Buyer-Furnished Material into any product to be delivered hereunder, the Seller shall inspect such material visually for shipping and handling damage and identification as to part number and suffix as specified herein and maintain traceability to Buyer documents under which the material was furnished. In the event the Seller determines that any Buyer-Furnished Material is damaged and/or improperly identified, Seller shall immediately notify the Buyer who shall arrange for replacement of such material. Damaged or improperly identified Buyer-Furnished Material shall not be incorporated into any product to be delivered under this purchase order/contract. The Seller shall be fully responsible for any delivered product which may be rejected by the Buyer and/or the Government due to the use of damaged and/or improperly identified Buyer-Furnished Material in the same manner and to the same extent that Seller is responsible for the rejection of product for any other reason.

The provisions of the above paragraph do not apply with respect to any product delivered hereunder which incorporates Buyer-Furnished Material having a latent defect.

Buyer may, at its option, furnish material which varies from the design definition but completely fulfills functional requirements and has been formally approved for use on a specification exception release (SXR). The SXR identifies the variation(s) which was found acceptable. Such material will be identified by a four-digit number prefixed by an "N" and suffixed by a six letter/number combination written in the following format: "N BX ." This identifier will either be stamped on the material or on a tag affixed to the material if stamping is impractical. If such material is received by Seller without a copy of the applicable SXR, Seller shall request Buyer to provide a copy of the SXR for use in identifying the variation(s) from specifications.

The Buyer may, at its option, furnish "conditionally released" material to the Seller which has not been inspected or accepted by the Buyer. In these instances, the Buyer will identify the material as "conditionally released", and will provide instructions describing any limited machining or other manufacturing processes to be performed by Seller pending final inspection and acceptance of the material by the Buyer. Seller shall ensure that form 1188, Conditional Release Tag, is attached to each item of conditionally released material throughout all stages of production to ensure positive identification and control; or until conditional release restrictions have been lifted by the Buyer. Seller shall not exceed the manufacturing steps or processes contained in Buyer's instructions regarding the treatment of conditionally released material until Buyer lifts conditional release restrictions.

If the Buyer does not deliver the material in accordance with the above schedule or provide for such replacement within a reasonable time, an equitable adjustment will be made as provided under the articles of the Terms and Conditions entitled "Government Property" and "Changes".