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CHAPTER 1. GENERAL INFORMATION

1. INFORMATION FOR ORDERING AGENCIES

Note 1: All non-professional labor categories must be incidental to and used solely to support hardware, software and/or professional services, and cannot be purchased separately.

Note 2: Offerors and Agencies are advised that the Group 70 – Information Technology Schedule is not to be used as a means to procure services which properly fall under the Brooks Act. These services include, but are not limited to, architectural, engineering, mapping, cartographic production, remote sensing, geographic information systems, and related services; FAR 36.6 distinguishes between mapping services of an A/E nature and mapping services which are not connected nor incidental to the traditionally accepted A/E Services.

Note 3: This solicitation is not intended to solicit for the reselling of IT Professional Services, except for the provision of implementation, maintenance, integration, or training services in direct support of a product. Under such circumstances the services must be performed by the publisher or manufacturer or one of their authorized agents.

1.1 SPECIAL NOTICE TO AGENCIES: SMALL BUSINESS PARTICIPATION

SBA strongly supports the participation of small business concerns in the Federal Supply Schedules Programs. To enhance Small Business Participation SBA policy allows agencies to include in their procurement base and goals, the dollar value of orders expected to be placed against the Federal Supply Schedules, and to report accomplishments against these goals.

For orders exceeding the micropurchase threshold, FAR 8.404 requires agencies to consider the catalogs/pricelists of at least three schedule contractors or consider reasonably available information by using the GSA Advantage!TM on-line shopping service (www.fss.gsa.gov). The catalogs/pricelists, GSA Advantage!TM and the Federal Supply Service Home Page (www.fss.gsa.gov) contain information on a broad array of products and services offered by small business concerns.

This information should be used as a tool to assist ordering activities in meeting or exceeding established small business goals. It should also be used as a tool to assist in including small, small disadvantaged, and women-owned small businesses among those considered when selecting pricelists for a best value determination.

For orders exceeding the micropurchase threshold, customers are to give preference to small business concerns when two or more items at the same delivered price will satisfy their requirement.

1.2 GEOGRAPHIC SCOPE OF CONTRACT

Domestic delivery is delivery within the 48 contiguous states, Alaska, Hawaii, Puerto Rico, Washington, DC, and U.S. Territories. Domestic delivery also includes a port or consolidation point, within the aforementioned areas, for orders received from overseas activities.

Overseas delivery is delivery to points outside of the 48 contiguous states, Washington, DC, Alaska, Hawaii, Puerto Rico, and U.S. Territories.

Offerors are requested to check one of the following boxes:

- The Geographic Scope of Contract will be domestic and overseas delivery.
- The Geographic Scope of Contract will be overseas delivery only.
- The Geographic Scope of Contract will be domestic delivery only.

On a case-by-case basis IBM will deliver products and perform Services to overseas US Government locations which are in support of national or mutual defense operations (including US Embassies), and to locations which support the national interest of the United States (See Appendix A for details). IBM does not guarantee any support services (including installation, maintenance or warranty service) if IBM has not approved the Oconus location for each Government requirement.

1.3 CONTRACTOR’S ORDERING ADDRESS AND PAYMENT INFORMATION

Contractors are required to accept credit cards for payments equal to or less than the micro-purchase threshold for oral or written delivery orders. Credit cards will be acceptable for payment above the micro-purchase threshold. In addition, bank account information for wire transfer payments will be shown on the invoice.

The following telephone number(s) can be used by ordering activities to obtain technical and/or ordering assistance:

Contact	Phone Number
<p>GSA Schedule Orders for Hardware (132-8), Software(132-33), Cloud – SaaS, IaaS (132-52) should be sent to:</p> <p>IBM Corporation (including IBM Overseas Operations) Attn: CSO Federal Distribution Center 6710 Rockledge Dr. Bethesda, MD 20879 EMAIL: fednotes@us.ibm.com</p>	<p>1-800-333-6705 1-888-520-0533 (Fax)</p>
<p>Technical Assistance</p> <p>IBM Direct 7100 Highland Pkwy. Smyrna, GA 30082</p>	<p>1-800-426-2255 1-800-242-6329 (Fax)</p>



Contact	Phone Number
Maintenance (SIN 132-12); IT Professional Services, Machine Movement Service (SIN 132-51), Software Support Services (SIN 132-33) IBM Global Services Inside Sales 7100 Highland Pkwy. Smyrna, GA 30082	1-888-426-4343 1-800-426-7378 (Fax)
Warranty and Maintenance Repair Service (132-8) and SIN (132-12) Machines Service calls in the Continental US, Hawaii, Alaska and Puerto Rico	1-800-IBM-SERV
Repair Part (SIN 132-12) IBM Parts and Warranty Center Dept. E54 Fax: Post Office Box 9022 Boulder, Colorado 80301-9022	1-800-388-7080 1-800-766-6545

Payments should be directed to one of the following locations:

ACH Payments:

IBM Corporation

C/O PNC Bank Lockbox IBM# 643584

500 First Avenue

Pittsburgh, PA 15219

Attn: Lockbox IBM# 643584 (877)762-0830

ABA: 043000096 Acct#: 1017305745

Mail:

IBM Corporation

Lockbox 643584

PO Box 643584

Pittsburgh, PA 15264-3584

Other authorized users of the GSA Schedule may submit payments to the address as shown on the invoice.

Credit Card Orders

IBM will accept telephone orders of \$250,000 or less (subject to the individual user's credit card limit) with payment made by Government commercial credit cards for acquisition of all products and services available under this Schedule.

To place a credit card order with IBM, a Government purchaser must call its IBM sales representative or the IBM Office shown elsewhere in this chapter and provide the cardholder's name and telephone number, the card type, account number and expiration date, and the products or services to be delivered.

Credit card transactions are not eligible for Prompt Payment Discounts.

The Government credit card program provides that invoices for credit card orders are not necessary; therefore, IBM will present such invoices to the Government only upon specific request for an individual order.

1.4 LIABILITY FOR INJURY OR DAMAGE

The Contractor shall not be liable for any injury to ordering activity personnel or damage to ordering activity property arising from the use of equipment maintained by Contractor unless such injury or damage is due to the fault or negligence of the Contractor, in which case liability will be in accordance with the limits stated at under the section "Limitation of Liability" of this Chapter.

1.5 STATISTICAL DATA GOVERNMENT ORDERING OFC. COMPLETION OF STANDARD FORM 279

Block 9: G. Order/Modification Under Federal Schedule

Block 16 DUNS number: 835130485

Block 30: Type of Contractor: C. Large Business

Block 31: Woman-Owned Small Business: No

Block 34: Reserved

Block 36: Taxpayer ID Number: 13-087-1985

Cage Code

CAGE code: 3BXY7

Central Contractor Registration

IBM has registered with the Central Contractor Registration Database.

1.6 FOB DESTINATION

All items are shipped FOB Destination within the United States (including Puerto Rico, Hawaii and Alaska). For shipments to other locations see Appendix A. Expedited delivery or special transportation requirements can be provided. Charges for such services are outside the scope of this contract. Excess storage charges, waiting time or overtime charges, and any charges associated with dry runs, rigging, the expediting of shipments and any special handling shall be paid by the Government. Machines shall be preserved, packed, and marked in accordance with

IBM's standard practice. Packaging materials shall be the property of the Government. The Government shall pay any transportation costs incurred by IBM as a result of the Government's re-designation of the installation site after the initial shipment.

1.7 DELIVERY SCHEDULE

a. TIME OF DELIVERY: The Contractor shall deliver to destination within the number of calendar days after receipt of order (ARO), as set forth below:

SPECIAL ITEM NUMBER	DELIVERY TIME (Days ARO)
132-3	30 days or as agreed to with ordering activity
132-8	30 Days
132-12	As agreed to with ordering activity
132-33	30 Days (if delivery is required)
132-50	Public - per published course schedule
	Private - as agreed to with ordering activity
132-51	As agreed to with ordering activity
132-62	As agreed to with ordering activity

If the Government wishes a specific receipt/installation date, it should be included in the delivery order. If IBM is unable to meet the requested delivery date, IBM will contact the Government to each agreement for an alternative date.

b. When the Federal Supply Schedule contract delivery period does not meet the bona fide urgent delivery requirements of an ordering activity, ordering activities are encouraged, if time permits, to contact the Contractor for the purpose of obtaining accelerated delivery. The Contractor shall reply to the inquiry within 3 workdays after receipt. (Telephonic replies shall be confirmed by the Contractor in writing.) If the Contractor offers an accelerated delivery time acceptable to the ordering activity, any order(s) placed pursuant to the agreed upon accelerated delivery time frame shall be delivered within this shorter delivery time and in accordance with all other terms and conditions of the contract.

1.8 DISCOUNTS

Prices shown are NET Prices; Basic Discounts have been deducted.

a. Government Educational Institutions

Government educational institutions who meet IBM's guidelines for Educational Allowance may take advantage of the discounts offered under that program as transactions under this Schedule contract. Such discounts are based upon the commercial list prices in effect, and are not discounts off of the prices negotiated herein.

b. Prompt Payment Discount

Invoices, issued against delivery orders accepted under this contract, for Hardware Monthly Maintenance Charges, Maintenance Usage Charges, Annual Hardware Maintenance Charges, and Monthly/Annual License Charge (MLC/ALC) Programs are eligible for a prompt payment discount when paid promptly as set forth below, except when ordered via a Government credit card. See item titled "Credit Card Orders". Eligible invoices will be so annotated by IBM.

Paying offices are entitled to deduct a prompt payment discount of one percent (1.0%) of the invoice amount whenever payment of an eligible proper invoice received in the office specified by the Government is made on or before the twenty-fifth (25th) calendar day following the invoice date printed thereon. Whenever the twenty-fifth day falls on a Saturday, Sunday, or Federal holiday, payments made on the following business day will be considered qualifying payments for purposes of this discount. Payment shall be deemed to have been made on the date of the Government's check or on the date of the Government's wire transfer payment. Discounts taken which do not meet the foregoing criteria will be disallowed and will be re-invoiced to the applicable paying office. Eligible prompt payment discounts must be taken at the time the payment is made by the Government.

Agencies are reminded that the payment due date of this prompt payment discount is different from that of the Prompt Payment Act. Invoices not paid until the payment due date of the Prompt Payment Act will not qualify for this discount. In addition, failure to promptly renew orders for recurring charges disqualifies an agency from receiving the Prompt Payment Discount for the period prior to the delivery order's receipt by IBM. For example, if an agency provides a renewal delivery order on December 15, for monthly software charges and makes payment by December 25, Prompt Payment Discount may be taken for the entire month of December, but not for October and November.

1.9 STATE AND LOCAL TAXES

Notwithstanding the provisions of FAR 52.229-3, Federal, State and Local Taxes, January 1991, the Contract price excludes all State and Local taxes levied on or measured by the Contract or sales price of the services or completed supplies furnished under this Contract. Taxes excluded from the Contract price pursuant to the preceding sentence shall be separately stated on IBM's invoices and the Government agrees either to pay to IBM amounts covering such taxes or to provide evidence necessary to sustain an exemption there from. For purposes of any other state and local taxes the Government shall be considered the owner of the equipment upon installation. It shall be the Government's responsibility to provide a tax exemption certificate to IBM, where appropriate.

Refer to SIN 132-3, for applicable taxes on leasing.

1.10 TRADE AGREEMENTS ACT OF 1979, AS AMENDED

All items are U.S. made end products, designated country end products, Caribbean Basin country end products, Canadian end products, or Mexican end products as defined in the Trade Agreements Act of 1979, as amended.

1.11 STATEMENT CONCERNING AVAILABILITY OF EXPORT PACKING

Export packing is available outside the scope of this Contract. Charges will be furnished upon request.

1.12 SMALL REQUIREMENTS

There is \$100 minimum dollar value limitation on orders placed under this Schedule, except within SIN 132-3, Leasing. IBM will lease transactions for products which have an aggregate purchase price value equal to or greater than \$5,000.

1.13 MAXIMUM ORDER

Maximum order threshold for Special Item Numbers are identified below.

SIN 132-3:	Leasing	\$500,000
SIN 132-8:	Purchase	\$500,000
SIN 132-12:	Repair Parts only	\$10,000
SIN 132-33:	Perpetual SW	\$500,000
SIN 132-50:	Training	\$25,000
SIN 132-51:	IT Services	\$500,000
SIN 132-62	HSPD-12 Services	\$500,000

Notwithstanding these limits, agencies may place and IBM may honor orders exceeding these limits. Please refer to the section below 1.14 for details on ordering procedures.

1.14 ORDERING PROCEDURES FOR FEDERAL SUPPLY SCHEDULE CONTRACTS

Ordering activities shall use the ordering procedures of Federal Acquisition Regulation (FAR) 8.405 when placing an order or establishing a BPA for supplies or services. These procedures apply to all Schedules.

- a. FAR 8.405-1 Ordering procedures for supplies, and services not requiring a statement of work
- b. FAR 8.405-2 Ordering procedures for services requiring a statement of work.

1.15 FEDERAL INFORMATION TECHNOLOGY/TELECOMMUNICATION STANDARDS EQUIPMENT

Ordering activities acquiring products from this Schedule must comply with the provisions of the Federal Standards Program, as appropriate (reference: NIST Federal Standards Index). Inquiries to determine whether or not specific products listed herein comply with Federal Information Processing Standards (FIPS) or Federal Telecommunication Standards (FED-STDS), which are cited by ordering offices, shall be responded to promptly by the Contractor.

1.16 FEDERAL INFORMATION PROCESSING STANDARDS PUBLICATIONS (FIPS PUBS)

Information Technology products under this Schedule that do not conform to Federal Information Processing Standards (FIPS) should not be acquired unless a waiver has been granted in accordance with the applicable "FIPS Publication". Federal Information Processing Standards Publications (FIPS PUBS) are issued by the US Department of Commerce, National Institute of Standards and Technology (NIST), pursuant to National Security Act. Information concerning their availability and applicability should be obtained from the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161. FIPS PUBS include voluntary standards when these are adopted for Federal use. Individual orders for FIPS PUBS should be referred to the NTIS Sales Office, and orders for subscription service should be referred to the NTIS Subscription Officer, both at the above address, or telephone number (703)487-4650.

1.17 FEDERAL TELECOMMUNICATIONS STANDARDS (FED-STDS)

Telecommunication products under this Schedule that do not conform to Federal Telecommunication Standards (FED-STDS) should not be acquired unless a waiver has been granted in accordance with the applicable "FED-STD." Federal Telecommunication Standards are issued by the U.S. Department of Commerce, National Institute of Standards and Technology (NIST), pursuant to National Security Act. Ordering information and information concerning the availability of FED-STDS should be obtained from the GSA, Federal Supply Service, Specification Section, 470 East L'Enfant Plaza, Suite 8100, SW, Washington, DC 20407, telephone number (202)619-8925. Please include a self-addressed mailing label when requesting information by mail. Information concerning their applicability can be obtained by writing or calling the U.S. Department of Commerce, National Institute of Standards and Technology, Gaithersburg, MD 20899, telephone number (301)975-2833.

1.18 CONTRACTOR TASKS/SPECIAL REQUIREMENTS (C-FSS-370)(NOV 2001)

a. Security Clearances: The Contractor may be required to obtain/possess varying levels of security clearances in the performance of orders issued under this contract. All costs associated with obtaining/possessing such security clearances should be factored into the price offered under the Multiple Award Schedule

b. Travel: The Contractor may be required to travel in performance of orders issued under this contract. Allowable travel and per diem charges are governed by Pub L. 99-234 and FAR Part 31, and are reimbursable by the ordering agency or can be priced as a fixed price item on orders placed under the Multiple Award Schedule. The Industrial Funding Fee does not apply to travel and per diem charges.

NOTE: Refer to FAR Part 31.205-46 Travel Costs, for allowable costs that pertain to official company business travel in regards to this contract.

c. Certifications, Licenses and Accreditations: As a commercial practice, the Contractor may be required to obtain/possess any variety of certifications, licenses and accreditations for specific FSC/service code classifications offered. All costs associated with obtaining/possessing such

certifications, licenses and accreditations should be factored into the price offered under the Multiple Award Schedule program.

d. Insurance: As a commercial practice, the Contractor may be required to obtain/possess insurance coverage for specific FSC/service code classifications offered. All costs associated with obtaining/possessing such insurance should be factored into the price offered under the Multiple Award Schedule program.

e. Personnel: The Contractor may be required to provide key personnel, resumes or skill category descriptions in the performance of orders issued under this contract. Ordering activities may require agency approval of additions or replacements to key personnel.

f. Organizational Conflicts of Interest: Where there may be an organizational conflict of interest as determined by the ordering agency, the Contractor's participation in such order may be restricted in accordance with FAR Part 9.5.

g. Documentation/Standards: The Contractor may be requested to provide products or services in accordance with rules, regulations, OMB orders, standards and documentation as specified by the agency's order.

h. Data/Deliverable Requirements: Any required data/deliverables at the ordering level will be as specified or negotiated in the agency's order.

i. Government-Furnished Property: As specified by the agency's order, the Government may provide property, equipment, materials or resources as necessary.

j. Availability of Funds: Many Government agencies' operating funds are appropriated for a specific fiscal year. Funds may not be presently available for any orders placed under the contract or any option year. The Government's obligation on orders placed under this contract is contingent upon the availability of appropriated funds from which payment for ordering purposes can be made. No legal liability on the part of the Government for any payment may arise until funds are available to the ordering Contracting Officer.

1.19 CONTRACT ADMINISTRATION FOR ORDERING OFFICES

Any ordering office, with respect to any one or more delivery orders placed by it under this contract, may exercise the same rights of Termination as the GSA Contracting Officer under FAR 52.212-4 paragraphs (l) Termination for the Government's convenience and (m) Termination for Cause.

1.20 GSA ADVANTAGE

GSA Advantage! is an on-line, interactive electronic information and ordering system that provides on-line access to vendors' schedule prices with ordering information. GSA Advantage! will allow the user to perform various searches across all contracts including, but not limited to:

1. Manufacturer;
2. Manufacturer's Part Number; and

3. Product categories.

Agencies can browse GSA Advantage! by accessing the Internet World Wide Web utilizing a browser (ex.: NetScape). The Internet address is <http://www.fss.gsa.gov/>

1.21 PURCHASE OF OPEN MARKET ITEMS

NOTE: Open Market Items are also known as incidental items, noncontract items, non-Schedule items, and items not on a Federal Supply Schedule contract.

For administrative convenience, an ordering office contracting officer may add items not on a Federal Supply Multiple Award Schedule (MAS) – referred to as open market items – to a Federal Supply Schedule blanket purchase agreement (BPA) or an individual task or delivery order, **only if**:

1. All applicable acquisition regulations pertaining to the purchase of the items not on the Federal Supply Schedule have been followed (e.g., publicizing (Part 5), competition requirements (Part 6), acquisition of commercial items (part 12), contracting methods (Parts 13, 14, and 15), and small business programs (Part 19));
2. The ordering office contracting officer has determined the price for the items not on the Federal Supply Schedule is fair and reasonable;
3. The items are clearly labeled on the order as items not on the Federal Supply Schedule; and
4. All clauses applicable to items not on the Federal Supply Schedule are included in the order.

1.22 CONTRACTOR COMMITMENTS, WARRANTIES AND REPRESENTATIONS

a. For the purpose of this contract, commitments, warranties and representations include, in addition to those agreed to for the entire schedule contract:

1. Time of delivery/installation quotations for individual orders;
2. Technical representations and/or warranties of products concerning performance, total system performance and/or configuration, physical, design and/or functional characteristics and capabilities of a product/equipment/ service/software package submitted in response to requirements which result in orders under this schedule contract.
3. Any representations and/or warranties concerning the products made in any literature, description, drawings and/or specifications furnished by the Contractor.

b. The above is not intended to encompass items not currently covered by the GSA Schedule contract.

1.23 OVERSEAS ACTIVITIES

The terms and conditions of this contract shall apply to all orders for installation, maintenance and repair of equipment in areas listed in the pricelist outside the 48 contiguous states and the District of Columbia, except as indicated below:

Please refer to Appendix A for details.

Upon request of the Contractor, the ordering activity may provide the Contractor with logistics support, as available, in accordance with all applicable ordering activity regulations. Such ordering activity support will be provided on a reimbursable basis, and will only be provided to the Contractor's technical personnel whose services are exclusively required for the fulfillment of the terms and conditions of this contract.

1.24 BLANKET PURCHASE AGREEMENTS (BPAS)

The use of BPAs under any schedule contract to fill repetitive needs for supplies or services is allowable. BPAs may be established with one or more schedule contractors. The number of BPAs to be established is within the discretion of the ordering activity establishing the BPA and should be based on a strategy that is expected to maximize the effectiveness of the BPA(s). Ordering activities shall follow FAR 8.405-3 when creating and implementing BPA(s).

Orders placed under such agreements shall be issued in accordance with all applicable regulations and the terms and conditions of the contract. Additional terms and conditions may be added under a BPA, provided they're clearly advantageous to the Government, upon the mutual agreement of IBM and the agency. Any other changes to terms and conditions must be agreed to by GSA, IBM and the agency.

1.25 CONTRACTOR TEAM ARRANGEMENTS

Contractors participating in contractor team arrangements must abide by all terms and conditions of their respective contracts. This includes compliance with Clauses 552.238-74, Industrial Funding Fee and Sales Reporting, i.e., each contractor (team member) must report sales and remit the IFF for all products and services provided under its individual contract. For additional details on teaming with IBM, please call 1-800-333-6705.

1.26 INSTALLATION, DEINSTALLATION, REINSTALLATION

The Davis-Bacon Act (40 U.S.C. 276a-276a-7) provides that contracts in excess of \$2,000 to which the United States or the District of Columbia is a party for construction, alteration, or repair (including painting and decorating) of public buildings or public works with the United States, shall contain a clause that no laborer or mechanic employed directly upon the site of the work shall receive less than the prevailing wage rates as determined by the Secretary of Labor. The requirements of the Davis-Bacon Act do not apply if the construction work is incidental to the furnishing of supplies, equipment, or services. For example, the requirements do not apply to simple installation or alteration of a public building or public work that is incidental to furnishing

supplies or equipment under a supply contract. However, if the construction, alteration or repair is segregable and exceeds \$2,000, then the requirements of the Davis-Bacon Act applies.

The ordering activity issuing the task order against this contract will be responsible for proper administration and enforcement of the Federal labor standards covered by the Davis-Bacon Act. The proper Davis-Bacon wage determination will be issued by the ordering activity at the time a request for quotations is made for applicable construction classified installation, deinstallation, and reinstallation services under SIN 132-8.

1.27 SECTION 508 COMPLIANCE

If applicable, Section 508 compliance information on supplies and services in this contract, are available by calling IBM's Federal Information Call Center at 1-800-333-6705.

1.28 PRIME CONTRACTOR ORDERING FROM FEDERAL SUPPLY SCHEDULES

Prime Contractors (on cost reimbursement contracts) placing orders under Federal Supply Schedules, on behalf of an ordering activity, shall follow the terms of the applicable schedule and include a copy of the authorization letter with each order. Refer to FAR 51 for guidance. –

- a. A copy of the authorization from the ordering activity with whom the contractor has the prime contract (unless a copy was previously furnished to the Federal Supply Schedule contractor); and
- b. The following statement:

This order is placed under written authorization from _____ dated _____. In the event of any inconsistency between the terms and conditions of this order and those of your Federal Supply Schedule contract, the latter will govern.

1.29 INSURANCE – WORK ON A GOVERNMENT INSTALLATION (JAN 1997)(FAR 52.228-5)

a. The Contractor shall, at its own expense, provide and maintain during the entire performance of this contract, at least the kinds of minimum amounts of insurance required in the Schedule or elsewhere in the contract.

b. Before commencing work under this contract, the Contractor shall notify the Contracting Officer in writing that the required insurance has been obtained. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting the Government's interest shall not be effective –

- a. For such period as the laws of the State in which this contract is to be performed prescribe; or
- b. Until 30 days after the insurer or the Contractor gives written notice to the Contracting Officer, whichever period is longer.

c. The Contractor shall insert the substance of this clause, including this paragraph c, in subcontracts under this contract that require work on a Government installation and shall require subcontractors to provide and maintain the insurance required in the Schedule or elsewhere in the

contract. The Contractor shall maintain a copy of all subcontractors' proofs of required insurance, and shall make copies available to the Contracting Officer upon request.

1.30 SOFTWARE INTEROPERABILITY

Offerors are encouraged to identify within their software items any component interfaces that support open standard interoperability. An item's interface may be identified as interoperable on the basis of participation in a Government agency-sponsored program or in an independent organization program. Interfaces may be identified by reference to an interface registered in the component registry located at [HTTP://WWW.CORE.GOV](http://www.core.gov).

1.31 ADVANCE PAYMENTS

A payment under this contract to provide a service or deliver an article for the United States Government may not be more than the value of the service or the article already delivered. Advance or pre-payment is not authorized or allowed under this contract (31.U.S.C. 3324).

1.32 DATA PRIVACY

The Government agrees to allow IBM and its Subsidiaries to store and use your contact information, including names, phone numbers, and business e-mail addresses, anywhere they do business. Such information will be processed and used in connection with our business relationship and may be provided to contractors, IBM Business Partners, and assignees of IBM and its Subsidiaries for uses consistent with their collective business activities, including communicating with you (for example, for processing orders, for promotions, and for market research).

1.33 PRIVACY ACT

All delivery orders that contain specific privacy requirements must be submitted by the Ordering Office directly to the Manager, GSA Schedules, IBM Corporation, 6710 Rockledge Drive, Bethesda, Maryland 20817, for the privacy requirements to be operative. Only if the delivery order is so submitted and IBM does not thereafter reject such order within 60 days of receipt, will provisions of the order with regard to obligations under the Privacy Act become applicable.

1.34 PERSONNEL

IBM will be using professional service personnel to perform services procured hereunder.

1.35 ON-LINE INFORMATION

Information regarding this Schedule contract may be obtained thru GSA Advantage! on the Internet: <http://www.gsa.gov>. Current information about IBM products and prices, special promotions and contract terms and conditions is available on IBM's Home Page which is <http://www.ibm.com/easyaccess/gsa>.

1.36 ORDERING

A written order, Electronic Data Interchange (EDI) Order, credit card order, fax, electronic order via a website, or in the case of funded BPAs, telephone orders, shall be the only basis for ordering under this contract unless otherwise provided in a Special Item. All written orders shall be time stamped upon receipt by IBM and the time-stamped date shall be considered to be the date of receipt unless the order shall have been sent by Certified Mail/Return Receipt Requested in which event the date of receipt shall be the date indicated on the certified mail receipt. At such time as the Government and IBM are EDI capable, EDI orders will be an acceptable basis for ordering under this contract.

All Government delivery orders and modifications to delivery orders will be considered to be accepted by IBM unless IBM rejects the order/modification in writing within thirty (30) days of its receipt unless otherwise indicated under SINs elsewhere in this schedule. Orders/modifications will not be signed or returned by IBM to the ordering agency.

1.37 TERM OF ORDERS

Any order issued during the effective period of this contract may specify a period of performance that extends beyond the expiration date of this contract. IBM shall complete all schedule orders within the time specified in the order, or as mutually agreed between IBM and the ordering agency. Those task orders that have a period of performance beyond this contract will continue to be governed by all the terms and conditions in the contract and any other special ordering procedures pursuant to FAR Part 8.402.

1.38 PRICE LIST EXPLANATORY NOTES

Agencies should refer to the hardware, software and maintenance legends for an explanation of information provided in the corresponding price lists.

1.39 THIRD PARTY PRODUCTS

For non-IBM Products including Programs, the manufacturer's product terms will apply, including, but not limited to warranty support, Patent and Copyright Infringement, and refund rights.

1.40 RESALE TO THIRD PARTIES

The Government agrees that it is acquiring machines under this contract with the intent to use them within the Government in support of Government operations and not for reselling, re-marketing, leasing, or transferring the machines (or components thereof) to a third party unless the Government is arranging lease-back financing for the machines, or has prior written consent from IBM.

1.41 PATENT AND COPYRIGHT INDEMNITY

For purposes of this Section, the term "Product" includes Materials, Machine Code and Licensed Internal Code.

If a third party claims that a Product IBM provides to the Government infringes that party's patent or copyright, IBM will indemnify the Government, its officers, agents, and employees against liability, at IBM's expense and pay all costs, damages, and attorneys fees that a court finally awards or that are included in a settlement approved by IBM, provided that the Government:

- A. Promptly notifies IBM in writing of the claim; and
- B. Gives IBM such opportunity as is offered by applicable laws, rules or regulations to participate in the defense thereof. The Government shall make every effort to permit IBM to fully participate in the defense and/or in any settlement of such claim. However, IBM understands that such participation will be under the control of the Department of Justice.

Remedies

If such a claim is made or appears likely to be made, the Government agrees to permit IBM to enable the Government to continue to use the Product, or to modify it, or replace it with one that is at least functionally equivalent. If IBM determines that none of these alternatives is reasonably available, the Government agrees to return the Product to IBM on IBM's written request. IBM will then give the Government a credit equal to:

1. For a Machine, the Government's net book value, provided the Government has followed generally-accepted accounting principles.
2. For a Program, the amount paid by the Government or 12 months' charges (whichever is less). If the Product is an IBM SaaS or subject to Fixed Term charges, up to twelve months' charges.
3. For Materials, the amount the Government paid IBM for the creation of the Materials.

This is subject to the Government's right to require continued use of the Products pursuant to the provisions of 28USC1498. In the event of such continued use, the Government shall notify IBM in writing of its election to continue use and agrees to undertake at the Government's expense the defense of any action against the Government and IBM shall have no further indemnification obligation; it being understood that IBM may participate at its expense in the defense of any such action if such claim is against IBM.

Claims for Which IBM is Not Responsible:

IBM has no obligation regarding any claim based on any of the following:

- A. The Government's modification of a Product, or a Program's use in other than its Specified Operating Environment;
- B. Anything the Government provides which is incorporated into a Product or IBM's compliance with any designs, specifications, or instructions provided by the Government or by a third party on behalf of the Government;
- C. The combination, operation, or use of a Product with other Products not provided by IBM as a system, or the combination, operation or use of a Product with any product, data, apparatus, or business method that IBM did not provide, or the distribution, operation or use of a Product for the benefit of a third party;
- D. Infringement by a non-IBM Product.
- E. Product's use other than in accordance with its applicable licenses and restrictions or use of a non-current version or release of a Product, when a claim could have been avoided or the risk of a claim reduced by using the current version or release;
- F. the distribution, operation, or use of the Product outside Government's Enterprise or for the benefit of any third party; or
- G. Separately Licensed Code, if any, as identified in the LI for the Product.

The LI for the Product or other documents may permit the Government to copy, modify, or redistribute all or portions of the Product without paying additional licensing fees to IBM. The indemnification obligation under this Patent and Copyright provision only applies to copies of the Product provided to the Government by IBM and additional copies expressly authorized in a PoE. IBM has no obligation for claims relating to copies of the Product neither provided by IBM nor specifically authorized by a POE, even if permitted by the LI for the Product or other documents.

These Patent and Copyright terms do not obligate in any manner any third-party supplier of code (including Separately Licensed Code) included with or part of the Product.

The foregoing states the entire obligation of IBM with respect to infringement of patents or copyrights.

1.42 LIMITATION OF LIABILITY

Circumstances may arise where, because of a default on IBM's part or other liability, the Government is entitled to recover damages from IBM. In each such instance, regardless of the basis on which the Government is entitled to claim damages from IBM (including fundamental breach, negligence, misrepresentation, or other contract or tort claim), IBM is liable only for:

- A. Payments referred to in IBM's Patents and Copyrights terms described herein;
- B. Damages for bodily injury (including death) and damage to real property and tangible personal property; and
- C. The amount of any other actual direct damages or loss, up to the greater of: (i) \$100,000; OR (ii) the contract price (if recurring, 12 months' charges apply) for the Product or Service that is the subject of the claim. For purposes of this item, the term "Product" includes Materials, Machine Code and Licensed Internal Code. Nothing in this subsection C shall limit the

Government's right to (i) excess procurement costs in the event of a Termination for Default; or (ii) the contractual remedies prescribed under the Price Reductions clause (GSAR 552.238-75) (May 2004)(Alternate I- May 2003) and GSAR 552.215-72, Price Adjustment – Failure to Provide Accurate Information (Aug 1997).

D. For classroom training or education material, IBM is liable for the charges associated with the corresponding item provided.

This limit also applies to any of IBM's subcontractors and Program developers. It is the maximum for which IBM and its subcontractors and Program developers are collectively responsible.

Items for which IBM is not liable:

Under no circumstances is IBM, or its subcontractors, or Program developers liable for any of the following even if informed of their possibility:

- A. Loss of, or damage to data, or
- B. Special, incidental, or indirect damages or for any economic consequential damages, or
- C. Lost profits, business, revenue, goodwill or anticipated savings, or
- D. Any third party claims against you except as described in the Patents and Copyrights section or as permitted by the Limitation of Liability section for bodily injury (including death) or damage to real or tangible personal property for which IBM is legally liable

The parties acknowledge that nothing in this provision shall restrict the Government's statutory remedies in the event of fraud.

1.43 COMPLETE AGREEMENT

IBM's IT Schedule, its Published Terms, and any RFP, Proposal and Statement of Work issued against the Contract constitute the complete Agreement of the parties and supersede all prior communications, agreement or understandings on this subject.

Any terms of this Agreement which by their nature extend beyond the Agreement termination remain in effect until fulfilled.

1.44 MUTUAL RESPONSIBILITIES

Both of us agree that under this Agreement:

1. All information exchanged is nonconfidential. If either of us requires the exchange of confidential information, it will be made under a signed confidentiality agreement;
2. Each of us grants the other only the licenses and rights specified. No other licenses or rights (including licenses or rights under patents) are granted;
3. Each of us may communicate with the other by electronic means and such communication is acceptable as a signed writing. An identification code (called a "user ID") contained in an electronic document is legally sufficient to verify the sender's identity and the document's authenticity;

4. Each of us will allow the other reasonable opportunity to comply before it claims that the other has not met its obligations;
5. Neither of us is responsible for failure to fulfill any obligations due to causes beyond its control;
6. Neither of us may assign this Agreement, in whole or in part, without the prior written consent of the other. Any attempt to do so is void.

1.45 OTHER RESPONSIBILITIES

The Government agrees:

1. That this Agreement will not create any right or cause of action for any third party, nor will IBM be responsible for any third party claims against you except as described in the Patents and Copyrights section or as permitted by the Limitation of Liability section for bodily injury (including death) or damage to real or tangible personal property for which IBM is legally liable
2. That you are responsible for the results obtained from the use of the Products and Services; and
3. To provide IBM with sufficient, free, and safe access to your facilities and systems for IBM to fulfill its obligations.

1.46 DEFINITION OF TERMS

Note: The definitions and explanations noted here are an integral part of the terms and conditions of this Schedule. Definitions applicable to a specific SIN are included in the respective Chapter.

Customer-Set-Up-Machine: An IBM Machine that the Government installs according to instructions provided with it

Designated Machine: a Machine of a type specified in the Mainframe Exhibits provided at the following address:

<http://www.ibm.com/systems/z/resources/swprice/reference/exhibits/hardware.html>.

Engineering Change – an update to modify certain aspects of the design of an installed Machine, including without limitation the design of a certain Machine part or Machine Code.

IBM Machine – a Machine bearing an IBM logo.

IBM Product – an IBM Machine, ICA Program, or Other IBM Program.

Licensed Internal Code: (called "LIC") another term for Machine Code commonly used for certain IBM product lines, such as for IBM System z Machine. LIC and Machine Code are interchangeable terms that have the same meaning.

Machine: a hardware device, including its resources, capabilities, features, conversions, Machine Upgrades, elements, or accessories, or any combination of them. The term "Machine" includes an IBM Machine and any non-IBM Machine (including other equipment).

Machine Upgrade – the following changes that IBM sells for installation on a Machine: a hardware or Machine Code change to modify, add, remove, enable or disable certain Built-in Capacity or other resources and capabilities. Each such change can be accomplished through a Machine conversion, or through the conversion, addition, removal, or exchange of a Machine's feature(s).

Materials: literary works or other works of authorship (such as software programs and code, documentation, reports, and similar works) that IBM may deliver to the Government as part of a Service. The term "Materials" does not include Programs, Machine Code or Licensed Internal Code., or other items available under their own license terms or agreements.

Mechanical Replacement: The replacement of one machine for another occasioned by the mechanical condition of the machine being replaced.

Operational Use Time: That time during which the equipment is in actual operation and is not synonymous with power-on time.

Preventive Maintenance: That maintenance performed by IBM which is designed to keep the equipment in proper operating condition, and which, at IBM's option, is performed on a scheduled or unscheduled basis.

Product: A Machine or a Program.

Program ("Program" or "Licensed Program"): is the following, including the original, any portion thereof, and all whole or partial copies:

- a. one or more sequences of instructions suitable for processing by a computer;
- b. components;
- c. related licensed materials such as publications and other documentation,
- d. audio-visual content (such as images, text, recordings, or pictures) defined within or generated by the execution of, such sequence(s) of instructions; and
- e. control data (such as control blocks, event logs, configuration files) defined within or generated by the execution of such sequence(s) of instructions. Control data includes without limitation data that is designed to (i) manage or limit the operation of programs, or (ii) help monitor, record, manage, or limit the consumption of software or hardware resources, including, without limitation, data used in IBM's implementation of Technological Measures.

The term "Program" includes an "ICA" Program, "Other IBM Program", or Non-IBM Program and any fix, patch or replacement that IBM may provide for a Program. The term does not include Machine Code or Materials.

Types of Programs:

ICA Programs: those Programs licensed under the terms of Item 5.7 in SIN 132-33.

ICA Programs are perpetual licenses only to the extent that the government pays the monthly/annual license charges.

Other IBM Program: is an IBM Program licensed under the terms of IBM Program License Agreement (IPLA), Item 5.8 in SIN 132-33.

Remedial Maintenance: The maintenance performed by IBM which results from equipment failure and which is performed as required, and therefore, on an unscheduled basis.

Restricted Materials: Any licensed program materials which are labeled "Restricted Materials of IBM."

Service: performance of a task, assistance, support, or access to a resource (such as information database) that IBM makes available to the Government.

Specifications: information specific to a Product. IBM Machine's Specifications are in a document entitled "Official Published Specifications." ICA Programs Specifications are in a document entitled "Licensed Program Specifications."

Specified Operating Environment: the Machines and Programs with which an ICA Program is designed to operate, as described in its Licensed Program Specifications.

Transaction Documents: Documents used to confirm the specific details of the transaction. Examples of these documents include, but are not limited to, change authorizations (to an existing Service statement of work), and statements of work (outlines scope of Services, responsibilities, deliverables, completion criteria).