



ACQUISITION  
AND SUSTAINMENT

**OFFICE OF THE ASSISTANT SECRETARY OF WAR**

**3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000**

In reply refer to

DARS Tracking Number: 2026-O0010

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES SPECIAL OPERATIONS  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
COMMANDER, UNITED STATES TRANSPORTATION  
COMMAND (ATTN: ACQUISITION EXECUTIVE)  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(PROCUREMENT)  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(CONTRACTING)  
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Class Deviation—Revolutionary Federal Acquisition Regulation (FAR) Overhaul  
Part 49, Defense FAR Supplement (DFARS) Part 249

Effective February 1, 2026, contracting officers shall use—

- The revised FAR Part 49, Termination of Contracts published on the Revolutionary FAR Overhaul web page at <https://www.acquisition.gov/far-overhaul/far-part-deviation-guide/far-overhaul-part-49> in lieu of the text codified at 48 CFR chapter 1 (<https://www.ecfr.gov>).
- The attached DFARS Part 249, Termination of Contracts in lieu of the text codified at 48 CFR chapter 2; and
- The attached DFARS Procedures, Guidance, and Information (PGI) 249, Termination of Contracts in lieu of the PGI text published on the Defense Pricing, Contracting, and Acquisition Policy web page at <https://www.acq.osd.mil/dpap/dars/dfarspgi/current/index.html>.

This class deviation implements the following:

- Section 2 of E.O. 14275, Restoring Common Sense to Federal Procurement, which establishes the policy that the FAR “should only contain provisions required by statute or essential to sound procurement, and any FAR provisions that do not advance these objectives should be removed.

- Section 4(a) of E.O. 14265, Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base which requires the Secretary of War to eliminate or revise any unnecessary supplemental regulations or any other internal guidance, such as relevant parts of the Financial Management Regulation and Defense Federal Acquisition Regulation Supplement.
- The Office of Management and Budget memorandum, M-25-26 issued on May 2, 2025, titled, Overhauling the Federal Acquisition Regulation, which provided additional guidance to federal agencies regarding the FAR overhaul.

This class deviation remains in effect until rescinded or incorporated into the FAR, DFARS, and DFARS PGI. Inquiries regarding this class deviation can be addressed to osd.pentagon.ousd-a-s.mbx.dfar@mail.mil.

John M. Tenaglia  
Principal Director,  
Defense Pricing, Contracting, and  
Acquisition Policy

Attachments:  
As stated

## **PART 249—TERMINATION OF CONTRACTS**

### **SUBPART 249.1—GENERAL PRINCIPLES**

#### **249.105 Duties of termination contracting officer after issuance of notice of termination.**

##### **249.105-1 Release of excess funds.**

See PGI 249.105-1 for recommending the release of excess funds.

##### **249.105-70 Termination status reports.**

Follow the procedures at PGI 249.105-70 for reporting status of termination actions.

##### **249.109 Settlement agreements.**

##### **249.109-7 Settlement by determination.**

Follow the procedures at PGI 249.109-7 for settlement by determination.

##### **249.109-70 Limitation on pricing of the terminated effort.**

When there is a termination for convenience (partial or whole) or a change that reduces scope, follow the procedures at PGI 249.109-70 for limitation on pricing of the terminated or reduced effort.

##### **249.110 Settlement negotiation memorandum.**

Follow the procedures at PGI 249.110 for preparation of a settlement negotiation memorandum.

### **SUBPART 249.5—CONTRACT TERMINATION CLAUSES**

#### **249.501 General.**

##### **249.501-70 Special termination costs.**

(a) The clause at 252.249-7000, Special Termination Costs, may be used in an incrementally funded contract when its use is approved by the agency head.

(b) The clause is authorized when—

(1) The contract term is two years or more;

(2) The contract is estimated to require—

(i) Total RDT&E financing in excess of \$25 million; or

(ii) Total production investment in excess of \$100 million; and

(3) Adequate funds are available to cover the contingent reserve liability for special termination costs.

(c) The contractor and the contracting officer must agree upon an amount that represents their best estimate of the total special termination costs to which the

contractor would be entitled in the event of termination of the contract. Insert this amount in paragraph (c) of the clause.

(d)(1) Consider substituting an alternate paragraph (c) for paragraph (c) of the basic clause when—

- (i) The contract covers an unusually long performance period; or
- (ii) The contractor's cost risk associated with contingent special termination costs is expected to fluctuate extensively over the period of the contract.

(2) The alternate paragraph (c) should provide for periodic negotiation and adjustment of the amount reserved for special termination costs. Occasions for periodic adjustment may include—

- (i) The Government's incremental assignment of funds to the contract;
- (ii) The time when certain performance milestones are accomplished by the contractor; or
- (iii) Other specific time periods agreed upon by the contracting officer and the contractor.

## **SUBPART 249.70—SPECIAL TERMINATION REQUIREMENTS**

### **249.7000 Terminated contracts with Canadian Commercial Corporation.**

(a) *General.* Terminate contracts with the Canadian Commercial Corporation in accordance with—

(1) The Letter of Agreement (LOA) between the Department of Defence Production (Canada) and the U.S. DoD, “Canadian Agreement” (for a copy of the LOA or for questions on its currency, contact the Office of the Principal Director, Defense Pricing, Contracting, and Acquisition Policy (Contract Policy), at [osd.pentagon.ousd-a.s.mbx.asda-dp-c-contractpolicy@mail.mil](mailto:osd.pentagon.ousd-a.s.mbx.asda-dp-c-contractpolicy@mail.mil));

(2) Policies in the Canadian Agreement and Part 249; and

(3) The Canadian Supply Manual, Chapter 8, Annex 8.3, available at <http://www.tpsgc-pwgsc.gc.ca/app-acq/ga-sm/index-eng.html>, “Termination for convenience process.”

(b) *Settlement proposals.* Ensure that the Canadian Commercial Corporation submits—

- (1) Termination settlement proposals that—
  - (i) Are in the format prescribed in FAR 49.602; and
  - (ii) Contain the amount of settlements with subcontractors; and

(2) A letter transmitting the termination settlement proposal which certifies that—

- (i) Disposition of inventory has been completed; and
- (ii) The Contract Claims Resolution Board of the Public Works and Government Services Canada has approved settlements with Canadian subcontractors when the Procedures Manual on Termination of Contracts requires such approval.

(c) *Settlement agreements.* The termination contracting officer (TCO) must prepare an appropriate settlement agreement. (See FAR 49.603.)

(1) After screening, the TCO must provide guidance to the Canadian Commercial Corporation for disposition of the contractor inventory.

(2) Settlement of Canadian subcontractor claims are not subject to the approval and ratification of the TCO. However, when the proposed negotiated settlement exceeds the total contract price of the prime contract, the TCO must obtain from the U.S. contracting officer prior to final settlement—

- (i) Ratification of the proposed settlement; and
- (ii) A contract modification increasing the contract price and obligating the additional funds.

(3) The TCO must inform the Canadian Commercial Corporation of the amount of the net settlement of U.S. subcontractors and suppliers so that this amount can be included in the Canadian Commercial Corporation termination proposal. The Canadian Commercial Corporation is responsible for execution of the settlement agreement with these subcontractors.

**(d) *Contract administration support.*** Provide any contract administration services required by the Canadian Commercial Corporation, including disposal of inventory, for settlement of any subcontracts placed in the United States.

**(e) *Other responsibilities.*** See PGI 249.7000 for information on other responsibilities associated with terminating contracts with the Canadian Commercial Corporation.

#### **249.7001 Congressional notification on significant contract terminations.**

Congressional notification is required for any termination involving a reduction in employment of 100 or more contractor employees. The contracting officer must—

(a) Clear proposed terminations through department/agency liaison offices before release of the termination notice, or any information on the proposed termination, to the contractor.

(b) Follow the procedures at [PGI 249.7001](#) for congressional notification and release of information.

#### **249.7002 Reserved.**

**249.7003 Notification of anticipated contract terminations or reductions.**

(a) Section 1372 of the National Defense Authorization Act for Fiscal Year 1994 (Pub. L. 103-160) and section 824 of the National Defense Authorization Act for Fiscal Year 1997 (Pub. L. 104-201) are intended to help establish benefit eligibility under the Workforce Innovation and Opportunity Act (29 U.S.C. Chapter 32) for employees of DoD contractors and subcontractors adversely affected by termination or substantial reductions in major defense programs.

(b) Departments and agencies are responsible for establishing procedures to—

(1) Identify which contracts (if any) under major defense programs will be terminated or substantially reduced as a result of the funding levels provided in an appropriations act; and

(2) Within 60 days of the enactment of such an act, provide notice of the anticipated termination of or substantial reduction in the funding of affected contracts—

(i) Directly to the Secretary of Labor; and

(ii) Through the contracting officer to each prime contractor.

(c) When subcontracts have been issued, the prime contractor is responsible for—

(1) Providing notice of the termination or substantial reduction in funding to all first-tier subcontractors with a subcontract valued equal to or greater than \$700,000; and

(2) Requiring that each subcontractor—

(i) Provide such notice to each of its subcontractors for subcontracts valued greater than \$150,000; and

(ii) Impose a similar notice and flowdown requirement in subcontracts valued greater than \$150,000 at all tiers.

**249.7004 Contract clause.**

Insert the clause at [252.249-7002](#), Notification of Anticipated Contract Termination or Reduction, in all contracts under a major defense program.

**PART 252—SOLICITATION PROVISIONS AND CONTRACT CLAUSES**

**252.249-7000 Special Termination Costs.**

As prescribed in [249.501-70](#), insert the following clause:

**SPECIAL TERMINATION COSTS (DEC 1991)**

(a) *Definition.* “Special termination costs,” as used in this clause, means only costs in the following categories as defined in Part 31 of the Federal Acquisition Regulation (FAR)—

- (1) Severance pay, as provided in FAR 31.205-6(g);
- (2) Reasonable costs continuing after termination, as provided in FAR 31.205-42(b);
- (3) Settlement of expenses, as provided in FAR 31.205-42(g);
- (4) Costs of return of field service personnel from sites, as provided in FAR 31.205-35 and FAR 31.205-46(c); and
- (5) Costs in paragraphs (a)(1), (2), (3), and (4) of this clause to which subcontractors may be entitled in the event of termination.

(b) Notwithstanding the Limitation of Cost/Limitation of Funds clause of this contract, the Contractor shall not include in its estimate of costs incurred or to be incurred, any amount for special termination costs to which the Contractor may be entitled in the event this contract is terminated for the convenience of the Government.

(c) The Contractor agrees to perform this contract in such a manner that the Contractor's claim for special termination costs will not exceed \$\_\_\_\_\_. The Government shall have no obligation to pay the Contractor any amount for the special termination costs in excess of this amount.

(d) In the event of termination for the convenience of the Government, this clause shall not be construed as affecting the allowability of special termination costs in any manner other than limiting the maximum amount of the costs payable by the Government.

(e) This clause shall remain in full force and effect until this contract is fully funded.

(End of clause)

**252.249-7001 Reserved.**

**252.249-7002 Notification of Anticipated Contract Termination or Reduction.**  
As prescribed in [249.7004](#), use the following clause:

**NOTIFICATION OF ANTICIPATED CONTRACT TERMINATION OR REDUCTION  
(DEC 2022)**

(a) *Definitions.* As use in this clause—

“Major defense program” means a program that is carried out to produce or acquire a major system (as defined in 10 U.S.C. 3041(a)).

(b) *Scope.* This clause implements section 1372 of the National Defense Authorization Act for Fiscal Year 1994 (Pub. L. 103-160) and section 824 of the National Defense Authorization Act for Fiscal Year 1997 (Pub. L. 104-201), which are intended to help establish benefit eligibility under the Workforce Innovation and Opportunity Act (29 U.S.C. Chapter 32) for employees of DoD contractors and subcontractors adversely affected by contract terminations or substantial reductions under major defense programs.

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*(c) Notice to employees and state and local officials.*

(1) Within 2 weeks after the Contracting Officer notifies the Contractor that contract funding will be terminated or substantially reduced, the Contractor shall provide notice of such anticipated termination or reduction to—

(i) Each employee representative of the Contractor's employees whose work is directly related to the defense contract; or

(ii) If there is no such representative, each such employee;

(iii) The State or entity designated by the State to carry out rapid response activities described in the Workforce Innovation and Opportunity Act (29 U.S.C. 3174(a)(2)(A)(i)); and

(iv) The chief elected official of the unit of general local government within which the adverse effect may occur.

(2) The notice provided an employee under paragraph (c)(1) of this clause shall have the same effect as a notice of termination to the employee for the purposes of determining whether such employee is eligible for training, adjustment assistance, and employment services under the Workforce Innovation and Opportunity Act (29 U.S.C. Chapter 32).

(d) *Notice to subcontractors.* Not later than 60 days after the Contractor receives the Contracting Officer's notice of the anticipated termination or reduction, the Contractor shall—

(1) Provide notice of the anticipated termination or reduction to each first-tier subcontractor with a subcontract that equals or exceeds the threshold specified in Defense Federal Acquisition Regulation Supplement (DFARS) [249.7003\(c\)\(1\)](#) at the time of the notice; and

(2) Require that each such subcontractor—

(i) Provide notice to each of its subcontractors with a subcontract that equals or exceeds the threshold specified in DFARS [249.7003\(c\)\(2\)\(i\)](#) at the time of the notice; and

(ii) Impose a similar notice and flowdown requirement to subcontractors with subcontracts that equal or exceed the threshold specified in DFARS [249.7003\(c\)\(2\)\(ii\)](#) at the time of the notice.

(End of clause)

## **PGI 249—TERMINATION OF CONTRACTS**

### **PGI 249.1—GENERAL PRINCIPLES**

#### **PGI 249.105 Duties of termination contracting officer after issuance of notice of termination.**

##### **PGI 249.105-1 Release of excess funds.**

The DD Form 1598, Contract Termination Status Report, may be used to recommend the release of excess funds. Include the accounting classification reference numbers, funds citations, and allocated amounts in any recommendation for release of excess funds.

##### **PGI 249.105-70 Termination status reports.**

When the contract administration office receives a termination notice, it will—

- (1) Prepare a DD Form 1598, Contract Termination Status Report;
- (2) Within 30 days, send one copy to the purchasing office and one copy to the headquarters office to which the contract administration office is directly responsible;
- (3) Continue reporting semiannually to cover the six-month periods ending March and September. Submit the semiannual reports within 30 days after the end of the reporting period; and
- (4) Submit a final report within 30 days after closing the termination case.

##### **PGI 249.109 Settlement agreements.**

##### **PGI 249.109-7 Settlement by determination.**

- (1) Use a Standard Form 30 (SF 30), Amendment of Solicitation/Modification of Contract, to settle a convenience termination by determination—
  - (i) When the contractor has lost its right of appeal because it failed to submit a timely settlement proposal; and
  - (ii) To confirm the determination when the contractor does not appeal the termination contracting officer's decision.
- (2) The effective date of the SF 30 must be the same as the date of the letter of determination. Do not assign a supplementary procurement instrument identification number to the letter of determination. Send a copy of the SF 30 to the contractor by certified mail return receipt requested.

**PGI 249.109-70 Limitation on pricing of the terminated effort.**

When there is a termination for convenience (partial or whole) or a change that reduces scope, the price of the terminated or reduced effort that the contractor is required to credit back to the Government must not be more than the original amount placed on contract for that effort.

**PGI 249.110 Settlement negotiation memorandum.**

(1) *Fixed-price contracts.* Use the format in Table 49-1, Settlement Memorandum Fixed-Price Contracts, for the termination contracting officer's settlement memorandum for fixed-price contracts terminated for the convenience of the Government. Encourage contractors and subcontractors to use this format, appropriately modified, for subcontract settlements submitted for review and approval.

(2) *Cost-reimbursement contracts.* Use Part I of the format in Table 49-1 and Part II of the format in Table 49-2, Settlement Memorandum for Cost-Reimbursement Contracts, for the termination contracting officer's settlement memorandum for cost-reimbursement contracts:

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**TABLE 49-1, SETTLEMENT MEMORANDUM FIXED-PRICE CONTRACTS**

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**PART I--GENERAL INFORMATION**

1. Identification. (Identify memorandum as to its purpose and content.)
  - a. Name and address of the contractor. Comment on any pertinent affiliation between prime and subcontractors relative to the overall settlement.
  - b. Names and titles of both contractor and Government personnel who participated in the negotiation.
2. Description of terminated contract.
  - a. Date of contract and contract number.
  - b. Type of contract (e.g., fixed-price, fixed-price incentive).
  - c. General description of contract items.
  - d. Total contract price.
  - e. Furnish reference to the contract termination clauses (cite FAR/DFARS designation or other special provisions).
3. Termination notice.

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- a. Reference termination notice and state effective date of termination.
- b. Scope and nature of termination (complete or partial), items terminated, and unit price and total price of items terminated.
- c. State whether termination notice was amended, and explain any amendment.
- d. State whether contractor stopped work on effective termination date. If not, furnish details.
- e. State whether the contractor promptly terminated subcontracts.
- f. Statement as to the diversion of common items and return of goods to suppliers, if any.
- g. Furnish information as to contract performance and timeliness of deliveries by the contractor.

4. Contractor's settlement proposal.
  - a. Date and amount. Indicate date and location where claim was filed. State gross amount of claim. (If interim settlement proposals were filed, furnished information for each claim.)
  - b. Basis of claim. State whether claim was filed on inventory, total cost, or other basis. Explain rationale for approval when claim is filed on other than inventory basis.
  - c. Examination of proposal. State type of reviews made and by whom (audit, engineering, legal, or other).

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**PART II--SUMMARY OF CONTRACTOR'S CLAIM AND NEGOTIATED SETTLEMENT**

Prepare a summary substantially as follows:

Item Claimed	Contractor's Proposal	Dollars Accepted	Costs Questioned	Unresolved Items	TCO Negotiated Amount
1. Contractor's costs as set forth on settlement proposal. Metals, raw materials, etc.					
Total					
2. Profit					
3. Settlement expenses					
4. Total					
5. Settlement with subs					
6. Acceptable finished product					
7. Gross Total					
8. Disposal and other credits					
9. Net settlement					
10. Partial progress & advance payments					
11. Net payments requested					

### PART III--DISCUSSION OF SETTLEMENT

1. Contractor's cost.
  - a. If the settlement was negotiated on the basis of individual items, specify the factors and consideration for each item.
  - b. In the case of a lump-sum settlement, comment on the general basis for and major factors concerning each element of cost and profit included.
  - c. Comment on any important adjustments made to costs claimed or any significant amounts in relation to the total claim.
  - d. If a partial termination is involved, state whether the contractor has requested an equitable adjustment in the price of the continued portion of the contract.
  - e. Comment on any unadjusted contractual changes that are included in the settlement.
  - f. Comment on whether or not a loss would have been incurred and explain adjustment for loss, if any.
  - g. Furnish other information believed helpful to any reviewing authority in understanding the recommended settlement.
2. Profit. Explain the basis and factors considered in arriving at a fair profit.
3. Settlement expenses. Comment on and summarize those expenses not included in the audit review.
4. Subcontractor's settlements. Include the number of no-cost settlements, settlements concluded by the contractor under delegation of authority and those approved by the termination contracting officer, as well as the net amount of each.
5. Partial payments. Furnish the total amount of partial payments, if any.
6. Progress or advance payments. Furnish the total of unliquidated amounts, if any.
7. Claims of the Government against the contractor included in settlement agreement reservations. List all outstanding claims, if any, that the Government has against the contractor in connection with the terminated contract or terminated portion of the contract.
8. Assignments. List any assignments, giving name and address of assignee.
9. Disposal credits. Furnish information as to applicable disposal credits and give dollar amounts of all disposal credits.

10. Plant clearance. State whether plant clearance action has been completed and all inventory sold, retained, or otherwise properly disposed of in accordance with applicable plant clearance regulations. Comment on any unusual matters pertaining to plant clearances. Attach consolidated closing plant clearance report.
11. Government property. State whether all Government property has been accounted for.
12. Special tooling. If involved, furnish comment on disposition.
13. Summary of settlement. Summarize the settlement in tabular form substantially as follows:

TABULAR SUMMARY FOR COMPLETE OR PARTIAL TERMINATION		
	Amount <u>Claimed</u>	Amount <u>Allowed</u>
Prime contractors charges (before disposal credits)		
Plus: Subcontractor charges (after disposal credits)		
Gross settlement:		
Less: disposal credits--Prime		
Net settlement--Less:		
Prior payment credits (this settlement)		
Previous partial settlements		
Other credits or deductions		
Net payment:		
Total contract price (complete termination)		
Contract Price of Items Terminated (for partial termination)--Less:		
Total payments to date		
Net payment from this settlement		
Fund reserved for reservations		
Reduction in contract price		

14. Exclusions. Describe any proposed reservation of rights to the Government or to the contractor.
15. Include a statement that the settlement is fair and reasonable for the Government and the contractor. The contracting officer must sign and date the memorandum.

(End of memorandum)

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**TABLE 49-2, SETTLEMENT MEMORANDUM FOR COST-REIMBURSEMENT CONTRACTS**

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**PART II--SUMMARY OF SETTLEMENT**

1. Summary. Summarize the proposed settlement in tabular form substantially as shown in Tables 49-3 and 49-4. Partial settlements may be summarized on Table 49-4.

2. Comments. Explain tabular summaries.

    a. Summary of final settlement (see Table 49-3).

        (1) Explain why the auditor's final report was not available for consideration, if applicable.

        (2) Explain how the fixed-fee was adjusted. Identify basis used, such as percentage of completion. Include a description of factors considered and how they were considered. Include any tabular summaries and breakdowns deemed helpful to an understanding of the process. Factors that may be given consideration are outlined in FAR 49.305.

        (3) Briefly identify matters included in liability for property and other charges against the contractor arising from the contract.

        (4) Identify reservations included in the settlement that are other than standard reservations required by regulations and that are concerned with pending claims and refunds.

        (5) Explain substantial or otherwise important adjustments made in cost figures submitted by the contractor in arriving at the proposed settlement.

        (6) If unreimbursed costs were settled on a lump sum basis, explain the general basis for and the major factors considered in arriving at this settlement.

        (7) Comment on any unusual items of cost included in the claim and on any phase of cost allocation requiring particular attention and not covered above.

        (8) If the auditor's recommendations for nonacceptance were not followed, explain briefly the main reasons why such recommendations were not followed.

        (9) On items recommended for further consideration by the auditor, explain, in general, the basis for the action taken.

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(10) If any cost previously disallowed by a contracting officer is included in the proposed settlement, identify and explain the reason for inclusion of such costs.

(11) Show number and amounts of settlements with subcontractors.

(12) Use the following summary where settlement includes costs and fixed-fee in a complete termination:

Gross settlement	\$ _____
Less: Disposal credits	_____
Net settlement	_____
Less: Prior payments	_____
Other credits or deductions	_____
Total	_____
Net payment	\$ _____
Total contract estimated cost plus fixed fee	_____
Less: Net settlement	_____
Estimated reserve for exclusions	_____
Final contract price (Consisting of \$ _____ for reimbursement of costs and \$ _____ for adjusted fixed fee)	_____
Reduction in contract price (credit)	_____

(13) Plant clearance. Indicate dollar value of termination inventory and state whether plant clearance has been completed. Attach consolidated plant clearance report (SF 1424, Inventory Disposal Report).

(14) Government property. State whether all Government property has been accounted for.

(15) Include a statement that the settlement is fair and reasonable to the Government and the contractor. The contracting officer must sign and date the memorandum.

(End of memorandum)

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<b>TABLE 49-3, SUMMARY OF SETTLEMENT</b>		
	AMOUNT CLAIMED	AMOUNT ALLOWED
1. Previous reimbursed costs--Prime and Subs	\$ _____	\$ _____
2. Previous unreimbursed costs	\$ _____	\$ _____
3. Total cost settlement	\$ _____	\$ _____
4. Previous fees paid--Prime	\$ _____	\$ _____
5. Previous fees unpaid--Prime	\$ _____	\$ _____
6. Total fee settlement	\$ _____	\$ _____
7. Gross settlement	\$ _____	\$ _____
Less: Deductions not reflected in Items 1-7		
a. Disposal credits	\$ _____	
b. Other charges against contractor arising from contract	\$ _____	
8. Net settlement		\$ _____
Less: Prior payment credits		\$ _____
9. Net payment		\$ _____
10. Recapitulation of previous settlements (insert number of previous partial settlements effected on account of this particular termination):		
Aggregate gross amount of previous settlements		\$ _____
Aggregate net amount of previous partial settlements		\$ _____
Aggregate net payment provided in previous partial settlements		\$ _____
Aggregate amount allowed for prime contractor acquired property taken over by the Government in connection with previous partial settlements		\$ _____

<b>TABLE 49-4, UNREIMBURSED COSTS SUBMITTED ON SF 1437*</b>				
Costs	Amounts Claimed by Contractor's Proposal	Auditor's Recommendation		TCO's Computation
		Cost Questioned	Unresolved Items	
1. Direct material				
2. Direct labor				
3. Indirect factory expense				
4. Dies, jigs, fixtures and special tools				
5. Other costs				
6. General and administrative expenses				
7. Fee				
8. Settlement expense				
9. Settlement with subs				
10. Total costs (Items 1-9)				

\*Expand the format to include recommendations of technical personnel as required.

## **PGI 249.70— SPECIAL TERMINATION REQUIREMENTS**

### **PGI 249.7000 Terminated contracts with Canadian Commercial Corporation.**

(e) *Other responsibilities.* Understand the responsibilities of the Canadian Commercial Corporation associated with terminating contracts, including—

- (1) Settling all Canadian subcontractor termination claims under the Canadian Agreement;
- (2) Submitting schedules listing serviceable and usable contractor inventory for screening to the TCO (see FAR 45.6);
- (3) Sending all termination settlement proposals submitted by U.S. subcontractors and suppliers to the TCO of the cognizant contract administration office of the Defense Contract Management Agency for settlement;
- (4) Including the amount of the net settlement of U.S. subcontractors and suppliers in the termination proposal;
- (5) Executing the settlement agreement with these subcontractors;
- (6) Administering contracts that the U.S. contracting officer terminates; and
- (7) Settling all Canadian subcontracts in accordance with the policies, practices, and procedures of the Canadian Government.

**PGI 249.7001 Congressional notification on significant contract terminations.**

(1) Department and agency liaison offices will coordinate timing of the congressional notification and public release of the information with release of the termination notice to the contractor. Department and agency liaison offices are—

- (i) Army - Chief, Legislative Liaison (SALL-SPA).
- (ii) Navy - Chief of Legislative Affairs (OLA-N).
- (iii) Air Force - SAF/AQC.
- (iv) Defense Advanced Research Projects Agency – CMO.
- (v) Defense Information Systems Agency - Contract Management Division (Code 260).
- (vi) Defense Intelligence Agency – RSQ.
- (vii) Defense Logistics Agency - DLSC-P.
- (viii) National Geospatial-Intelligence Agency - NGA (A).
- (ix) Defense Threat Reduction Agency - Acquisition Management Office (AM).
- (x) National Security Agency/Central Security Service - Chief, Office of Contracting.
- (xi) Missile Defense Agency - Director of Contracts (MDA-DCT).

(2) Request clearance to release information in accordance with departmental procedures as soon as possible after the decision to terminate is made. Until clearance has been obtained, treat this information as “Controlled Unclassified Information” unless the information is classified.

(3) Include in the request for clearance—

- (i) Contract number, date, and type of contract;
- (ii) Name of the company;
- (iii) Nature of contract or end item;
- (iv) The reason for the termination;

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- (v) Contract price of the items terminated;
- (vi) Total number of contractor employees involved, including the Government's estimate of the number who may be discharged;
- (vii) Statement of anticipated impact on the company and the community;
- (viii) The area labor category, whether the contractor is a large or small business, and any known impact on hard core disadvantaged employment programs;
- (ix) Total number of subcontractors involved and the impact in this area; and
- (x) An unclassified draft of a suggested press release.

(4) To minimize termination costs, liaison offices will act promptly on all requests for clearance and will provide a response not later than two working days after receipt of the request.