## SETTLEMENT PROPOSAL (SHORT FORM)

Public reporting burden for this collection of information is estimated to average 2.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (OBA), Regulatory and Federal Assistance Publications Division, GSA, Washington, DC 20405.

**Fillable Fields:**
- **TIES PROPOSAL APPLIED TO (Tied to):**
  - A Prime Contract with the Government
  - A Purchase Order
- **CONTRACTOR WHO SENT NOTICE OF TERMINATION:**
  - NAME
  - ADDRESS (including ZIP Code)
- **IF MONEY PAYABLE UNDER THIS CONTRACT HAS BEEN ASSIGNED,** give the following:
  - NAME OF ASSIGNEE
  - ADDRESS (including ZIP Code)
- **SECTION I - STATUS OF CONTRACT OR ORDER AT EFFECTIVE DATE OF TERMINATION**
  - **PRODUCTS COVERED BY TERMINATED CONTRACT OR PURCHASE ORDER**
    - FINISHED
      - PREVIOUSLY SHIPPED AND INVOICED
      - QUANTITY
      - UNFINISHED OR NOT COMPLETED
    - PAYMENT TO BE RECEIVED THROUGH
    - INCLUDED IN THIS PROPOSAL
    - UNFINISHED OR NOT COMPLETED
    - TOTAL COVERED BY CONTRACT OR ORDER

- **SECTION II - PROPOSED SETTLEMENT**
  - **ITEM**
  - (Include only items allocable to the terminated portion of contract)
  - **AMOUNT OF CHARGE ($)**

  1. CHARGE FOR ACCEPTABLE FINISHED PRODUCT NOT COVERED BY INVOICING (Item SF 142B)
  2. CHARGE FOR WORK IN PROGRESS, RAW MATERIAL, ETC., ON HAND (Item SF 142B)
  3. OTHER CHARGES INCLUDING PROFIT AND SETTLEMENT EXPENSES
  4. CHARGES FOR SETTLEMENTS WITH SUBCONTRACTORS
  5. GROSS PROPOSED SETTLEMENT (Sum of Items 1 thru 4)
  6. DISPOSAL AND OTHER CREDITS (from SF 142A, Item 27, Col. 3)
  7. NET PROPOSED SETTLEMENT (Item 5 less 6)
  8. ADVANCE, PROGRESS, AND PARTIAL PAYMENTS
  9. NET PAYMENT REQUESTED (Item 7 less 8)

List your inventory on SF 142A and attach a copy thereto. Retain for the applicable period specified in the prime contract all papers and records relating to this proposal for future examination.

GIVE A BRIEF EXPLANATION OF HOW YOU ARRIVED AT THE AMOUNTS SHOWN IN ITEMS 3, 4, 6, AND 7.

I CERTIFY that the above proposed settlement includes only charges allocable to the terminated portion of the contract or purchase order, that the total charges (Item 5) and the disposal credits (Item 6) are fair and reasonable, and that this proposal has been prepared with knowledge that it will, or may, be used directly or indirectly as a basis for reimbursement under a settlement proposal (s) against agencies of the United States.

NAME OF YOUR COMPANY

SIGNATURE OF AUTHORIZED OFFICIAL

DATE

(Where the space provided for any information is insufficient, continue on a separate sheet.)
INSTRUCTIONS

1. This settlement proposal should be submitted to the contracting officer, if you are a prime contractor, or to your customer, if you are a subcontractor. The term contract as used hereinafter includes a subcontract or a purchase order.

2. Proposals that would normally be included in a single settlement proposal, such as those based on a series of separate orders for the same item under one contract should be consolidated wherever possible, and must not be divided in such a way as to bring them below $10,000.

3. You should review any aspects of your contract relating to termination and consult your customer or contracting officer for further information. Government regulations pertaining to the basis for determining a fair and reasonable termination settlement are contained in Part 49 of the Federal Acquisition Regulation. Your proposal for fair compensation should be prepared on the basis of the costs shown by your accounting records. Where your costs are not so shown, you may use any reasonable basis for estimating your costs which will provide for fair compensation for the preparations made and work done for the terminated portion of the contract, including a reasonable profit on such preparation and work.

4. Generally your settlement proposal may include under Items 2, 3, and 4, the following:
   a. COSTS - Costs incurred which are reasonably necessary and are properly allocable to the terminated portion of your contract under recognized commercial accounting practices, including direct and indirect manufacturing, selling and distribution, administrative, and other costs and expenses incurred.
   b. SETTLEMENT WITH SUBCONTRACTORS - Reasonable settlements of proposals of subcontractors allocable to the terminated portion of the subcontract. Copies of such settlements will be attached hereto.
   c. SETTLEMENT EXPENSES - Reasonable costs of protecting and preserving termination inventory in your possession and preparing your proposal.
   d. PROFIT - A reasonable profit with respect to the preparations you have made and work you have actually done for the terminated portion of your contract. No profit should be included for work which has not been done, nor shall profit be included for settlement expenses, or for settlement with subcontractors.

5. If you use this form, your total charges being proposed (line 5), must be less than $10,000. The Government has the right to examine your books and records relative to this proposal, and if you are a subcontractor, your customer must be satisfied with your proposal.

[88 FR 17762, Apr. 5, 2004]