

**PROGENY SYSTEMS CORPORATION PURCHASE ORDER TERMS AND CONDITIONS
FOR FIXED PRICE COMMERCIAL ITEMS UNDER A U.S. GOVERNMENT PRIME CONTRACT**

ARTICLE 1

1. Acceptance of Purchase Order

This Purchase Order, including the terms on the face of the Purchase Order, constitutes the entire agreement of the parties with respect to the subject matter on the face of the Purchase Order and, therefore, supersedes all prior offers, negotiations, and agreements regarding the subject matter of this Purchase Order. Seller accepts this Purchase Order by acknowledging the Purchase Order, accepting payment, or commencing performance. Any differing or additional terms proposed by Seller or included in Seller's acknowledgment are objected to and have no effect unless the Buyer expressly accepts them in writing.

2. Assignments

Neither party shall assign its contract rights or delegate its contract duties without prior written consent from the other party. However, Seller may assign rights to be paid amounts due, or to become due, to a financing institution if Buyer is promptly furnished a signed copy of the assignment reasonably in advance of the due date for payment of any such amounts. Any amounts assigned by Seller will be subject to setoff or recoupment for any present or future claims of Buyer against Seller. Buyer may make settlements or adjustments in price or both without notice to any assignee financing institution.

3. Business Ethics

Seller shall conduct itself with the highest degree of integrity and honesty and comply with all applicable federal and state laws.

4. Changes

The Buyer's Procurement Representative may at any time, by written notice, and without notice to sureties or assignees, make changes within the general scope of this Purchase Order in any one or more of the following:

- (1) method of shipping or packing;
- (2) place of inspection, acceptance, or point of delivery; and
- (3) delivery schedule.

If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of this Purchase Order, Buyer shall make an equitable adjustment in the Purchase Order price or delivery schedule or both, and shall modify this Purchase Order accordingly. Seller must assert its right to an equitable adjustment under this clause within thirty (30) days from the date of receipt of the written change order from Buyer. If the Seller's proposed equitable adjustment includes the cost of property made obsolete or excess by the change, Buyer may prescribe the manner of disposition of the property. Failure to agree to any adjustment will be resolved in accordance with the "Disputes" clause of this Purchase Order. However, nothing contained in this "Changes" clause may excuse Seller from proceeding without delay in the performance of this Purchase Order as changed.

5. Communication with Buyer's Customer

Buyer shall communicate and coordinate with the customer, including the U. S. Government, as it affects the applicable prime contract, this Purchase

Order, and any related contract. Seller shall not communicate or coordinate with the customer unless Buyer gives written permission to Seller.

6. Compliance with Laws

This Purchase Order shall be construed in accordance with, and governed by, the laws of the Commonwealth of Virginia without regard to that state's choice of law principles, except that any provision in this Purchase Order that is incorporated by full text, by reference, or is substantially based on the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), or other agency(s) regulation, including agency regulations that implement and supplement the FAR, shall be construed and interpreted according to the federal common law of Government Contracts as set forth and applied by federal judicial bodies, boards of contracts appeals, and quasi-judicial agencies of the federal Government. This purchase order and activities hereunder are within the jurisdiction of the United States Government. Any knowing and willful act to falsify, conceal, or alter a material fact, or any false, fraudulent, or fictitious statement or representation in connection with the performance of work under this purchase order may be punishable in accordance with applicable Federal statutes.

7. Definitions

The following terms have the meanings set forth below:

"Buyer" means Progeny Systems Corporation, acting through its companies or business units as identified on the face of this Purchase Order.

"Purchase Order" means the instrument of contracting, such as "Contract", "PO", "Subcontract", "Agreement" or other such type designation, including these Terms and Conditions, all referenced documents, exhibits and attachments.

"FAR" means the Federal Acquisition Regulation, issued as Chapter 1 of Title 48, Code of Federal Regulations.

"Buyer's Procurement Representative" means a person authorized by Buyer's cognizant procurement organization to administer and/or execute this Purchase Order.

"Seller" means the party identified on the face of this Purchase Order with whom Buyer is contracting.

"Work" means all required labor, articles, materials, supplies, goods, and services constituting the subject matter of this Purchase Order and includes any items identified as a deliverable under this Purchase Order.

8. Disclosure

Seller shall not disclose information regarding the terms and subject matter of this agreement to any person or persons outside their respective organization or any unauthorized person or persons within such organizations, without Buyer prior written authorization provided, however, that Seller may disclose any information required by law or regulation. The Parties will not disclose any proprietary information under this agreement.

In the event it becomes necessary to disclose proprietary information during the term of this Purchase Order, a separate Non-Disclosure Agreement (NDA) will be executed prior to the disclosure.

9. Disputes

All disputes under this Purchase Order that are not disposed of by mutual agreement may be decided by recourse to an action at law or in equity. Until final resolution of any dispute hereunder, Seller shall fulfill its obligations under the Purchase Order.

10. Electronic Contracting

The parties agree that if this Purchase Order is transmitted electronically neither party may contest the validity of this Purchase Order, or any acknowledgement thereof, on the basis that this Purchase Order or acknowledgement contains an electronic signature.

11. Equal Opportunity for Vietnam Era Veterans' Readjustment Assistance Act (VEVRAA) and Equal Opportunity for Workers with Disabilities.

(a) The clause at 41 CFR 60-300.5(a) is incorporated herein by reference. The clause applies if this Contract is for \$100,000 or more, unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to VEVRAA. As used in the clause, "contractor" means "Seller." This clause applies in addition to FAR 52.222-35 if included in this Contract. Buyer and Seller shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.

(b) Equal Opportunity for Workers with Disabilities. The clause at 41 CFR 60-741.5 is incorporated herein by reference. The clause applies if this Contract is excess of \$10,000, unless exempted by the rules, regulations, or orders of the Secretary issued pursuant to section 503 of the act, as amended. As used in the clause, "contractor" means "Seller." This clause applies in addition to FAR 52.222-36 if included in this Contract. Buyer and Seller shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

12. Export/Import Controls

(a) Seller agrees to comply with all applicable export and re-export control laws and regulations, including the Export Administration Regulations ("EAR") maintained by the U.S. Department of Commerce; trade and economic sanctions maintained by the Treasury Department's Office of Foreign Assets Control; and the International Traffic in Arms Regulations ("ITAR") maintained by the Department of State. Specifically, Seller covenants that Seller shall not, directly or indirectly, sell, export, re-export, transfer, divert, or otherwise dispose of any products, software, or technology (including products derived from or based on such technology) that is subject to this Agreement to any destination, entity, or person prohibited by the laws or regulations of any jurisdiction, including without limitation, the United States, without obtaining prior authorization from the relevant government authorities as required by those laws and regulations.

(b) Seller hereby represents that neither Seller nor any parent, subsidiary or affiliate of Seller is included on any of the restricted party lists maintained by the U.S. Government, including the Specially Designated Nationals List administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), Denied Parties List, Unverified List or Entity List maintained by the U.S. Commerce Department's Bureau of Industry and Security ("BIS"), or the List of Statutorily Debarred Parties maintained by the U.S. State Department's Directorate of Defense Trade Controls, or the consolidated list of asset freeze targets designated by the United Nations, European Union, and United Kingdom (collectively, "Restricted Party Lists"). Seller shall immediately notify the Buyer if Seller, or any parent, subsidiary or affiliate of Seller becomes listed on any Restricted Party List or if Seller's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. or non-U.S. government entity or agency.

(c) Seller shall include paragraphs (a) through (c) of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or delivered as Work to Buyer. Seller shall immediately notify Buyer upon learning that any lower tier subcontractor with which it engages has become listed on the Restricted Parties List.

13. Extras

Work must not be supplied in excess of quantities specified in this Purchase Order. Seller will be liable for handling charges and return shipment costs for any excess quantities.

14. Force Majeure

Except for defaults of Seller's subcontractors at any tier, neither Buyer nor Seller will be liable for any failure to perform due to any cause beyond their reasonable control and without their fault or negligence. Such causes include, but are not limited to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, terrorism, quarantine restrictions, strikes, freight embargoes, and unusually severe weather. In the event that performance of this Purchase Order is hindered, delayed or adversely affected by causes of the type described above ("Force Majeure"), then the party whose performance is so affected shall notify the other party's authorized representative in writing and, at Buyer's option, this Purchase Order may be completed with such adjustments as are reasonably required by the existence of Force Majeure.

15. Independent Contractor Relationship

Seller is an independent contractor in all its operations and activities hereunder. Seller's employees shall perform Work under this Purchase Order.

16. Infringement

Seller warrants that all Work performed or delivered under this Purchase Order, which are not of Buyer's design, shall not infringe or otherwise violate the intellectual property rights of any third party in the United States or any foreign country.

17. Inspection

Buyer's final inspection and acceptance shall be at destination. Buyer's failure to inspect does not relieve Seller of any responsibility to perform according to the terms of the Purchase Order. Seller shall not re-tender rejected Work without disclosing the corrective action taken.

18. Insurance

Seller shall maintain liability and property damage insurance adequate to cover its obligations under this Purchase Order. Additionally, Seller shall maintain workmen's compensation coverage on all employees engaged in the performance of its obligations under this Purchase Order.

19. Invoicing

Unless otherwise specified in this Purchase Order, terms of payment are net 45 days from receipt of invoice. The time allowable for payments will begin after the following: (1) Buyer's receipt of Seller's invoice, and (2) Delivery of acceptable supplies or performance of satisfactory services. Seller's invoices shall include the Purchase Order number.

Submit invoices to:

Progeny System Corporation
9500 Innovation Drive
Manassas, VA 20110
Attn: Accounts Payable
AccountsPayable@progeny.net

20. New Materials and Counterfeit Work

For purposes of this clause, Work consists of those parts delivered under this Purchase Order that are the lowest level of separately identifiable items (e.g., articles, components, goods, and assemblies). "Counterfeit Work" means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.

Seller shall not deliver Counterfeit Work or suspected Counterfeit Work to Buyer under this Purchase Order. The Work to be delivered hereunder will consist of new materials, as defined in FAR 52.211-5, not used, or reconditioned, remanufactured, or of such age as to impair its usefulness or safety. Any Work delivered shall be from and only contain materials obtained directly from the Original Equipment Manufacturer (OEM)/Original Component Manufacturer (OCM) or an authorized OEM/OCM reseller or distributor. Work shall not be acquired from independent distributors or brokers unless approved in advance in writing by Buyer.

Seller shall immediately notify Buyer if Seller becomes aware or suspects that it has furnished Counterfeit Work. When requested by Buyer, Seller shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM. Buyer can face substantial Federal penalties, including fines and/or imprisonment, if found to be intentionally trafficking in counterfeit goods or services.

Seller shall establish and maintain an acceptable counterfeit part detection and avoidance system in accordance with industry recognized standards and in accordance with the requirements of DFARS 252.246-7007 ("Contractor Counterfeit Electronic Part Detection and Avoidance System") and shall comply with the requirements of DFARS 252.246-7008 ("Sources of Electronic Parts").

This clause applies in addition to any quality provision, specification, statement of work or other provision included in this Purchase Order

addressing the authenticity of Work. If any other clause or provision in this Purchase Order conflicts with this clause in part or in whole, this clause shall take precedence.

In the event that Work delivered under this Order constitutes or includes Counterfeit Work, Seller shall, at its expense, promptly replace such Counterfeit Work with genuine Work conforming to the requirements of this Purchase Order. Notwithstanding any other clause in this Purchase Order, Seller shall be liable for all costs relating to the removal and replacement of Counterfeit Work, including without limitation Buyer's costs of removing Counterfeit Work, of installing replacement Work, and of any testing necessitated by the reinstallation of Work after Counterfeit Work has been exchanged. The remedies contained in this paragraph are in addition to any remedies Buyer may have at law, equity or under other provisions of this Purchase Order.

Seller shall include this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to Buyer.

21. Notification of Debarment/Suspension

By acceptance of this Purchase Order, Seller certifies that as of the date of award of this Purchase Order neither the Seller, nor any of its Principals, nor any subcontractors engaged to perform on this agreement is debarred, suspended or proposed for debarment by the federal government. Seller shall notify Buyer if any of their subcontractors, or any of its Principals, are or become debarred, suspended, or proposed for debarment by the federal government provided however that this requirement shall not apply to the purchase of commercial off the shelf items. Seller shall include the requirements of this clause in each subcontract that (1) exceeds \$35,000 in value; and (2) is not a subcontract for commercially available off-the-shelf items.

22. Precedence

Any inconsistencies in this Purchase Order will be resolved in accordance with the following descending order of precedence:

- (1) Face of the Purchase Order and/or Change Order, release document, or schedule, (including any continuation sheets), as applicable, including any special terms and conditions;
- (2) Article 1 (Terms and Conditions) and Article 2 (FAR/DFARS Flowdown Provisions); and
- (3) Any supplementary document invoked in this Purchase Order.

23. Priority Rating

If so identified, this Purchase Order is a "rated order" certified for national defense, emergency preparedness, and energy program use, and Seller shall follow all the requirements of the Defense Priorities and Allocation System Regulation (15 C.F.R. Part 700).

24. Purchase Order Direction

Only the Buyer's Procurement Representative has authority on behalf of Buyer to make changes to this Purchase Order. All changes must be identified as such in writing and executed by the parties. Buyer's engineering and technical personnel may from time to time render assistance or give technical advice or discuss or effect an exchange of information with Seller's personnel concerning the Work hereunder. No such action will be deemed to be a change under the "Changes" clause of

this Purchase Order and will not be the basis for equitable adjustment. Except as otherwise provided herein, all notices to be furnished by either party must be in writing and sent to the Procurement Representative of the other party.

25. Quality Control System

(a) Seller shall provide and maintain a quality control system to an industry recognized Quality Standard and in compliance with any other specific quality requirements identified in this Purchase Order.

(b) Records of all quality control inspection work by Seller shall be kept complete and available to Buyer and its customers.

26. Retention of Records

Unless a longer period is specified in this Purchase Order or by law or regulation, Seller shall retain all records related to this Purchase Order for three (3) years from the date of final payment received by Seller. Records related to this Purchase Order include, but are not limited to, financial, proposal, procurement, specifications, production, inspection, test, quality, shipping and export, and certification records. At no additional cost, Seller shall timely provide access to such records to the Buyer and/or its customers upon request.

27. Severability

Each clause, paragraph and subparagraph of this Purchase Order is severable, and if one or more of them are declared invalid, the remaining provisions of this Purchase Order will remain in full force and effect.

28. Shipping Instructions

Seller shall properly package materials hereunder. No charges will be allowed for packing, crating, freight, local cartage, or any other services unless so specified in this Purchase Order. Seller shall at all times comply with Buyer's written shipping instructions. Unless otherwise directed, all items shipped on the same day from and to a single location must be consolidated on one bill of lading or air bill, as appropriate. Seller shall submit all required shipping papers to Buyer prior to final payment. For material purchased F.O.B. origin, the Seller shall not insure and not declare a value except when transportation rates are based on "released value," in which instance the Seller will annotate on the bill of lading the lowest released value provided in applicable tariffs. Purchase Order number(s) must appear on all correspondence, shipping labels, and shipping documents, including all packing sheets, bills of lading, air bills, and invoices.

29. Stop Work

Seller shall stop Work for up to ninety (90) days in accordance with any written notice received from Buyer, or for such longer period of time as the parties may agree and shall take all reasonable steps to minimize the incurrence of costs allocable to the Work during the period of Work stoppage. Within such period, Buyer may terminate for convenience in accordance with the provisions of this Purchase Order or continue the Work by written notice to Seller. In the event of a continuation, an equitable adjustment in accordance with the principles of the "Changes" clause will be made to the price, delivery schedule, or other provision(s) affected by the Work stoppage, if applicable, provided that the claim for equitable adjustment is made within thirty (30) days after date of notice to continue.

30. Subcontracts

Seller agrees to obtain Buyer written approval before subcontracting any portion of this Purchase Order, provided however that this limitation shall not apply to the purchase of standard commercial supplies or raw material, if applicable.

31. Taxes

Unless this Purchase Order specifies otherwise, the price of this Purchase Order includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by this Purchase Order except for applicable sales and use taxes that are separately stated on Seller's invoice. Prices will not include any taxes, impositions, charges or exactions for which Buyer has furnished a valid exemption certificate or other evidence of exemption. To the extent that Buyer is required to do so under applicable United States law or tax regulations, Buyer may deduct from any payments due to Seller pursuant to this Purchase Order such taxes as Buyer is required to withhold from such payments and pay such taxes to the relevant tax authorities; provided, however, that Buyer provides Seller with relevant tax receipts or other suitable documentation evidencing the payment of such taxes promptly after such taxes are paid.

32. Termination for Convenience

Buyer may, by notice in writing, terminate this Purchase Order or work under this Purchase Order for convenience and without cause, in whole or in part, at any time. In the event of partial termination, Seller is not excused from performance of the non-terminated balance of work under the Purchase Order. In the event of such termination, Seller shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Seller will be reimbursed for actual, reasonable, substantiated and allowable costs, plus a reasonable profit for work performed to date of termination. Seller will not be paid for any Work performed or costs incurred which reasonably could have been avoided. In no event will Buyer be liable for lost or anticipated profits, or unabsorbed indirect costs or overhead, or for any sum in excess of the total Purchase Order price. Seller's termination claim will be submitted within ninety (90) days from the effective date of the termination. Buyer may take immediate possession of all work so performed upon written notice of termination to Seller.

33. Termination for Default

Buyer may, by notice in writing, terminate this Purchase Order in whole or in part at any time for breach of any one or more of its terms, for failure to make progress so as to endanger performance of this Purchase Order, or failure to provide adequate assurance of future performance, or Seller files or has filed against it a petition in bankruptcy; or becomes insolvent or suffers a material adverse change in financial condition. Seller may have ten (10) days (or such longer period as Buyer may authorize in writing) to cure any such failure after receipt of notice from Buyer. Default involving delivery schedule delays, bankruptcy or adverse change in financial condition will not be subject to the cure provision. In the event of partial termination, Seller is not excused from performance of the non-terminated balance of work under the Purchase Order. Following a termination for default of this Purchase Order, Seller will only be compensated for Work actually delivered and accepted. Buyer may require Seller to deliver to Buyer any supplies and materials, manufacturing materials, and manufacturing drawings that Seller has specifically produced or acquired for the terminated portion of this Purchase Order. Buyer and Seller shall agree

on the amount of payment for these other deliverables. Seller's obligations, including but not limited to obligations under the warranty, disclosure, and infringement provisions of this Purchase Order, will survive such termination. Upon the occurrence and during the continuation of a default, Buyer may exercise any and all rights and remedies available to it under applicable law and equity, including without limitation, cancellation of this Purchase Order. If after termination for default under this Purchase Order, it is determined that Seller was not in default, such termination will be deemed a termination for convenience.

34. Timely Performance

Failure to deliver in accordance with the delivery schedule under this Purchase Order, if unexcused, will be considered a material breach of this Purchase Order. No acts of Buyer, including without limitation modifications of this Purchase Order or acceptance of late deliveries, will constitute waiver of this provision. Buyer also reserves the right to refuse or return at Seller's risk and expense shipments made in excess of Buyer's orders or in advance of required schedules, or to defer payment on advance deliveries until scheduled delivery dates. In the event of a termination for convenience or change, no claim will be allowed for any manufacture or procurement in advance of Seller's normal flow time unless there has been prior written consent by Buyer. Seller shall notify Buyer in writing immediately of any actual or potential delay to the performance of this Purchase Order. Such notice will include a proposed revised schedule but such notice and proposal or Buyer's receipt or acceptance thereof will not constitute a waiver to Buyer's rights and remedies hereunder.

35. Waivers, Approvals, and Remedies

Failure by either party to enforce any of the provisions of this Purchase Order or applicable law will not constitute a waiver of the requirements of such provisions or law, or as a waiver of the right of a party thereafter to enforce such provision or law. Buyer's approval of documents will not relieve Seller of its obligation to comply with the requirements of this Purchase Order. The rights and remedies of either party in this Purchase Order are cumulative and in addition to any other rights and remedies provided by law or in equity.

36. Warranty

Seller warrants that all Work delivered under this Purchase Order will: (1) be free from defects in materials and workmanship; (2) be suitable for the intended purpose, if Seller is aware of purpose and Buyer relies on Seller's judgment and selection; and (3) be free from defects in title. This warranty shall begin upon final acceptance and extend for a period of one (1) year. Seller shall, at Buyer's option, promptly repair, replace, or re-perform the non-conforming Work. Transportation of replacement Work, return of non-conforming Work, and re-performance of Work shall be at Seller's expense. If repair, or replacement, or re-performance of Work is not timely, Buyer may elect to return, re-perform, repair, replace, or re-procure the Work at Seller's expense. The warranties in this provision shall inure to the benefit of Buyer, its customers, and subsequent owners or users of any delivered Work under this Purchase Order. If the Work furnished contains any manufacturer's warranties, Seller hereby assigns such warranties to Buyer and Buyer's Customer.

Article 2
FAR and DFARS FLOWDOWN PROVISIONS

2.1 Compliance with laws unique to Government contracts.

The Seller agrees to comply with 31 U.S.C. 1352 relating to limitations on the use of appropriated funds to influence certain Federal contracts; 18 U.S.C. 431 relating to officials not to benefit; 40 U.S.C. chapter 37, Contract Work Hours and Safety Standards; 41 U.S.C. chapter 87, Kickbacks; 41 U.S.C. 4712 and 10 U.S.C. 2409 relating to whistleblower protections; 49 U.S.C. 40118, Fly American; and 41 U.S.C. chapter 21 relating to procurement integrity.

2.2 Definitions.

The clause at FAR 52.202-1, Definitions, is incorporated herein by reference. In the FAR and DFARS clauses contained herein, when the terms "CO/PCO," "Government," "agency head," or similar terms are used, those terms shall mean Progeny Systems Corporation and the terms "Subcontractor" or "Contractor" shall mean Progeny Systems Corporation's Subcontractor or lower-tier subcontractors.

2.3 Other compliances.

The Seller shall comply with all applicable Federal, State and local laws, executive orders, rules and regulations applicable to its performance under this contract. The FAR and DFARS clauses in effect as of the date of this Contract are applicable as listed in Paragraph 2.4 unless otherwise specified in the clause.

2.4 Specific FAR/DFARS Provisions.

(a) The following FAR clauses are incorporated into this Purchase Order:

52.203-15, Whistleblower Protections under the American Recovery and Reinvestment Act of 2009 (Section 1553 of Pub. L. 111-5); applies if the subcontract is funded under the Recovery Act;

52.203-19, Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements;

52.204-7, Central Contractor Registration;

52.204-21, Basic Safeguarding of Covered Contractor Information Systems, other than subcontracts for commercially available off-the-shelf items, if flow down is required in accordance with paragraph (c) of FAR clause 52.204-21;

52.204-23, Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities;

52.209-10, Prohibition on Contracting with Inverted Domestic Corporations;

52.222-50, Combating Trafficking in Persons (22 U.S.C. 7104(g));

52.232-40 Providing Accelerated Payments to Small Business Subcontractors;

52.244-6, Subcontracts for Commercial Items; and

52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (46 U.S.C. App. 1241 and

10 U.S.C. 2631), if flow down is required in accordance with paragraph (d) of FAR clause 52.247-64.

(b) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$5,000:

52.223-18 Encouraging Contractor Policies to Ban Text Messaging While Driving; and

52.222-54 Employment Eligibility Verification (does not apply for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item).

(c) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$10,000:

52.222-21, Prohibition of Segregated Facilities. (Applicable when this contract is subject to the Equal Opportunity clause included herein);

52.222-22, Previous Contracts and Compliance Reports;

52.222-25, Affirmative Action Compliance;

52.222-26, Equal Opportunity (E.O. 11246);

52.222-40, Notification of Employee Rights Under the National Labor Relations Act (E.O. 13496). Applicable when this contract will be performed wholly or partially in the United States, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to section 3 of Executive Order 13496 of January 30, 2009; and

52.225-13, Restrictions on Certain Foreign Purchases.

(d) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$15,000:

52.222-36, Affirmative Action for Workers with Disabilities (29 U.S.C. 793). (Applicable unless exempted by rules, regulations, or orders of the Secretary.

(e) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$30,000:

52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards (Subparagraph (d)(2) does not apply). If Subcontractor meets the thresholds specified in paragraph (d)(1) of the clause, Subcontractor shall report required executive compensation by posting the information to the Government's System for Award Management database at www.sam.gov. All information posted will be available to the general public. Subcontractor shall notify

Buyer if it is below the dollar threshold identified in (g)(2) of this clause.

(f) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$35,000:

52.209-6, Protecting the Government's Interest when Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment. Does not apply if this is a subcontract for commercial off-the-shelf items.

(g) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$150,000:

52.222-35, Equal Opportunity for Veterans (38 U.S.C. 4212(a)). Applicable unless exempted by rules, regulations, or orders of the Secretary of Labor;
52.222-37 Employment Reports On Veterans. Applicable unless exempted by rules, regulations, or orders of the Secretary of Labor;
52.203-12, Limitation on Payments to Influence Certain Federal Transactions.

(i) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$700,000:

52.219-8, Utilization of Small Business Concerns (15 U.S.C. 637(d)(2) and (3)) (Applicable if the subcontract offers further subcontracting opportunities and unless subcontract is with small business concern or is otherwise exempt from the requirement.).

(j) The following FAR clauses are incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$5,500,000:

52.203-13, Contractor Code of Business Ethics and Conduct (Pub. L. 110-252, Title VI, Chapter 1 (41 U.S.C. 251 note).

(k) The following DFARS clauses are incorporated into this Purchase Order:

252.203-7002, Requirement to Inform Employees of Whistleblower Rights;
252.204-7009, Limitations on the Use and Disclosure of Third Party Contactor Reported Cyber Incident Information (applies if this Purchase Order involves services that include support for the Government's activities related to safeguarding covered defense information and cyber incident reporting.);
252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting (applies if this Purchase Order is for operationally critical support or for which performance will involve a covered contractor information system that processes, stores, or transmits covered defense information as those terms are defined in the clause. Seller shall furnish

Buyer copies of notices provided to the Contracting Officer at the time such notices are sent.);
252.204-7015, Disclosure of Information to Litigation Support Contractors;
252.211-7003, Item Unique Identification and Valuation (applies if this Subcontract requires the Work to contain unique item identification. Items subject to unique item identification are identified elsewhere in this Subcontract. All reports required to be submitted under this clause shall be submitted to Buyer. "Government" means "Buyer" except in the definition of "issuing agency" in paragraph (a));
252.225-7001, Buy American Act and Balance of Payments Program;
252.225-7002, Qualifying Country Sources as Subcontractors;
252.225-7007, Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies;
252.225-7009, Restriction on Acquisition of Certain Articles Containing Specialty Metals (10 U.S.C. 2533b);
252.225-7012, Preference for Certain Domestic Commodities;
252.225-7015, Restriction on Acquisition of Hand or Measuring Tools;
252.225-7039, Contractors Performing Private Security Functions (Section 862 of Pub. L. 110-181, as amended by section 853 of Pub. L. 110-417 and sections 831 and 832 of Pub. L. 111-383). (Applicable when performance will be in areas of contingency operations, complex contingency operations, or other military operations or exercises designated by the Combatant Commander);
252.225-7048, Export Controlled Items;
252.227-7015, Technical Data—Commercial Items, if applicable (see 227.7102-4(a));
252.227-7037, Validation of Restrictive Markings on Technical Data, if applicable (see 227.7102-4(c));
252.236-7013, Requirement for Competition Opportunity for American Steel Producers, Fabricators, and Manufacturers (Pub. L. 110-329, Division E, Section 108). (Applicable when subcontract involves the acquisition of steel as a construction material);
252.237-7010, Prohibition on Interrogation of Detainees by Contractor Personnel (Section 1038 of Pub. L. 111-84);
252.237-7019, Training for Contractor Personnel Interacting with Detainees (Section 1092 of Pub. L. 108-375);
252.239-7018, Supply Chain Risk;
252.244-7000 Subcontracts for Commercial Items;
252.246-7003, Notification of Potential Safety Issues;
252.246-7007, Contractor Counterfeit Electronic Part Detection and Avoidance System;
252.246-7008, Sources of Electronic Parts (applies if this subcontract is for electronic parts or assemblies containing electronic parts, unless Seller is the original manufacturer);

252.247-7023, Transportation of Supplies by Sea (10 U.S.C. 2631); and
252.247-7024, Notification of Transportation of Supplies by Sea (10 U.S.C. 2631).

(l) The following DFARs clause is incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$500,000:

252.226-7001, Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns.

(m) The following DFARs clause is incorporated into this Purchase Order, if the Purchase Order equals or exceeds \$700,000:

252.249-7002, Notification of Anticipated Subcontract Termination or Reduction.

(n) Applicability for the acquisition of Commercially available off-the-shelf (COTS) items:

COTS items are defined in FAR 2.101. Unless indicated otherwise, all of the clauses that apply to commercial items also apply to COTS. The following are not applicable to contracts for the acquisition of COTS items:

(a)(1) 41 U.S.C. 10a, portion of first sentence that reads “substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States,” Buy American Act-Supplies, component test (see FAR 52.225-1 and 52.225-3).

(2) 41 U.S.C. 10b, portion of first sentence that reads “substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States,” Buy American Act-Construction Materials, component test (see FAR 52.225-9 and 52.225-11).

(b) 42 U.S.C. 6962(c)(3)(A), Certification and Estimate of Percentage of Recovered Material.

2.5 Certifications and Representations.

Seller acknowledges that Buyer will rely upon Seller certifications and representations contained in this clause and in any written offer, proposal or quote, or annual representation and certification submission, which results in award of a contract to Seller. By entering into this Contract, Seller republishes the certifications and representations submitted with its written offer, including annual representations and certifications, and Seller makes those certifications and representations set forth below. Seller shall immediately notify Buyer of any change of status regarding any certification or representation.

1. FAR 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (Applicable to solicitations and contracts exceeding \$150,000).

(a) The definitions and prohibitions contained in the clause at FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions, included in this Contract, are hereby incorporated by reference in paragraph (B) of this certification.

(b) The Seller hereby certifies to the best of its knowledge and belief that:

1. No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of any Federal contract;

2. If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this solicitation, the offeror shall complete and submit with its offer, OMB standard form LLL, Disclosure of Lobbying Activities, to Progeny Systems Corporation.

(c) Submission of this certification and disclosure is a prerequisite for making or entering into this Contract imposed by section 1352, title 31, United States Code. Any person who makes expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

2. FAR 52.209-5 Certification Regarding Responsibility Matters

A. The Seller certifies, to the best of its knowledge and belief, that:

1. The Seller and/or any of its Principals-

a. Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

b. Have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or State antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating Federal criminal tax laws, or receiving stolen property;

c. Are not, presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in paragraph (A)(1)(b) of this provision; and

d. Have not, within a three-year period preceding this offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,500 for which the liability remains unsatisfied.

(1) Federal taxes are considered delinquent if both of the following criteria apply:

(i) The tax liability is finally determined. The liability is finally determined if it has been assessed. A liability is not finally determined

if there is a pending administrative or judicial challenge. In the case of a judicial challenge to the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.

(ii) The taxpayer is delinquent in making payment. A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

(2) Examples.

(i) The taxpayer has received a statutory notice of deficiency, under I.R.C. 6212, which entitles the taxpayer to seek Tax Court review of a proposed tax deficiency. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek Tax Court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(ii) The IRS has filed a notice of Federal tax lien with respect to an assessed tax liability, and the taxpayer has been issued a notice under I.R.C. 6320 entitling the taxpayer to request a hearing with IRS Office of Appeals contesting the lien filing, and to further appeal to the Tax Court if the IRS determines to sustain the lien filing. In the course of the hearing, the taxpayer is entitled to contest the underlying tax liability because the taxpayer has had no prior opportunity to contest the liability. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek tax court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(iii) The taxpayer has entered into an installment agreement pursuant to I.R.C. 6159. The taxpayer is making timely payments and is in full compliance with the agreement terms. The taxpayer is not delinquent because the taxpayer is not currently required to make full payment.

(iv) The taxpayer has filed for bankruptcy protection. The taxpayer is not delinquent because enforced collection action is stayed under 11 U.S.C. 362 (the Bankruptcy Code).

2. The Seller has not, within a three-year period preceding this offer, had one or more contracts terminated for default by any Federal agency.

3. "Principal," for the purpose of this certification, means an officer; director; owner; partner; or a person having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a division, or business segment, and similar positions).

This certification concerns a matter within the jurisdiction of any agency of the United States, and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Section 1001, Title 18, United States Code.

B. 1. The Seller shall provide immediate written notice to Buyer if, at any time prior to contract award, the Seller learns that its certification was erroneous when submitted or has become erroneous by reasons of changed circumstances.

2. The certification in paragraph A. of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Seller knowingly rendered an

erroneous certification, in addition to other remedies available to the Buyer, Buyer may terminate this Contract for default.

3. FAR 52.222-22 Previous Contracts and Compliance Reports

The Seller represents that if Seller has participated in a previous contract or subcontract subject to the Equal Opportunity clause of this Contract (FAR 52.222-26); (1) Seller has filed all required compliance reports; and (2) Representations indicating submission of required compliance reports, signed by proposed subcontractors, will be obtained before subcontract award.

4. FAR 52.222-25 Affirmative Action Compliance

The Seller represents that (1) it has developed and has on file at each establishment, affirmative action programs required by the rules and regulations of the Secretary of Labor (41 CFR 60-1 and 60-2) or (2) in the event such a program does not presently exist, Seller will develop and place in operation such a written Affirmative Action Compliance Program within one-hundred twenty (120) days from the award of this Contract.

5. Small Business Size Standard Representation

The Seller represents the size standard for Seller in System for Award Management is accurate as of the date of this Purchase Order. Under 15 U.S.C. 645(d), any person who misrepresents a firm's status as a small, HUBZone small, small disadvantaged, or women-owned small business concern in order to obtain a contract to be awarded under the preference programs established pursuant to section 8(a), 8(d), 9, or 15 of the Small Business Act or any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility, shall—

- (i) Be punished by imposition of fine, imprisonment, or both;
- (ii) Be subject to administrative remedies, including suspension and debarment; and
- (iii) Be ineligible for participation in programs conducted under the authority of the Act.

2.6 Flowdown Requirements

The Seller shall include the terms of this Article 2, including this paragraph (2.6), in all subcontracts awarded under this Purchase Order.