**Instructions:**

1. The Seller is responsible for all applicable sections of this document.
2. Section A is applicable to all purchase orders.
3. In addition to Section A, Section B is applicable to purchase orders on a Time & Material or Fixed Labor Hour basis.
4. In addition to Section A, Section C is applicable to purchase orders for non-commercial items on a fixed price or cost reimbursement basis.
5. In addition to Section A and Section C, Section D is applicable to purchase orders for non-commercial items on a cost reimbursement basis.

**SECTION A—CLAUSES APPLICABLE TO ALL CONTRACT TYPES (UNLESS OTHERWISE NOTED)**

**A-1. ENTIRE AGREEMENT**

Seller agrees to the following general provisions. Seller further agrees that the terms and conditions of the purchase order and any documents attached to or incorporated by reference into the purchase order shall constitute the entire agreement between the parties hereto and supersede all prior agreements relating to the subject matter hereof. This includes general provisions, any plans, specifications, schedules, regulations, etc. that are mutually agreed to in writing by both Harris and Seller. Seller represents and warrants that in entering this purchase order, Seller does not rely on any previous direct or implied representation, inducement, or understanding of any kind.

**A-2. DEFINITIONS**

As used in this purchase order:

A. “Days” shall mean calendar days unless otherwise expressly provided in the purchase order.

B. “Effective Date” shall mean the date on the front page of the purchase order unless order specifies otherwise.

C. “Contract” or “prime contract” means the contract existing between Harris and the Harris Customer (if any).

D. “Purchase order” or “agreement” or “order” means the contractual instrument in which these general provisions are incorporated, including all documents incorporated by reference.

E. “Seller” means the individual, association, partnership, corporation or other entity that agrees to perform in accordance with this purchase order.

F. “Buyer” or “Harris” means the Harris legal entity issuing the order.

G. “Harris Proprietary Information” shall mean trade secret, confidential, or proprietary information disclosed by Harris to Seller in connection with this purchase order, which either is identified to Seller as trade secret, confidential, or proprietary information. Harris Proprietary Information shall not include any information previously known to Seller without obligation of confidence, or which is in the public domain.

H. “Certificate of Compliance” means a certificate signed by an authorized representative of Seller’s Quality Department, certifying that the Work performed is of the quality specified and conforms in all respects with the requirements of the purchase order.

I. “Work” means the services that are the subject of the purchase order and any ancillary goods (e.g., materials, equipment, products, hardware, software, or information) furnished by Seller to Harris in performance of and pursuant to the purchase order.

**A-3. ORDER OF PRECEDENCE**

To the extent there are any conflicts among the provisions within the purchase order, such conflicting provisions shall prevail in the following order of precedence:

A. Purchase order;

B. Special Provisions as identified in the Supplemental Terms;

C. These general provisions;

D. Statement of Work or any other attachments when attached or incorporated by reference;

E. Specifications or any other performance requirements.

**A-4. ACCEPTANCE—MODIFICATION OF TERMS**

The purchase order constitutes acceptance of Seller’s offer and such acceptance is expressly made conditional on Seller’s assent to the terms and conditions contained in the purchase order. The purchase order will be deemed accepted by Seller upon the first to occur:

A. Seller’s written acceptance of the purchase order; or

B. Seller’s commencement of performance under the purchase order.

In either such event, any additional or different terms proposed by Seller are rejected unless expressly approved in writing by Harris. No communication from Seller that in any way differs from or adds to the purchase order, irrespective of whether or not Harris seasonably objects thereto, will be binding upon Harris unless such different or additional terms are incorporated into a writing signed by both Harris and Seller, making express reference to the purchase order.

**A-5. CHANGES**

A. Harris may, at any time by written notice or order, to the sureties, if any, make changes within the general scope of the purchase order in any one or more of the following:

(i) Shipping and packing instructions;

(ii) Reasonable changes in the quantity of work ordered;

(iii) Drawings, designs or specifications or other technical documents, including, but not limited to, the statement of work;

(iv) Place of performance, inspection, delivery or acceptance of the work; and
(v) Amount of Government-furnished or Harris-furnished property.

Except as otherwise provided in the purchase order, no changes shall be made unless such change is authorized in writing by Harris.

B. Equitable Adjustment: If any such change causes a variation in the cost of performance or the time required for performance, Harris shall make an equitable adjustment in the purchase order price, delivery schedule, and such other affected terms and conditions. The Parties shall modify the purchase order in writing accordingly. Seller must make any request for an equitable adjustment of price or schedule in writing to Harris within twenty-five (25) days from the date of Harris' written notification to Seller of the change or such further time as Harris may allow in writing. Seller shall then have thirty (30) days; from the date the request was submitted to Harris for an equitable adjustment, to submit a fully supported proposal. No proposal by the Seller for an equitable adjustment shall be allowed if asserted after final payment under this purchase order.

C. Failure to agree to any adjustment may be processed as a Dispute under the Disputes clause; however, nothing in this clause shall excuse the Seller from proceeding with the purchase order as changed.

D. Harris engineering and technical personnel may assist or give technical advice in an exchange of information with Seller's personnel concerning the articles to be furnished under this purchase order. Such exchange of information or advice shall not authorize Seller to change any of the terms, conditions, or provisions of the purchase order, nor shall such assistance or technical advice operate as a waiver or relinquishment of any rights reserved to Harris hereunder or at law.

A-6. NON-SOLICITATION

Seller agrees not to solicit for employment or hire any employee of Harris with whom Seller's personnel or agents have had contact with in the course of performing the Work under the purchase order. This restriction shall apply during a period of 180 days after completion of the Work rendered hereunder. This clause shall not restrict any employee from responding to or accepting offers of general employment from either party.

A-7. INSPECTION AND ACCEPTANCE

(Not applicable to Sections B & D)

A. Final Inspection and Acceptance: Except as otherwise agreed in writing, all Supplies provided under this purchase order shall be subject to final inspection and acceptance by Harris. Final acceptance by Harris of the Supplies provided hereunder shall take place only after complete delivery of all Supplies in accordance with the delivery schedule specified herein or later agreed upon by the parties in writing and after final inspection of those Supplies by Harris and Harris Customer. Final acceptance shall be contingent upon agreement by Harris that the Supplies conform to the requirements of this purchase order. Final acceptance by Harris shall be conclusive, except for latent defects, negligent or intentional misrepresentations by Seller that a nonconformity or defect would be, or had been, cured or did not exist, acceptance induced by false or negligent assurances of Seller, or as otherwise provided in this purchase order or applicable law. Final acceptance by Harris of the Supplies delivered hereunder shall not limit or affect the warranty or indemnity granted by Seller hereunder.

B. Inspection: Both Harris and Harris' customer may at any time (e.g., before, during or after manufacture or completion) inspect and test any or all Supplies ordered hereunder with reasonable notice. Such inspection and/or test may occur at Seller or Sellers' subcontractor's plant. All Supplies shall be subject to final acceptance by Harris. Inspections shall be performed in such a manner as not to delay Seller's performance unduly. In the case of rejection of any Supplies, neither Harris nor Harris' customer shall be liable for any reduction in value of samples used in connection with such inspection or test. No inspection, test, review, or approval by Harris or Harris' customer shall relieve Seller of any of its obligations under this purchase order, or constitute a waiver of any defects or nonconformities.

C. Rejected Supplies: Rejected Supplies may, at the option of Harris, be returned to Seller at Seller's expense for outbound and inbound shipments with risk of loss or damage upon Seller, or be accepted with an equitable adjustment in price. Upon rejection, Seller shall immediately refund previous payments. Seller shall not resubmit rejected Supplies for acceptance without a concurrent notice to Harris of the prior rejection. If, after request by Harris, Seller fails to promptly replace or correct any rejected Supplies, Harris at its sole discretion (1) may replace or correct such Supplies, and charge to Seller the cost incurred by Harris in doing so, or (2) may, without further notice, terminate this purchase order for default, in accordance with the Termination for Convenience clause of these general provisions. The foregoing remedies shall in no way prejudice the exercise of any other right or remedy that Harris may have at law or under this purchase order.

D. Risk of Loss: Seller shall bear the risk of loss or damage to the Supplies until they are delivered in conformity with this purchase order at the F.O.B. destination point stated in the purchase order. (If not otherwise stated, destination point shall be Harris' facility or F.O.B. Harris facility). Upon such delivery, Seller's responsibility for loss or damage to the Supplies shall cease except for loss or damage resulting from Seller's negligence or fault. Notwithstanding the foregoing, Seller shall remain responsible for risk of loss of any nonconforming or rejected Supplies, unless such loss, destruction, or damage results from the sole negligence of Harris.

E. Title: Except as otherwise stated in this purchase order, title to all Supplies furnished under this purchase order shall pass to Harris upon final acceptance regardless of when or where Harris takes physical possession of the items.

A-8. WARRANTY

(Not applicable to Section D)
A. Warranty: Seller represents and warrants to Harris and Harris' customer as follows:

1) The title of products ordered under this purchase order and conveyed by Seller shall be good and the transfer rightful and that the Products shall be delivered free from any security interest or other lien or encumbrance;

2) The products or services delivered hereunder will be of good quality, material, and workmanship in accordance with industry standards, is merchantable, and is fit and sufficient for the purpose for which the Products or Services are intended (to the extent Seller knows such purpose);

3) The products or services delivered hereunder is free of defects in design, material, and manufacture;

4) Except as otherwise expressly provided in this purchase order's specifications, all products are new (not used, remanufactured, refurbished, or reconditioned) and not of such age or so deteriorated as to impair their usefulness or safety and

5) The products or services provided by Seller under this purchase order do not infringe upon the rights of any third party. Seller also represents and warrants to Harris and Harris' Customer that if the products furnished by Seller contain any manufacturer's warranties, Seller hereby assigns such warranties to Harris and Harris' Customer.

B. Timing: The warranties and representations specified in paragraphs A above, shall continue following final acceptance by Harris for a period of one year (or such longer period of time as provided on the front of this purchase order or as Seller may warrant similar work to its most favored customer). The warranties also shall cover any Products or Services initially furnished with the warranty period commencing on delivery of the conforming corrected or replacement Products or Services. No approval of data or drawings shall relieve Seller of its warranties provided in this purchase order.

C. Most Favored Customer: Seller warrants that the prices, terms of payment, warranties and services extended under this purchase order or as Seller may warrant similar work to its most favored customer are new (not used, remanufactured, refurbished, or reconditioned) and not of such age or so deteriorated as to impair their usefulness or safety and

A-9. TERMINATION FOR DEFAULT (N/A to Section D)

A. General: In addition to any other remedies provided in this purchase order or applicable law, Harris may, by written notice of default to Seller, terminate this purchase order or any part thereof (at Harris' sole discretion) for default if Seller fails:

1) To deliver the Products or perform the services in accordance with the delivery schedule specified in this purchase order or any extension thereof by Change Order; or

2) To replace or correct defective Products or re-performance of the services in accordance with the provisions of the, "Inspection and Acceptance" clause; or

3) To perform completely any material provision of this purchase order; or

4) To make progress so as to endanger performance of this purchase order in accordance with its terms and, in the circumstances specified in (1) through (3) above, does not correct such failure within a period of ten(10) days or such longer period as Harris may authorize in writing after receipt of notice from Harris specifying such failure. In the event that this purchase order provides for the furnishing of Products in more than one lot, Harris may terminate the entire purchase order for cause upon Seller's failure as described above in connection with any one lot or part thereof.

B. Remedies: In the event of termination pursuant to this Clause, Harris, at its sole discretion, may take one or more of the following actions:

1) Purchase similar Products elsewhere on such terms and in such manner as Harris may deem appropriate and Seller shall be liable to Harris for any excess costs occasioned by Harris thereby;

2) Provide such materials, supplies, equipment and labor as may be necessary to complete the Products ordered hereunder, pay for same and deduct the amount so paid from any money then or thereafter due Seller;

3) Order all work under this purchase order stopped immediately, enter upon the premises and take possession, of all the Products, or have the same completed, furnished with the warranty period commencing on delivery of the conforming corrected or replacement Products or Services. No approval of data or drawings shall relieve Seller of its warranties provided in this purchase order.

4) Require Seller to transfer title and deliver to Harris as directed by Harris any (i) completed Products, and (ii) partially completed Products, including but not limited to materials, supplies, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights that Seller has specifically produced or acquired for the terminated portion of this purchase order;

5) Take any other action as applicable law or this purchase order may allow.

C. Wrongful Termination: If, after notice of default under paragraph a. above, it is determined that Seller was not in default, said notice shall be deemed to have been issued pursuant to the "Termination for Harris' Convenience" clause and the rights and obligations of the parties shall be governed by that clause.
D. **Limitation of Liability:** In the event of termination under this clause, Harris shall be liable to Seller only for the amount of any products completed by Seller and accepted but not yet paid for by Harris, and Seller shall be liable to Harris for any and all rights and remedies provided by this order and the law.

A-10. **TERMINATION FOR CONVENIENCE (N/A to Section D)**

The clause set forth in FAR 52.249-2 is incorporated and made a part hereof, except that in Paragraph (e) the reference to a “year” period for submission of a final termination proposal is changed to “six months.” Where used therein, the term “Contractor” shall mean “Seller,” the term “Contract” shall mean “purchase order,” and the term “Government/Contracting Officer” shall mean “Harris.” The reference to “Disputes clause” in Paragraph (j) of FAR 52.249-2 shall mean the Dispute Resolution clause in this purchase order.

A-11. **PAYMENT (N/A to Section D)**

A. Seller shall submit invoices to Harris in accordance with the terms of the purchase order, and such invoices shall contain at least the following information: purchase order number, description of the Work, and supporting documentation for the amount invoiced. Harris institutes its invoice payment processing on the first and fifteenth of each month and will pay invoices properly submitted hereunder within thirty (30) days of its bi-monthly invoice payment processing dates unless otherwise stated in the purchase order, after receipt of invoices and acceptance of the Work by Harris subject to the other provisions of the purchase order. Payment by Harris shall be deemed to have been made on the date Harris deposited the payment in the U.S. mail or with another recognized commercial carrier, or the date Harris made the electronic funds payment.

B. Harris may make any adjustment or withhold any payment Harris reasonably deems appropriate in Seller's invoices due to late delivery, rejections, or other failure to comply with the requirements of the purchase order. Payment does not constitute final acceptance.

C. The price set forth in the purchase order covers all Work ordered by Harris. The aggregate of the payments and reimbursements due the Seller by Harris shall not exceed the price for Seller's Work in the purchase order and Seller is not authorized to exceed nor is Harris obligated to pay Seller any amount exceeding the price of the Work stated in the purchase order. Any increase in the price for the Work shall be made by a change order in accordance with the clause entitled “Changes”.

D. If so specified in the purchase order, the Seller shall furnish a signed Certificate of Compliance to the requirements of the purchase order with each invoice. To substantiate the Certificate of Compliance; the Seller shall maintain inspection or test records which Harris or a Harris representative may audit from time to time.

A-12. **TAXES**

A. Except for any exemption which Seller may demonstrate applies, the price set forth in the purchase order is hereby understood and agreed to include all applicable foreign, Federal, state, and local taxes, including any sales and use taxes. Seller shall avail itself of any exemptions in the sales and use tax laws of any jurisdiction (other than Florida) in which Seller is performing the Work, and the price set forth on the purchase order assumes such exemptions are being used. Subject to the foregoing, no liability shall accrue to Harris for any such taxes.

B. **State of Florida Sales Tax Exemption:** Harris is registered as a dealer under the Florida Revenue Act of 1949 relating to sales and use taxes with the assigned dealer number 15-16-004700-63, (Harris, Melbourne, Florida).

A-13. **ASSIGNMENT AND DELEGATION**

A. **Non-Assignment:** Seller shall not assign the purchase order or any rights or claims under the purchase order without the prior written consent of Harris which shall not be unreasonably withheld. Seller may assign rights to be paid amounts due, or to become due, to a financing institution if Harris is promptly furnished a signed copy such assignment reasonably in advance of the due date for payment of any such amounts. Seller agrees that any attempted impermissible assignment shall be void without prior written consent of Harris.

B. **Non-Delegation:** Seller shall not delegate or subcontract any obligation or performance under the purchase order without the prior written consent of Harris, which shall not be unreasonably withheld, and any such attempted delegation or subcontract shall be void. Harris' consent for any subcontract:

   (i) Shall not constitute a determination of the acceptability of any subcontract terms or conditions or the acceptability of any subcontract price or any amounts paid under the subcontract, and

   (ii) Shall not relieve Seller of any responsibility arising under the purchase order, regardless of whether certain Work is performed directly by Seller or by a subcontractor.

A-14. **STOP WORK ORDERS**

A. Harris may at any time, by written order to the Seller, require the Seller to stop all, or part, of the work called for by this purchase order for a period of up to ninety (90) days after the Stop Order is delivered to the Seller, and for any further period to which the parties may agree. Any such Order shall be specifically identified as a Stop Work Order issued pursuant to this article. Upon receipt of such an order, the Seller shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Order during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to the Seller, or within any extension of that period to which the parties shall have agreed, Harris shall either:

   1) Cancel the Stop Work Order, or
2) Terminate the work covered by such Order as provided in the Termination clauses of this purchase order.

B. If a Stop Work Order issued under this article is cancelled, or the period of the order or any extension thereof expires, the Seller shall resume work. An equitable adjustment shall be made in the delivery schedule, the purchase order price, or both, and the purchase order shall be modified in writing accordingly, if

3) The Stop Work Order results in an increase in the time required for, or in the Seller's cost properly allocable to, the performance of any part of this purchase order and

4) The Seller asserts its rights for such adjustment within thirty (30) days after the end of the period of work stoppage; provided that, if Harris decides the facts justify such action, it may receive and act upon any such claim asserted at any time prior to final payment under this purchase order. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the Disputes clause of this purchase order.

C. If a Stop Work Order is not cancelled and the work covered by the order is terminated for the convenience of Harris, the reasonable costs resulting from the Stop Work Order shall be allowed in arriving at the Termination settlement.

A-15. APPlicable LAW

A. The purchase order, and any disputes related hereto, shall be governed by and interpreted in accordance with the laws of the State of Florida, USA, regardless of any conflict of law principles requiring the application of any other law. The Convention of the International Sale of Goods shall not apply to this purchase order, notwithstanding the foregoing of any provision of this purchase order that incorporates in text, or by reference, a provision of the FAR or DFARS shall be construed and interpreted according to the federal common law of government contracts, as interpreted by federal judicial bodies, boards of contracts appeals, and other quasi-judicial agencies of the federal government.

B. COMPLIANCE WITH LAWS

Seller agrees in the performance of the purchase order to comply with all applicable Foreign, Federal, State, and local laws, regulations, rules and orders, and any applicable Executive Orders.

A-18. COMPLIANCE WITH SPECIFICATIONS

Upon acceptance of this purchase order, the Seller agrees to supply Harris all materials, products, or services, in the quantities listed, in conformance with all purchase order requirements, including applicable Government, Harris, or other specifications or drawings, to extent specified. The required test and/or inspection reports/data resulting from Seller's compliance with applicable purchase order requirements shall be kept on file at the Seller's facility and made available for review by Harris representatives or Government inspectors at any reasonable time.

A-19. EFFECT OF INVALIDITY/SEVERABILITY

In the event any portion of the purchase order conflicts with governing law or if any arbitration panel or court of competent jurisdiction holds invalid, illegal, or unenforceable any portion of the purchase order, such portion (and only such portion) shall be deemed severed or modified to reflect as nearly as possible the parties' original intent. The remainder of the purchase order shall remain in full force and effect.

A-20. SURVIVAL

The general provisions of the purchase order, which by their very nature would continue beyond the termination, cancellation, or expiration of the purchase order, including, without limitation the following clauses: Order of Precedence, Definitions; Inspection & Acceptance; Termination for Default; Termination for Convenience; Product Support Clause; Use of Harris Proprietary Information; Indemnity for Defective Pricing; Survival; Intellectual Property Rights and Licenses; Applicable Law Dispute Resolution; Compliance with Laws; Notice; Warranty; Export Control Compliance,
A-21. NOTICE

Any notice or other communication required or permitted to be given by any provision of the purchase order shall be in writing and shall, unless otherwise provided, be deemed to have been effectively given:

A. Upon personal delivery;
B. When sent by registered or certified first class mail, postage pre-paid to the address contained in the purchase order;
C. When sent by an overnight courier service with all fees prepaid; or
D. When sent by electronic transmission to the fax number or e-mail address set forth in the purchase order.

A-22. INDEPENDENT CONTRACTOR

Each party hereto is an independent contractor and nothing contained in the purchase order shall be construed to be inconsistent with this relationship or status. As an independent contractor, each party has relied on its own expertise or the expertise of its legal, financial, technical or other advisors. Neither party owes a fiduciary duty to the other. Nothing in the purchase order shall be deemed to have been effectively given:

A. Financial, technical or other advisors.
B.Seller shall disclose to Buyer in writing any (OSS) requirements on Hazardous Substances and Waste Recycling Laws; and Responsibility for
C. Compliance with International Environmental
D. As used herein, "OSS" means software that incorporates or embeds software in, or uses software in connection with, as part of, bundled with, or alongside any (1) open source, publicly available, or "free" software, library or documentation, or (2) software that is licensed under an OSS License, or (3) software provided under a license that (a)subjects the delivered software to any OSS License, or (b) requires the delivered software to be licensed for the purpose of making derivative works or be redistributable at no charge, or (c) obligates BUYER to sell, loan, distribute, disclose or otherwise make available or accessible to any third party (i) the delivered software, or any portion thereof, in object code and/or source code formats, or (ii) any products incorporating the delivered software, or any portion thereof, in object code and/or source code formats.
E. Seller agrees to defend, indemnify, and hold harmless Harris, its customers and suppliers from and against any claims, damages, losses, costs, and expenses, including reasonable attorneys' fees, to the extent caused by Harris' use in connection with the purchase order or the delivery of Prohibited Software.

A-24. COMPLIANCE WITH INTERNATIONAL ENVIRONMENTAL REQUIREMENTS ON HAZARDOUS SUBSTANCES AND WASTE RECYCLING LAWS

(Applicable if Supplier is notified of European Union deliverables)

A. Seller shall bear all costs and expenses, including but not limited to those related to recycling or taking back the Products, arising out of or related to either Harris or Seller complying with the Applicable Laws and placing the Products on, or their importation into, any jurisdiction worldwide.
B. Seller shall indemnify and hold harmless from any cost, expense, liability or damage suffered by Harris by reason of any breach or alleged breach of any of the Applicable Laws arising out of or related to the Products.

A-25. RESPONSIBILITY FOR CLAIMS/INDEMNITY

A. General: Seller acknowledges that, as an independent contractor, it is furnishing Work to Harris which may be subject to certain local, state, Federal, and foreign laws and regulations. Seller therefore agrees to defend, indemnify and hold harmless Harris and Harris' Customer and their respective directors, officers, agents, and employees, against all Losses which arise out of or relate to Seller's failure to comply with all applicable local, state, Federal, and foreign laws and regulations in the performance of Seller's obligations under the purchase order. Seller also agrees to defend, indemnify and hold harmless Harris and Harris' Customer and their respective directors, officers, agents, and employees, against all Losses which arise out of or relate to Seller's failure to comply with the provisions of the purchase order.
B. Infringement: Seller shall indemnify, defend, and hold harmless, Harris and Harris' Customer and
their respective officers, directors, agents, and employees against Losses for any allegation of or suit or action for infringement of any United States or foreign patent, copyright, trademark, or other intellectual property right arising out of the performance of Work under the purchase order or out of the use or disposal of such Work by or for the account of Harris. Seller shall at its own expense either procure for Harris or for Harris and Harris’ Customer, as Harris shall require in its sole discretion, the right to continue using the alleged infringing Work, replace it with non-infringing Work, or modify Work so that it becomes non-infringing. The foregoing indemnity shall not apply unless Harris or Harris’ Customer informs Seller of the suit or action or other proceeding alleging infringement and gives Seller the opportunity as is afforded by applicable laws, rules, or regulations, to participate in the defense thereof.

C. Work on Harris Premises: If the purchase order involves performance by Seller on the premises of Harris or Harris’ customer, Seller agrees, in addition to any other indemnification obligations in the purchase order, to assume entire responsibility and liability for losses of any kind or nature whatever to persons, whether employees of Seller or otherwise, and to all property, caused by, resulting from, or arising out of Seller’s performance or that of its agents or employees; provided, however, that any such Losses shall not have been caused solely by the negligence of the agents, servants, or employees of Harris or Harris’ customer. Seller also shall carry adequate insurance as provided in the Clause entitled “Insurance” to cover all such risks and to protect Harris and Harris’ Customer pursuant to this Clause.

D. Performance of the purchase order: Seller shall, at its own expense, defend, indemnify and hold harmless Buyer from any claims or suits brought and liabilities and losses sustained by any third party for injury to persons or damage to property, arising in whole or in part out of the acts or omissions of Seller, its subcontractors, agents, or employees in the performance of this purchase order. If Seller fails to defend, hold harmless, and indemnify Buyer as provided by this clause, then Seller shall pay for any damages, attorney’s fees, and any other fees, costs, and expenses that may be incurred by the Buyer in defense of any action related to the purchase order and/or in the prosecution of any action to enforce the provisions of this clause. Buyer responsibility to indemnify Seller hereunder shall be reciprocal for claims arising out of acts or omissions of the Buyer.

A-26. EXPORT CONTROL COMPLIANCE

Seller, at its own expense, agrees to comply with all laws and regulations of the United States related to exports, imports, and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) (22 C.F.R. §§ 120-130), the Export Administration Regulations (EAR) (15 C.F.R. §§ 730-774), and the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220.22-M). Seller also agrees to obtain, at its sole expense, any export licenses or other official authorizations and to carry out any customs or immigration formalities or similar requirements for the export of any Products covered by this purchase order. Seller specifically shall obtain all required authorizations from the U.S. Government before transferring or otherwise disclosing technical data or technology (as those terms are defined in 22 C.F.R. § 120.10 and 15 C.F.R. § 722.1, respectively), to any Foreign Person (as defined in 22 C.F.R. § 120.16). Seller also shall provide written notification to Harris before assigning or granting access to a Foreign Person to any work, equipment, supplies, or technical data related to this purchase order.

A-27. GRATUITIES

Seller agrees not to offer or provide any Gratuities to any officers, employees, agents or representatives of Harris. Harris may terminate this purchase order for default as provided in the Termination for Default clause if Harris discovers that Gratuities were offered or given by Seller, or any agent or representative of Seller, to any officer, employee, agent or representative of Harris with a view toward securing a purchase order or securing favorable treatment with respect to the awarding or the making of any determinations with respect to the performing of the purchase order. In the event Harris terminates this purchase order for Default as provided herein, Harris may pursue any of the remedies set forth in the Termination for Default clause in addition to any other rights or remedies provided by law or this purchase order.

A-28. INSURANCE

A. Types of Insurance: Unless otherwise specified by Harris in writing, Seller shall maintain and cause Seller’s subcontractors to maintain during the term of this purchase order (a) workers’ compensation insurance as prescribed by the law of the state or nation in which the work is performed; (b) employer’s liability insurance with limits of at least $500,000 for each occurrence; (c) automobile liability insurance if the use of motor vehicles is required hereunder, with limits of at least $1,000,000 combined single limit for bodily injury and property damage per occurrence; and (d) Commercial General Liability (“CGL”) insurance, ISO 1988 or later occurrence form of insurance, including, without limitation, Blanket Contractual Liability and Broad Form Property Damage, with limits of at least $2,000,000 combined single limit for bodily injury and property damage per occurrence. All CGL and automobile liability insurance shall designate Harris, its affiliates, and its directors, officers, and employees (all referred to as “Harris”) as additional insured. All such insurance must be primary and non-contributory and required to respond and pay prior to any other insurance or self-insurance available. Insurance companies providing coverage under this purchase order must be rated by A-M Best with at least an AVII rating unless no such company is available in the local market. If specifically requested by Harris, Seller and Seller’s subcontractors shall furnish, prior to the start of work or at such other time as Harris requires, certificates or adequate proof of
the foregoing insurance, including, without limitation, endorsements and policies. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting the interest of Harris or Harris' Customer shall not be effective (1) for such period as the laws of the State in which this purchase order is to be performed require or (2) until thirty (30) days after the insurer or Seller gives written notice to Harris, whichever period is longer. Any other coverage available to Harris shall apply on an excess basis. Seller agrees that Seller, Seller's insurer(s) and anyone claiming by, through, under or on Seller's behalf shall have no claim, right of action or right of subrogation against Harris and Harris' Customer based on any loss or liability insured against under the foregoing insurance.

B. Harris Materials, Tools, and Equipment: Seller shall keep, at Seller's sole expense, all Harris materials and all tools and equipment, special or otherwise, in which Harris has any interest, insured against risk of loss or damage by fire or other unavoidable casualty for their fair market value at the time of receipt by Seller and during such time as they remain in Seller's possession.

C. No Effect on Indemnification Obligations: Seller's obligation to obtain the insurance specified in this Clause does not waive or release Seller's liabilities or duties to indemnify under this purchase order.

A-29. INTELLECTUAL PROPERTY RIGHTS AND LICENSES

A. Seller and Harris agree that if Seller exclusively used Harris monies (i.e. development was accomplished entirely with monies paid by Harris to Seller that did not originate as a direct cost allocated to a government contract) to develop any modifications, redesigns, improvements, or derivative works protectable by intellectual property rights, then, all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Seller in the course of Seller's Work under this purchase order shall be Harris intellectual property and Seller hereby agrees to assign, convey, and transfer as necessary all such modifications, redesigns, improvements, or derivative works in said property to Harris without any further consideration and upon request shall execute any required papers and furnish all reasonable assistance to Harris to vest all right, title and interest in such modifications, designs, improvements, or derivative works to Harris. Seller also agrees that Seller shall use Harris intellectual property during the term of this purchase order only for purposes of Seller's Work pursuant to this purchase order.

B. Except as otherwise expressly stated herein, Seller and Harris agree if Seller development of modifications, redesigns, improvements, or derivative works protectable by intellectual property rights was accomplished entirely with money that originated as a direct cost allocated to a government contract, that all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Seller in the course of Seller's Work under this purchase order shall be Seller's intellectual property, subject to the Government's rights in the technical data, computer software, and inventions (as those terms are defined in the Federal Acquisition Regulation ("FAR") or Department of Defense FAR Supplement ("DFARS") applicable to the Prime Contract) related to Seller's intellectual property. In addition to these Government rights, Seller agrees to grant and hereby grants to Harris, the following licenses:

1) an irrevocable, paid-up, royalty-free, worldwide, license to use, modify, disclose, reproduce, release, display, perform, prepare derivative works, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Unlimited Rights under FAR 52.227-14, DFARS 252.227-7013, or DFARS 252.227-7014 pursuant to this purchase order, for performance of the Prime Contract and any follow on contract; and

2) an irrevocable paid-up royalty-free license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, copyrightable works, reports and works of authorship delivered to the Government with Limited Rights under FAR 52.227-14 or DFARS 252.227-7013 pursuant to this purchase order ("the Limited Rights Data") subject to Harris abiding by the limitations provided in FAR 52.227-14 or DFARS 252.227-7013, as applicable, as if Harris were the Government. The license to Limited Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that Harris shall only distribute copies of Limited Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and use the Limited Rights Data subject to the limitations expressed in this subparagraph; and

3) an irrevocable, paid-up, royalty-free, worldwide license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Government Purposes Rights under DFARS 252.227-7013 or 252.227-7014 pursuant to this purchase order ("the Government Purpose Rights Data") subject to Harris abiding by the limitations provided in FAR 52.227-14 or DFARS 252.227-7013, as applicable, as if Harris were the Government. The license to Government Purpose Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that Harris shall only distribute copies of Government Purpose Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and
A-31. USE OF HARRIS PROPRIETARY INFORMATION

A. Protection of Harris Proprietary Information: Seller shall use and duplicate Harris Proprietary Information only as necessary for Seller's performance under the purchase order. Seller shall hold the Harris Proprietary Information confidential and shall not disclose Harris Proprietary Information to any third party, without Harris' written permission. Requests for permission to disclose Harris Proprietary Information shall identify the specific information to be released, the medium to be used, and the purpose for release. Seller shall submit such a request to Harris at least 30 days before the proposed date for release. Seller shall return to Harris, or destroy and certify as destroyed, all Harris Proprietary Information upon completion of Seller's performance under the purchase order, Harris' written request, or termination of the purchase order, whichever is earliest.

B. Flow-Down Requirement: Seller may disclose Harris Proprietary Information to its subcontractors only as required for performance of the purchase order and provided that each such subcontractor first assumes by written agreement the same confidentiality and non-disclosure imposed on Seller under the purchase order.

C. License Rights: The purchase order does not confer or grant, in any manner, any license or right under any patent, trademark, trade secret, mask work, copyright or other intellectual property right held by either party, unless specifically set forth in the body of the purchase order. Any intellectual property license or other authorization extended by express grant from one party to the other party as a result of the purchase order is limited by the necessities of Harris' performance under the prime contract and Seller's performance hereunder. Any such license shall terminate upon completion of Seller's performance hereunder or termination of the purchase order, whichever is earlier.

D. Advertisements and News Release: Neither party shall, without the prior written consent of the other party, use in advertisements and any other media, information relating to the purchase order or any Work performed hereunder. A party shall submit its request to the other party at least 30 days before the proposed date for release. Seller agrees to include a similar requirement in each subcontract under the purchase order. Subcontractors shall submit requests for authorization to release through Seller to Harris.

A-32. NOTIFICATION OF DEBARMENT/SUSPENSION STATUS

Seller shall provide immediate notice to Harris in the event Seller 1) is suspended, debarred or declared ineligible to receive contracts by any federal, state, or local government entity, or 2) receives notice of proposed or threatened debarment or suspension.

A-33. NONWAIVER

A. No waiver or discharge hereof shall be valid unless in writing and signed by an authorized representative of the party against which such waiver or discharge is sought to be enforced. A waiver of any provision of the purchase order shall not be construed to be a waiver of any succeeding breach of that provision or of any other provision.
B. Either party’s failure to enforce any provision of the purchase order or to protest any breach or default of the purchase order by the other party shall not be construed as evidence of (or evidence to interpret) the rights or obligations of the parties, or as a waiver of either party’s obligations or rights provided under the purchase order or applicable law.

A-34. DISCLOSURE OF INFORMATION, INCLUDING CONFIDENTIAL INFORMATION

A. The Seller shall not release to anyone outside the Seller’s organization any unclassified information, regardless of medium (e.g., film, tape, document), pertaining to any part of this purchase order or any program related to this purchase order, unless:
1) Harris has given prior written approval; or
2) The information is otherwise in the public domain before the date of release.

B. Requests for approval shall identify the specific information to be released, the medium to be used, and the purpose for the release. The Seller shall submit its request to Harris at least 60 days before the proposed date for release.

C. The Seller agrees to include a similar requirement in each Subcontract under this purchase order. Subcontractors shall submit requests for authorization to release through the Seller to Harris.

A-35. STANDARDS OF CONDUCT

Seller shall at all times enforce strict discipline and good order among its employees, and shall not employ on the Work covered by the purchase order any unfit person or anyone not skilled in the Work assigned to him. Seller also agrees that any employee, subcontractor, or agent provided under the purchase order to perform Work on Harris’ premises will acknowledge in writing the employment policies of Harris, which address sexual harassment, drug and alcohol abuse, and equal opportunity, and agree to abide by such policies. Seller agrees that Seller personnel or agents performing Work on Harris’ premises or the premises of Harris’ Customer also will observe all fire prevention, security, and safety rules in force at the site of the Work. In addition to any other indemnification obligations in the purchase order, Seller shall indemnify Harris against any liability arising from a violation of such acknowledgment by Seller’s employee, subcontractor, or agent. In addition to any other remedies available to Harris, Harris may, without notice and an opportunity to cure, expel from its property or worksite, or the property or worksite of Harris’ Customer, any employee, subcontractor or agent of Seller found violating any acknowledged Harris policy.

A-36. STATE OF FLORIDA CERTIFICATE OF REGISTRATION

Harris certifies that any material purchased hereunder unless otherwise specified and until this notice is revoked in writing, shall be considered to be purchased for resale as tangible personal property or as component parts thereof, for resale. Any material so purchased shall be considered to be State of Florida Sales and/or State of Florida Use Tax Exempt except that Harris reserves the right to review any such transactions and to submit directly to the State of Florida Revenue Commissioner any taxes due and payable. Harris is operating under the State of Florida Sales and Use Tax Act with the assigned numbers 15-16-004700-63, Harris, Melbourne, Florida.

A-37. CONTACTS WITH CUSTOMERS AND SUPPLIERS OF HARRIS

All contacts with customers and other suppliers of Harris pertaining to work and services under this purchase order shall, unless otherwise expressly provided herein or otherwise authorized in writing by Harris, be through Harris. Excepted from this is contact with the supplier’s Government audit and administrative personnel.

A-38. RELIANCE ON COUNSEL AND OTHER ADVISORS

Each party has consulted such legal, financial, technical or other expert it deems necessary or desirable before entering into this purchase order. Each party represents and warrants that it has read, knows, understands and agrees with the terms and conditions of its purchase order. Neither party has relied upon any oral representation of the other party in entering into this purchase order. All discussions, estimates or projections developed by a party during the course of negotiating the terms and conditions of this purchase order are by way of illustration only, and unless specifically contained in this purchase order or one of its Exhibits or Attachments, are not binding or enforceable against the other party in law or in equity.

A-39. DELIVERY

(Not applicable to Section D)

Time is of the essence under this purchase order. Seller understands that Harris depends upon prompt delivery and performance by Seller at the time specified in the schedules furnished by Harris in order to comply with Harris’ contractual obligations to third parties. Because time is of the essence, if delivery or performance of the work is not made in the quantities and at the time and manner specified, Harris shall have the right without liability, and in addition to its other rights and remedies under this purchase order and the law, to take one or more of the following actions: (1) direct expedited delivery of Products for which Seller shall bear all increased costs, including but not limited to, increased premium transportation charges and risk of loss; (2) direct acceleration of the work for which Seller shall bear all premium labor costs and other acceleration costs; (3) delay payment for a period of time equal to the lateness of such delivery or performance; or (4) terminate this purchase order for Default. Seller shall, in the event of a delay or threat of delay, due to any cause, in the production, delivery, or performance of work, including actual or potential labor disputes contemplated by this purchase order, immediately notify Harris in writing of the delay. Seller’s notice shall include all relevant information with respect to such delay or threatened delay. Seller shall be liable for any damages resulting from failure to make delivery or performance within the time called for by this purchase order or by any written instructions of Harris, except where such delay in delivery or performance was due to causes beyond the reasonable control of Seller and Seller notifies Harris as required by this clause.

A-40. MINIMUM BUYS—HAZARDOUS MATERIALS
A-41. NOTICE TO HARRIS OF LABOR DISPUTES
Whenever Seller has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this purchase order, Seller shall immediately give notice thereof, including all relevant information with respect thereto, to Harris. Seller shall include this Paragraph b. in each lower-tier Subcontract under this purchase order.

A-42. PARTS OBSOLESCEENCE
Harris may desire to place additional orders for items purchased hereunder. Seller shall provide Harris with a "Last Time Buy Notice" at least 12 months prior to any action to discontinue any item purchased under this purchase order.

A-43. COST ACCOUNTING STANDARDS
A. Seller shall comply with the Cost Accounting Standards defined in FAR 52.230-2, 52.230-3 and 52.230-6 when specifically incorporated by the purchase order. The Seller shall indemnify Harris from any liability, cost, including all legal expense, or price adjustment which Harris experiences under these clauses as a result of Seller’s failure in any way to comply with the provisions of such clauses.

B. In the event that a determination is made that the Seller has failed to comply with any of the applicable Cost Accounting Standards, Rules, and Regulations or has failed to comply with any disclosed accounting practice as submitted in a Disclosure Statement and that as a consequence of such determination the Harris Contract price or cost is reduced, Harris shall in turn reduce Seller’s purchase order price by a corresponding amount. In the event the Seller disagrees with the determination, and if the Seller (1) timely requests Harris to appeal from such determination under the “Disputes” clause of the Prime Contract and (2) timely furnishes to Harris reasonable grounds for taking such appeal, then Harris agrees, to the extent the Prime Contract allows and at the Seller’s expense, to appeal from such determination in the Harris name and on Seller’s behalf pursuant to the “Disputes” clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment has already been made to Seller for the purchase order in question, the Seller is required to repay to Harris the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by Harris. Failure to repay said amount within thirty (30) days shall subject Seller to payment of interest based on the then prevailing legal interest rate.

The applicable Cost Account Standards clauses shall be inserted by the Seller in all negotiated lower-tier purchase orders exceeding seven hundred thousand dollars ($700,000) except when the price is based on established catalog or market prices of commercial items sold in substantial quantities to the general public or is set by law or regulation.

A-44. SUBCONTRACTS AND PURCHASE ORDERS
Seller shall not subcontract without the prior written authorization of Harris for the design or development of the whole or any major component of any item ordered hereunder, and the Seller shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on use of authorized distributors or industrial suppliers for components. Harris must approve in advance any subcontractors who will be providing some or all of the services if the purchase order is primarily for the provision of services. Harris’ authorization to subcontract 1) shall not constitute a determination of the acceptability of any subcontract terms or conditions or the acceptability of any subcontract price or any amounts paid under the subcontract, and 2) shall not relieve Seller of any responsibility arising under the purchase order, regardless of whether certain work is performed directly by Seller or by a subcontractor.

A-45. PRODUCT SUPPORT CLAUSE
A. The Seller agrees the items supplied under this purchase order, including subassemblies and spare parts, shall be available to Harris for ten (10) years after the date of final shipment under this purchase order.

B. In the event the Seller discontinues manufacture of the aforementioned items, subassemblies, and spare parts, or no longer supports the items purchased and does not provide for another qualified source, the Seller shall make available to Harris data necessary to manufacture or procure said items, subassemblies, and spare parts under a royalty-free license which is hereby granted.

C. The Seller agrees to support the items purchased hereunder during for a period of ten (10) years from date of final shipment under this purchase order, whichever is later. Said support includes, but is not limited to, technical service, repairs, and maintenance.

A-46. INDEMNITY FOR DEFECTIVE PRICING
The Seller shall indemnify Harris for any liability or other cost incurred including attorneys’ fees which may arise under FAR Clauses 52.215-10 or 52.215-11, 52.215-12 or 52.215-13 which results from or by reason of submittal of defective cost or pricing data to Harris by Seller. In the event that determination is made under Harris’ Contract with its customer that incomplete, not current, or inaccurate cost or pricing data was furnished by Seller and that as a consequence of such determination that Harris Contract Price is reduced, Harris shall in turn reduce Seller’s purchase order price by a corresponding amount (less Harris’ fee) and submit written notification thereof to the Seller within fifteen (15) days of Harris receipt of notice from the Prime Contractor. In the event the Seller disagrees with the determination, and if the Seller (1) timely requests Harris to appeal from such determination under the “Disputes” clause of the Prime Contract, and (2) timely furnishes to Harris reasonable grounds for taking such appeal, then Harris agrees, to the extent the Prime
Contract allows and at the Seller's expense, to appeal from such determination in the Harris name and on Seller's behalf pursuant to the “Disputes” clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment had already been made on the purchase order in question, the Seller would be required to repay to Harris the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by Harris. Failure to repay said amount within thirty (30) days shall subject Seller to payment of interest based on the then prevailing legal interest rate.

**A-47. CLAUSES INCORPORATED BY REFERENCE**

The following FAR/DFARS Clauses identified in the Prime Contract as of the Effective Date are incorporated herein by reference with the same force and effect as if they are included in full text. If you do not have access to a copy of FAR, contact Harris for additional information. Applicability to this purchase order is indicated in the parenthesis following the clause title. The word “All” indicates the clause applies.

Clauses with an asterisk indicates they are the only clauses that are applicable to orders for commercial items.

**NOTE:** Unless otherwise expressly noted herein, where necessary to make the FAR and DFARS Clauses applicable to this purchase order and to protect Harris' interest, the words "Government," "DOD," and "Contracting Officer" each shall mean "Harris" or (when appropriate) "Harris and the Contracting Officer," the words "contractor" or "offeror" shall mean "Seller," and the words "contract" and "schedule" shall refer to this "purchase order."

The definitions outlined herein are intended to create legal relationships between Harris and Seller identical to, but not dependent on, the relationship the FAR and DFARS intend to establish between the "Government" and a "contractor." It is not the intent of Harris that any such substitution shall result in the disclosure of a party's proprietary and/or confidential cost and pricing data.

**A.FAR CLAUSES**

<table>
<thead>
<tr>
<th>REFERENCE</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.203-3</td>
<td>Gratuities (&gt;$150K)</td>
</tr>
<tr>
<td>52.203-5</td>
<td>Covenant Against Contingent Fees (&gt;150K)</td>
</tr>
<tr>
<td>52.203-6</td>
<td>Restrictions of Contractor Sale to the Government (&gt;150K)</td>
</tr>
<tr>
<td>52.203-7</td>
<td>Anti-Kickback Procedures (Less Par. (c)(1)) (&gt;150K)</td>
</tr>
<tr>
<td>52.203-10</td>
<td>Price or Fee Adjustment for Illegal or Improper Activity (&gt;150K)</td>
</tr>
<tr>
<td>52.203-12</td>
<td>Limitations on Payments to Influence Certain Federal Transaction. (&gt;150K)</td>
</tr>
<tr>
<td>52.203-13*</td>
<td>Contractor Code of Business Ethics and Conduct (Apr 2010), (&gt;5M &amp; 120 days performance period)</td>
</tr>
</tbody>
</table>

In the event the Seller makes a disclosure pursuant to this clause that relates to, arises out of or involves this purchase order or any purchase agreement with Harris, the Seller shall:

1) Notify Harris in writing that a disclosure has been made; Promptly provide a copy to Harris of the disclosure provided to the Government; and

Keep Harris reasonably informed of the consequences, if any, of the disclosure.

<table>
<thead>
<tr>
<th>Reference</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.203-14</td>
<td>Display of Hotline Posters (&gt;5M)</td>
</tr>
<tr>
<td>52.203-17</td>
<td>Contractor Employee Whistleblower Rights &amp; Requirement to Inform Employees of Whistleblower Rights (&gt;150K)</td>
</tr>
<tr>
<td>52.204-2</td>
<td>Security Requirements (if classified information is required or generated in performance)</td>
</tr>
<tr>
<td>52.204-9</td>
<td>Personal Identity Verification of Contractor Personnel (if access to federal facility)</td>
</tr>
<tr>
<td>52.209-6</td>
<td>Protecting the Government’s Interest When Subcontracting with Contractors Debarred, suspended or Proposed for Debarment (&gt;30K)</td>
</tr>
<tr>
<td>52.211-15</td>
<td>Defense Priorities &amp; Allocation Requirements (if rated)</td>
</tr>
<tr>
<td>52.215-2</td>
<td>Audit and Records—Negotiation (&gt;150K &amp; flexibly priced)</td>
</tr>
<tr>
<td>52.215-10</td>
<td>Price Reduction for Defective Cost or Pricing Data (All)</td>
</tr>
<tr>
<td>52.215-11</td>
<td>Price Reduction for Defective Cost or Pricing Data—Modifications (All)</td>
</tr>
<tr>
<td>52.215-12</td>
<td>Subcontractor Cost or Pricing Data (&gt;700K)</td>
</tr>
<tr>
<td>52.215-13</td>
<td>Subcontractor Cost or Pricing Data—Modifications (&gt;700K)</td>
</tr>
<tr>
<td>52.215-15</td>
<td>Pension Adjustments and Asset Reversions (&gt;700K)</td>
</tr>
<tr>
<td>52.215-18</td>
<td>Reversion or Adjustment of Plans for Post Retirement Benefits (PRB) Other Than Pensions (&gt;700K)</td>
</tr>
<tr>
<td>52.215-19</td>
<td>Notification of Ownership Changes (&gt;700K)</td>
</tr>
<tr>
<td>52.215-21</td>
<td>Requirements For Cost or Pricing Data or Information Other Than Cost or Pricing Data—Modifications (All)</td>
</tr>
<tr>
<td>52.219-8*</td>
<td>Utilization of Small Business Concern (All)</td>
</tr>
<tr>
<td>52.222-4</td>
<td>Contract Work Hours and Safety Standards Act—Overtime Compensation (All)</td>
</tr>
<tr>
<td>Clause</td>
<td>Title</td>
</tr>
<tr>
<td>--------</td>
<td>-------</td>
</tr>
<tr>
<td>52.222-17*</td>
<td>Nondisplacement of Qualified Workers (&gt;$150K)</td>
</tr>
<tr>
<td>52.222-21*</td>
<td>Prohibition of Segregated Facilities (&gt;$10K)</td>
</tr>
<tr>
<td>52.222-24</td>
<td>Preaward On-Site Equal Opportunity Compliance Evaluation (&gt;$10M)</td>
</tr>
<tr>
<td>52.222-26*</td>
<td>Equal Opportunity [April 2015] (&gt;$10K)</td>
</tr>
<tr>
<td>52.222-35*</td>
<td>Equal Opportunity for Veterans (&gt;$100K)</td>
</tr>
<tr>
<td>52.222-36*</td>
<td>Affirmative Action for Workers with Disabilities (&gt;$15K)</td>
</tr>
<tr>
<td>52.222-37*</td>
<td>Employment Reports on Veterans, (&gt;$100K)</td>
</tr>
<tr>
<td>52.222-40*</td>
<td>Notification of Employee Rights under the labor Relation Act (&gt;$10K)</td>
</tr>
<tr>
<td>52.222-41*</td>
<td>Service Contract Act Labor Standards (&gt;$2,500)</td>
</tr>
<tr>
<td>52.222-50*</td>
<td>Combating Trafficking in Persons (All)</td>
</tr>
<tr>
<td>52.222-51*</td>
<td>Exemptions From Application of the Service Contract Labor Standards to Contracts for Maintenance, Claimation or Repair of Certain Equipment (All)</td>
</tr>
<tr>
<td>52.222-53*</td>
<td>Exemption from Application of the Service Contract Labor Standards to Contracts for Certain Services (All)</td>
</tr>
<tr>
<td>52.222-54*</td>
<td>Employment Eligibility Verification (Services &gt;$3K)</td>
</tr>
<tr>
<td>52.222-55*</td>
<td>Establishing a Minimum Wage for Contractors (All)</td>
</tr>
<tr>
<td>52.223-3</td>
<td>Hazardous Material Identification and Material Safety Data (and ALT 1 if other than DOD) (All)</td>
</tr>
<tr>
<td>52.223-18</td>
<td>Contractor Policy to Ban Text Messaging While Driving (&gt;$3K)</td>
</tr>
<tr>
<td>52.224-2</td>
<td>Privacy Act (All)</td>
</tr>
<tr>
<td>52.225-13</td>
<td>Restrictions on Certain Foreign Purchases (All)</td>
</tr>
<tr>
<td>52.227-1</td>
<td>Authorization and Consent (&gt;$150K)</td>
</tr>
<tr>
<td>52.227-3</td>
<td>Patent Indemnity (All)</td>
</tr>
<tr>
<td>52.227-14</td>
<td>Rights in Data—General (All)</td>
</tr>
<tr>
<td>52.230-2</td>
<td>Cost Accounting Standards (if stated in purchase order)</td>
</tr>
<tr>
<td>52.230-3</td>
<td>Disclosure &amp; Consistency of Cost Accounting Practices (if stated in order)</td>
</tr>
<tr>
<td>52.230-6</td>
<td>Administration of Cost Accounting Standards (if stated in order)</td>
</tr>
<tr>
<td>52.232-40*</td>
<td>Providing Accelerated Payments to Small Business Subcontractors (if a small business)</td>
</tr>
<tr>
<td>52.237-2</td>
<td>Protection of Government Buildings, Equipment, and Vegetation (if work is on a Government site)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Clause</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.242-13</td>
<td>Bankruptcy (All)</td>
</tr>
<tr>
<td>52.244-6*</td>
<td>Subcontracts for Commercial Items and Commercial Components (All)</td>
</tr>
<tr>
<td>52.245-1</td>
<td>Government Property (All)</td>
</tr>
<tr>
<td>52.245-9</td>
<td>Use &amp; Charges (All)</td>
</tr>
<tr>
<td>52.247-63</td>
<td>Preference for U.S.—Flag Air Carriers (if international air transport)</td>
</tr>
</tbody>
</table>

**B. DOD FAR SUPPLEMENT (DFARS) FLOWDOWN CLAUSES**

<table>
<thead>
<tr>
<th>Reference</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>252.203-7001</td>
<td>Prohibition on Persons Convicted of Fraud or Other Defense Contract-Related Felonies (&gt;$150K)</td>
</tr>
<tr>
<td>252.203-7002</td>
<td>Requirement to Inform Employees of Whistleblower Rights (All)</td>
</tr>
<tr>
<td>252.203-7004</td>
<td>Display of Hotline Posters (&gt;$5M)</td>
</tr>
<tr>
<td>252.204-7000</td>
<td>Disclosure of Information (All)</td>
</tr>
<tr>
<td>252.204-7012*</td>
<td>Safeguarding of Unclassified Controlled Technical Information (All)</td>
</tr>
<tr>
<td>252.222-7006</td>
<td>Restriction on the Use of Mandatory Arbitration Agreements (&gt;$1M)</td>
</tr>
<tr>
<td>252.223-7008*</td>
<td>Prohibition of Hexavalent Chromium (All)</td>
</tr>
<tr>
<td>252.225-7017</td>
<td>Photovoltaic Devices (All)</td>
</tr>
<tr>
<td>252.226-7001</td>
<td>Utilization of Indian Organizations and Indian-Owned Economic Enterprises and Native Hawaiian Small Business Concerns (&gt;$500K)</td>
</tr>
<tr>
<td>252.227-7013</td>
<td>Rights in Technical Data-Noncommercial Item (All)</td>
</tr>
<tr>
<td>252.227-7014</td>
<td>Rights in Noncommercial Computer Software &amp; Non-commercial Computer Software Documentation (All)</td>
</tr>
<tr>
<td>252.227-7015*</td>
<td>Technical Data—Commercial Items</td>
</tr>
<tr>
<td>252.227-7016</td>
<td>Rights in Bid or Proposal Information (All)</td>
</tr>
<tr>
<td>252.227-7019</td>
<td>Validation of Asserted Restrictions — Computer Software (All)</td>
</tr>
<tr>
<td>252.227-7020</td>
<td>Rights in Special Works (All)</td>
</tr>
<tr>
<td>252.227-7025</td>
<td>Limitations on the use or Disclosure of Government Furnished Information marked with Restrictive Legends (All)</td>
</tr>
<tr>
<td>252.227-7026</td>
<td>Deferred Delivery of Technical Data or Computer Software (All)</td>
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<tr>
<td>252.227-7027</td>
<td>Deferred Ordering of Technical Data or Computer Software (All)</td>
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PART II: CERTIFICATIONS AND REPRESENTATIONS

A. By acceptance of the purchase order, Seller hereby certifies that all Certifications and Representations previously submitted to Harris are still valid, in full force and effect and there have been no material changes in Seller's eligibility to do business with the U.S. Government.

B. DEBARRED AND SUSPENDED CERTIFICATION

The Seller hereby certifies by acknowledgement or acceptance of the purchase order to the best of its knowledge and belief, that the Seller and/or any of its principles are not presently debarred, suspended, proposed for debarment or declared ineligible for the award of contracts by any Federal agency. These Certifications and Representations are material representations of fact. If it is later determined that Seller knowingly rendered an erroneous Certification or Representation, in addition to other remedies available to Harris, Harris may terminate the purchase order for default under the Termination for Default Clause.
SECTION B—CLAUSES APPLICABLE TO TIME AND MATERIAL OR FIXED PRICE LABOR HOUR PURCHASE ORDERS

B-1. INSPECTION OF WORK

A. Seller Inspection System: Seller shall provide and maintain an inspection system acceptable to Harris covering the Work ordered under the purchase order. Seller shall maintain complete records of all inspections performed by Seller and Seller shall make such records available to Harris and Harris' Customer upon request.

B. Quality: Seller shall comply with Quality clauses or provisions specified in the purchase order.

C. Harris Inspection: Harris and Harris' Customer have the right to inspect and test all Work contemplated by the purchase order, to the extent practicable, at all times and places during the term of the purchase order. Any inspections and tests performed by Harris or Harris' Customer shall be performed in a manner that will not unduly delay Seller's performance of Work. No inspection or review or approval by Harris or Harris' Customer shall relieve Seller of any of its obligations under the purchase order, or constitute a waiver of any defects or nonconformities.

D. Unless otherwise specified in the purchase order, Harris shall accept or reject services and materials at the place of delivery as promptly as practicable after delivery.

E. At any time during purchase order performance, but not later than 6 months (or such other time as may be specified in the purchase order) after acceptance of the services or materials last delivered under this purchase order, Harris may require the Seller to replace or correct services or materials that, at time of delivery, failed to meet the requirements of the purchase order. Except as otherwise specified in paragraph (h) of this clause, the cost of replacement or correction shall be determined under the 52.232-7, "Payments under Time and Materials and Labor Hour Contracts" clause, but the "hourly rate" for labor hours incurred in the replacement or correction shall be reduced to exclude that portion of the rate attributable to profit. The Seller shall not tender for acceptance materials and services required to be replaced or corrected without disclosing the former requirement for replacement or correction, and, when required, shall disclose the corrective action taken.

F. If the Seller fails to proceed with reasonable promptness to perform required replacement or correction, and if the replacement or correction can be performed within the ceiling price (or the ceiling price as increased by Harris), Harris may: (i) By purchase order or otherwise, perform the replacement or correction, charge to the Seller any increased cost, or deduct such increased cost from any amounts paid or due under this purchase order; or (ii) Terminate this purchase order for default.

G. Failure to agree to the amount of increased cost to be charged to the Seller shall be a dispute.

H. Notwithstanding paragraphs above, Harris may at any time require the Seller to remedy by correction or replacement, without cost Harris, any failure by the Seller to comply with the requirements of this purchase order, if the failure is due to: (1) Fraud, lack of good faith, or willful misconduct on the part of the Seller's managerial personnel; or (2) The conduct of one or more of the Seller's employees selected or retained by the Seller after any of the Seller's managerial personnel has reasonable grounds to believe that the employee is habitually careless or unqualified.

I. This clause applies in the same manner and to the same extent to correct or replace materials or services as to materials and services originally delivered under this purchase order.

J. The Seller has no obligation or liability under this contract to correct or replace materials and services that at time of delivery do not meet contract requirements, except as provided in this clause or as may be otherwise specified in the purchase order. Unless otherwise specified in the purchase order, the Seller's obligation to correct or replace Government-furnished property shall be governed by the FAR clause 52.245-1 Government property.

B-2. CLAUSES INCORPORATED BY REFERENCE

The following FAR/DFARS clauses identified in the Prime Contract as of the Effective Date are incorporated herein by reference with the same force and effect, as if they are included in full text. If you do not have access to a copy of the FAR, contact Harris for additional information. Applicability to this purchase order is indicated in the parenthesis following the clause title. The word "All" indicates the clause applies.

NOTE: Unless otherwise expressly noted herein, where necessary to make the FAR and DFARS Clauses applicable to the purchase order and to protect Harris' interest, the words "Government," "DOD," and "Contracting Officer" each shall mean "Harris" or (when appropriate) "Harris and the Contracting Officer," the words "Contractor" or "Offeror" shall mean "Seller," and the words "Contract" and "Schedule" shall refer to this "purchase order." The definitions outlined herein are intended to create legal relationships between Harris and Seller identical to but not dependent on the relationships the FARs and DFARS intend to establish between the Government and contractor. It is not the intent of Harris that any such substitution shall result in the disclosure of a party's proprietary and/or confidential cost and pricing data.

A. FAR CLAUSES

REFERENCE
52.232-7 Payments under Time and Materials and Labor Hour Contracts (All)
52.249-14 Excusable Delays (All)

SECTION C—CLAUSES APPLICABLE TO NON-COMMERCIAL ITEM PURCHASE ORDERS ON A FIXED PRICE OR COST REIMBURSEMENT BASIS

C-1. HARRIS MONITORING OF THE WORK

In addition to provisions contained in clause titled "Inspection and Acceptance," throughout the period of performance of the work, including work at Seller's lower-tier Subcontractors and Suppliers, Harris may, at its option, assign a representative(s) to be in residence at the Seller's facility to perform such monitoring, and the Seller shall provide adequate office space and support items for the Harris representative(s). Nothing in this clause shall give cause for a variation in the agreed-to price and delivery schedule as contained in the purchase order.
C-2. GOVERNMENT SOURCE INSPECTION

If so specified in this purchase order, the supplies on this purchase order are subject to Government source inspection at the point of manufacture prior to shipment from Seller’s plant in accordance with DOD, NASA, or Government regulations. A Government representative should be notified at least two (2) workdays in advance of the time articles or processes are ready for inspection if the Government representative is in residence and seven (7) workdays otherwise. A copy of this Order must be furnished to the Government inspector who normally services Seller’s plant so appropriate planning for Government inspection can be accomplished or to the nearest Army, Navy, Air Force, or NASA inspection office in Seller’s locality. In the event the inspector or office cannot be located, Harris should be notified immediately.

C-3. RIGHTS TO PERFORMANCE

Seller shall insert a provision in all subcontracts or purchase orders awarded pursuant to this purchase order whereby in the event of default on the part of Seller, Harris has the right at its sole election, to assume all Seller’s rights and obligations as purchaser and to take delivery of materials subject to the purchase order or subcontract. By acceptance of this purchase order, Seller recognizes and agrees that any and all materials purchased pursuant to this purchase order and compensated for by means of payment by Harris are the property of Harris. Said materials shall be segregated within the Seller’s facility, and shall be surrendered to Harris upon demand.

C-4. CLAUSES INCORPORATED BY REFERENCE

The following FAR/DFARS clauses identified in the Prime Contract as of the Effective Date are incorporated herein by reference with the same force and effect, as if they are included in full text. If you do not have access to a copy of the FAR, contact Harris for additional information.

Applicability to this purchase order is indicated in the parenthesis following the clause title. The word “All” indicates the clause applies.

NOTE: Unless otherwise expressly noted herein, where necessary to make the FAR and DFARS Clauses applicable to the purchase order and to protect Harris’ interest, the words “Government,” “DOD,” and “Contracting Officer” each shall mean “Harris” or (when appropriate) “Harris and the Contracting Officer,” the words “contractor” or “offeror” shall mean “Seller,” and the words “contract” and “schedule” shall refer to this “purchase order.”

The definitions outlined herein are intended to create legal relationships between Harris and Seller identical to but not dependent on the relationships the FARS and DFARS intend to establish between the Government and contractor. It is not the intent of Harris that any such substitution shall result in the disclosure of a party’s proprietary and/or confidential cost and pricing data.

A. FAR CLAUSES

<table>
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<tr>
<th>REFERENCE</th>
<th>TITLE</th>
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<tr>
<td>52.211-5</td>
<td>Material Requirements (All)</td>
</tr>
<tr>
<td>52.215-14</td>
<td>Integrity of Unit Prices (Less Par. (b))(&gt;$150K)</td>
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<tr>
<td>52.215-20</td>
<td>Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data (All)</td>
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52.215-23 Limitations on Pass-Through Charges (CR > 150K, if DOD, all CR & all FFP > 700K requiring Cost or Pricing data)

52.222-20 Walsh-Healey Public Contracts Act (>5$K)

52.223-7 Notice of Radioactive Materials -in the blank insert 30 (All)

52.223-11 Ozone Depleting Substances (All)

52.223-12 Refrigeration Equipment and Air Conditioners (All)

52.225-1 Buy American Act—Supplies (All)

52.225-3 Buy American Act—Free Trade Agreements—Israeli Trade Act (All)

52.225-5 Trade Agreements (All)

52.225-8 Duty Free Entry (>15K)

52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement (>150K)

52.227-9 Refund of Royalties (>250K)

52.227-10 Filing of Patent Applications— Classified Subject Matter (if classified info)

52.227-11 Ozone Depleting Substances (All)

52.227-12 Refrigeration Equipment and Air Conditioners (All)

52.227-13 Patent Infringement (>$150K)

52.227-14 Ozone Depleting Substances (All)

52.227-16 Additional Data Requirements (All)

52.227-19 Commercial Computer Software— Restricted Rights (All)

52.228-5 Insurance—Work on a Government Installation (if work on Gov. site)

52.234-1 Industrial Resources Developed Under Defense Production Act Title III (All)

52.243-6 Change Order Accounting

52.243-7 Notification of Changes

52.247-64 Preference for Privately Owned U.S.—Flag Commercial Vessels (All)

52.248-1 Value Engineering (>150K)

52.249-2 Termination for Convenience (All)

B. DOD FAR SUPPLEMENT (DFARS CLAUSES)

<table>
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<tr>
<th>REFERENCE</th>
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| 252.211-7000 Acquisit...
D. LIMITATION OF COST/FUNDS

SECTION D – CLAUSES APPLICABLE TO COST REIMBURSEMENT PURCHASE ORDERS

D-1. LIMITATION OF COST/FUNDS

A. LIMITATION OF COST

(Appplies only if the purchase order is fully funded)

1) It is estimated that the total cost to Harris, exclusive of any fee, for the performance of this purchase order, shall not exceed the estimated cost set forth in the purchase order, and Seller agrees to use its best efforts to perform the work specified in the Order and all obligations under the purchase order within such estimated cost. The fee for complete performance of this purchase order is specified in the Order.

2) Harris shall not be obligated to reimburse Seller for costs incurred in excess of the estimated cost set forth in the Order, or to incur costs in excess of the estimated cost set forth in the Order, unless and until Harris shall have notified Seller in writing that such estimated cost has been increased and shall have specified in such notice a revised estimated cost which shall thereupon constitute the estimated cost of performance of this purchase order. When and to the extent that the estimated cost set forth in the Order has been increased, any costs incurred by Seller in excess of such estimated cost, prior to the increase in estimated cost, shall be allowable to the same extent as if such costs had been incurred after such increase in estimated cost.

3) If, at any time, Seller has reason to believe that the costs which it expects to incur in the performance of this purchase order in the next succeeding sixty (60) days, when added to all costs previously incurred, shall exceed seventy-five percent (75%) of the estimated cost then set forth in the purchase order, or if at any time Seller has reason to believe that the total cost to Harris, exclusive of any fee, for the performance of this purchase order, shall be substantially greater or less than the estimated cost thereof, Seller shall notify Harris in writing to that effect, giving its revised estimate of such total cost for the performance of this purchase order.

4) Change order(s) issued pursuant to the Changes clause of this purchase order shall not be considered an authorization to the Seller to exceed the estimated cost set forth in the Order in the absence of a statement in the change order, or other purchase order modification(s), increasing the estimated cost.

5) In the event that complete performance is not accomplished because Harris does not increase the total estimated cost to an extent which allows complete performance, Seller shall be entitled only to a percentage of the fee set forth in the purchase order equivalent to the percentage of completion of the work contemplated by this purchase order. In the event of any overpayment of fee by Harris, Seller shall promptly refund the amount thereof.

B. LIMITATION OF FUNDS

(Appplies only if the purchase order is incrementally funded)

1) Notwithstanding any other provision of these general provisions, the following provision shall apply to this purchase order at any time the amount allotted hereto is less than the total estimated cost, including fee, set forth in the Order.

2) The amount presently allotted to this purchase order, the item(s) covered thereby, and the period of performance which it is estimated the allotted amount shall cover, are specified in the Order. It is anticipated that Harris shall incrementally increase this amount up to the total estimated cost, including fee, set forth in the Order, although Harris is under no obligation to do so. Any such increase shall be made by a Purchase Change Order, or by a written notice followed by a Purchase Change Order.

3) Harris shall not be obligated to reimburse Seller for costs incurred (including termination costs and settlement expenses in the event of termination), or fee to which Seller may be entitled, in excess of the amount allotted to this purchase order, and Seller shall not be obligated to continue performance, incur costs or obligations, or take any action in connection with performance of this purchase order which would cause the total amount which Harris would be
D-2. ALLOWABLE COST/PAYMENT OF FEE*

A. Allowable Cost and Payment

1) **Invoicing.** Harris shall make payments to the Supplier when requested as work progresses, but (except for small business concerns) not more often than once every 2 weeks, in amounts determined to be allowable by Harris in accordance with Subpart 31.2 of the Federal Acquisition Regulation (FAR) in effect on the date of this purchase order and the terms of this purchase order. The Seller may submit to an authorized representative of Harris, in such form and reasonable detail as the representative may require, an invoice or voucher supported by a statement of the claimed allowable cost for performing this purchase order. Harris institutes its invoice payment processing on the first and fifteenth of each month and will pay invoices properly submitted hereunder within 30 days of its bi-monthly invoice payment processing dates unless otherwise stated in the purchase order. Payment by Harris shall be deemed to have been made on the date Harris deposited the payment in the U.S. mail or with another recognized commercial carrier, or the date Harris made the electronic funds payment.

2) Reimbursing Costs

a) For the purpose of reimbursing allowable costs (except as provided in Subparagraph b) below, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term “costs” includes only—

(i) Those recorded costs that, at the time of the request for reimbursement, the Seller has paid by cash, check, or other form of actual payment for items or services purchased directly for the purchase order;

(ii) When the Seller is not delinquent in paying costs of purchase order performance in the ordinary course of business, costs incurred, but not necessarily paid, for—

(a) Supplies and services purchased directly for the purchase order and associated financing payments to subcontractors, provided payments will be made—

(1) In accordance with the terms and conditions of a subcontract or invoice; and

(2) Ordinarily prior to the submission of the Seller’s next payment request to Harris;

(b) Materials issued from the Seller’s inventory and placed in the production process for use on the purchase order;

(c) Direct labor;

(d) Direct travel;

(e) Other direct in-house costs; and

(f) Properly allocable and allowable indirect costs, as shown in the records maintained by the Seller for purposes of obtaining reimbursement under Government Contracts; and

(iii) The amount of financing payments that have been paid by cash, check, or other form of payment to Subcontractors.

b) Accrued costs of Seller’s contributions under employee’s pension plans shall be excluded until actually paid unless—

(i) The Seller’s practice is to make contributions to the retirement fund quarterly or more frequently; and

The contribution does not remain un-paid 30 days after the end of the applicable quarter or shorter payment period (any contribution remaining unpaid shall be excluded from the Seller’s indirect costs for payment purposes).

Notwithstanding the audit and adjustment of invoices or vouchers under Paragraph 7) below, allowable indirect costs under this purchase order shall be obtained by applying indirect cost rates established in accordance with Paragraph 4) below.

d) Any statements in specifications or other documents incorporated in this purchase order by reference designating performance of services or furnishing of materials at the Seller’s expense or at no cost to Harris or the Government shall be disregarded for purposes.
of cost reimbursement under this clause.

3) **Small Business Concerns.** A small business concern may be paid more often than every two (2) weeks.

4) **Final Indirect Cost Rates**
   
a) Final annual indirect cost rates and the appropriate bases shall be established in accordance with Subpart 42.7 of the Federal Acquisition Regulation (FAR) in effect for the period covered by the indirect cost rate proposal.

   (i) The Seller shall submit an adequate final indirect cost rate proposal to Harris (or cognizant Federal agency official) and auditor within the 6-month period following the expiration of each of its fiscal years. Reasonable extensions, for exceptional circumstances only, may be requested in writing by the Seller and granted in writing by Harris. The Supplier shall support its proposal with adequate supporting data.

   (ii) The proposed rates shall be based on the Supplier’s actual cost experience for that period. The appropriate Government representative and the Supplier shall establish the final indirect cost rates as promptly as practical after receipt of the Supplier’s proposal.

   (iii) An adequate indirect cost rate proposal shall include the following data unless otherwise specified by the cognizant Federal agency official:

   (A) Summary of all claimed indirect expense rates, including pool, base, and calculated indirect rate.

   (B) General and Administrative expenses (final indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts).

   (C) Overhead expenses (final indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) for each final indirect cost pool.

   (D) Occupancy expenses (intermediate indirect cost pool). Schedule of claimed expenses by element of cost as identified in accounting records (Chart of Accounts) and expense reallocation to final indirect cost pools.

   (E) Claimed allocation bases, by element of cost, used to distribute indirect costs.

   (F) Facilities capital cost of money factors computation.

   (G) Reconciliation of books of account (i.e., General Ledger) and claimed direct costs by major cost element.

   (H) Schedule of direct costs by contract and subcontract and indirect expense applied at claimed rates, as well as a subsidiary schedule of Government participation percentages in each of the allocation base amounts.

   (I) Schedule of cumulative direct and indirect costs claimed and billed by contract and subcontract.

   (J) Subcontract information. Listing of subcontracts awarded to companies for which the contractor is the prime or upper-tier contractor (include prime and subcontract numbers; subcontract value and award type; amount claimed during the fiscal year; and the subcontractor name, address, and point of contract information).

   (K) Summary of each time-and-materials and labor-hour contract information, including labor categories, labor rates, hours, and amounts; direct materials; other direct costs; and, indirect expense applied at claimed rates.

   (L) Reconciliation of total payroll per IRS form 941 to total labor costs distribution.

   (M) Listing of decisions/agreements/approvals and description of accounting/organizational changes.

   (N) Certificate of final indirect costs (see 52.242-4, Certification of Final Indirect Costs).

   (O) Contract closing information for contracts physically completed in this fiscal year (include contract number, period of performance, contract ceiling amounts, contract fee computations, level of effort, and indicate if the contract is ready to close).

   (iv) The following supplemental information is not required to determine if a proposal is adequate, but may be required during the audit process:

   (A) Comparative analysis of indirect expense pools detailed by account to prior fiscal year and budgetary data.

   (B) General Organizational information and Executive compensation for the five most highly compensated executives. See 31.205-6(p). Additional salary reference information is available at http://www.whitehouse.gov/omb/procurement_index_exec_comp/.

   (C) Identification of prime contracts under which the contractor performs as a subcontractor.

   (D) Description of accounting system (excludes contractors required to submit a CAS Disclosure Statement or contractors where the description of the accounting system has not changed from the previous year’s submission).

   (E) Procedures for identifying and excluding unallowable costs from the costs claimed and billed (excludes contractors where the procedures have not changes from the previous year’s
Harris Combined General Provisions for Government Programs

(F) Certified financial statements and other financial data (e.g., trial balance, compilation, review, etc.).

(G) Management letter from outside CPAs concerning any internal control weaknesses.

(H) Actions that have been and/or will be implemented to correct the weaknesses described in the management letter from subparagraph (G) of this section.

(I) List of all internal audit reports issued since the last disclosure of internal audit reports to the Government.

(J) Annual internal audit plan of scheduled audits to be performed in the fiscal year when the final indirect cost rate submission is made.

(K) Federal and State income tax returns.

(L) Securities and Exchange Commission 10-K annual report.

(M) Minutes from board of directors meetings.

(N) Listing of delay claims and termination claims submitted which contain costs relating to the subject fiscal year.

(O) Contract briefings, which generally include a synopsis of all pertinent contract provisions, such as: Contract type, contract amount, product or service(s) to be provided, contract performance period, rate ceilings, advance approval requirements, pre-contract cost allowability limitations, and billing limitations.

(v) The Supplier shall update the billings on all contracts to reflect the final settled rates and update the schedule of cumulative direct and indirect costs claimed and billed, as required in paragraph (d)(2)(iii)(I) of this sections, within 60 days after settlement of final indirect cost rates.

c) The Seller and the appropriate Government representative shall execute a written understanding setting forth the final indirect cost rates. The understanding shall specify (i) the agreed-upon final annual indirect cost rates, (ii) the bases to which the rates apply, (iii) the periods for which the rates apply, (iv) any specific indirect cost items treated as direct costs in the settlement, and (v) the affected Contract and/or Subcontract, identifying any with advance agreements or special terms and the applicable rates. The understanding shall not change any monetary ceiling, purchase order obligation, or specific cost allowance or disallowance provided for in this purchase order. The understanding is incorporated into this purchase order upon execution.

d) Within 120 days after settlement of the final indirect cost rates covering the year in which this purchase order is physically complete (or longer, if approved in writing by Harris), the Seller shall submit a completion invoice or voucher to reflect the settled amounts and rates.

(i) If the Supplier fails to submit a completion invoice or voucher within the time specified in paragraph (d)(5) of this clause, Harris may—

(A) Determine the amounts due to the Supplier under the contract; and

(B) Record this determination in a unilateral modification to the contract.

(ii) This determination constitutes the final decision of Harris in accordance with the Disputes clause.

5) Billing Rates. Until final annual indirect cost rates are established for any period, Harris shall reimburse the Seller at billing rates established by the Contracting Officer or by an authorized representative (the cognizant auditor), subject to adjustment when the final rates are established. These billing rates—

a) Shall be the anticipated final rates; and

b) May be prospectively or retroactively revised by mutual agreement, at either party’s request, to prevent substantial overpayment or underpayment.

6) Quick-Closeout Procedures. Quick-closeout procedures are applicable when the conditions in FAR 42.708(a) are satisfied.

7) Audit. At any time or times before final payment, Harris or the Contracting Officer may have the Contractor’s invoices or vouchers and statements of cost audited. Any payment may be—

a) Reduced by amounts found by Harris or the Contracting Officer not to constitute allowable costs or

b) Adjusted for prior overpayments or underpayments.

8) Final Payment

a) Upon approval of a completion invoice or voucher submitted by the Seller in accordance with paragraph (4)(d) of this clause, and upon the Seller’s compliance with all terms of this purchase order, Harris shall promptly pay any balance of allowable costs and that part of the fee (if any) not previously paid.

b) The Seller shall pay to Harris any refunds, rebates, credits, or other amounts (including interest, if any) accruing to or received by the Contractor or any assignee under this Contract, to the extent that those amounts are properly allocable to costs for which the Seller has been reimbursed by Harris. Reasonable expenses incurred by the Seller for securing refunds, rebates, credits, or other amounts shall be allowable costs if approved by Harris. Before final payment under this purchase order, the Seller and each assignee whose assignment is in effect at the time of final payment shall execute and deliver—

(i) An assignment to Harris, in form and substance satisfactory to Harris, of refunds,
Harris Combined General Provisions for Government Programs

rebates, credits, or other amounts (including interest, if any) properly allocable to costs for which the Seller has been reimbursed by Harris under this purchase order; and

(ii) A release discharging Harris t, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this purchase order, except—

(a) Specified claims stated in exact amounts, or in estimated amounts when the exact amounts are not known;

(b) Claims (including reasonable incidental expenses) based upon liabilities of the Seller to third parties arising out of the performance of this purchase order; provided, that the claims are not known to the Seller on the date of the execution of the release, and that the Seller gives notice of the claims in writing to Harris within six (6) years following the release date or notice of final payment date, whichever is earlier; and

(c) Claims for reimbursement of costs, including reasonable incidental expenses, incurred by the Seller under the patent clauses of this purchase order, excluding, however, any expenses arising from the Seller indemnification of Harris or the Government against patent liability.

b. FIXED FEE

1) Harris shall pay the Supplier for performing this contract the fixed fee specified in the purchase order.

2) Payment of the fixed fee shall be made as specified in the Schedule; provided that after payment of eighty-five percent (85%) of the fixed fee, Harris may withhold further payment of fee until a reserve is set aside in an amount that Harris considers necessary to protect it’s or the Government’s interest. This reserve shall not exceed fifteen percent (15%) of the total fixed fee or one hundred thousand dollars ($100,000), whichever is less. Harris shall release seventy-five percent (75%) of all fee withholds under this purchase order after receipt of the certified final indirect cost rate proposal covering the year of physical completion of this purchase order, provided the Seller has satisfied all other purchase order terms and conditions, including the submission of the final patent and royalty reports, and is not delinquent in submitting final vouchers on prior years' settlements. Harris may release up to 90 percent of the fee withholds under this contract based on the Seller’s past performance related to the submission and settlement of final indirect cost rate proposals.

c. Incentive Fee

1) General. Harris shall pay the Supplier for performing this Contract a fee determined as provided in this purchase order.

2) Target Cost and Target Fee. The target cost and target fee specified in the purchase order are subject to adjustment if the purchase order is modified in accordance with Paragraph 4) below.

a) "Target cost," as used in this purchase order, means the estimated cost of this purchase order as initially negotiated, adjusted in accordance with Paragraph 4) below.

b) "Target fee," as used in this purchase order, means the fee initially negotiated on the assumption that this purchase order would be performed for a cost equal to the estimated cost initially negotiated, adjusted in accordance with Paragraph 4) below.

3) Withholding of Payment

(1) Normally, Harris shall pay the fee to the Seller as specified in the purchase order. However, when Harris considers that performance or cost indicates that the Seller will not achieve target, Harris shall pay on the basis of an appropriate lesser fee. When the Seller demonstrates that performance or cost clearly indicates that the Seller will earn a fee significantly above the target fee, Harris may, at its sole discretion pay on the basis of an appropriate higher fee.

(2) Payment of the incentive fee shall be made as specified in the purchase order; provided that Harris withholds a reserve not to exceed 15 percent of the total incentive fee or $100,000, whichever is less, to protect Harris and the Government’s interest. Harris shall release 75 percent of all fee withholds under this contract after receipt of an adequate certified final indirect cost rate proposal covering the year of physical completion of this contract, provided the Seller has satisfied all other contract terms and conditions, including the submission of the final patent and royalty reports, and is not delinquent in submitting final vouchers on prior years' settlements. Harris may release up to 90 percent of the fee withholds under this contract based on the Seller’s past performance related to the submission and settlement of final indirect cost rate proposals.

4) Equitable Adjustments. When the work under this purchase order is increased or decreased by a modification to this purchase order or when any equitable adjustment in the target cost is authorized under any other clause, equitable adjustments in the target cost, target fee, minimum fee, and maximum fee, as appropriate, shall be stated in a supplemental agreement to this purchase order.

5) Fee Payable

a) The fee payable under this purchase order shall be the target fee increased by * cents for every dollar that the total allowable cost is less than the target cost or decreased by * cents for every dollar that the total allowable cost exceeds the target cost. In no event shall the fee be greater than * percent or less than * percent of the target cost.

b) The fee shall be subject to adjustment, to the extent provided in Paragraph 4) above, and within the minimum and maximum fee limitations in Subparagraph a) above, when the total allowable cost is increased or decreased as a consequence of (i) payments made under assignments or (ii) claims excepted from the release as required by Paragraph 8)b) of the
Harris Combined General Provisions for Government Programs

Allowable Cost and Payment clause.

c) If this purchase order is terminated in its entirety, the portion of the target fee payable shall not be subject to an increase or decrease as provided in this paragraph. The termination shall be accomplished in accordance with other applicable clauses of this purchase order.

d) For the purpose of fee adjustment, “total allowable cost” shall not include allowable costs arising out of—

(i) Any of the causes covered by the Excusable Delays clause to the extent that they are beyond the control and without the fault or negligence of the Seller or any of its Subcontractors;

(ii) The taking effect, after negotiating the target cost, of a statute, court decision, written ruling, or regulation that results in the Seller’s being required to pay or bear the burden of any tax or duty or rate increase in a tax or duty;

(iii) Any direct cost attributed to the Seller’s involvement in litigation as required by Harris pursuant to a clause of this purchase order, including furnishing evidence and information requested pursuant to the Notice and Assistance Regarding Patent and Copyright Infringement clause;

(iv) The purchase and maintenance of additional insurance not in the target cost and required by the Harris, or claims for reimbursement for liabilities to third persons pursuant to the Insurance—Liability to Third Persons clause;

(v) Any claim, loss, or damage resulting from a risk for which the Seller has been relieved of liability by the Government Property clause; or

(vi) Any claim, loss, or damage resulting from a risk defined in the purchase order as unusually hazardous or as a nuclear risk and against which the Government has expressly agreed to indemnify the Seller.

e) All other allowable costs are included in “total allowable cost” for fee adjustment in accordance with this Paragraph 5), unless otherwise specifically provided in this purchase order.

6) Contract Modification. The total allowable cost and the adjusted fee determined as provided in this clause shall be evidenced by a modification to this Contract signed by the Seller and Harris.

7) Inconsistencies. In the event of any language inconsistencies between this clause and provisioning documents or Harris’ options under this purchase order, compensation for spare parts or other supplies and services ordered under such documents shall be determined in accordance with this clause.

*Fixed or Incentive Fee will be specified in the purchase order.

8) Waiver of Facilities Capital Cost of Money. If the Seller did not include facilities capital cost of money as a proposed cost of this purchase order, it shall be unallowable cost under this Purchase Order.

D-3 Termination. The clause set forth in FAR 52.249-6 in effect on the date of this purchase order is incorporated and made a part hereof, except that in Paragraph (f) the reference to a “year” period for submission of a final termination proposal is changed to “six months,” and where used therein, the term “Contractor” shall mean “Seller,” the term “Contract” shall mean “purchase order,” and the term “Government/Contracting Officer” shall mean “Harris.” The reference to “Disputes clause” in Paragraph (j) of FAR 52.249-6 shall mean the Dispute Resolution clause in this purchase order.

D-4 Inspection and Acceptance

a. All work under this purchase order shall be subject to inspection and test by Harris and/or Harris’ customer, to the extent practical, at all times and places during the period of performance, and in any event prior to final acceptance. Seller shall provide and maintain an inspection system acceptable to Harris and the Government covering all work hereunder. Harris and Harris’ customer, through any authorized representative, may inspect the plant or plants of Seller or any of its Subcontractors or lower-tier Subcontractors hereunder. If any inspection or test is made by Harris or Harris’ customer on the premises of Seller or its Subcontractors or lower-tier Subcontractors, Seller shall provide and shall require such Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the inspectors in the performance of their inspection duties. All inspections and tests shall be performed in such manner as shall not unduly delay the work. Final inspection and acceptance by Harris shall be made as promptly as practicable after delivery. The time and place of delivery, final inspection, and acceptance shall be as set forth in the purchase order.

b. Seller warrants that the supplies and services used or delivered in performance of the purchase order will conform to the applicable drawings, specifications, or other requirements of this purchase order, that the supplies delivered hereunder will be free of defects in design material, and workmanship, and that the services provided hereunder will be performed in a workmanlike manner and to the highest standards of the industry.

c. At any time during performance of this purchase order, and for a period of twelve (12) months after the date of final acceptance of all articles and services called hereunder, Harris may require Seller to remedy by correction or replacement, as directed by Harris, any failure by Seller to comply with its obligations under Paragraph b. hereof. Regardless of the allowability of replacement or correction costs, Seller shall be paid no additional fee for such costs. Corrected articles shall not be tendered thereafter for acceptance unless the former requirement of correction is disclosed. If Seller fails to proceed with reasonable promptness to perform such replacement or correction, Harris (1) may, by contract or otherwise, perform such replacement or
correction and charge to Seller any increased cost occasioned Harris thereby, or may reduce any fee payable under this purchase order (or require repayment of any fee theretofore paid) in such amount as may be equitable under the circumstances; or (2) in the case of articles not delivered, may require the delivery of any such articles, and shall have the right to reduce any fee payable under this purchase order (or to require repayment of any fee theretofore paid) in such amount as may be equitable under the circumstances; or (3) may terminate this purchase order for default. The foregoing remedies shall in no way preclude or prejudice the exercise of any other right or remedy that Harris may have at law or in equity.

d. Notwithstanding Paragraph c. above, Harris may at any time require Seller to remedy, by correction or replacement, without cost to Harris, nonconforming supplies or services if the nonconformance is due to (1) fraud, lack of good faith, or willful misconduct on the part of Seller or its employees or representative or (2) the conduct of one or more of the Seller’s employees selected or retained by the Seller after Seller’s managerial personnel had reasonable grounds to believe the employee was habitually careless or unqualified.

e. Corrected articles or articles tendered as replacement shall be subject to the provisions of this clause in the same manner and to the same extent as articles originally delivered under this purchase order.

f. Seller shall make its records of all inspection work available to Harris and/or Harris’ customer during the performance of this purchase order and for such longer period as may be specified in the purchase order.

g. Except as provided in this clause and as may be provided in the purchase order, Seller shall have no obligation or liability to correct or replace articles which at the time of delivery are defective in material or workmanship or otherwise not in conformity with the requirements of this purchase order.

h. Except as otherwise provided in the purchase order, Seller’s obligation to correct or replace customer-furnished property (which is property in the possession of or acquired directly by Harris or the Government and delivered or otherwise made available to Seller) shall be governed by the provisions of the clause of this purchase order pertaining to customer/ Government property.

i. Seller also represents and warrants to Harris and Harris’ Customer that if the Work performed by Seller contains any manufacturer's warranties, Seller hereby assigns such warranties to Harris and Harris’ Customer.

D-5 Clauses Incorporated By Reference

The following FAR/DFARS clauses identified in the Prime Contract as of the Effective Date are incorporated herein by reference with the same force and effect, as if they are included in full text. If you do not have access to a copy of the FAR, contact Harris for additional information. Applicability to this purchase order is indicated in the parenthesis following the clause title. The word “All” indicates the clause applies.

NOTE: Unless otherwise expressly noted herein, where necessary to make the FAR and DFARS Clauses applicable to the purchase order and to protect Harris’ interest, the words “Government,” “DOD,” and “Contracting Officer” each shall mean “Harris” or (when appropriate) “Harris and the Contracting Officer,” the words “Contractor” or “Offeror” shall mean “Seller,” and the words “Contract” and “Schedule” shall refer to this purchase order. The definitions outlined herein are intended to create legal relationships between Harris and Seller identical to but not dependent on the relationships the FARs and DFARS intend to establish between the Government and contractor. It is not the intent of Harris that any such substitution shall result in the disclosure of a party’s proprietary and/or confidential cost and pricing data.

A. FAR Clauses

<table>
<thead>
<tr>
<th>Reference</th>
<th>Title</th>
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<tbody>
<tr>
<td>52.222-2</td>
<td>Payment for Overtime Provisions (Overtime Authorized is Zero (0) Unless Otherwise Specified for the Order) (All)</td>
</tr>
<tr>
<td>52.229-10</td>
<td>State of New Mexico Gross Receipts and Compensating Tax (ALL)</td>
</tr>
<tr>
<td>52.242-1</td>
<td>Notice of Intent to Disallow Costs (All)</td>
</tr>
<tr>
<td>52.242-3</td>
<td>Penalties for Unallowable Costs (All)</td>
</tr>
<tr>
<td>52.249-6</td>
<td>Termination (Cost Reimbursement) (All)</td>
</tr>
<tr>
<td>52.249-14</td>
<td>Excusable Delays (ALL)</td>
</tr>
</tbody>
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B. DOD FAR Supplement (DFARS Clauses)

<table>
<thead>
<tr>
<th>Reference</th>
<th>Title</th>
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<tbody>
<tr>
<td>252.231-7000</td>
<td>Supplemental Cost Principles (All)</td>
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