

**CALIFORNIA PUBLIC UTILITIES
COMMISSION**
**Advice Letter Filing Summary Sheet
(PAL)**

(Date Filed / Received Stamp by CPUC Industry Division)

Date AL served on parties: June 23, 2006

Company Name: AT&T California	CPUC Utility Number <u>U-1001 C</u>
Address: 525 Market Street, #1944	<input checked="" type="checkbox"/> LEC <input type="checkbox"/> IEC <input type="checkbox"/> IER
City, State, Zip: San Francisco, CA 94105	<input type="checkbox"/> CLC <input type="checkbox"/> CLR <input type="checkbox"/> CMRS
Filing #: 28526 Requested Effective Date: July 23, 2006	NRF Category (if applicable): 2

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(Name, email address & Phone and FAX numbers are Required for "Filer")

Annual Revenues: \$ (3,260,625.00) **Tariff Schedules:** _____ **Keyword:** Contract

Subject of filing
(Service(s) included) Customer specific contract

Authorization for filing
(Resolution #, Decision #, etc.) D.94-09-065

Related service
(Other service, replacement AL filing) _____

Rate Element(s) affected and % change
(Non-recurring and / or recurring) _____

Notes/Comments
(Other information & reference to advice letter, etc.)

File Protest and/or Correspondence to:
Director, Telecommunications Division
505 Van Ness Ave., San Francisco, CA 94102
and if you have email capability, ALSO email protest to:
TD_PAL@cpuc.ca.gov
Protest also must be served on utility:
(see utility advice letter for more information)

LEC = Local Exchange Carrier
IEC = Interexchange Carrier
CLC = Competitive Local Carrier
IER = Interexchange Carrier Reseller
CLR = Competitive Local Carrier Reseller
CMRS = Commercial Mobile Radio Service

(FOR CPUC USE ONLY)

<input type="checkbox"/> WTS Required <input type="checkbox"/> Resolution Required <input type="checkbox"/> Executive Action Resolution Req'd. <input type="checkbox"/> TD Suspension on: ___ / ___ / ___ <input type="checkbox"/> Comm. Suspension on: ___ / ___ / ___ Resolution No.: T - _____ <i>Rev. 04/01/05</i>	Supv. / Analyst _____ / _____ Due Date to Supv.: _____ Analyst Completion Date: _____ Supervisor Approval Date: _____ AL / Tariff Effective Date: _____ Notes: _____
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June 23, 2006

U 1001 C
Advice Letter No. 28526

Public Utilities Commission of the State of California

In accordance with General Order 96-A, Paragraph X.A, and CPUC Decision 94-09-065, this filing requests a special contract for Direct Distance Dialed Calls ("Local Toll-Value Promise Plus Plan"), Local and Zones 1, 2, 3 Usage Measurement, Calling Card, Custom 8, High Capacity, Primary Rate Interface, PBX, DS3, OCN, GigaMAN, Customized Switched Metro Ethernet, Centrex, SONET and OPT-E-MAN services.

In D.94-09-065, the Commission stated that contracts that are based on the particular customer's profile or are priced outside the tariffed price floor/ceiling rates will be reviewed under the ordinary G.O. 96-A procedures.

The terms and conditions of this contract are specific and unique, and should not be considered precedent setting. The statements in the Advice Letter are unique to this contract and should also not be considered precedent setting. In the event the parties modify this contract and such modification does not materially change the service provided (i.e., does not change the rates and charges of this service and the changes are for services within the same tariff schedule for which the original contract was approved), AT&T California requests that the modification become effective upon approval by the Telecommunications Division.

In accordance with the contract guidelines outlined in D.94-09-065, each service category of this contract covers its Long Run Incremental Costs (LRIC). The contract rates equal or exceed the LRICs of each rate element of the contract services. Contracts which include monopoly building blocks meet the imputation tests set forth in D.94-09-065.

Tracking procedures have been established in coordination with the Commission's Telecommunications Division for services offered under contract.

The first year annual revenue effect is approximately (\$3,260,625).

AT&T California requests confidential treatment of workpapers and supporting cost documentation. Parties, other than ORA, must enter into protective agreements to obtain such information. Persons interested in cost support information pertaining to the Advice Letter should call (415) 778-1299.

AT&T CALIFORNIA

In compliance with Section III. G. of General Order No. 96-A, we are mailing a copy of this advice letter to competing and adjacent Utilities and/or other Utilities, and interested parties, as requested. Also in compliance with Section X.A. of General Order 96-A, we are mailing a copy of this advice letter to each customer named in the contract. In addition, we are sending an e-mail copy of this advice letter to parties as requested. This advice letter with attachments may be viewed on AT&T California's Web-Site <https://ebiznet.sbc.com/calreg>. If there are any questions regarding the distribution of this advice letter call 415-778-1299.

This filing will not increase any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.

Anyone may protest this advice letter to the California Public Utilities Commission. The protest must set forth the specific grounds on which it is based, including such items as financial and service impact. A protest must be made in writing and received within 20 days of the date this advice letter was filed with the Commission. The address for mailing or delivering a protest to the Commission is:

Director, Telecommunications Division
505 Van Ness Avenue, Room 3210
San Francisco, CA 94102

If you have e-mail capability, the protest must also be e-mailed to the Telecommunications Division at TD_PAL@cpuc.ca.gov.

A copy of the protest must be mailed or faxed (415.543.3766) to AT&T California on the same date it is mailed or delivered to the Commission. If this advice letter was served via e-mail, the protest must be served to AT&T California via e-mail at regtss@att.com.

In accordance with Decision 05-01-032, we request this filing to become effective July 23, 2006.

Yours truly,

AT&T California

(Signature on File)

Executive Director

Attachment

AT&T California Advice Letter Service List

Via U.S. Mail

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SUBCONTRACT

BY

AND

BETWEEN

AND

AT&T GLOBAL SERVICES

**SUMMARY
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<i>Appendix A.4</i>	<i>Contractor Software</i>
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Schedule 3.2.....	Form Bill of Sale
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SUBCONTRACT

This Subcontract, effective upon signature by both parties, is entered into by and between _____ having offices at _____ (hereinafter referred to as “ ” “**Contractor**” or "**Prime Contractor**"), a corporation duly organized and existing under the laws of the State of Delaware, and SBC Global Services, Inc. dba AT&T Global Services, on behalf of itself and its Affiliates, having offices at One SBC Plaza, Dallas, Texas 75202 (hereinafter referred to as “AT&T” or "**Subcontractor**"), a corporation duly organized and existing under the laws of the State of Delaware.

PREAMBLE

WITNESSETH

WHEREAS, the Prime Contractor has entered into that certain Information Technology and Telecommunications Service Agreement, dated as of January 24th, 2006,(the “Prime Contract”) with the _____ (the “ ”), acting through its Chief Administrative Officer and Purchasing Agent, having offices at _____, under which Prime Contractor has agreed to provide the _____ with certain information technology and telecommunications services, on the terms and conditions set forth therein; and

WHEREAS, the Prime Contractor has need of certain services to be provided by the Subcontractor under the Prime Contract, on the terms and conditions set forth herein; and

WHEREAS, the Subcontractor wishes to provide the Prime Contractor the said services as set forth herein all in the manner and under the terms and conditions hereinafter set forth.

WHEREAS, one of the primary purposes of the Prime Contract is for the _____ to maintain state-of-the-art security systems and methods that will ensure the privacy and protection of the _____ Confidential Information and data, and in addition to being bound by this Subcontract to perform these specific tasks within the timelines contained herein, Subcontractor will at all times be fully subject to and bound to comply with all applicable _____, State, and federal laws, rules, and regulations relating to the subject matter hereof, including those regarding privacy and the protection of the _____’s data.

WHEREAS, the Prime Contractor has described its requirements for IT and telecommunications services to be performed by the Subcontractor in various requests for information and other communications to the Subcontractor (collectively, the “Requests”), and in response to such Requests, Subcontractor has delivered to the Prime Contractor various documents and other communications (collectively, the “Responses”) in which Subcontractor represented, among other things, that it could provide IT and telecommunications services satisfying the Requests as set forth in Schedule 4.3. Accordingly, in reliance upon the Responses and in furtherance of the purposes for which the Responses were solicited, the Prime Contractor hereby engages Subcontractor to perform all of the obligations set forth in Schedule 4.3 pursuant to this Subcontract, and Subcontractor hereby accepts such engagement and promises to perform according to this Subcontract.

A G R E E M E N T

NOW, THEREFORE, IT IS HEREBY AGREED in consideration of the foregoing premises and mutual covenants herein contained, the parties hereby mutually agree as follows:

1. TRANSITION OF ASSETS, LEASES, CONTRACTS AND PERSONNEL

1.1 Transition of Responsibilities for Retained Assets

On each Cutover Date, and from and after each such date, Subcontractor shall assume responsibility for the administration and management of the Retained Assets pertaining to the applicable Service Framework in accordance with Section 5.4 and Schedule 4.3.

1.2 Transition of Purchased Assets

1.2.1 Asset Purchase

As of each Cutover Date, the or its Legacy Provider (as applicable) shall sell at net book value to Subcontractor, and Subcontractor shall buy from the or its Legacy Provider (as applicable), "AS IS, WHERE IS" and without any express or implied warranties of any kind, all of the (or the Legacy Provider's) right, title, and interest in and to the Purchased Assets. For Purchased Assets sold by the directly, the Parties will enter into Bills of Sale relating to Subcontractor's purchase of the Purchased Assets in the form similar to that attached hereto as Schedule 3.2 and dated as of each Cutover Date.

1.2.2 Interim Assets

The Parties acknowledge that during the period between the Signing Date and each Cutover Date pertaining to a Service Framework, the (and Legacy Provider) will acquire additional assets that may be useful for Subcontractor's use in performing the Services under an applicable Service Framework ("Interim Assets) and during such period the (and Legacy Provider) will advise Subcontractor of all pertinent information with respect to all Interim Assets. For a ninety (90) day period commencing on each Cutover Date, Subcontractor shall have the right to use and the option to purchase whichever of the Interim Assets applicable to the Service Framework cut over on such Cutover Date that it may elect to use or purchase. If Subcontractor elects to use an Interim Asset during such ninety (90) day period to provide the Services, such Interim Asset shall be deemed to be a Retained Asset until the earliest of: (i) ninety (90) days after the applicable Cutover Date; (ii) the date that Contractor specifies to the (or Legacy Provider) as the date on which it will no longer use such Interim Asset; and (iii) the date on which Subcontractor purchases such Interim Asset as provided herein. Subcontractor will have the option, exercisable from time to time within ninety (90) days of such Cutover Date, to purchase at its then net book value any Interim Asset that it is using to provide the Services, as mutually agreed by Subcontractor and the (or the Legacy Provider, as applicable). An Interim Asset purchased by Subcontractor pursuant to this Section 1.2.2 will thereafter be deemed to be a Purchased Asset and will be subject to all of the provisions of Section 1.2 hereof.

1.3 Assignment of Leases and Contracts

Subject to Contractor's obtaining any Required Consents, the Parties (and/or Legacy Provider) may enter into Assignment and Assumption Agreements pursuant to which the (and/or Legacy Provider), as of the applicable Cutover Date, shall assign to Subcontractor all of the 's (or Legacy Provider's, as applicable) rights under the Assigned Leases and the Assigned Contracts set forth in Appendix A.2 pertaining to the Service Framework corresponding to such Cutover Date. The form of the Assignment and Assumption Agreement to be entered into between the and Subcontractor shall be in the form similar to that attached hereto as Schedule 3.3. Subcontractor shall assume responsibility for, and shall perform, all obligations of the (and Legacy Provider) under the Assigned Leases and Assigned Contracts, including payment of all related expenses (including maintenance fees), to be performed with respect to periods on or after each such Cutover Date, and shall indemnify the Legacy Provider (if required by the Legacy Provider) and the with respect to all such obligations. Subcontractor shall be responsible for paying all relicensing or transfer fees associated with the Assigned Leases and Assigned Contracts except for those relicensing or transfer fees that are the responsibility of the Legacy Provider and are paid by the Legacy Provider. Subcontractor shall reimburse the for the proportional amount of any prepayments in respect thereof (provided that, all "prepayments", as such term is used in this Subcontract, shall be for goods or services of which Subcontractor receives the benefit after the applicable Cutover Date and that will be utilized on or after the applicable Cutover Date in connection with the performance of Services by Subcontractor hereunder, including, for example, prepaid support and maintenance service fees), and Subcontractor shall indemnify the Legacy Provider (if required by the Legacy Provider) and the with respect to all such obligations in respect of the proportional period after the Cutover Date. The or its Legacy Provider (as applicable) shall be responsible for the performance of all obligations of the under the Assigned Leases and Assigned Contracts, including payment of all related expenses, to be performed with respect to periods prior to the applicable Cutover Date, and shall indemnify Subcontractor with respect to all such obligations in respect of such periods. From time to time, to the extent permitted by the applicable agreement, Subcontractor may request that the cooperate in the termination of any Assigned Leases or Assigned Contracts (which cooperation shall not be unreasonably withheld by the), and Subcontractor shall reimburse the for any termination charges or penalties, if any.

1.4 Required Consents

With the 's cooperation, Contractor shall obtain all Required Consents. In the event that Contractor is not able to obtain any Required Consent despite the use of its best efforts, then, unless and until such Required Consent is otherwise obtained, the Parties shall cooperate with each other and the Legacy Provider in achieving a reasonable alternative arrangement under which Contractor may perform the Services without causing a breach or violation of any agreement for which a Required Consent is to be obtained. Such reasonable alternative arrangements may include: (i) Contractor obtaining such consent to Contractor's use of the relevant assets as the relevant party will agree to provide; or (ii) Contractor procuring a suitable replacement for the assets for which it is unable to obtain the Required Consent. Contractor shall be responsible for paying all termination fees associated with any

agreement for which Contractor is unable to obtain a Required Consent. All obligations under this Section 1.4 shall be the responsibility of Contractor, at its cost and expense, except in the following regards: (A) each Party shall take such actions, at its own cost and expense, as are required of it by applicable laws or regulations with respect to the Government Approvals; and (B) the shall obtain, at its cost and expense, all Required Consents for contracts for Retained Assets entered into by the after the Cutover Date applicable to the Service Framework for which the entered into such contracts. The reserves the right to reasonably request and review any or all such Required Consents prior to the commencement of any Services hereunder.

1.5 Human Resources

Reserved.

PART II – SCOPE OF SERVICES

2. SERVICES

2.1 Scope

In accordance with this Subcontract, Subcontractor shall perform the Services as described in and in accordance with the Operational Services included as Schedule 4.3 hereto, which is incorporated herein and made a part hereof. Although the Parties have attempted in this Section 2 and Schedule 4.3 to delineate the specific Services to be provided by Subcontractor, the Parties acknowledge that some items may not have been specifically identified herein. The specific enumeration in any particular Section of this Subcontract of certain of Subcontractor's duties or obligations is not an implied limitation on, or alteration of, other duties or obligations imposed on Subcontractor elsewhere in this Subcontract. In the event of any dispute between the Parties as to whether a particular service or function falls within the scope of the services to be provided by the Prime Contractor's other subcontractors, the Prime Contractor itself, the 's third party service providers, or by the itself, or within the scope of those to be provided by Subcontractor, such particular service or function shall be considered to be a part of the Services hereunder if it is consistent with, and reasonably inferable to be within, the scope of the Services hereunder and if more reasonably would be associated with the Services than with the scope of the services to be provided by such other service providers. If not otherwise provided in this Subcontract, with respect to any tasks, functions, and services that are within the scope of Services but with regard to which there is no set or fixed timetable or schedule for performance and which are therefore to be provided upon the Prime Contractor's request, Subcontractor shall promptly perform such Services. Subcontractor shall at all times use all commercially reasonable efforts (which, at a minimum, shall be consistent with best industry standards and practices) to avoid, prevent, and mitigate any material adverse effect on the continuity and quality of the Services being provided hereunder. Except as expressly set forth in this Subcontract,

Subcontractor shall furnish all labor, materials, equipment, products, tools, transportation, and supplies required to perform the Services.

If a revolutionary, material shift and improvement occurs in the technology available to provide any type of IT related services that constitutes a substantial portion of the Services, and if such technology is generally available (and available to Subcontractor), is outside the normal evolution of technology experienced by the IT industries, and was not generally available as of the later of the Effective Date or the latest amendment to this Subcontract (if any) pursuant to this Section, such improvement shall be deemed a "Paradigm Technological Shift." If a Paradigm Technological Shift occurs, and if the Prime Contractor requests an amendment pursuant to this Section, this Subcontract shall be reasonably, appropriately, and equitably amended (including the Fees, descriptions of services, and all other relevant provisions) to take such Paradigm Technological Shift into account.

2.2 Performance of Services

Subcontractor shall perform the Services at such Locations and in accordance with such schedules as set forth in Schedule 4.3. Subcontractor shall procure, for its use in providing the Services, all hardware, software, and network facilities needed in order for Subcontractor to provide the Services in accordance with Schedule 4.3; except as otherwise expressly set forth herein, all assets so procured shall be the property of Subcontractor. Subcontractor's procurement responsibilities shall include: procurement of additional assets; evaluation of vendor qualifications and independence; negotiation of prices; obtaining the most favorable rates and discounts available; distribution and installation of all procured items; and software license compliance. All procurement activities necessary for Subcontractor to provide the Services, and all purchase prices, license fees, lease payments, and support and maintenance fees for all procured assets, shall be paid for by Subcontractor. With regard to the procurement obligations in this Section, the advance written consent of the Prime Contractor shall be required for any procurement, or series of related procurements, that involves an anticipated or actual expenditure of five hundred thousand dollars (\$500,000.00) or more.

2.3 Asset Management

If the Services include procurement, installation, implementation, and maintenance of upgraded and replacement assets, Subcontractor shall provide Prime Contractor with assets that meet the then-current standards and specifications for such asset in the Standards and Procedures Manual or as otherwise agreed by the Parties. Subcontractor shall also provide such upgrades, and such replacements and shall schedule such upgrades, and replacements in advance and in such a way as to prevent any interruption or disruption of Services and at a cost which is consistent with this Subcontract and Schedule 4.3. Subcontractor shall be required to obtain the prior written consent of the Prime Contractor before acquiring, maintaining, upgrading, or replacing any asset that is used or to be used by the , Prime Contractor, Subcontractor, or third parties in connection with the provision of the Services if such acquisition, maintenance, upgrade, or replacement could result in any additional cost to the Prime Contractor or the hereunder or any diminution in the nature or level of any

portion of the Services. For standard personal computers, laptop computers, tablets and associated peripheral assets owned or leased by the Subcontractor that were used by the , Prime Contractor, Subcontractor, or third parties in connection with the provision of the Services, but subsequently permanently retired, decommissioned, or otherwise removed from service, Subcontractor shall, at no additional charge and to the extent such assets still have a remaining useful life, transfer such assets to charitable organizations of the 's choosing. If a revolutionary, material shift and improvement occurs in the technology available to provide any type of IT related services that constitutes a substantial portion of the Services, and if such technology is generally available (and available to Subcontractor), is outside the normal evolution of technology experienced by the IT industries, and was not generally available as of the later of the Effective Date or the latest amendment to this Subcontract (if any) pursuant to this Section, such improvement shall be deemed a "Paradigm Technological Shift." If a Paradigm Technological Shift occurs, and if the Prime Contractor requests an amendment pursuant to this Section, this Subcontract shall be reasonably, appropriately, and equitably amended (including the Fees, descriptions of services, and all other relevant provisions) to take such Paradigm Technological Shift into account.

2.4 Service Compatibility

Subcontractor shall ensure that all Services, equipment, networks, software, enhancements, upgrades, modifications, and other resources (collectively, the "Resources") utilized by Subcontractor or approved by Subcontractor for utilization by the in connection with the Services, shall be compatible with the services, systems, items, and other resources (collectively, the "Third-Party Resources") that are being provided to, recommended to, or approved for use by, the by third-party service providers, the Prime Contractor, the Prime Contractor's other subcontractors, or the itself which are compliant with Network Equipment Building System ("NEBS") and the Standards and Procedures Manual.

Subcontractor agrees that at all times during the Term it shall cooperate with the providers of Third-Party Resources to coordinate its provision of the Services with the services and systems of such providers of Third-Party Resources. Such cooperation and access shall include: (i) facilitating with such other relevant service-providers the timely resolution of all problems that may arise and impact the Services or the respective use, operation, support, maintenance, or provision thereof, regardless of the actual or suspected root cause of such problems, and using all commercially reasonable efforts to obtain and maintain the active participation, cooperation, and involvement of such other service-providers as is required for such problem-resolution; (ii) providing applicable written information concerning any or all of the systems, data, computing environment, and technology direction used in providing the Services; (iii) working with such other service-providers in the integration of the Services with the resources in the 's environment and, as reasonably requested, the integration and interfacing of the services of such other service-providers with the Services as well as providing reasonable assistance and support services to such third-party providers; (iv) providing access to Subcontractor and systems and architecture configurations to the extent reasonably required for the activities of such third-party providers; and (v) providing access to and use of the Resources. If any of the foregoing require the disclosure of any Subcontractor Confidential Information to any third

party, such third party shall enter into a confidentiality agreement, with terms at least as restrictive as those in this Subcontract.

2.5 Services Not Included in the Baseline Volumes

The Services and Baseline Volumes set forth in this Subcontract do not include Data Network Services for the District Attorney's Office, Sheriff's Department, and Superior Court of California. Notwithstanding the foregoing, if requests the Prime Contractor, to provide such Data Network Services to the District Attorney's Office, Sheriff's Department, and Superior Court of California, as applicable, then the Subcontractor shall provide such Services to the District Attorney's Office, Sheriff's Department, and Superior Court of California and the Prime Contractor shall pay for additional volumes of Resource Units incurred in connection with such Services in accordance with Schedule 16.1.

2.6 MASLs

2.6.1 Commitment to MASLs

Except as otherwise specified in this Subcontract, Subcontractor shall perform all Services at least in accordance with the MASLs. The MASLs are set forth in Schedule 4.3. Certain terms and definitions applicable to the MASLs are also specified in Schedule 4.3. Any Applications, resources or Machines provided or developed by Subcontractor pursuant to the terms hereof shall incorporate methods permitting measurement of performance-related MASLs.

2.6.2 MASL Measurement and Reporting

Subcontractor shall at its own expense measure and report its performance against the MASLs, including measurement and reporting for each agency, subdivision or department of the , if applicable, during each month by the seventh (7th) day (or following business day if such seventh (7th) day is a weekend or holiday) of the following month. For continuing Failures that occur in consecutive measurement periods, Subcontractor shall report such Failures in the month such Failure commences and for each following month during which such Failure continues. Subcontractor's report shall be delivered in accordance with Section 3 hereof. Subcontractor shall meet with the Prime Contractor, or, if Prime Contractor so requests, with the , at least quarterly, or more frequently if requested by the , to review Subcontractor's actual performance against the MASLs and shall recommend remedial actions to resolve any performance deficiencies.

2.6.3 Improvements in Performance

The Parties shall review and discuss the MASLs from time to time, but not less frequently than once each Contract Year. In addition, the Parties shall, at the Prime Contractor's discretion, at no additional cost to the Prime Contractor, adjust the MASLs on an annual basis to reflect the 's requirement for continuous improvement. Upon mutual agreement, after any such review, the MASLs may be adjusted (including by adding new MASLs or replacing obsolete MASLs), for the benefit of the , to reflect (i) improved

performance requirements based upon advances in available technology and methods that are suitable for use in performing the Services, (ii) the increased capabilities of any hardware or software acquired for use by the , (iii) changes in the operations and environment of the , and (iv) other changes in circumstances. Subcontractor shall continuously evaluate ways to improve its performance and shall make these improvements available to the Prime Contractor as soon as possible. Notwithstanding the foregoing, the Prime Contractor may use the Critical Milestone process established in Schedule 16.8 to adjust existing MASLs or add new MASLs. Upon receipt of notice by Prime Contractor that is proposing new or changed MASLs, Subcontractor will: i) provide a recommendation for the changed or new MASL; ii) provide quantitative data, if available, to support its recommendation; iii) communicate whether Subcontractor can support the changed or new MASL at the existing rate for the associated resource unit(s), or propose a price adjustment for the proposed changed MASL; and iv) communicate any other concerns with the changed or new MASL to the Prime Contractor. Prime Contractor agrees to include Subcontractor in all discussions with the regarding changes to MASLs applicable to Subcontractor's Services, to the degree permitted by the . In the event Prime Contractor agrees to a change to MASLS, then Subcontractor shall perform to the changed MASL at the Subcontractor proposed price in (iii), above or as mutually agreed by the Parties.

2.7 Root-Cause Analysis and Resolution

Promptly, and in no event later than five (5) days after Subcontractor's receipt of a notice from the Prime Contractor regarding, (i) as specified in the Standards and Procedures Manual or otherwise as requested by the Prime Contractor, Subcontractor's failure to provide any of the Services, (ii) Subcontractor's failure to meet a Critical Milestone or (iii) any other failure requiring a root-cause analysis as specified in this Subcontract, Subcontractor shall: (A) perform a root cause analysis to identify the cause of such failure; (B) correct such failure (if possible, regardless of whether caused by Subcontractor); (C) provide the Prime Contractor with a written report detailing the cause of, and procedure for correcting, such failure; and (D) provide the Prime Contractor with satisfactory evidence that such failure will not recur. The correction of any such failure shall be performed entirely at Subcontractor's expense unless it has been determined, by mutual agreement of the Parties or through any dispute-resolution procedures established by the Parties in writing, that the Prime Contractor, the , or third parties engaged by the (or their other subcontractors or agents) was the predominant contributing cause of the failure and Subcontractor could not have worked around the failure without expending a material amount of additional time or cost. In such an event Subcontractor shall be entitled to temporary relief from its obligation to timely comply with the affected MASL or Critical Milestone, but only to the extent and for the duration so affected. For purposes hereof, the preexisting condition of the 's properties and systems shall not be deemed a contributing cause of any failure.

2.8 Non-Exclusivity

2.8.1 Non-Exclusivity

Contractor represents, and Subcontractor acknowledges, that the Prime Contract permits the to obtain any type of Services, including any discrete component, deliverable,

feature, function, capability, task, activities, or portion of the Services, or any other services, from itself or any other provider during the Term. In this regard, the Prime Contract permits the to terminate any discrete component, deliverable, features, functions, capabilities, tasks, activities, or portion of the Services in accordance with the provisions of Section 15.2.1. In the event the elects to terminate any such discrete component, deliverable, features, functions, capabilities, tasks, activities, or portion of the Services pursuant to the terms hereof, Contractor has agreed with the to perform its Disentanglement obligations (as described in the Prime Contract) to the extent applicable to the Terminated Services except as otherwise required under applicable laws or regulations. The Prime Contractor shall have no right to terminate any portion of the Services under this provision except to the extent it is a direct result of 's exercise of its rights under of the Non-Exclusivity provisions of the Prime Contract.

2.8.2 Cooperation and Coordination

When and if exercises its rights under the Non-Exclusivity provisions of the Prime Contract, then , with respect to each Terminated Service, or any other type of Service, including any discrete component, deliverable, feature, function, capability, task, activities, or portion of the Services, or any other services, that the obtains from itself or any other provider (collectively hereunder and under the Prime Contract, the "Retained Services"), Subcontractor shall at all times cooperate and coordinate with the Contractor, the and the selected provider in every respect to facilitate the successful accomplishment of the Retained Service. Such cooperation shall include: (i) providing information concerning any or all of the systems, data, computing environment, and technology direction used in providing the Services; (ii) cooperating with Contractor and such third party in the implementation and integration of the Retained Services in the 's environment; (iii) providing access to and use of Subcontractor resources; and (iv) performing tasks assigned to Subcontractor by Contractor in connection with the Retained Services. Subcontractor acknowledges that, under the Prime Contract, the has the right to solicit or accept proposals on any services within or outside of the scope of the Services from any other provider and may award any service to any such provider for any reason. The obligations described herein shall be in addition to Subcontractor's Disentanglement obligations as described in Section 4. To the extent needed, Contractor will cooperate with the in the coordination of the addition of any new third party; provided further that, (i) to the extent that the third party utilizes services or resources of Subcontractor in addition to those then-currently deployed or provided by the Subcontractor, then Subcontractor shall be free to negotiate additional compensation from such third party for such additional Subcontractor services or resources, and (ii) the Subcontractor shall have no responsibility for the performance of such third party.

2.9 Location of Performance

Except where Subcontractor obtains the Prime Contractor's prior written approval, Subcontractor shall perform all of the Services only from or at locations within the geographic boundaries of the continental United States. Any Prime Contractor approval for the performance of Services outside of the continental United States shall be limited to the specific instance and scope of such written approval, including the types of Services and

locations involved. Notwithstanding the foregoing, this Section 2.9 shall not restrict the country or countries of origin of any assets purchased to provide the Services hereunder; provided, that when such assets are used to provide the Services, such assets shall be used only from or at locations within the geographic boundaries of the continental United States.

2.10 Critical Milestones

Contractor represents, and Subcontractor acknowledges, that the Prime Contract permits the , from time to time during the Term, Schedule 4.3, to designate as Critical Milestones certain actions and projects to be completed by the Contractor that are of material importance to the or the agency, subdivision or department of the receiving the Services. Subcontractor agrees to be bound by any and all such Critical Milestones designated from time to time during the Term by the provided that such Critical Milestones are within the scope of the Services. If Contractor fails to meet any Critical Milestone by the date set forth by the for such Critical Milestone, and if the Root Cause Analysis performed shows that such failure is a result of Subcontractor's failure to perform the in-scope tasks required by the Critical Milestone, Subcontractor shall be liable for a fee forfeiture and shall make payment to the Prime Contractor for such Critical Milestone failure pursuant to the requirements of Schedule 16.8 hereof. In addition, if Subcontractor fails, or if the Prime Contractor reasonably determines that Subcontractor is likely to fail, to meet a Critical Milestone by the date set forth by the Prime Contractor, then, in addition to any other rights and remedies that may be available to the Prime Contractor in accordance with this Subcontract, Subcontractor shall, at the Prime Contractor's option and at no additional cost to the Prime Contractor, provide such additional personnel as may be required or necessary to accomplish all activities, tasks, and Services that were associated with such Critical Milestone either: (i) as soon as commercially practicable through Subcontractor's exercise of all commercially reasonable efforts, if Subcontractor has already failed to meet such Critical Milestone; or (ii) by the date corresponding thereto, as set forth by the at the assignment of Critical Milestone status to a project or action, if such date has not yet passed.

2.11 Cooperation and Coordination with other Subcontractors

Subcontractor acknowledges that Prime Contractor's proposal to the and the actual manner of delivery of services to the contemplated by the Prime Contract and being implemented by the Prime Contractor entail the use of certain subcontractors in addition to Subcontractor. Subcontractor further acknowledges that successful performance of the duties and obligations under this Subcontract, as well as Prime Contractor's duties and obligations under the Prime Contract will require a high degree of coordination and communication between and among Subcontractor, Prime Contractor, and the other subcontractors, jointly and individually. Accordingly, Subcontractor shall, in its performance hereunder, cooperate and coordinate with other subcontractors and Prime Contractor. Prime Contractor shall ensure other subcontractors cooperate and coordinate with Subcontractor to ensure the effective delivery of Services. Subcontractor may, from time to time, be required to respond to requests for technical coordination and communication from other subcontractors, which shall be consistent with the roles and responsibilities outlined in the Standards and Procedures Manual, and shall respond to such requests as though such requests originated

with or were made by Prime Contractor. However, for the avoidance of doubt, in no event and under no circumstances will Subcontractor be deemed subordinate to any other subcontractor nor will any other subcontractor supervise Subcontractor's work. Further, Prime Contractor and Subcontractor acknowledge and agree that only Prime Contractor has the authority to exercise any rights and responsibilities arising from this Subcontract, which are vested in Prime Contractor in its role as a party to this Subcontract. In the event Subcontractor receives any request or direction from any other subcontractor, which Subcontractor reasonably believes contradicts the roles and responsibilities set forth in the Standards and Procedures Manual, Subcontractor may appeal such request or direction to the Prime Contractor Program Manager for resolution of the issue.

3. REPORTING

3.1 General

Subcontractor shall furnish the Prime Contractor at no additional charge with reports described in this Subcontract in the form, and covering the information, set forth in Schedule 4.3 and with the frequency required by Schedule 5. In addition, from time to time, Prime Contractor may identify additional reports related to the Services to be generated by Subcontractor (in the format requested by the Prime Contractor) and delivered to Prime Contractor on an ad hoc or periodic basis and request that such reports be provided to Prime Contractor as part of the Services. In the event that ad hoc reports have a material impact on the Subcontractor's cost of performance, Subcontractor shall promptly notify the Prime Contractor and such additional costs shall be addressed in accordance with Section 9. In addition, Subcontractor shall furnish the Prime Contractor such billing information, in such form as the may request in order for the to be able to administer its chargeback program. In connection with meeting this obligation, Subcontractor shall continually maintain (and deliver to Prime Contractor upon request) an up-to-date, accurate list of all assets associated with the Services in such format as may be requested by in order for it to be able to align the list with the 's chargeback program. Subcontractor's reports shall also include information regarding: Subcontractor's performance of the Services; cost-management; subcontractor relationships; End-User satisfaction; and human resources. Subcontractor shall promptly (but not later than twenty-four (24) hours after gaining knowledge thereof) inform the Prime Contractor of any deficiencies, omissions, or irregularities in the Prime Contractor's requirements or in Subcontractor's performance of the Services that come to Subcontractor's attention. Subcontractor shall, to the extent permitted by any applicable third parties, furnish the Prime Contractor with existing and future research and development resources, such as published materials, and industry studies conducted for or by Subcontractor, that come to its attention and pertain to the Services and that the Subcontractor reasonably believes or the Prime Contractor indicates might assist the in setting its IT and telecommunications policies or requirements. Subcontractor's Contract Manager shall also advise the Prime Contractor of all other matters of a material nature, that he or she believes would be helpful to the in setting or revising its IT and telecommunications policies or requirements

3.2 Media

Subcontractor shall furnish the Prime Contractor with all reports in both hard copy and electronic form per the Prime Contractor's specifications as reasonably requested by the Prime Contractor from time to time during the Term.

4. DISENTANGLEMENT

4.1 General Obligations

Subcontractor shall take the necessary actions required to accomplish a complete, timely, and seamless transition of any Terminated Services from Subcontractor and to the Prime Contractor, the , or to any replacement provider designated by either of them, without material interruption of or material adverse impact on the Terminated Services or any other services provided by third-parties or Services (and their respective MASLs) that Subcontractor shall continue to provide (each transition, a "Disentanglement"). Subcontractor shall cooperate with the Prime Contractor, the and any new service provider to assist the Prime Contractor and the in effecting a complete and timely Disentanglement of any Terminated Services. Subcontractor shall provide information regarding the Terminated Services or as otherwise needed for Disentanglement, including data conversion, interface specifications, and related professional services. Subcontractor shall provide for the prompt and orderly conclusion of all Terminated Services, as the Prime Contractor may direct, including completion or partial completion of projects, documentation of work in process, and other measures to assure an orderly transition to the Prime Contractor, the or their designee. Subcontractor's obligation to provide the Services shall not cease until a Disentanglement satisfactory to the Prime Contractor and the , including the performance by Subcontractor of all asset-transfers and other obligations of Subcontractor provided in this Section 4, has been completed in accordance with mutually agreed to completion or acceptance criteria or if no agreed acceptance criteria exist, then to the Prime Contractor's and the 's reasonable satisfaction.

4.2 Disentanglement Process

The Disentanglement process shall begin (and the Subcontractor shall begin the performance of its Disentanglement Services (as defined below) on any of the following dates: (i) the date the Prime Contractor notifies Subcontractor that no funds or insufficient funds have been appropriated by the so that the Term shall be terminated pursuant to Section 15.1.4; (ii) the date designated by the Prime Contractor prior to the end of any initial or extended term that the Prime Contractor has not elected to extend pursuant to Section 15.1; or (iii) the date any Termination Notice is delivered, if the Prime Contractor elects to terminate any or all of the Services pursuant to any applicable provision of this Subcontract, including without limitation the provisions of Sections 2.8, 15.2, 15.3, 15.4, or 15.5. Subcontractor's obligation to perform the Terminated Services, and the Prime Contractor's obligation to pay for the Terminated Services, shall expire: (A) when funds appropriated by the for payment for the Services are exhausted, as provided in Section 15.1.4; (B) at the end of the initial or extended term set forth in Section 15.1; or (C) on the Termination Date, pursuant to any applicable provision of this Subcontract, including without limitation the provisions of Sections 2.8, 15.2, 15.3, 15.4, or 15.5 (with the applicable date on which Subcontractor's obligation to perform the Terminated Services

expires being referred to herein as the “Expiration Date”); provided, however, that Subcontractor shall remain obligated to provide Disentanglement Services (as defined below) until a Disentanglement satisfactory to the Prime Contractor and the has been completed in accordance with completion or acceptance criteria developed in cooperation with the Subcontractor and mutually agreed to by the Parties, a period that may last up to twelve (12) months after any such Expiration Date. The Prime Contractor shall pay for a material increase in Subcontractor’s cost of performance for any Disentanglement Services formally requested by the Prime Contractor but mutually agreed by the Parties to be outside Subcontractor’s scope of services. Such increase to the performance requirements shall be made in accordance with the change process outlined in Section 9 herein.

In the event the Prime Contractor elects hereunder to terminate a Service Framework, or a component, task, feature, portion, capability, or sub-element of the Services (but not all Services in the aggregate), Subcontractor shall perform the Disentanglement Services hereunder to the extent applicable to the Terminated Services in such case. Subcontractor shall be required to perform the Disentanglement Services on an expedited basis, as determined by the Prime Contractor, if the Prime Contractor terminates the Term pursuant to Sections 15.3, 15.4, or 15.5.

4.3 Specific Obligations

The Disentanglement shall include the performance of the following specific obligations (the “Disentanglement Services”):

4.3.1 Disentanglement Plan

Upon Disentanglement, Subcontractor, the Prime Contractor, and, if applicable, ’s or Prime Contractor’s designated replacement provider(s) shall discuss and work cooperatively together in good faith to develop an acceptable plan describing the nature and extent of Subcontractor’s Disentanglement obligations and providing details concerning the transfer of the Terminated Services in process. Subcontractor shall within ten (10) days after the commencement of Disentanglement develop, document in detail, and provide the Prime Contractor with a copy of, such Disentanglement plan, including proposed completion and acceptance criteria applicable thereto, for Prime Contractor’s approval. Upon receipt of Prime Contractor’s approval, which may not be unreasonably withheld, Subcontractor shall promptly implement the Disentanglement plan in accordance with its terms. Subcontractor’s obligation under this Subcontract to provide all Services necessary for Disentanglement shall be consistent in all respects with the Disentanglement plan.

4.3.2 Full Cooperation and Information

The Parties shall cooperate fully with one another and the Prime Contractor’s designated replacement provider to facilitate a smooth transition of the Terminated Services being transferred from Subcontractor to the , the Prime Contractor or their designated replacement provider. Such cooperation shall include the provision (both before and after the cessation of Subcontractor’s providing all or any part of the Terminated Services under this Subcontract) by Subcontractor to the Prime Contractor of full, complete, detailed, and

sufficient information (including all information then being utilized by Subcontractor) to enable the Prime Contractor's or 's personnel (or that of any reasonably competent third parties) to fully assume and continue without interruption or adverse impact the provision of the Terminated Services.

4.3.3 No Interruption or Adverse Impact

Subcontractor shall cooperate with the Prime Contractor, the and all of their other service providers to achieve a smooth transition at the time of Disentanglement, with no material interruption of the Terminated Services, no material adverse impact on the provision of the Terminated Services or the Prime Contractor's and the 's activities, no material interruption of any services provided by third parties, and no material adverse impact on the provision of services provided by third parties.

4.3.4 Third-Party Authorizations

Without limiting the obligations of Subcontractor pursuant to Section 13.4, Subcontractor shall, subject to the terms of any third-party contracts, use commercially reasonable efforts to procure at no charge to the or the Prime Contractor any third-party authorizations necessary to grant the or the Prime Contractor the use and benefit of any third-party contracts between Subcontractor and third-party subcontractors used to provide the Terminated Services, pending their assignment to the or the Prime Contractor pursuant to Section

4.3.5 Licenses to Software

Subcontractor acknowledges and agrees that the licenses granted to the and the Prime Contractor pursuant to Section 13 provide for all Subcontractor Works and Third Party Works that would be needed in order to allow the or the Prime Contractor to continue to perform for itself, or obtain from other providers, the Terminated Services as the same might exist at the time of Disentanglement; provided, however, the Prime Contractor acknowledges and agrees that its continued use of Third Party Software identified and agreed to by the parties in writing from time to time and set forth in the Standards and Procedures Manual as "COTS" or as a Shared Resource may be subject to the standard commercial terms for such Third Party Software following Disentanglement. In addition, the Prime Contractor acknowledges and agrees that the Prime Contractor and the shall have no right to continue to use Third Party Software following Disentanglement; provided, however, the Subcontractor shall use commercially reasonable efforts to obtain a license for the Prime Contractor and/or the and their third party providers to such Third Party Software, if requested. To the extent allowed by the licensor, Subcontractor shall also provide the and/or the Prime Contractor with a copy of each such program, in such media as requested by the Prime Contractor, together with object code, source code, and appropriate documentation. To the extent allowed by third party contracts, Subcontractor shall also offer to the and/or the Prime Contractor, or cause to be offered to the and/or the Prime Contractor, the right to receive maintenance (including all updates, upgrades, enhancements, and improvements thereto) and support with respect to such Subcontractor Works and any

and all derivatives thereof for so long as the Prime Contractor and/or the requires, at the then current rates offered to other major customers for services of a similar nature and scope.

4.3.6 Transfer of Assets

Subcontractor shall convey to the , the Prime Contractor (or their designee), from among those non-Software assets then held by Subcontractor solely for the provision of the Terminated Services, other than those non-Software assets expressly identified by the Parties from time to time as Shared Resources, such assets as the Prime Contractor or the may select, at a price consisting of the net book value, calculated in accordance with the guidelines set forth in Schedule 16.1 and Exhibits 16.1-1 and 16.1-5, except to the extent such assets are part of the public switched network or the conditions under which Subcontractor obtained such assets preclude such sale. Notwithstanding anything to the contrary contained in this Subcontract, upon conveyance of any Machines to the as part of termination or Disentanglement, the Prime Contractor or their designee, Subcontractor, at its expense, shall convey or assign to the , the Prime Contractor or their designee, or cause the conveyance or assignment of, any and all licenses to Software used with such Machines to the extent Subcontractor's licensors granted Subcontractor the authority to resell such Machines and Software. Subcontractor shall promptly remove from the 's and the Prime Contractor's premises any Subcontractor assets associated with the Terminated Services that the , the Prime Contractor, or their designee, chooses not to purchase.

4.3.7 Transfer of Leases, Licenses, and Contracts

Subcontractor, at its expense, shall convey or assign to the , the Prime Contractor or their designee such leases, licenses, and other contracts used by Subcontractor, the Prime Contractor, the or any other Person in connection with the Terminated Services, as the Prime Contractor or the may select except for those leases, licenses and contracts associated with the public switched network or which preclude such reconveyance or assignment. Subcontractor's obligation under this Section 4.3.7 shall include Subcontractor's performance of all obligations under such leases, licenses, and other contracts to be performed by it with respect to periods prior to the date of conveyance or assignment and Subcontractor shall reimburse the Prime Contractor for any Losses resulting from any final determination that Subcontractor did not perform any such obligations. The Prime Contractor or the shall accept all obligations and responsibilities under such leases, licenses and other contracts as of the date of conveyance or assignment.

4.3.8 Delivery of Documentation

Promptly upon the commencement of Disentanglement as set forth in Section 4.2, Subcontractor shall deliver to the Prime Contractor the , or the 's designated replacement provider, as applicable, all information and documentation as described in Section 4.4.1.

4.3.9 Hiring of Employees

Subject to Subcontractor's policies and practices and all applicable laws and regulations regarding the employer-employee relationship, Subcontractor shall cooperate

with and assist (and shall cause its Permitted Subcontractors to cooperate with and assist) the , the Prime Contractor or their designee in offering employment, at the discretion of the , the Prime Contractor or their designee, to any or all Subcontractor employees (and to any or all employees of Subcontractor's Permitted Subcontractors) that are substantially involved in the provision of the Terminated Services whether such offers are made before, at the time of, after, or in anticipation of expiration or termination of the Term. Such cooperation and assistance shall include allowing the , the Prime Contractor or their designee to meet with such employees at Subcontractor's or its Permitted Subcontractor's facilities and providing the , the Prime Contractor or their designee with all relevant and pertinent details, consistent with Subcontractor's standard HR policies and procedures as authorized by individual employee, regarding the salary and benefits then being received by each Subcontractor or Permitted Subcontractor employee then occupying any such positions or performing any such functions, so as to enable the , the Prime Contractor or their designee to make a reasonable and comparable offer. Subcontractor shall be solely responsible for, and shall pay, all severance and related payments, if any are payable pursuant to Subcontractor's standard policies, plans or contracts, to any such employees of Subcontractor hired by the , the Prime Contractor or their designee.

4.3.10 Prime Contractor WARN Notice

If, in the opinion of Prime Contractor, the Disentanglement plan results in a need for a WARN Notice, then the Prime Contractor shall so advise the and Subcontractor, and Subcontractor shall take such action as Prime Contractor deems necessary to provide such WARN Notice to Subcontractor employees. If, under the Prime Contract and pursuant to the Disentanglement plan, the believes that a WARN notice should not be sent, and if Prime Contractor so informs Subcontractor in writing, Subcontractor agrees to meet and discuss the matter with the Prime Contractor, in which event the shall be responsible for severance and related costs, expenses and penalties arising from the failure to timely provide any required WARN Notice.

4.3.11 Additional Tasks

Upon Disentanglement, Subcontractor shall perform such additional tasks as may be related to the transfer of the Terminated Services back to the , the Prime Contractor or their designee, which shall include, but not be limited to, the performance of the following tasks prior to the Expiration Date:

(i) Subcontractor shall, within thirty (30) calendar days of Prime Contractor's request, develop and deliver to the Prime Contractor a detailed, accurate and comprehensive list of all assets used by Subcontractor or any Permitted Subcontractor in connection with the performance of the Terminated Services, which list shall include the location of all such assets;(ii) Subcontractor shall, within thirty (30) calendar days of Prime Contractor's request, prepare and pack up any assets located in Subcontractor or Permitted Subcontractor facilities that are associated with the Terminated Services, and that are selected by the or the Prime Contractor for conveyance to the , the Prime Contractor or their designee; and, Subcontractor shall remove all such assets to the dock for shipment to the , the Prime Contractor or their designee;(iii) Subcontractor shall, within thirty (30)

calendar days of Prime Contractor's request, prepare, pack up and deliver to the dock for shipment to the , the Prime Contractor or their designee, all documentation relating to the Terminated Services;

(iv) Subcontractor shall, within thirty (30) calendar days of Prime Contractor's request, develop and deliver to the , the Prime Contractor or their designee, a detailed, accurate, current and comprehensive list of all Subcontractor and Permitted Subcontractor personnel supporting the Terminated Services as of and following the commencement of Disentanglement, which list shall include accurate and current contact information for each such person; and

(v) Subcontractor shall require such of its personnel and personnel of its Permitted Subcontractors, as may be selected by the or the Prime Contractor, to attend any and all meetings scheduled by the or the Prime Contractor in connection with Disentanglement and relating to the transfer of the Terminated Services back to the , the Prime Contractor or their designee.

4.4 Preparation for Disentanglement

4.4.1 Complete Documentation

Periodically throughout the Term, and at any time upon the Prime Contractor's request, Subcontractor shall provide to the , the Prime Contractor or their designee such documentation and other information regarding the performance of Services, or the use, operation, support and maintenance of the Software, Machines and systems provided via the Services (including any applications developed as part of the Services), hardware, networks and equipment, as is collectively sufficient to enable the , the Prime Contractor, their designee or any reasonably competent third party service provider, to fully assume and continue without interruption or adverse impact the provision of any terminated Services and the use, operation, support, and maintenance use of the Software, Machines and systems provided via the Services; provided, however, any documentation for Third Party Software identified and agreed to by the parties in writing from time to time and set forth in the Standards and Procedures Manual as "COTS" or as a Shared Resource shall be provided as commercially available. Subcontractor shall also provide sufficient documentation for all upgraded or replacement Software, hardware, and network components concurrently with the installation thereof.

4.4.2 Maintenance of Assets

Subcontractor shall maintain all of the hardware, software, systems, networks, technologies, and other assets utilized in providing Services (including leased and licensed assets) in good condition and in such locations and configurations as to be readily identifiable and transferable back to the , the Prime Contractor or their designee in accordance with the provisions of this Subcontract; in addition, Subcontractor shall insure such assets in accordance with the requirements of Section 17. The Prime Contractor acknowledges and agrees that Machines identified in Schedule 7.6 or in the Standards and

Procedures Manual as Shared Resources will not be transferable back to the Prime Contractor.

4.4.3 Advance Written Consents; Maintenance

Subject to requirements of third party contracts, Subcontractor shall make commercially reasonable efforts to obtain, at its own expense, advance written consents from all licensors and lessors to the conveyance or assignment of licenses and leases to the , the Prime Contractor or their designee in a timely and expedient manner so as to permit Disentanglement in accordance with this Section 4. Subcontractor shall also make commercially reasonable efforts to obtain for the , the Prime Contractor or their designee the right, upon Disentanglement, to obtain maintenance (including all enhancements and upgrades) and support with respect to the assets that are the subject of such leases and licenses at the price at which, and for so long as, such maintenance and support is made commercially available to other customers of such third parties whose consent is being procured hereunder. If such advance consents have not been obtained or cannot be obtained during Disentanglement, Subcontractor shall (i) promptly notify the Prime Contractor of which third party authorizations or consents it is unable to obtain; (ii) use all commercially reasonable efforts to identify reasonable, alternative sources of goods, services, or Software comparable to those being provided under each such licenses or leases, at a comparable or lower price; and (iii) inform the Prime Contractor regarding such identified alternatives and the Prime Contractor or their designee shall have the option to enter into the applicable license or lease in its own name.

4.4.4 All Necessary Cooperation and Actions

Subcontractor shall provide all cooperation, take such additional actions, and perform such additional tasks, as may be necessary, appropriate or reasonably requested by the Prime Contractor, whether during the Term or during Disentanglement, to ensure a timely and seamless Disentanglement in compliance with the provisions of this Section 4, including full performance, on or before the Expiration Date, of Subcontractor's obligations under this Section.

PART III - CONTRACT ADMINISTRATION

5. ADMINISTRATIVE OBLIGATIONS

5.1 Viruses and Disabling Devices

Subcontractor shall use industry best practices at all times during the Term to identify, screen, and prevent, and shall not itself install, any Disabling Device in resources utilized by Subcontractor, the Prime Contractor, the , or any third party, in connection with the Services. A "Disabling Device" is any virus, timer, clock, counter, time lock, time bomb, or other limiting design, instruction, or routine that could, if triggered, erase data or

programming or cause the resources to become inoperable or otherwise incapable of being used in the full manner for which such resources were intended to be used. Subcontractor shall assist the Prime Contractor in reducing the effects of any Disabling Device discovered in such resources, especially if causing a loss of operating efficiency or data.

5.2 Standards and Procedures Manual

5.2.1 Development of Manual

As specified in Schedule 4.3, Subcontractor shall deliver a reasonable and appropriate draft of those portions of the Standards and Procedures Manual for which it is responsible to the Prime Contractor for its review, comment, and approval. At a minimum, the Standards and Procedures Manual should address the topics listed in Schedule 7.3.1. Provided the Prime Contractor furnishes the Subcontractor comments and suggestions in accordance with the timetables set forth in the Subcontractor's Transition Plan which may be revised from time to time by mutual agreement, Subcontractor shall incorporate all comments or suggestions of the Prime Contractor and the Parties shall cooperate to finalize a mutually agreeable Standards and Procedures Manual by the dates specified in the Transition Plan. Subcontractor shall periodically (but not less than quarterly) update the Standards and Procedures Manual to reflect changes in the operations or procedures described therein. Updates of the Standards and Procedures Manual shall be provided and delivered at no cost to the Prime Contractor for review and approval, provided, however, that if revisions to the Standards and Procedures manual expand the Subcontractor's efforts beyond the scope set forth in Subcontractor's Schedule 4.3 and thereby result in increased costs to Subcontractor, the compensations payable to Subcontractor hereunder shall be adjusted accordingly in accordance with Section 9.

5.2.2 Content of Manual; Compliance

The Standards and Procedures Manual shall describe how Subcontractor shall perform the Services under this Subcontract, the equipment and Software being and to be used, and the documentation (including, e.g., operations manuals, user guides, specifications) that provide further details of such activities. The Standards and Procedures Manual shall describe the activities Subcontractor shall undertake in order to provide the Services including, where appropriate, direction, supervision, monitoring, staffing, quality assurance, reporting, planning, and oversight activities. The Standards and Procedures Manual is intended to describe to the Prime Contractor how the Services shall be performed and shall in no event be interpreted so as to relieve Subcontractor of any of its performance obligations under this Subcontract. Subcontractor shall perform the Services in accordance with Subcontractor's then current policies and procedures until the Standards and Procedures Manual is finalized and approved by the Prime Contractor in writing. Thereafter, Subcontractor shall perform the Services in accordance with the Standards and Procedures Manual.

5.3 Subcontractor Responsibilities for Assets

Subcontractor shall have sole responsibility for, and shall provide, all care and management, and shall ensure the maintenance, of the Purchased Assets. Subcontractor shall be fully liable for all loss of or damage to the Purchased Assets, or any other assets used by Subcontractor or its Permitted Subcontractors in the performance of this Subcontract, except for loss or damage to the Purchased Assets solely and intentionally caused by the Prime Contractor or the . Subcontractor shall ensure that the assets used in providing the Services shall be properly maintained and protected, normal wear and tear excepted, throughout the Term and shall be insured in accordance with the requirements of Section 17.

5.4 Retained Assets Managed by Subcontractor

5.4.1 General Obligations Regarding Retained Assets

As of each Cutover Date Subcontractor shall be responsible for, and perform all management, administrative, and other obligations set forth in Schedule 4.3 and the Standards and Procedures Manual for the Retained Assets under the applicable Service Framework to be performed on or after such Cutover Date. Such obligations shall include responsibility for: (i) the support, maintenance, and management of each Retained Asset (including management performance of the third-party Subcontractor with regard to compliance with service levels and other performance metrics); (ii) the compliance with and performance of any operational or contractual obligations imposed on the Prime Contractor or the Subcontractor with respect to such Retained Assets; (iii) the administration and exercise, as appropriate, of all rights available with respect to such Retained Assets, provided, that Subcontractor shall not terminate, amend or renew any contract for a Retained Asset without the prior written consent and participation of the Prime Contractor; and (iv) the payment of any fees, penalties, interest or other expenses due and owing with respect to such Retained Assets that are incurred, caused by or result from Subcontractor's failure to comply with or perform its obligations under this Section 5.4. In performing its obligations set forth in Schedule 4.3 and the Standards and Procedures Manual, Subcontractor will not take any action that would cause the Prime Contractor to be in breach of any contract for a Retained Asset.

5.4.2 Particular Obligations for Software Retained Assets.

Except with regard to the transfer of Purchased Assets back to the Prime Contractor in a Disentanglement, Subcontractor shall remove or erase all copies of all Software that is a Retained Asset from each Purchased Asset on which such Software is installed prior to: (i) selling or disposing of, in whatever manner, such Purchased Asset; or (ii) using such Purchased Asset for any purpose other than the provision of Services to the Prime Contractor hereunder. Subcontractor shall in no event transfer any copy of any such Software to any other Machines, nor shall Subcontractor be able to copy or reproduce such Software. Subcontractor shall promptly provide the Prime Contractor with a certified and detailed report (including specific identification of Software items removed or erased, and serial numbers of Machines from which so removed or erased) when Subcontractor removes or erases copies of Software that are Retained Assets in preparation for selling or disposing of, or using for purposes other than the provision of Services to the Prime Contractor, any Purchased Assets on which any such Software is installed. In addition, Subcontractor shall

supply a report to the Prime Contractor during the first month of each quarter setting forth the number of copies of the Software that are Retained Assets that were in use by Subcontractor during the previous quarter. At least thirty (30) days prior to each date on which any such license fees, or maintenance and support fees, become due and payable by the Prime Contractor to the respective licensors or third party service providers, the Prime Contractor shall provide a written invoice to Subcontractor setting forth the license fees, or maintenance and support fees, applicable to the copies of the Software that are Retained Assets, that were installed on the Purchased Assets when they were acquired from the Prime Contractor (or Legacy Provider) and, with respect to the applicable time period, the Prime Contractor has not been notified by Subcontractor that such copies have been removed or erased, which license fees, or maintenance and support fees, shall be determined on a proportionate basis in comparison to the total number of copies for which the Prime Contractor is licensed. Subcontractor shall pay the Prime Contractor, the total amount of license fees, or maintenance or support fees, set forth on each such invoice within thirty (30) days after receipt thereof, or, in the Prime Contractor's sole discretion, Subcontractor shall grant the Prime Contractor a credit in the amount of such license fees toward the Fees set forth on the next invoice submitted by Subcontractor to the Prime Contractor for the performance of Services hereunder. Further, Subcontractor shall execute and deliver any and all additional documents and instruments, and take all other actions, that may be necessary to give effect to this Section 5.4.2, including executing and delivering such forms and documents as may be requested, at any time and from time to time, with respect to the Retained Assets, whether requested by the Prime Contractor or the respective licensors of the Software that is a Retained Asset.

5.5 Dedicated Resources and Shared Resources

All Retained Assets, Purchased Assets, Machines, Software, and any other assets procured or utilized by Subcontractor or Permitted Subcontractors in connection with the Services, shall be accessed and used only by Subcontractor and by the Permitted Subcontractors identified in Schedule 14.1, and exclusively for the provision of Services to the Prime Contractor and not for Subcontractor's (or its Permitted Subcontractors') internal use or use for the benefit of other customers, unless any such assets will be used by Subcontractor to provide services to customers in addition to the Prime Contractor (the "Shared Resources"), as designated on Schedule 7.6, or the Prime Contractor otherwise consents in writing to non-dedicated use. Prior to making any change to Schedule 7.6 or identifying additional Shared Resources in the Standards and Procedures Manual, Subcontractor shall provide to the Prime Contractor, for the Prime Contractor's approval, a proposal for the use of such Shared Resources, including benefits, savings, or risks to the Prime Contractor during the Term and upon the expiration or termination of this Subcontract. As part of the Disentanglement process, upon the expiration of this Subcontract or termination of this Subcontract for any reason, the Subcontractor shall identify, and assist the Prime Contractor in procuring, a suitable, functionally-equivalent replacement for any shared Machines or Software then used by Subcontractor to provide the Services that are not otherwise transferred to the Prime Contractor in a Disentanglement in accordance with Section 4. In the event that the Subcontractor shall provide services to any third party using Shared Resources with which Subcontractor provides Services to the Prime Contractor

hereunder, such use with such third party shall be subject to all appropriate confidentiality and security-related provisions, which shall ensure that none of the Prime Contractor Confidential Information is shared with any third party, except as permitted hereunder.

6. USE OF RESOURCES PROVIDED BY THE

6.1 Office Space and Furnishings

The Subcontractor may be granted the use of the office space, furnishings, and storage space (the “ Facilities”) made available by to the Prime Contractor during the Term in accordance with the Prime Contract; provided that any Subcontractor personnel shall only perform Services on-site to the extent requested and approved by the Prime Contractor. Office space, furnishings, storage space, and assets installed or operated on premises, and supplies allocated, are provided “AS IS, WHERE IS,” and are to be used exclusively for performance of Services. Any furnishings (other than basic office furnishings) and office supplies for the use of Subcontractor’s (and its Permitted Subcontractors’) personnel are the exclusive responsibility of Subcontractor. Subcontractor shall be entitled to remodel, change or otherwise make improvements to any space where Subcontractor’s personnel are performing Services on-site at a Site, provided that: (i) such work shall have been previously approved in writing by the Prime Contractor (which approval may be withheld in the Prime Contractor’s sole discretion) and coordinated through the ’s Department of General Services (which may, in its discretion, assign a project manager or point of contact to such work); (ii) such work shall be performed at no cost to the or the Prime Contractor; (iii) such work shall be performed in accordance with all applicable laws (including any applicable building codes and regulations); (iv) any Permitted Subcontractors used by Subcontractor to perform such work shall have been approved in writing by the Prime Contractor; and (v) the shall be granted, without further consideration, all rights of ownership in such work.

6.2 Specific Hardware and Carrier Charges

Subcontractor shall provide and be responsible for all such telephone and modem lines, telephones, computers and peripheral devices, computer connections, and network access for use by Subcontractor’s personnel, as may be necessary for Subcontractor to provide the Services. Subcontractor shall be responsible for all usage-based carrier charges incurred by Subcontractor personnel and all usage-based carrier charges incurred by Subcontractor’s personnel to provide a telecommunications link between Subcontractor and the Locations.

6.3 Access to Personnel and Information

The Parties shall cooperate with each other in all matters relating to Subcontractor’s performance of the Services. With respect to the Prime Contractor, such cooperation shall include, as reasonably required by Subcontractor for the performance of the Services, seeking and securing access to the ’s administrative and technical personnel, other similar

personnel, access to the Legacy Provider during Transition, and network management records and information.

6.4 Other Facility and Location Related Obligations

(a) Except as expressly provided in this Subcontract, Subcontractor shall use the Locations for the sole and exclusive purpose of providing the Services. Use of Locations by Subcontractor does not constitute a leasehold interest in favor of Subcontractor.

(b) Subcontractor shall use the Locations in a reasonably efficient manner.

(c) Subcontractor, and its Permitted Subcontractors, employees, and agents, shall keep the Locations in good order, shall not commit or permit waste or damage to such facilities, and shall not use such facilities for any unlawful purpose or act. Subcontractor shall comply with all applicable laws and regulations, including all of the 's and Prime Contractor's standard policies and procedures that are provided to Subcontractor in writing regarding access to and use of the Locations, including procedures for the physical security of the Locations.

(d) Provided that the Prime Contractor adheres to any mutually agreed upon security procedures implemented by Subcontractor at the Locations, Subcontractor shall permit the Prime Contractor and its agents and representatives to enter into those portions of Locations occupied by Subcontractor staff at any time to perform facilities-related services.

(e) Subcontractor shall not make any improvements or changes involving structural, mechanical, or electrical alterations to the Locations (including, without limitation, any work affecting any alarm systems at a Location) without the Prime Contractor's prior written approval and adhering to the process set forth in parts (i) through (v) of Section 6.1.

(f) When the Facilities are no longer required for performance of the Services, Subcontractor shall return such facilities to the in substantially the same condition as when Subcontractor began use of such facilities, subject to reasonable wear and tear.

(g) Subcontractor shall not cause the breach of any lease agreements governing use of the Locations provided Subcontractor is informed of any relevant terms and conditions of the leases that would cause such a breach to occur.

(h) The provide and maintain, for all Facilities, heating, ventilation, and air conditioning, electrical connections (to the wall plate), safety and security equipment, and connections to any facility-wide uninterruptible power supply. The Prime Contractor shall provide Subcontractor with reasonable notice of proposed changes to any of the foregoing that may adversely affect Subcontractor's hardware located at any such facility

and, in such cases, Subcontractor must relocate such hardware and the Prime Contractor shall reimburse Subcontractor for its actual costs incurred directly in connection therewith after receipt of the corresponding reimbursement from the . Subcontractor shall provide and maintain any uninterruptible power supply dedicated to Subcontractor's hardware and shall provide and maintain all connections from the wall plate to the hardware used to provide the Services.

(i) Subcontractor shall notify the Prime Contractor prior to adding or removing any hardware that will require modification of any Locations and shall provide the Prime Contractor, for the submission to the 's Department of General Services for its review and approval, detailed plans and specifications conforming to the hardware manufacturer's requirements. Subcontractor shall review and approve all of such Department's changes to the plans and specifications, shall monitor the installation of all approved changes, and shall promptly notify the Prime Contractor of any nonconformity with the approved plans and specifications. In addition, whenever the Subcontractor installs, modifies or removes any wiring or cabling at any Facility, the Subcontractor shall annotate the blueprints corresponding to such Facility and provide the Prime Contractor and the 's Department of General Services with a set of "as built" blueprints in both electronic and hard copies.

(j) For any Locations added by the after a Cutover Date, Subcontractor shall provide the Prime Contractor and the Department of General Services, for their review and approval, detailed plans and specifications conforming to the hardware manufacturer's requirements that are necessary for Subcontractor to provide the Services to such Locations. Subcontractor shall review and approve all of the Prime Contractor's and Department of General Services' changes, shall cooperate during all phases of the construction or modification of such Locations, and shall promptly notify the Prime Contractor of any nonconformity with the approved plans and specifications.

(k) Subcontractor shall not be responsible for identification or abatement of asbestos-containing material in -owned or -controlled Locations. Subcontractor does not handle, remove or dispose of, nor does Subcontractor accept any liability for asbestos-containing material at such Locations unless such asbestos-containing materials have been brought on to the Location(s) by Subcontractor. Prime Contractor shall provide Subcontractor with a list of Locations known by the to contain asbestos. Subcontractor shall not be obligated to perform Services at such Locations until or Prime Contractor removes and cleans up such asbestos at its expense in accordance with applicable law. Subcontractor shall cooperate with the Prime Contractor, and 's Department of General Services and Department of Environmental Health Services to establish procedures and protocols when performing activities at locations known to contain asbestos. Nothing in this provision shall limit the application of Section 18.10 of this Subcontract.

7. PRIME CONTRACTOR-RETAINED AUTHORITY

As between the Parties, the Prime Contractor shall have the right to approve or reject any and all proposed decisions of Subcontractor in connection with the Services regarding infrastructure design, technical platform, architecture, and standards as required to comply

with direction from the and, subject to the change management procedure described in Section 9, the Prime Contractor will have the right and authority to cause Subcontractor at any time to change any or all of the foregoing if requested by the Without limiting the generality of the foregoing, as between the Parties, the Prime Contractor shall retain exclusive authority, discretion, and rights of approval for the following IT and telecommunications activities as required to comply with direction from the : and shall not exercise such authority, discretion, and/or rights of approval in a manner requiring Subcontractor to perform outside the scope of services set forth in Subcontractor's Schedule 4.3 or to incur additional expense without obtaining mutual agreement to such change from the Subcontractor.

7.1 Service Design and Delivery

Service design and delivery, which includes the following:

(a) Selecting designs of specific technologies and services from alternatives provided by Subcontractor;

(b) Selecting specific technologies, hardware, and software, from alternatives provided by Subcontractor, for implementation of such designs;

(c) Selecting providers of specific technologies, hardware, and software from alternatives provided by Subcontractor; and

(d) Selecting implementation schedules and activities from alternatives provided by Subcontractor.

7.2 Installations, Moves, Adds, and Removes

Ordering Installations, Moves, Adds or Removes with respect to resources used in connection with the Services.

7.3 Applications Development

Designating the Prime Contractor's requirements for applications development and enhancement.

7.4 Business Process Reengineering

Approving Subcontractor's business process reengineering efforts under this Subcontract, coordinating and resolving labor-related issues, and approving performance metrics related to business process reengineering developed by Subcontractor.

7.5 Contract Management

Managing this Subcontract and the Prime Contractor's relationship with Subcontractor.

7.6 Validation and Verification

Performing validation and verification activities in relation to key projects and operational processes.

7.7 Other Retained Authority

Subcontractor must obtain the prior written authorization of the Prime Contractor before undertaking any activity that is within the exclusive authority of the Prime Contractor pursuant to the terms hereof.

7.8 Review and Acceptance

Contractor represents, and Subcontractor acknowledges, that Contractor has agreed in the Prime Contract to specific review and acceptance procedures with the . Set forth below is Section 9.10 of the Prime Contract. Subcontractor agrees to abide by the terms and conditions of Section 9.10, to cooperate fully with Contractor in complying with the provisions of Section 9.10 and otherwise do all things necessary or appropriate with respect to deliverables of Subcontractor under this Subcontract to permit such deliverables to meet the review and acceptance criteria of such Section 9.10 provided, however, that if the or Prime Contractor puts a Service or deliverable into productive use it shall be deemed accepted.

"9.10 Review and Acceptance

The CIO, or his designee, on behalf of the , shall have the right to review and accept or reject all components, deliverables, and systems to be provided by Contractor to the under this Agreement, pursuant to the methodology set forth in this Section 9.10. Within thirty (30) days after the Effective Date, Contractor shall develop a methodology for the implementation of the process described in this Section 9.10 by the delivery of control documents, the preparation of deliverable acceptance documents, the tracking of accepted deliverables, the maintenance of all deliverables and deliverable acceptance documents, and the development of other documents and processes.

9.10.1. Acceptance Process

Upon Contractor's notification to the that Contractor has completed any component or deliverable identified in this Agreement or in any Work Request or that is developed by Contractor under this Agreement or any Work Request, the shall begin reviewing the component or deliverable using the review procedures and standards set forth in the Work Request or such other standards as the CIO and Contractor's Contract Manager mutually agree in writing ("Acceptance Review Procedures"), to determine whether such component or deliverable meets, in all material respects, the specifications or acceptance criteria set forth in such applicable Work Request or such other criteria as the CIO and Contract Manager mutually agree in writing (the "Acceptance Criteria"). After the has completed such review or upon expiration of the agreed upon review period specified in the applicable Work Request or such other review period upon

which the CIO and Contract Manager mutually agree in writing (the “Acceptance Review Period”), the shall notify Contractor in writing either that: (i) the component or deliverable so meets the Acceptance Criteria and that acceptance of such component or deliverable has occurred (“Acceptance”); or (ii) the Acceptance Criteria have not been met. If the component or deliverable is identified in this Agreement, the applicable Work Request, or in the written specifications developed and mutually agreed upon by the Parties therefore, as being part of a larger, integrated system being developed thereunder, then such Acceptance shall be understood as being conditional acceptance (“Conditional Acceptance”), and such component or deliverable shall be subject to Final Acceptance in accordance with Section 9.10.3.

9.10.2. Remediation

If the determines that a component or deliverable does not conform with, in all material respects, the applicable Acceptance Criteria, the shall promptly deliver to Contractor an exception report describing the nonconformity (the “Exception Report”). Contractor shall promptly investigate the alleged nonconformity and shall correct such nonconformity in all material respects within thirty (30) days of receipt of the Exception Report or, if the nonconformity is incapable of remediation within such thirty (30) day period, Contractor shall present the , within such 30 day period, a mutually agreeable plan to remediate such nonconformity within a reasonable amount of time. Upon Contractor’s notice to the that Contractor has so remediated such nonconformity, the shall re review the defective component or deliverable in accordance with the applicable Acceptance Review Procedures and Acceptance Criteria for an additional review period of up to thirty (30) days or such other period as the CIO and Contractor’s Contract Manager mutually agree in writing, at the end of which period the process described above in Section 9.10.1 shall be repeated. Contractor shall maintain a “punch list” of Exception Reports submitted by pursuant to this Section 9.10.2 and shall provide the with regular reports on its progress on remediating nonconformities identified therein. If the fails to deliver an Exception Report within thirty (30) days after the expiration of the applicable Acceptance Review Period, the shall not have the right to withhold any payment that, under this Agreement or a Work Request, is conditioned on Acceptance or Conditional Acceptance, as a result of a claim by the that the component or deliverable does not conform with the Acceptance Criteria therefor.

9.10.3. Final Acceptance

9.10.3.1. Scope and Intent

Upon completion of (i) all of the Services to be provided under a Work Request, (ii) all components or deliverables that are identified in a Work Request, or (iii) all Services that are performed by Contractor and are subject to Conditional Acceptance, the shall begin reviewing same, using the review procedures and standards set forth in the applicable Work Request (if any) or such other standards as the CIO and the Contractor’s Contract Manager mutually agree upon in writing (the “Final Acceptance Review Procedures”). ’s review is intended to determine whether such service, component, deliverable, or system, as applicable, performs as an integrated whole and meets,

in all material respects, the specifications or Acceptance Criteria set forth in such applicable Work Request or other standards developed by the Parties and mutually agreed upon in writing by the CIO and Contract Manager (the “Final Acceptance Criteria”).

9.10.3.2. Acceptance Notification

After the has completed such review or upon expiration of the review period specified in the applicable Work Request or such other review period as the CIO and Contract Manager mutually agree in writing (the “Final Acceptance Review Period”), the shall notify Contractor in writing that: (1) the system, and all components and deliverables that are a part thereof, meet the Final Acceptance Criteria and that final acceptance of the system and such components and deliverables has occurred (“Final Acceptance”); or (2) that the Final Acceptance Criteria have not been met. If the determines that the Final Acceptance Criteria have not been so met, the process described in Section 9.10.2 shall be initiated, with all references to “Acceptance Criteria” being references to “Final Acceptance Criteria,” all references to “component or deliverable” being references to the “system,” all references to “Acceptance Review Procedures” being references to “Final Acceptance Review Procedures,” and all references to the “Acceptance Review Period” being references to the “Final Acceptance Review Period.” Neither Conditional Acceptance, Acceptance, nor Final Acceptance by the shall constitute a waiver by the of any right to assert claims based upon defects not discernable through conduct of the applicable review procedures and subsequently discovered in a component or deliverable or the system within one (1) year of the ’s Final Acceptance thereof.

9.10.3.3. No Specified Acceptance Criteria

Upon completion of all of the Services to be provided under a Work Request, to the extent that the Services provided do not result in the development of a system subject to review as stated above, the Final Acceptance Review Procedures shall consist of the ’s verification that all of the Services to be provided by Contractor under such Work Request have been provided in all material respects in accordance with the Work Request or such other Acceptance Criteria thereafter developed by the Parties and mutually agreed upon in writing by the CIO and the Contract Manager. Contractor shall notify the when Contractor believes it has so completed the Services under a Work Request. After the has completed its review of such Services or upon expiration of the agreed upon review period specified in the applicable Work Request or such other period as the CIO and Contract Manager mutually agree in writing, the shall advise Contractor whether or not the believes Contractor has so completed such Services. If the determines that the Services have not been so completed, the shall promptly deliver to Contractor a written statement describing the reasons therefor. Contractor shall correct such deficiencies in all material respects within thirty (30) days after receipt of such statement or, if the deficiencies are not correctable within such thirty (30) day period, Contractor shall present the with a mutually agreeable plan to fix such defects within a reasonable amount of time. Upon Contractor’s notification to the that Contractor has so corrected such deficiencies, the shall once again determine whether the Services have been so completed within an additional

period as agreed in writing by the CIO and the Contract Manager, at the end of which the process described in the second and first preceding sentences shall be repeated. "

8. RELATIONSHIP MANAGEMENT

8.1 Personnel

8.1.1 Subcontractor Key Personnel and Key Positions

Each of the Subcontractor Key Personnel shall have the functions assigned to him or her as set forth in Schedule 10.1.1 as such Schedule may be modified from time to time in accordance with this Subcontract. The Prime Contractor shall have the right to interview, as the Prime Contractor deems necessary, and participate in the selection of, the Subcontractor Key Personnel and Contract Manager, and Subcontractor shall not (i) designate any Subcontractor Key Personnel or its Contract Manager or (ii) change any Key Positions without notice to the Prime Contractor, except in situations where it would not be practicable for Subcontractor to provide such notice. The Parties acknowledge that certain Transitioned Employees will be designated as Subcontractor Key Personnel by mutual agreement of the Parties before or concurrently with the applicable Cutover Date. Subcontractor shall provide notice to the Prime Contractor in advance of any assignment given to any Subcontractor Key Personnel resulting in the alteration or reduction of time expended by such Subcontractor Key Personnel in performance of Subcontractor's duties under this Subcontract. If any one of the Subcontractor Key Personnel is reassigned, becomes incapacitated, or ceases to be employed by Subcontractor and therefore becomes unable to perform the functions or responsibilities assigned to him or her, Subcontractor shall promptly replace such person with another person that is at least as well qualified as the person who initially performed that person's functions. For purposes of this Section 8.1.1, the movement of Subcontractor Key Personnel from the employ of Subcontractor to an Affiliate of Subcontractor shall be considered a reassignment requiring notice to the Prime Contractor and not a cessation of employment.

Upon receipt of a reasonable request from the Prime Contractor, Subcontractor shall promptly provide resumes to the Prime Contractor for any Subcontractor Key Personnel or Key Position performing Services under the Agreement. In addition, upon receipt of a reasonable request from the Prime Contractor, Subcontractor shall provide the Prime Contractor with resumes for any Subcontractor personnel providing subject matter expertise in connection with the performance of "complex projects" for the Prime Contractor, which "complex projects" shall be defined as: (i) projects that are estimated to require more than two thousand hours of effort; (ii) projects that introduce new technologies to the , or (iii) projects that require a high degree of additional integration.

8.1.2 Senior Account Manager

Subcontractor represents and warrants that its Senior Account Manager is an experienced manager who is knowledgeable as to the 's and Prime Contractor's activities and the Services. Notwithstanding anything else herein to the contrary, Subcontractor shall not replace its Senior Account Manager during the Term without prior written notice to the

Prime Contractor. The Senior Account Manager shall act as the primary liaison between Subcontractor and the Prime Contractor, shall have overall responsibility for directing all of Subcontractor's activities hereunder, and shall be vested by Subcontractor with all necessary authority to fulfill that responsibility.

8.1.3 Additional Personnel Requirements

In addition to the Subcontractor Key Personnel, Subcontractor shall make available such additional personnel in sufficient numbers and types to properly perform all of Subcontractor's obligations under this Subcontract.

8.1.4 Minimum Proficiency Levels

Subcontractor's Key Personnel, and all other personnel assigned by Subcontractor or its Permitted Subcontractors to perform Subcontractor's obligations under this Subcontract, shall have experience, training, and expertise at the highest commercial standards applicable to such personnel for their responsibilities in the business of providing IT and telecommunications services. Such personnel shall also have sufficient knowledge of the relevant aspects of the Services and of the 's and the Prime Contractor's practices and areas of expertise to enable them to properly perform the duties and responsibilities assigned to them in connection with this Subcontract. In addition, the Services shall conform to the highest commercial standards set forth in Schedule 4.3 applicable to such Services in the IT and telecommunications services marketplace.

8.1.5 Specialized Personnel

Subcontractor agrees that as part of its provision of Services, it shall require that all Subcontractor personnel (and the personnel of any Permitted Subcontractors) are trained, qualified, and available to perform all Services required in work areas requiring specific health, security, or safety precautions.

8.1.6 Training

Subcontractor shall provide, and require its Permitted Subcontractors to provide, all such training to the employees of Subcontractor and its Permitted Subcontractors (including the Transitioned Employees) as may be necessary for them to perform, on behalf of Subcontractor, the Subcontractor's duties under this Subcontract to which they are assigned, and, in any event, levels of training equal to or greater than the average levels of training given to all Subcontractor employees holding corresponding positions.

8.2 Replacement of Personnel

Notwithstanding Section 8.1.1, if the Prime Contractor believes that the performance or conduct of any Person employed or retained by Subcontractor to perform Subcontractor's obligations under this Subcontract is unsatisfactory for any reason or is not in compliance with the provisions of this Subcontract, the Prime Contractor shall communicate its concerns to Subcontractor and Subcontractor shall promptly investigate such concerns. If

Subcontractor determines that the Person's performance or conduct is not satisfactory and if any efforts to address the problem have failed, Subcontractor shall replace (consistent with applicable law and collective bargaining agreements) such Person with another Person acceptable to the Prime Contractor and with sufficient knowledge and expertise to perform the Services in accordance with this Subcontract.

8.3 Parties' Relationship

From time to time during the Term, at the Prime Contractor's request, Subcontractor shall discuss with the Prime Contractor (and provide reports on) its current operational plans related to this Subcontract, and Subcontractor shall make available its senior management personnel to answer questions from the Prime Contractor's senior management personnel regarding such plans.

8.4 Extraordinary Events or Circumstances

At any time after receiving a written request signed by the Contracting Officer of the or his designee as a result of an extraordinary event or circumstance, including a Force Majeure Event, the Prime Contractor shall have the right to: (i) request Subcontractor, in accordance with Section 9, to perform Services in an extraordinary manner (e.g., perform services at service levels above or below the MASLs for a limited duration); or (ii) request Subcontractor to temporarily cease the performance of certain Services; or (iii) obtain a third party to perform certain Services for the duration of the extraordinary event or circumstance. If any such Prime Contractor request causes an increase or decrease in Subcontractor's cost or expense of performance of the affected Services, the Prime Contractor shall pay Subcontractor an amount equal to any such increase or Subcontractor shall credit to the Prime Contractor the amount of any such decrease. Any request by Subcontractor for such an adjustment must be asserted in writing to the Prime Contractor within twenty (20) days after the date of receipt by Subcontractor of the Prime Contractor's writing with respect to the extraordinary circumstance or event, or within such additional period of time as the Prime Contractor may agree in writing, and shall include factual information and support for all purported increases and decreases in cost or expense. Pending the determination of any such adjustment, Subcontractor will diligently proceed with the requested Services. The Prime Contractor may require the submission of supporting cost and expense documentation and inspection of Subcontractor's pertinent books and records for the purpose of verifying Subcontractor's request and determining the basis for the adjustment.

8.5 Executive Meetings; Status Meetings

Subcontractor's Program Director shall meet from time to time upon the Prime Contractor's written request, with the Prime Contractor's Program Manager to review Subcontractor's performance of the Services and to discuss the status of the relationship between the Parties. During the Term, representatives of the Parties shall meet periodically pursuant to a mutually agreed upon schedule and as otherwise requested by the Prime Contractor to discuss matters arising under this Subcontract. Each Party shall bear its own costs in connection with the attendance and participation of such Party's representatives in such meetings. The place and time, and whether to meet via teleconference or in person,

shall be as determined by the Prime Contractor (or as otherwise mutually agreed upon by the Parties).

8.6 Notice of Adverse Impact

Subcontractor shall promptly inform the Prime Contractor in writing of any material failures by Subcontractor to comply with its obligations under this Subcontract, that Subcontractor is aware of that have resulted, or are likely to result, in a material adverse impact on the (i) Services or the 's operations or the operations of any agency, department or subdivision of the , (ii) integrity of the Prime Contractor's or the 's financial and other internal controls, or (iii) quality, accuracy, integrity, security or confidentiality of Data.

9. WORK REQUEST PROCEDURES; CHANGE MANAGEMENT PROCEDURE

Either party may deliver to the other party a Work Request for new services or changed Services, in the form, and pursuant to and in accordance with the procedures, set forth in the Standards and Procedures Manual; provided that any such procedures contained in the Standards and Procedures Manual shall be consistent with the terms of this Subcontract. The Parties understand and agree that services requested in such Work Requests may or may not be within the scope of the Services of this subcontract. In either case, the Work Request shall be submitted and approved in accordance with the following:

(a) In the event that the Work Request is for work within the scope of Services as described in Schedule 4.3 and for which the pricing is included in the Exhibit 16.1-1, the Subcontractor shall provide the Prime Contractor with an In-Scope Work Request completed in accordance with the procedures outlined in the Standards and Procedures Manual as applicable to In-Scope Work Requests. In any event, the In-Scope Work Request shall be agreed to by both Parties prior to initiation of the work.

(b) In the event that the Work Request is for Out-of-Scope, i.e., for work not contained in the scope of Services, as described in Schedule 4.3 and not priced as part of Subcontractor's Pricing in Exhibit 16.1-1, the Subcontractor shall provide the Prime Contractor with an Out-of-Scope Work Request completed in accordance with the procedures outlined in the Standards and Procedures Manual as applicable to Out-of-Scope Work Requests. In any event, the Out-of-Scope Work Request and all associated pricing shall be subject to negotiation and agreement by both Parties prior to initiation of the work.

10. SECURITY AND PROTECTION OF INFORMATION

10.1 Security

10.1.1 Security and Policies

At all times during the Term, Subcontractor shall provide all Services, and use all resources related thereto, in a secure manner and in accordance with the 's and Prime Contractor's security requirements, including the prevention and detection of fraud, abuse, or other inappropriate use or access of systems and networks by all appropriate means,

including network management and maintenance applications and tools, and the use of appropriate encryption technologies if such security requirements have been communicated to Subcontractor in writing. In addition, all Subcontractor personnel (including personnel of any Permitted Subcontractors) shall be subject to and shall at all times conform to the 's laws, rules, and requirements for the protection of premises, materials, equipment, and personnel, as they have been previously disclosed to Subcontractor in writing, including those set forth on Schedule 12.1.1. Any violations or disregard of these rules shall be cause for denial of access by such personnel to the 's property. Subcontractor shall exercise due care and diligence to prevent any injury to person or damage to property while on the 's or Prime Contractor's premises. The operation of Subcontractor vehicles or private vehicles of Subcontractor personnel on the 's property shall conform to posted and other regulations and safe driving practices. Vehicular accidents on the 's property and involving Subcontractor personnel shall be reported promptly to the appropriate security personnel. In addition, the Federal Bureau of Investigation Criminal Justice Information Services Security Addendum ("Security Addendum"), referenced in 28 CFR 20.33 (a)(7), is hereby incorporated by this reference into this Subcontract. Subcontractor acknowledges and agrees that it is bound by all applicable provisions of the Security Addendum. Subcontractor and the Prime Contractor further agree that, in accordance with Section 5.05 of the Security Addendum, the Prime Contractor does not anticipate and will not authorize any requests to Subcontractor for the criminal history record information covered by the Security Addendum, because Subcontractor is performing an IT support function.

The following California Law Enforcement Telecommunications System ("CLETS") documents are hereby incorporated by reference into this Subcontract.

(i) California Law Enforcement Telecommunications Systems (CLETS) Policies Practices, Procedures and Statutes, Rev 11/99, and further revisions as necessary.

(ii) CLETS Computer Interface Rules and Requirements, Rev 09/95, and further revisions as necessary.

Subcontractor will also comply with the applicable provisions of the CLETS documents and the FBI Criminal Justice Information Services Security Addendum included in Exhibit 10.1.1-1, CLETS System Security Requirements

Subcontractor shall ensure that all persons having access to the CLETS system as defined by the CLETS documents shall have first obtained the required background investigation and clearance, as conducted and approved by the Sheriff. Subcontractor acknowledges and agrees that the operation, policy, planning, and training for the CLETS system shall be subject to the oversight and authority of the Sheriff. In cases of alleged violation of CLETS policy and procedures, appropriate corrective actions, if any, will be coordinated with the Sheriff and the Prime Contractor Technology Office and ATT's Account Executive to ensure appropriate action is taken, as mutually agreed.

Any amendments to the terms and conditions of the Agreement relating to the CLETS system shall be coordinated with the Sheriff and the Prime Contractor Technology Office, and shall not be effective without the approval and signature of the Sheriff.

10.1.2 Information Access

Prior to performing any Services, Subcontractor personnel who will access computer data and software, including the Data, shall execute the Parties' agreements and forms concerning access protection and data/software security consistent with the terms and conditions of this Subcontract. Subcontractor promises that at all times during the Term, it, and its employees, agents, and Permitted Subcontractors, shall comply with all policies and procedures regarding data access and security, including those prohibiting or restricting remote access to systems and data which have been disclosed to Subcontractor in writing. The shall authorize and Subcontractor shall issue to its own personnel any necessary information-access mechanisms, including access IDs and passwords, and Subcontractor promises that the same shall be used only by the personnel to whom they are issued. Subcontractor shall provide to such personnel only such level of access as is required to perform the tasks and functions for which such personnel are responsible. Subcontractor shall from time to time, upon request from the Prime Contractor but at least quarterly, provide the Prime Contractor at no additional charge with an updated list of those Subcontractor and Permitted Subcontractor personnel having access to the 's systems, software, and data. Computer data and software, including the Data, provided by the or accessed by Subcontractor or Permitted Subcontractor personnel, shall be used by Subcontractor or Permitted Subcontractor personnel only in connection with Subcontractor's obligations hereunder, and shall not be commercially exploited by Subcontractor or any Permitted Subcontractor in any manner whatsoever. In addition, failure of Subcontractor or any Permitted Subcontractor to comply with the provisions of this Section 10 may result in the or the Prime Contractor restricting offending personnel from access to computer systems or Data, or immediate termination of this Subcontract pursuant to Section 15.3. Subcontractor and each Permitted Subcontractor shall at all times maintain and ensure the confidentiality and security of the Data.

10.1.3 Background Checks

If Subcontractor assigns Persons (whether employees or independent contractors) to perform Services at any Location, Subcontractor shall conduct a background check, as permitted by law and applicable collective bargaining agreements, on all such Persons before the Prime Contractor will grant access to such Location or such Person will be escorted by Subcontractor personnel who have passed the background check conducted by the Subcontractor, or, in the case of independent contractors, Subcontractor shall require that the entity supplying such independent contractors perform background checks consistent with these requirements. Such background check shall be in the form generally used by Subcontractor in its initial hiring of employees or contracting for independent contractors, as applicable, during the employment-screening process but must, at a minimum, have been performed within the preceding twelve (12) month period and detail the individual's conviction record and employment history. Subcontractor shall obtain all releases, waivers,

or permissions required for the release of such information to the Prime Contractor and the . On an annual basis, Subcontractor's human resources manager for this Subcontract shall certify that the background check required by this Section 10.1.3 has been conducted in respect of all Persons assigned by Subcontractor to perform work at any Location. Notwithstanding the above, Subcontractor shall not allow any person to have access to CLETS without having a background check conducted and approved by the Sheriff.

10.1.4 Other Policies

Subcontractor shall, and shall cause its Permitted Subcontractors and employees to, abide by all policies that may be established by the from time to time, and which are provided to Subcontractor in writing. The Prime Contractor shall notify the Subcontractor in writing of changes and updates to policies; however, in the event that Prime Contractor fails to notify the Subcontractor of a change to a policy, Prime Contractor shall in no way be liable for any liabilities resulting directly or indirectly from its failure.

10.1.5 Minimum Security Standards and Audit

In no event shall Subcontractor's actions or inaction result in any situation that is less secure than the security Subcontractor then provides for its own systems and data. At any time and from time to time, upon reasonable notice, the or the Prime Contractor may engage any organization as it may deem suitable to conduct an audit of the IT and telecommunications environment used to provide the Services, including security, policies, and operational matters. Any such audit shall be scheduled so as to minimize the disruption to Subcontractor's business operation and shall be subject to reasonable restrictions agreed on in advance by the parties.

10.2 Protection of Confidential Information as between Subcontractor and

Contractor represents, and Subcontractor acknowledges, that Contractor has agreed in the Prime Contract to specific provisions with the with respect to the protection of Confidential Information. Set forth below is Section 12.2 of the Prime Contract. With respect to all Confidential Information, Subcontractor agrees to abide by the terms and conditions of Section 12.2 of the Prime Contract, as if in every instance the term "Contractor" is used, the term "Subcontractor" is substituted, to cooperate fully with Contractor in complying with the provisions of Section 12.2 and otherwise do all things necessary or appropriate with respect to Confidential Information to meet the requirements of such Section 12.2., provided, however, that with respect to the Subcontract, Sections 12.2.4 and 12.3.3 shall be modified as shown below. The provisions with respect to the protection of Contractor Confidential Information and Subcontractor Confidential Information, as between themselves, will be governed by Section 10.3 below.

"12.2.1. Nondisclosure; Contractor Policies and Procedures

(i) All Confidential Information shall be deemed the sole property of the furnishing the same, shall be deemed confidential and proprietary to the , shall be used solely by Contractor or any of its Subcontractors for the purpose of performing its obligations under

this Agreement, and shall not be published, transmitted, released, or disclosed by Contractor or its Subcontractors to any other Person without the prior written consent of the , which consent the may withhold in its sole discretion.

(ii) Contractor shall implement and maintain appropriate policies and procedures to safeguard the confidentiality of the Confidential Information in accordance with subsection (i) above, including the policies and procedures described in Sections 12.1.1 and 12.1.2 hereof. Further, Contractor shall comply, and require its employees to comply, with the provisions of Section 10850 of the California Welfare and Institutions Code. Contractor shall require as a condition of any subcontract that the Subcontractor expressly acknowledges and agrees to be bound by the same confidentiality requirements (including any applicable laws pertaining to confidentiality) by which Contractor is bound under this Agreement.

12.2.2. Disclosure Requests

Any and all requests, from whatever source, for copies of or access to, or other disclosure of, any Confidential Information shall be promptly submitted to the for disposition.

12.2.3. Permitted Disclosure

Notwithstanding the above provisions of this Section 12.2, Contractor may disclose Confidential Information to its employees, agents, and Subcontractors who have: (i) a need to know such Confidential Information in order to perform their duties under this Agreement, as determined by an appropriate official; and (ii) a legal duty to protect the Confidential Information. Contractor shall be fully liable for the acts or omissions of its Subcontractors and employees with respect to such Confidential Information.

12.2.4. Publicity

Neither Party shall release any information concerning this Agreement, the Services or any part thereof to any member of the public or the press or any representative of any business entity or official body, unless prior written consent is obtained from the the other Party.

12.3. Protection of Public Record Data

12.3.1. No Ownership by Contractor

Neither Contractor, nor its Subcontractors, employees, or agents, shall have any ownership rights or interest in any Public Record Data that they possess, modify, or create pursuant to this Agreement, or any modifications thereto or derivatives thereof, all of which shall, at all times and for all purposes, remain the property of the .

12.3.2. No Impairment by Contractor

Neither Contractor, nor its Subcontractors, employees, or agents, shall impair the integrity of any Public Record Data that they possess or create.

12.3.3. California Public Records Act

Any Public Record Data that is provided to Contractor, or its Subcontractors, employees, or agents, shall remain a public record for purposes of the California Public Records Act (Governmental Code §6250, et. seq.) (the “California Public Records Act”). Contractor shall, and shall require its Subcontractors, employees, and agents, to, comply with the obligations of the under the California Public Records Act as amended, with regard to the Public Record Data and the management, handling, retention, destruction, transfer, and disposal thereof. The determination of whether or not to disclose any such data shall be made solely by the . Subcontractor shall be given written notice prior to any such disclosure.

12.3.4. Limitations on Disclosure

Neither Contractor nor its Subcontractors, employees, or agents, shall disclose to the public any Public Record Data that they possess, modify, or create pursuant to this Agreement and which the : (i) is prohibited in all cases from disclosing pursuant to federal, State, or law or regulation; (ii) may disclose pursuant to federal, State, or law or regulation only to certain Persons or under certain conditions; or (iii) may withhold from disclosure pursuant to federal, State, or law or regulation. No provisions of this subsection shall be construed to prohibit Contractor from disclosing such Public Record Data to any Subcontractor if necessary to carry out the purposes of this Agreement. In no event shall Contractor, or its Subcontractors, employees, or agents, sell, market, or otherwise profit in any manner from the disclosure or use of any Public Record Data.

12.3.5. Notification

If Contractor learns of any violations of this Section 12.3, it shall promptly (and in no event later than seven (7) days after learning of such violation) notify the CIO of such violation.

12.4. Legally Required Disclosure

Either Party may disclose Confidential Information of the other Party to the extent disclosure is based on the good faith written opinion of such Party’s legal counsel that disclosure is required by law or by order of a court or governmental agency; provided, however, that such Party shall give prompt notice of such requirement and use its best efforts to assist the owner of such Confidential Information if the owner wishes to obtain a protective order or otherwise protect the confidentiality of such Confidential Information. The owner of such Confidential Information reserves the right to obtain a protective order or otherwise protect the confidentiality of such Confidential Information. For purposes of this Section 12.4, the ’s Office of the Counsel shall act as the ’s legal counsel.

12.5. Notification

In the event of any disclosure, loss, or destruction of Confidential Information, the receiving Party shall immediately notify the disclosing Party.

12.6. Injunctive Relief

If either Party publishes, transmits, releases, or discloses any Confidential Information in violation of this Section 12, or if the either Party anticipates that the other Party shall violate or continue to violate any restriction set forth in this Section 12, then that Party shall have the right to seek injunctive relief or otherwise to have the provisions of this Section 12 specifically enforced by any court having equity jurisdiction, without being required to post bond or other security and without having to prove the inadequacy of available remedies at law, it being acknowledged and agreed that any such violation shall cause irreparable injury to the owning and disclosing Party and that monetary damages shall not provide an adequate remedy to it. In addition, the either Party and any individuals that were the subject of such Party's Confidential Information may take all such other actions and shall have such other remedies available to it or them at law or in equity and shall be entitled to such damages as it or they can show have been sustained by reason of such violation.

12.7. Return of Confidential Information

Promptly upon the expiration or termination of the Term, and at any other time upon written request by the to Contractor, Contractor shall promptly return to the sole custody of the , all Confidential Information then in its possession or control, in whatever form, or, in the case of written request by the , such Confidential Information specified in such request as then in its possession or control, in whatever form. In addition, unless the otherwise consents in writing, the Contractor shall also deliver to the or, if requested by the , shall delete or destroy, any copies, duplicates, summaries, abstracts, or other representations of any such Confidential Information or any part thereof, in whatever form, then in the possession or control of the other Party. Contractor shall at all times comply in all respects with the California Public Records Act with regard to its return or destruction of any Public Record Data.

12.8. Confidentiality Agreements

Contractor shall require each of its employees, agents, and Subcontractors providing Services hereunder or otherwise having access, in whatever form or function, to the data and information collected, received, stored, or transmitted pursuant to this Agreement, including the Data, to execute, prior to any activity or access, an agreement in form and substance acceptable to the under which such employees, agents, and Subcontractors agree to protect all Confidential Information.

12.9. Statutory Requirements Prevail

In the event of a conflict between the provisions of the California Public Records Act, or any other law, and this Agreement, the provisions of such law shall prevail.

12.10. Contractor Confidential Information

The shall use the same care to prevent disclosure of the records, data, and other information that is obtained by the in confidence from Contractor or its Subcontractors in

connection with its performance of this Agreement, whether oral, written, recorded on electronic media, or otherwise, and including all financial information, personnel information, reports, documents, correspondence, plans, and specifications, and other records, data, or information collected, received, stored, or transmitted in any manner, and that are exempt from disclosure under the California Public Records Act (collectively, the "Contractor Confidential Information"), as it uses to prevent disclosure of its own information of a similar nature, but in no event less than a reasonable degree of care. Contractor Confidential Information shall not include information that the can demonstrate was: (i) at the time of disclosure to the , in the public domain; (ii) after disclosure to the , published or otherwise made a part of the public domain through no fault of the ; (iii) in the possession of the at the time of disclosure to it, if the was not then under an obligation of confidentiality with respect thereto; (iv) received after disclosure by Contractor to the from a third party who had a lawful right to disclose such information to the ; or (v) independently developed by the without reference to Contractor Confidential Information. For purposes of this provision, information is in the public domain if it is generally known (through no fault of the) to third parties who are not subject to nondisclosure restrictions similar to those in this Agreement.

12.11. Obligations Pertaining to Protected Health Information.

In addition to Contractor's obligations as otherwise set forth in this Section 12, Contractor shall comply with the obligations of Schedule 12.11 as they pertain to "Protected Health Information" (as defined in Schedule 12.11). In the event of any conflict between the provisions in Schedule 12.11 and the provisions set forth in Article 12, the provision or provisions that are more protective of Protected Health Information shall control."

10.3 Protection of Confidential Information as between Subcontractor and Contractor

10.3.1 Nondisclosure and Nonuse Obligations.

In addition to the obligations with respect to Confidential Information set forth in Section 10.2 above, the parties agree that, as between themselves, the provisions of this Section 10.3 shall govern. Contractor, when receiving Subcontractor Confidential Information, and Subcontractor, when receiving Contractor Confidential Information (each, a "Recipient") will not use, disseminate, or in any way disclose any of Contractor, when disclosing Subcontractor Confidential Information, and Subcontractor, when disclosing Contractor Confidential Information (each, a "Discloser") Confidential Information to any person, firm or business, except to the extent necessary for the performance of its obligations under this Subcontract and, in the case of Contractor, to the extent necessary for the performance of its obligations under the Prime Contract. Recipient shall treat all of Discloser's Confidential Information with the same degree of care as Recipient accords to Recipient's own Confidential Information, but in no case shall Recipient use less than reasonable care. Recipient shall disclose Discloser's Confidential Information only to those of Recipient's employees, consultants and contractors who need to know such information. Recipient certifies that each such employee, consultant and contractor will have agreed to be bound by terms and conditions substantially similar to those terms and conditions applicable

to Recipient under this Subcontract. Recipient shall immediately give notice to Discloser of any unauthorized use or disclosure of Discloser's Confidential Information. Recipient shall assist Discloser in remedying any such unauthorized use or disclosure of Discloser's Confidential Information.

10.3.2 Exclusions from Nondisclosure and Nonuse Obligations.

Recipient's obligations under Section 10.3.1 (Nondisclosure and Nonuse Obligations) shall not apply to any of Discloser's Confidential Information that Recipient can document: (a) was in the public domain at or subsequent to the time such Confidential Information was communicated to Recipient by Discloser through no fault of Recipient; (b) was rightfully in Recipient's possession free of any obligation of confidence at or subsequent to the time such Confidential Information was communicated to Recipient by such Discloser; (c) was developed by employees or agents of Recipient independently of and without reference to any of Discloser's Confidential Information; or (d) was communicated by Discloser to an unaffiliated third party free of any obligation of confidence. A disclosure by Recipient of any of Discloser's Confidential Information (a) in response to a valid order by a court or other governmental body; (b) as otherwise required by law; or (c) necessary to establish the rights of either party under this Subcontract shall not be considered to be a breach of this Subcontract by such Recipient; provided, however, such Recipient shall provide prompt prior written notice thereof to such Discloser to enable Discloser to seek a protective order or otherwise prevent such disclosure.

10.3.3 Ownership and Return of Confidential Information and Other Materials.

All of Discloser's Confidential Information, and any Derivatives (defined below) thereof, whether created by such Discloser or Recipient, are the property of Discloser and no license or other rights to such Discloser's Confidential Information or Derivatives is granted or implied hereby. For purposes of this Subcontract, "Derivatives" shall mean: (a) for copyrightable or copyrighted material, any translation, abridgment, revision or other form in which an existing work may be recast, transformed or adapted; (b) for patentable or patented material, any improvement thereon; and (c) for material that is protected by trade secret, any new material derived from such existing trade secret material, including new material which may be protected under copyright, patent and/or trade secret laws. All materials (including, without limitation, documents, drawings, papers, diskettes, tapes, models, apparatus, sketches, designs and lists) furnished by Discloser to Recipient (whether or not they contain or disclose Discloser's Confidential Information) are the property of such Discloser. Within five (5) days after any request by Discloser, Recipient shall destroy or deliver to Discloser, at Discloser's option, (a) all such Discloser-furnished materials and (b) all materials in Recipient's possession or control (even if not Discloser-furnished) that contain or disclose any of such Discloser's Confidential Information. Recipient will provide Discloser a written certification of Recipient's compliance with Recipient's obligations under this Paragraph.

10.3.4 Independent Development.

Discloser understands that Recipient may currently or in the future be developing information internally, or receiving information from other parties that may be similar to such Discloser's Confidential Information. Accordingly, nothing in this Agreement will be construed as a representation or inference that such Recipient will not develop products or services, or have products or services developed for such Recipient, that, without violation of this Subcontract, compete with the products or systems contemplated by such Discloser's Confidential Information.

10.3.5 Disclosure of Third Party Information.

Neither party shall communicate any information to the other in violation of the proprietary rights of any third party.

10.3.6 No Warranty.

All Confidential Information is provided by Discloser "AS IS" and without any warranty, express, implied or otherwise, regarding such Confidential Information's accuracy or performance.

11. RECORDKEEPING AND AUDIT RIGHTS

11.1 Recordkeeping

Subcontractor and Prime Contractor shall maintain complete and accurate records and books of account with respect to this Subcontract utilizing generally accepted accounting principles ("GAAP"), consistently applied and complying in all respects with all applicable , State or Federal laws or regulations. Such records and books, and the accounting controls related thereto shall be sufficient to provide reasonable assurance that:

(a) transactions are recorded so as to permit the preparation of Subcontractor's financial statements in accordance with GAAP and to maintain accountability for its assets; and

(b) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Such records and books of account of Subcontractor's business shall be maintained by Subcontractor at its primary business office with access to such records and books of account to be provided from Subcontractor's business office in San Diego, California and the Prime Contractor and the may examine and make extracts of information and copy any part thereof at any reasonable time during normal business hours. Subcontractor shall retain and maintain accurate records and documents relating to performance of Services under this Subcontract until the latest of: (i) six (6) years after the final payment by the Prime Contractor to Subcontractor hereunder; (ii) one (1) year following the final resolution of all audits or the conclusion of any litigation with respect to this Subcontract; or (iii) such longer time period as may be required by applicable law or regulation.

11.2 Operational Audit Rights

The , the Prime Contractor, or their authorized representatives shall have the right, at any time and with reasonable notice, to perform an operational or security audit with respect to Subcontractor's performance hereunder. Subcontractor shall grant the , the Prime Contractor, or their authorized representative the right to conduct an audit of Subcontractor's and its Permitted Subcontractors' practices, the facilities used by Subcontractor or its Permitted Subcontractors to provide the Services, and related operational matters (including audits of Subcontractor's legal compliance and Subcontractor's security policies and practices with regard to IT and data access and control) in order to verify compliance with the terms of this Subcontract. Any such audit shall be conducted in a reasonable manner and after reasonable advance notice, provided, however, that for security audits the request shall be made to the Key Personnel who shall accompany the auditor to the location of the audit and provide immediate access. Prime Contractor shall ensure that any third parties conducting audits of Subcontractor on its behalf are bound by nondisclosure agreements. For purposes of such audit, Subcontractor shall, and shall cause its Permitted Subcontractors to provide the , the Prime Contractor, or their authorized representative such information and assistance as requested in order to perform such audits, including full and complete access to personnel, and to all books, records, documents, data, or information as may be required in order for the or the Prime Contractor to ascertain any facts relevant to Subcontractor's and its Permitted Subcontractor's operational and security obligations hereunder. If any such audit reveals an inadequacy or deficiency in Subcontractor's performance as set forth in this Subcontract, including performance in connection with any security obligations of Subcontractor as set forth in this Subcontract, Subcontractor shall promptly develop and provide to the or the Prime Contractor a reasonable and detailed corrective action plan, for the 's or the Prime Contractor's approval, and promptly thereafter implement such plan in accordance with its terms. In addition, the cost of such audit, should material inadequacies or deficiencies be revealed, shall be borne by Subcontractor. In all circumstances, the Subcontractor and its Permitted Subcontractors shall be responsible for each of their costs and expenses incurred in connection with any audit performed under this Subcontract. At the 's or Prime Contractor's request, Subcontractor shall provide the or the Prime Contractor with copies of all documents, data, or information in the possession or control of Subcontractor that pertain to the Services. Subcontractor shall provide such documents, data, or information on such media as the or the Prime Contractor might request, including hard copy, optical or magnetic disk, or tape. Subcontractor shall incorporate this paragraph verbatim with appropriate language substitution to reflect the correct identity of the parties into any Agreement into which it enters with any Permitted Subcontractor providing Services under this Subcontract.

12. USE OF AFFILIATES AND PERMITTED SUBCONTRACTORS

12.1 Approval; Key Permitted Subcontractors

Subcontractor shall not perform the Services through its Affiliates or through the use of Subcontractor-selected Permitted Subcontractors, including providers of hardware and software, without the advance written consent of the Prime Contractor as to the selection of

the Permitted Subcontractor, which consent may not be unreasonably withheld and the execution by such Permitted Subcontractor of a confidentiality agreement in accordance with Section 10.2 hereof; provided, however, that Subcontractor may subcontract, without the Prime Contractor's advance written consent, for goods and services that are incidental to the performance of the Services and do not involve the anticipated expenditure under this Subcontract of more than five hundred thousand dollars (\$500,000.00) within any ninety (90) day period, and may perform the Services through any of its Affiliates identified in Schedule A without consent from Prime Contractor. The Prime Contractor hereby consents to the Permitted Subcontractors identified in Schedule 14.1; provided, that each such Permitted Subcontractor shall execute a confidentiality agreement in accordance with Section 10.2 hereof. Additionally, each Permitted Subcontractor shall be properly licensed in the State to perform the Services for which such Permitted Subcontractor is responsible. Subcontractor agrees that it shall continue throughout the Term to retain the Permitted Subcontractors identified as "Key Permitted Subcontractors" in Schedule 14.1, and that such Persons shall continue to provide the Services initially provided, unless Subcontractor has obtained the Prime Contractor's prior written consent, which may not be unreasonably withheld. In the event that the Subcontractor desires to subcontract a particular Service in accordance with this Section, the Prime Contractor may require that such Service be provided by a certain Permitted Subcontractor. In no event shall Subcontractor be entitled to perform the Services through the use of any Permitted Subcontractor who has been disbarred (or who employs a Persons or Persons that have been disbarred) from performing services for the United States government.

12.2 Permitted Subcontractor Agreements

Subcontractor will provide to the Prime Contractor copies of all agreements between Subcontractor and its Permitted Subcontractors related to the performance of this Subcontract that are in excess of five hundred thousand dollars (\$500,000.00) within thirty (30) days after such contracts are executed by Subcontractor and its Permitted Subcontractors. Such subcontracts will contain materially the same terms and conditions as this Subcontract. Subcontractor represents and warrants that the agreements provided to the Prime Contractor will be true and complete copies thereof, excluding only relevant pricing information between Subcontractor and its Permitted Subcontractors.

12.3 Liability, Performance of Particular Services, and Replacement

In no event shall Subcontractor be relieved of its obligations under this Subcontract as a result of its use of any Permitted Subcontractors. Subcontractor shall supervise the activities and performance of each Permitted Subcontractor and shall be responsible for any performance or failure to perform by such Permitted Subcontractor. The Prime Contractor if directed by may, in its sole discretion and upon reasonable advance notice (not to exceed thirty (30) days), require either the Subcontractor itself or particular Permitted Subcontractor(s) to perform particular Services. Without limiting the generality of the foregoing, if the Prime Contractor determines that the performance or conduct of any Permitted Subcontractor is unsatisfactory, the Prime Contractor may notify Subcontractor of its determination in writing, indicating the reasons therefor, in which event Subcontractor

shall promptly take all necessary actions to remedy the performance or conduct of such Permitted Subcontractor or to replace such Permitted Subcontractor by another third party or by Subcontractor personnel.

13. PROPRIETARY RIGHTS

13.1 Works

13.1.1 Ownership by the

All Works, including all Intellectual Property Rights in or pertaining to the same, shall be owned solely and exclusively by the or its third party licensors, as applicable. Nothing in this Subcontract transfers any ownership or title in or to any Works to Subcontractor or any other Person.

13.1.2 Sublicense Grant to Subcontractor

As of the Cutover Date for each Service Framework, the Prime Contractor hereby grants to the Subcontractor, to the extent that a sublicense is permitted under the Prime Contract, a limited, non-exclusive, non-transferable, royalty-free right and sublicense to use solely those Works provided to Subcontractor pertaining to such applicable Service Framework during the Term and any period of Disentanglement, to the extent necessary and appropriate for the sole purpose of Subcontractor's performing the Services, subject to, and as provided for by, the terms and conditions of this Subcontract. Subcontractor acknowledges that the Works represent the valuable, intellectual property of the (or its licensors). To the extent necessary for Subcontractor to provide the Services, such license grant extends to Permitted Subcontractors designated by Subcontractor that sign a written agreement to be bound by all of the terms contained herein applicable to the Works. To the extent any Works are comprised of Third Party Works, such license grant shall be subject to Subcontractor having obtained any Required Consents. Subcontractor and its Permitted Subcontractors shall not (i) use any of the Works for the benefit of any Person other than the , or (ii) reverse assemble, reverse engineer, translate, disassemble, decompile any of the Works without the prior written approval of the , which may be withheld in the 's sole discretion.

13.2 Subcontractor Works

13.2.1 Ownership by Subcontractor

All Subcontractor Works, including all Intellectual Property Rights in or pertaining to the same, shall be owned solely and exclusively by Subcontractor. Nothing in this Subcontract transfers any ownership or title in or to any Subcontractor Works to Prime Contractor, or any other Person.

13.2.2 License Grant to the

Subcontractor hereby grants to the (and any providers of services to the , including without limitation the Prime Contractor) a no-fee, license to use the Subcontractor Works provided or made available to the or otherwise used by Subcontractor or its Permitted Subcontractors in connection with the Services (including all required updates, upgrades, enhancements and improvements thereto), as necessary and appropriate for the conduct of the 's business, administration and operations or for the to receive the full benefit of the Services during the Term and any period of Disentanglement, and thereafter solely for the conduct of the 's business, administration and operations, and not for commercial exploitation or resale. Subcontractor's obligations with respect to the provision of updates, upgrades, enhancements and improvements upon and following Disentanglement shall be as set forth in Section 4.3.5. Upon permanent retirement by the of a particular Subcontractor Software application from the 's active Software portfolio at any time following Disentanglement, the Subcontractor may request in writing through the Prime Contractor that the terminate its license to such Subcontractor Software. No termination of such a license shall be effective unless and until expressly approved in writing by the .

13.3 Work Product

13.3.1 Sole Owner

All Work Product, including all Intellectual Property Rights in or pertaining to the same, shall be owned solely and exclusively by the . Nothing in this Subcontract transfers any ownership or title in or to any Work Product to Subcontractor or any other Person. Ownership of Work Product shall inure to the benefit of the from the date of conception, creation, or fixation in a tangible medium of expression (whichever occurs first), of such Work Product. Subcontractor(1) agrees that all copyrightable aspects of such Work Product shall be considered "work made for hire" within the meaning of the Copyright Act of 1976, as amended, (2) hereby assigns to the exclusively all right, title, and interest in and to such Work Product, and all copies thereof, and the Intellectual Property Rights therein, that it may have or obtain, without further consideration, free from any claim, lien for balance due, or rights of retention thereto on the part of Subcontractor or any other Person, and (3) acknowledges that the Parties do not intend Subcontractor to be a joint author of such Work Product within the meaning of the Copyright Act of 1976, as amended, and that in no event shall Subcontractor be deemed a joint author of such Work Product. Subcontractor shall obtain similar written undertakings from all Permitted Subcontractors, employees and consultants who will perform any Services, so as to ensure the 's ownership of the Work Product as provided herein, and shall not commence the deployment of any such Permitted Subcontractor, employee or consultant until Subcontractor has obtained such a written undertaking. Prime Contractor and Subcontractor further agree that no Work Products will be initiated under this subcontract without a formal written agreement between the Parties identifying the Work Product to be created and its "work made for hire" status under the terms of this subcontract.

13.3.2 Embedded Subcontractor Works

To the extent that any Subcontractor Works are incorporated into, embedded or used in or made part of the Work Product, notwithstanding Section 13.3.1 to the contrary,

Subcontractor hereby grants to the (and any providers of services to the Prime Contractor including without limitation the Prime Contractor) a non-exclusive, no-fee, royalty-free license to use, such Subcontractor Works all to the extent necessary to give the unrestricted use and enjoyment of such Work Product and all Intellectual Property Rights therein.

13.3.3 Sublicense Grant to Subcontractor

The Prime Contractor hereby grants to Subcontractor a limited, non-exclusive, non-transferable, royalty-free right and sublicense to use the Work Product during the Term and any period of Disentanglement, to the extent necessary and appropriate for the sole purpose of Subcontractor's performing the Services, subject to, and as provided for by, the terms and conditions of this Subcontract. To the extent necessary for Subcontractor to provide the Services, such license grant extends to Permitted Subcontractors designated by Subcontractor that sign a written agreement to be bound by all of the terms contained herein applicable to the Work Product. Subcontractor and its Permitted Subcontractors shall not (i) use any of the Work Product for the benefit of any Person other than the , or (ii) reverse assemble, reverse engineer, translate, disassemble, decompile any of the Work Product without the prior approval of the , which may be withheld in the 's sole discretion.

13.3.4 Intellectual Property Protection

Subcontractor shall promptly and fully disclose and deliver all Work Product to the Prime Contractor, in writing and, with respect to computer programs, in both source code and object code form, and with all available user manuals and other documentation, as requested by the Prime Contractor, and shall execute and deliver any and all patent, copyright, or other applications, assignments, and other documents that the or the Prime Contractor (on behalf of the) requests for protecting the Work Product, whether in the United States or any other country. The shall have the full and sole power to prosecute such applications and to take all other action concerning the Work Product, and Subcontractor shall cooperate, as part of the Services, in the preparation and prosecution of all such applications and in any legal actions and proceedings concerning the Work Product. Subcontractor shall provide to the Prime Contractor, on a quarterly basis, and at no additional charge, a written report summarizing all of the Work Product developed by Subcontractor to date, with appropriate information to enable the to pursue all intellectual property registrations or other protections for the 's interests in the Work Product. The shall have reasonable access to all Subcontractor materials, premises and computer files containing the Work Product.

13.4 Third Party Works

Unless otherwise provided in this Subcontract or expressly and mutually agreed to by the Parties in writing, Subcontractor shall not implement or utilize any Third-Party Works in the provision of any Services unless Subcontractor shall have secured for the (and any providers of services to the including without limitation the Prime Contractor) a license to use, such Third-Party Works as necessary and appropriate for the conduct of the 's business, administration and operations or for the to receive the full benefit of the Services. Third Party Software identified and agreed to by the parties in writing from time to time and set forth in the Standards and Procedures Manual as "COTS" or as a Shared Resource may be

subject to the standard commercial terms for such Third Party Software. However, in all cases, Subcontractor shall obtain all rights and licenses as may be necessary in order for the , and its authorized representatives, to use, or receive the benefit of the use by Subcontractor of, any Third Party Works in connection with the Services during the Term of this Subcontract to include any period of Disentanglement. Further, Subcontractor shall not embed any Third-Party Works in any Work Product, or create a derivative work of any Third-Party Work as Work Product, without the express, prior written consent of the Prime Contractor. The Prime Customer and the will not reverse engineer, decompile, or disassemble Third Party Software or attempt to generate corresponding source code nor sublicense or distribute the Third Party Software. Subcontractor's obligations with respect to the provision of updates, upgrades, enhancements and improvements upon Disentanglement shall be as set forth in Section 4.3.5.

13.5 Residuals

Notwithstanding anything to the contrary provided in this Subcontract, Subcontractor shall not be precluded from using its Residuals, provided that Subcontractor's right hereunder to use any of its Residuals that are components of Work Product shall not affect, alter, limit, or interfere with any provisions of this Section 13 that provide for ownership of the Work Product itself, or the Intellectual Property Rights in or pertaining thereto, by the .

13.6 No Limitation of Governmental Rights

Certain federal or state agencies or other governmental entities that provide funds to the or in connection with the 's activities and undertakings may have certain rights in the Work Product that arise under federal or state law. Therefore, Subcontractor hereby grants each such governmental agency or entity such rights in and to the Work Product as such agency or entity is entitled to by applicable law. To the extent the Prime Contractor is notified by the that such rights apply to Work Product, the Prime Contractor shall notify Subcontractor of the existence of such circumstances. Each Party expressly acknowledges and agrees that all rights granted, retained, or otherwise allocated pursuant to this Section 13.6 are expressly subject and subordinate to such rights as may be reserved or granted to such federal or state agencies or other governmental entities by law and that nothing in this Subcontract shall or shall be construed to in any way limit such governmental rights, which rights shall take precedence over this Subcontract in the event of any conflict.

13.7 Rights and Licenses

Subcontractor shall obtain from third parties all rights and licenses required to perform the Services, and the terms and conditions of all such rights and licenses shall be subject to the review and approval of the Prime Contractor and the prior to their implementation by Subcontractor. With respect to all technology used and to be used by Subcontractor to perform the Services hereunder, to the extent allowed by third party contracts, Subcontractor hereby grants and agrees to grant to the , or shall cause to be granted by the licensor thereof, as the case may be, without additional charge, such licenses and sublicenses as may be necessary in order for the , and its authorized representatives

(including Prime Contractor and third party service providers), to use, or receive the benefit of the use by Subcontractor of, such technology in connection with the Services.

13.8 Data

The Subcontractor shall be permitted access to the Data solely to the extent permitted under the Prime Contract and solely to the extent Subcontractor requires such access to such data to provide the Services and maintain the MASLs. Subcontractor may only access and process the Data in connection herewith or as directed by the or the Prime Contractor in writing and may not otherwise modify the Data, merge it with other data, commercially exploit it, or do any other thing that may in any manner adversely affect the integrity, security, or confidentiality of such data, other than as specified herein or as directed by the or the Prime Contractor in writing. Subcontractor understands and agrees that the owns all right, title, and interest in the Data, and also owns all copyright, trademark, trade secrets, and other proprietary rights in the Data. Subcontractor agrees that all copyrightable aspects of such Data shall be considered “work made for hire” within the meaning of the Copyright Act of 1976, as amended. Subcontractor hereby assigns to the exclusively all right, title, and interest in and to the Data and to all copyright or other proprietary rights therein that it may obtain, without further consideration, free from any claim, lien for balance due, or rights of retention thereto on the part of Subcontractor. Subcontractor also acknowledges that the Parties do not intend Subcontractor to be a joint author of the Data within the meaning of the Copyright Act of 1976, as amended, and that in no event shall Subcontractor be deemed a joint author thereof. Furthermore, Subcontractor and all Permitted Subcontractors will not publish or disclose in any manner privacy and security safeguards related to any federal, State, or data or any other data of which Subcontractor or any Permitted Subcontractor has custody. In no event shall Subcontractor withhold Data from, or deny access thereto by, the Prime Contractor or the in connection with any dispute relating to this Subcontract.

13.9 Cooperation

If at any time either Party brings, or investigates the possibility of bringing, any claim against any third party for infringement of any Intellectual Property Right of such Party, including misappropriation of trade secrets and improper use or disclosure of Confidential Information, then the other Party, upon the request and at the expense of the requesting Party, shall cooperate with and assist such requesting Party in the investigation or pursuit of such claim and provide such requesting Party with any information in its possession that may be of use to such requesting Party in the investigation or pursuit of such claim. Notwithstanding the foregoing, if an Affiliate, client, customer, or other business associate of a Party becomes the subject of such an investigation by the requesting Party, such Party will provide reasonable cooperation to the requesting Party, to the extent not inconsistent with such Party’s legal and contractual obligations to such Affiliate, client, customer, or business associate. Subcontractor’s obligations under this Section 13.9 shall extend to the as well as the Prime Contractor.

PART IV – PRICING

14. FINANCIAL TERMS

As the sole and entire financial consideration for all of the Services to be performed by Subcontractor and for all of the other tasks, services, and obligations of Subcontractor under this Subcontract, the Prime Contractor shall pay to Subcontractor the amounts set forth in this Section 14 and Exhibit 16.1-1. Any payments tendered to Subcontractor prior to the execution of this Subcontract shall be made in accordance with the requirement of the Letter Agreement dated February 10, 2006 and shall not be additive to the pricing contained in Exhibit 16.1-1. Further, any pricing included in any Subcontract Schedules required by the California Public Utilities Commission shall in no way be additive to the pricing contained in Exhibits 16.1-1 or 16.1-5. Also, in the event that the elects to exercise the extension to the Prime Contract and the Prime Contractor, in turn, exercises its option to extend the Subcontract in accordance with Section 15.1.2, all references herein to Exhibit 16.1-1 shall become references to Exhibit 16.1-5.

14.1 Fees

14.1.1 Transition Milestone Payments

Subject to the preamble of this Section 14, the Prime Contractor shall pay the Fees associated with the Transition of a particular Service Framework as set forth in Schedule 16.1.

14.1.2 Monthly Services Charge

Subject to the preamble of this Section 14, the Prime Contractor shall pay the Monthly Services Charge in arrears in accordance with the terms and conditions of this Subcontract and as set forth in Schedule 16.1.

14.2 Invoices

14.2.1 General.

Subcontractor shall furnish the Prime Contractor Technology Office with the following invoices:

(i) A single invoice for the Monthly Services Charge, calculated in arrears, issued by the tenth (10th) day of each month, and payable in accordance with the terms of Schedule 16.1.. Each such invoice shall include an itemized accounting of the volumes and value of the Resource Units incurred during the immediately preceding month.

(ii) Invoices shall be accompanied by information and data that support the invoiced Fees. Unless otherwise provided in Schedule 16.1, invoices are payable on or before the expiration of fifty (50) calendar days after receipt by Prime

Contractor of a correct invoice prepared in accordance with the terms of this Subcontract. In the event the 's net payment terms to pay Prime Contractor is reduced, Prime Contractor shall flow-down a commensurate decrease in net payment terms to Subcontractor.

(iii) Any Subcontractor invoices remaining unpaid more than sixty (60) calendar days after receipt by Prime Contractor of a correct invoice prepared in accordance with the terms of this Subcontract may be subject to a late payment charge equal to the lesser of 1.5% per month or the maximum amount allowed by law.

(iv) Any payments due to the Prime Contractor from the Subcontractor for MASL fee reductions or Critical Milestone failures are due no later than thirty (30) days following the last day of the month that the MASL or Critical Milestone failures occurred

14.2.2 Retroactive Billing

Billing for any Services not reported by Subcontractor within ninety (90) days from the date such Service was required to be billed to the Prime Contractor will not be billable to the Prime Contractor except as otherwise agreed in writing by the Prime Contractor Contracting Officer.

14.3 Pricing Audit

Contractor represents, and Subcontractor acknowledges, that Contractor has agreed in the Prime Contract to specific pricing audit procedures with the . Set forth below is Section 16.3 of the Prime Contract. Subcontractor agrees to abide by the terms and conditions of Section 16.3 as if everywhere the term "Contractor" is used, the term "Subcontractor" is substituted, to cooperate fully with Contractor in complying with the provisions of Section 16.3 and otherwise do all things necessary or appropriate with respect to compliance with such Section 16.3, provided that the pricing audits must be reasonably related to the invoices at issue. Subcontractor will pay for a portion of the costs of the audit only if the audit reveals a material overcharge by Subcontractor, provided that Subcontractor shall only be responsible for the share of the cost for such audit that reasonably relates to Subcontractor's invoices (as opposed to invoices from any other subcontractor) and further provided that the portion of the costs of such audit for which Subcontractor is required to pay shall be in the same proportion to the total cost of the audit applicable to Subcontractor's invoices as the material overcharge is to the total amount of Subcontractor charges audited. However, in the event an audit reveals material overcharges resulting in a refund of amounts paid and a subsequent audit uncovers any further material overcharges, then Subcontractor shall pay for the total costs of such subsequent audit that reasonably relates to Subcontractor's invoices. If an audit shows that Subcontractor has been underpaid Prime Contractor shall promptly pay Subcontractor the unpaid amount. Likewise, if an audit shows that Subcontractor has been overpaid, Subcontractor shall promptly reimburse the Prime Contractor for such overpayment.

"16.3 Pricing Audit.

Contractor shall, at the 's request, allow auditors designated by the that are subject to reasonable confidentiality requirements to fully audit Contractor's books and records to the extent necessary to verify any amounts paid or payable by the hereunder. Contractor shall provide such auditors with full access to such information relating to this Agreement and Contractor's books and records as may be necessary to confirm the accuracy of Contractor's invoices, documents, and other information supporting such invoices, and any pricing adjustment computations. All such audits shall be conducted during business hours, with reasonable advance notice, and shall include access to proprietary and confidential information to the extent necessary to comply with the provisions of this Section 16.3. If any such audit reveals that Contractor has overcharged the during the period to which the audit relates, then Contractor shall promptly refund such overcharges to the and the cost of such audit shall be borne by Contractor."

14.4 Adjustment of Payments

If the Prime Contractor terminates as to any of the Service Frameworks described in Schedule 4.3 hereof or terminates any discrete components, deliverables, features, functions, capabilities, tasks, activities, or portions of the Services, pursuant to the terms of Section 2.8 or Section 15.2.1 hereof, then adjustments to the fees for such Services shall go into effect upon the Termination Date for such Terminated Services. No fees pertaining to Terminated Services performed after the Termination Date shall be invoiced to or payable by the Prime Contractor.

14.5 Taxes

(a) All fees payable by the Prime Contractor to Subcontractor hereunder shall be inclusive of all taxes imposed as of the Effective Date by any domestic or foreign taxing authority in respect of the provision of the Services hereunder, including any sales, use, excise, value-added, services, consumption, or other tax (collectively, "Sales Tax(es)"); provided, however, that the Prime Contractor shall not be responsible for, and such fees shall not include, any personal property taxes on property Subcontractor owns or leases, for franchise and privilege taxes on Subcontractor's business, gross receipts taxes to which Subcontractor is subject, and for income taxes based on Subcontractor's net income. In the event that a Sales Tax becomes effective after the Effective Date and is assessed on the provision of Services by Subcontractor that are within scope as of the Effective Date or on Subcontractor's charges to the Prime Contractor under this Subcontract related thereto, however levied or assessed, the Prime Contractor shall be responsible for and pay any such Sales Tax.

(b) The Parties agree to cooperate with each other to enable each to more accurately determine its own tax liability and to minimize such liability to the extent legally permissible. Subcontractor's invoices shall separately state the amounts of any taxes Subcontractor is properly collecting from the Prime Contractor pursuant to the terms hereof.

14.6 Creation of Possessory Interest

Reserved.

14.7 Benchmarking

Contractor represents, and Subcontractor acknowledges, that Contractor has agreed in the Prime Contract to specific benchmarking procedures with the . Set forth below is Section 16.7 of the Prime Contract. Subcontractor agrees to abide by the terms and conditions of Section 16.7 as if everywhere the term "Contractor" is used, the term "Subcontractor" is substituted, to cooperate fully with Contractor in complying with the provisions of Section 16.7 and otherwise do all things necessary or appropriate with respect to compliance with such Section 16.7 and Schedule 16.7, provided, however, that benchmarking shall be limited to the entire suite of Subcontractor services and the costs of any benchmarking shall be allocated among Subcontractor, Prime Contractor and the other subcontractors based on each entity's responsibility for the resource unit being benchmarked. In no event shall Subcontractor's total liability to Prime Contractor for benchmarking-related costs exceed in the aggregate for any period of twelve (12) consecutive months during the Term \$100,000 over the effective period of the Subcontract.

"16.7 Benchmarking.

With the 's direction and cooperation, and as part of the Services, Contractor, upon the 's request, shall conduct benchmarking that shall enable the to compare pricing and performance set forth in this Agreement with, and to ensure that said pricing and performance are among, the industry's best rates and practices. The may request a benchmarking for any component of the Services at any time during the Term, and may request a benchmarking for all Services, in the aggregate, not more than once during any period of twelve (12) consecutive months during the Term. Contractor shall work with any benchmarking firm that the selects and shall reimburse the for fifty percent (50%) of all fees and charges paid to such benchmarking firm. Each Party shall have the opportunity to advise the benchmarking firm of any information or factors that it deems relevant to the conduct of the benchmarking, so long as such information is disclosed to the other Party. The benchmarking firm shall provide reports on the benchmarking to both the and Contractor. If, as a result of any such benchmarking, the benchmarking firm determines that the pricing or performance are not consistent with the adjustment methodologies set forth in Schedule 16.7, then the Parties shall promptly make appropriate adjustments to the relevant prices or performance standards in accordance with the methodology set forth in Schedule 16.7. "

14.8 Fee Reductions and Six-Month Critical Milestones

Subject to the provisions of Section 14.7 and this 14.8, Schedule 16.8 specifies (i) certain "Fee Reductions" that may be imposed in the event of any Failure in respect of Subcontractor's actual performance of Services as measured against the MASLs, (ii) certain fee forfeitures that may be incurred by Subcontractor in the event it fails to achieve Critical Milestones assigned in accordance with Schedule 16.8. The Parties acknowledge and agree that the Fee Reductions and Critical Milestone fee forfeitures are intended to reflect, to some extent, the diminished value of the Services as a result of any such Failure; such Fee Reductions and Critical Milestone fee forfeitures are not intended to compensate the Prime Contractor for any breach or Default by Subcontractor under this Subcontract, nor to

constitute penalties, damages, liquidated damages, or other compensation for any such breach or Default. In no event shall Fee Reductions or fee forfeitures resulting from the Subcontractor's failure to achieve Critical Milestones be the Prime Contractor's sole and exclusive remedy with respect to any Failure of Subcontractor. In the event the Prime Contractor recovers damages from Subcontractor for any breach or Default with respect to any Failure, such damages shall be reduced to the extent of any Fee Reductions or forfeitures previously collected by the Prime Contractor in respect of such Failure.

14.9 Only Payments

The Fees set forth in this Section 14 and Schedule 16.1 are the only payments to be made by the Prime Contractor to Subcontractor under this Subcontract unless other payments are permitted under a provision of the Subcontract or Schedule 4.3 and are formally authorized in accordance with Section 9 including the required changes to the values of the Resource Units in Exhibits 16.1-1 and 16.1-5. The Prime Contractor shall not pay Subcontractor any additional fees, assessments, or reimbursements, and Subcontractor shall be solely responsible for, and shall indemnify the Prime Contractor against, all costs and expenses incurred by Subcontractor in meeting Subcontractor's obligations under this Subcontract, including labor expenses, hardware and software costs, and general business expenses (including travel, meals, and overhead expenses).

14.10 Set-Off

The Prime Contractor may set off against any and all amounts otherwise payable to Subcontractor pursuant to any of the provisions of this Subcontract: (i) any and all amounts owed by Subcontractor to the Prime Contractor under the provisions of Section 20; and (ii) other amounts claimed to be owed to the Prime Contractor by Subcontractor in respect of this Subcontract or any other agreement between the Parties. Within twenty (20) days of any set-off by the Prime Contractor, the Prime Contractor shall provide to Subcontractor a written accounting of such set-off and a written statement of the reasons therefore.

14.11 Disputed Amounts

Subject to and in accordance with the provisions of this Section 14.11, the Prime Contractor may withhold payment of any Subcontractor invoice (or part thereof) that it in good faith disputes are due or owing. In such case, the Prime Contractor shall, by the applicable due date, pay any amounts then due that are not disputed and provide to Subcontractor a written explanation of the basis for the dispute as to the disputed amounts. The parties shall use best efforts to resolve such disputes within thirty days. The failure of the Prime Contractor to pay a disputed invoice, or to pay the disputed part of an invoice, shall not constitute a breach or default by the Prime Contractor, so long as the Prime Contractor complies with the provisions of this Section 14.11. In any such event, the Parties shall diligently pursue an expedited resolution of the dispute.

14.12 Most-Favored Customer

Contractor represents, and Subcontractor acknowledges, that Contractor has agreed in the Prime Contract to specific most favored customer requirements with the . Set forth below is Section 16.12 of the Prime Contract. Subcontractor agrees to abide by the terms and conditions of Section 16.12 as if everywhere the term "Contractor" is used, the term "Subcontractor" is substituted, to cooperate fully with Contractor in complying with the provisions of Section 16.12 and otherwise do all things necessary or appropriate with respect to compliance with such Section 16.12, provided, however, that Subcontractor's obligation under this provision shall apply only if the same suite of Services are offered to a similarly situated customer under like circumstances including volumes, terms and conditions. The certification described by Section 16.12 shall be delivered by the Chief Financial Officer of Subcontractor.

"16.12 Most Favored Customer.

If Contractor provides to any new or existing customer any service similar to any of the Services described in this Agreement under like circumstances including volumes, terms and conditions at a price lower or a discount greater than the price charged or the discounts offered to the hereunder, or provides additional or a more comprehensive service at the same or a lower price (or greater discount) under like circumstances including volume, terms and conditions, then, on a retroactive basis to the date such other sales were made, Contractor shall grant such lower price or greater discount to the in lieu of the price therefore (or discount related thereto) that is reflected in the price set forth in this Agreement or shall deliver to the such additional or more comprehensive service at such same or lower price (or greater discount). If the price has already been paid to Contractor by the , then Contractor shall refund to the an amount equal to the difference between the price already paid and the lower price, plus interest at the rate of one percent (1%) per month from the date the overcharge was paid to Contractor until the date the refund is made. The may offset any such overcharged amount against any amounts due to be paid to Contractor under this Agreement or any other contract with the . Contractor shall notify the of the occurrence of the lower price or greater discount (or provision of additional or more comprehensive service) as described in this Section 16.12 upon discovery and in no event later than thirty (30) days after its implementation of such lower price or greater discount (or provision of additional or more comprehensive service). As of each anniversary of the Cutover Date for the first Service Framework transitioned to Contractor, the Chief Financial Officer of Contractor's business unit performing the Services shall certify to the in writing that Contractor is in compliance with this Section 16.12."

14.13 Capital Infusion and Depreciation

During each Contract Year, Subcontractor shall, at its cost and expense, acquire equipment and other items (which include the Purchased Assets in Contract Year 1) for dedicated use in providing the Services. Except for Shared Resources, all such acquisitions shall, for purposes of the Prime Contractor's rights upon Disentanglement pursuant to Section 4.3.6 be capitalized, accounted for, and depreciated by Subcontractor in accordance with the guidelines set forth in Schedule 16.1, without regard to the actual method of acquisition (i.e., whether by purchase, lease, or other method of financing).

PART V-GENERAL

15. TERM

15.1 Initial Term; Renewals

15.1.1 Initial Term

The period during which Subcontractor shall be obligated to provide the Services under this Subcontract shall commence on the Effective Date (except as otherwise specified herein) and shall end on January 24, 2013 (the "Initial Term"), subject to appropriation by the of funds for the Prime Contract for such period.

15.1.2 Renewal by Prime Contractor

Contractor represents, and Subcontractor acknowledges, that Contractor has agreed in the Prime Contract to specific renewal provisions with the . Set forth below is Section 17.1.2 of the Prime Contract. Subcontractor agrees to abide by the terms and conditions of Section 17.1.2 as if everywhere the term "Contractor" is used, the term "Subcontractor" is substituted, to cooperate fully with Contractor in complying with the provisions of Section 17.1.2 and otherwise do all things necessary or appropriate with respect to compliance with such Section 17.1.2. The certification described by Section 17.1.2 shall be delivered by the Chief Financial Officer of Subcontractor.

"17.1.2 Renewal by

The may, in its sole discretion and subject to appropriation by the of funds for this Agreement for such period, extend the Initial Term for one renewal period of five (5) years (the "Renewal Term") at the renewal pricing for Resource Unit Charges set forth in Appendix 16.1-5 to Schedule 16.1 (the "Renewal Fees") providing written notice delivered to Contractor at least four (4) months before the end of the Initial Term. Following such notice, in the event the reasonably believes that the Renewal Fees do not represent pricing that is among the industry's best rates in light of then-current market conditions, the Parties shall negotiate in good faith new fees applicable to Services to be rendered during the Renewal Period and the Renewal Fees set forth in Schedule 16.1 shall not be effective. While such negotiations are pending, the Contractor shall continue to provide the Services at which ever is less, the then current Resource Unit Charges or the Renewal Fees Resource Unit Charges, until the Parties establish new fees applicable to the Services."

15.1.3 Extensions by Prime Contractor

Notwithstanding anything to the contrary set forth in Sections 15.2 through 15.5, the Prime Contractor may, at its sole option and discretion, upon at least one hundred twenty (120) days' notice to Subcontractor, extend the effective date of any expiration or

termination of the Term or any portion of the Services (e.g., a Service Framework, a category of Service or any portion of such Services) for successive periods of not less than one hundred twenty (120) days each, with such extension periods not to exceed six hundred (600) days in the aggregate for each particular expiration or termination. By way of example only, the Prime Contractor may extend the effective date of any termination of a particular Service Framework for successive periods not to exceed six hundred (600) days in the aggregate and may also extend the effective date of any termination of a different Service Framework for successive periods not to exceed a separately measured six hundred (600) days in the aggregate. Each such extension shall be upon the same terms and conditions in effect immediately prior to such extension. The Fees applicable to any extension period shall be mutually agreed by the Parties, consistent with the pricing methodology set forth in Schedule 14.1; in the event the Parties are unable to agree on such applicable Fees the matter shall be treated as a Dispute and, until resolution of the Dispute, the Fees shall be the same Fees as were applicable in the immediately preceding Contract Year or extension period, as the case may be.

15.1.4 Appropriations

In any fiscal year during the term of this Subcontract, if funds are not appropriated by the to continue paying for the Service in any subsequent year, except as directed by the Prime Contractor resulting from direction received from the , Prime Contractor may terminate this Subcontract as of the last day for which funds were appropriated but shall be obligated to pay all charges incurred through the end of that fiscal year. Prime Contractor must use its best efforts to obtain funding for the Services provided hereunder. If the Prime Contractor exercises its right to terminate for non appropriation of funds, Prime Contractor agrees not to obtain substantially similar equipment and/or services from other vendors or suppliers to replace those provided hereunder for the remaining term of this Subcontract. Prime Contractor may exercise such right to terminate upon delivery to Subcontractor of a thirty (30) day written notice setting forth the reason for termination. Within thirty (30) days following the delivery of written notice thereof, Prime Contractor shall provide Subcontractor with a legal opinion of counsel that no funds have been appropriated or otherwise made available for payments due under this Subcontract or for the acquisition of substantially similar equipment and/or services to replace those provided hereunder.

15.2 Early Termination

15.2.1 For Convenience

In the event of an early termination by the Prime Contractor shall have the right to terminate (i) the Term of this Subcontract with regard to the Services; or (ii) any portion of the Services (e.g., a Service Framework, a category of Service or any portion of such Services), for its convenience, by delivering to Subcontractor a written notice of termination (the "Termination Notice") at least ninety (90) days before the date or dates then-contemplated by the Prime Contractor in such notice for termination of such Services ("Provisional Termination Date(s)"). In the event the Prime Contractor elects to terminate any Service Framework or category of Service or portion thereof (but not all Services in the aggregate) pursuant to the terms hereof, Subcontractor shall perform its Disentanglement

obligations hereunder to the extent applicable to such Terminated Services. For any termination under this Subcontract, in the event the Prime Contractor does not set firm and binding effective date or dates for termination of the Terminated Services (the “Termination Date(s)”) in the Termination Notice, the Prime Contractor shall set such Termination Date(s), via a written notice to Subcontractor after consultation with the Subcontractor regarding Disentanglement and/or development of the Disentanglement plan in accordance with Section 4.3.1. The Prime Contractor shall set such Termination Dates in its sole discretion; provided, however, such Termination Date(s) shall not be earlier than the Provisional Termination Date(s) set forth in the Termination Notice, and provided, further, that all Termination Dates shall remain subject to extension pursuant to Section 15.1.3. Any such termination of Terminated Services under this Section shall be effective as of 11:59 pm on the Termination Date pertaining to such Terminated Services. Prime Contractor shall have no right to terminate the Services or the Subcontract for convenience except to the extent that such termination is a direct result of an early termination by under the Prime Contract. In the event of termination for convenience, Prime Contractor agrees to buy the Purchased Assets including the accelerated refresh Voice Services assets to be identified and valued in Appendix A.5, These assets will be purchased “AS IS, WHERE IS” and without any express or implied warranties of any kind. In the event of termination for convenience of the Prime Contractor and the Subcontractor continues to provide Voice Services as described herein to the or the succeeding prime contractor, then Prime Contractor is under no obligation to buy the Purchased Assets nor any accelerated refresh Voice Services assets.

15.2.2 Change in Control of Subcontractor

In the event of a Change in Control of Subcontractor resulting from a single transaction or series of related transactions, Subcontractor shall notify the Prime Contractor of such Change in Control in writing. Solely for purposes of this Section 15.2.2, “Control” shall mean, with respect to any Person, the legal, beneficial, or equitable ownership, direct or indirect, of more than fifty percent (50%) of the aggregate of all voting or equity interests in such Person; “Change in Control” shall mean any change in the legal, beneficial, or equitable ownership, direct or indirect, such that Control of such Person is no longer with the same Person or Persons as on the Effective Date. The foregoing notwithstanding, a Change in Control shall not be deemed to have occurred if, as a result of internal corporate realignment, this Subcontract is assigned from one subsidiary to another subsidiary, all within the structure of Subcontractor’s corporate parent. Any such termination pursuant to this Section shall be effective at 11:59 p.m. on the Termination Date pertaining to the Terminated Services.

15.3 Termination for Default

The Prime Contractor shall have the right to terminate: (i) the Term of this Subcontract with regard to the Services; or (ii) any portion of the Services (e.g., a Service Framework, a category of Service or any portion of such Services), by a Termination Notice delivered to Subcontractor if Subcontractor commits a material Default. Termination shall be effective at 11:59 p.m. on the Termination Date(s) pertaining to such Terminated Services; provided, however, that Subcontractor shall continue to perform its

Disentanglement obligations hereunder until they are fulfilled. No termination pursuant to this Section 15.3 shall be deemed a termination for convenience subject to Section 15.2.1. In the event the Prime Contractor elects to terminate any portion of the Services (e.g., a Service Framework, a category of Service or any portion of such Services) but not all Services in the aggregate, pursuant to the terms hereof, Subcontractor shall perform its Disentanglement obligations hereunder to the extent applicable to such Terminated Services. Termination shall not constitute the Prime Contractor's exclusive remedy for such Default, and the Prime Contractor shall not be deemed to have waived any of its rights accruing hereunder prior to such Default.

15.4 Termination for Force Majeure Event

If a material delay or interruption of performance by Subcontractor resulting from its experiencing a Force Majeure Event exceeds seven (7) days, despite Subcontractor's use of its best efforts (which may or may not include the use of an alternate source to provide the Services and which shall not involve the payment of funds that would not be commercially reasonable under the circumstances), the Prime Contractor shall have the right to terminate (i) the Term of this Subcontract with regard to the Services; or (ii) any portion of the Services (e.g., a Service Framework, a category of Service or any portion of such Services), all or any portion of the Services (e.g., a Service Framework, a category of Service or any portion of such Services), effective at 11:59 p.m. on the Termination Date(s) pertaining to such Terminated Services, by delivering to Subcontractor a Termination Notice; provided, however, that Subcontractor shall continue to perform its Disentanglement obligations in respect of such Terminated Services until such obligations are fulfilled.

15.5 Additional Termination Rights of the Prime Contractor

In the event Subcontractor, any of its Permitted Subcontractors, or any of each of their employees is or becomes debarred and declared ineligible, or voluntarily excluded from covered transactions with respect to all business with the United States government, then the Prime Contractor shall have the right, at its option, to terminate the Term of this Subcontract with regard to the Services, effective at 11:59 p.m. on the Termination Date pertaining to such Terminated Services, by delivering to Subcontractor a Termination Notice.

15.6 Effect of Ending of Term

Notwithstanding any provision of this Section 15 to the contrary, the expiration or termination of the Term shall not constitute a termination of this Subcontract or any provision hereof that by its nature shall continue in force and effect, including Subcontractor's obligations with respect to Disentanglement.

15.7 No Termination by Subcontractor

Subcontractor may not, for any reason whatsoever, terminate the Term prior to its expiration, terminate this Subcontract, or otherwise repudiate this Subcontract or refuse to perform its obligations hereunder, unless such termination is required for regulatory reasons, or is due to a material default by Prime Contractor.

16. REMEDIES; LIMITATIONS OF LIABILITY

16.1 Remedies Cumulative

Except as otherwise expressly limited in Section 16.2, below, or elsewhere in this Subcontract, the remedies provided in this Section and elsewhere in this Subcontract are neither exclusive nor mutually exclusive, and the Parties shall be entitled to resort to any and all such remedies, and any other remedy or remedies available at law or in equity, by statute or otherwise, individually or in any combination thereof. No delay in exercising or failure to exercise any right or remedy shall operate as a waiver thereof except where specifically provided herein.

16.2 Limitation of Liability and Disclaimers

Subject to the express provisions and limitations of this Section 16.2 and subject to the applicable tariffs and guidebooks with respect to regulated Services, the Parties intend that each Party shall be liable to the other Party for all damages incurred as a result of the breaching Party's failure to perform its obligations.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SECTION 16.2, THE AGGREGATE CUMULATIVE MONETARY LIABILITY OF THE PARTIES HEREUNDER FOR ALL DAMAGES ARISING UNDER OR RELATING TO THIS SUBCONTRACT, NOTWITHSTANDING THE FORM (e.g., CONTRACT, TORT, OR OTHERWISE) IN WHICH ANY ACTION IS BROUGHT, SHALL BE LIMITED TO THIRTY FIVE MILLION DOLLARS (\$35,000,000). THE FOREGOING LIMITATION UPON THE TYPES AND AMOUNTS OF THE PARTIES' LIABILITY SHALL NOT APPLY TO: (A) LOSSES PURSUANT TO THE PARTIES' INDEMNIFICATIONS FOR PERSONAL INJURY AND PROPERTY DAMAGE PURSUANT TO SECTION 20.2, TO THE EXTENT ALLOWABLE BY LAW; (B) LOSSES ARISING FROM A PARTY'S FAILURE TO COMPLY WITH THE PROVISIONS OF SECTION 10 OR 19.1.2.3; OR (C) LOSSES ARISING OUT OF THE WILLFUL MISCONDUCT OR GROSS NEGLIGENCE OF A PARTY.

EXCEPT TO THE EXTENT ANY OF THE LOSSES DESCRIBED IN THE ABOVE PARAGRAPH MAY BE DEEMED TO BE SUCH DAMAGES, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, SPECIAL, EXEMPLARY, PUNITIVE, INDIRECT, OR INCIDENTAL DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF THE FORM IN WHICH ANY ACTION IS BROUGHT.

16.3 Force Majeure Events

Except as expressly provided in this Subcontract, if a Force Majeure Event is the material contributing cause of a Party's failure to perform any of its obligations hereunder, such obligations, after notification by such Party to the other Party, shall be deemed suspended to the extent such obligations are directly affected by such Force Majeure Event, until the Force Majeure Event has ended and a reasonable period of time for overcoming the

effects thereof has passed; provided, however, that if a Force Majeure Event results in Subcontractor being unable to perform directly or through an alternate source during any period any or all of the Services in accordance with the terms hereof, the Prime Contractor shall: (i) not be required to pay for any such Services that Subcontractor is unable to perform; (ii) be entitled, without the payment of the fees described in Section 15.2.1, to engage an alternate provider, on an interim basis, to perform the Services that Subcontractor is unable to perform directly or through an alternate source as a result of such Force Majeure Event; (iii) be entitled to a share of Subcontractor's resources devoted to returning Subcontractor to full performance of all Services hereunder, that is equal to or greater than the share of such resources that Subcontractor allocates to other of its customers with whom it has agreements that are similar to this Subcontract, consistent with Subcontractor's established, regulated restoration priority schedule; and (iv) have the right to terminate this Subcontract in accordance with the terms of Section 15.4 hereof. Both Parties shall use their best efforts to minimize delays that occur due to a Force Majeure Event. Notwithstanding the above, Subcontractor shall in no event be excused from those obligations not directly affected by a Force Majeure Event, and if the Force Majeure Event is caused by Subcontractor's failure to comply with any of its obligations under this Subcontract or by Subcontractor's negligence or omission, there shall be no relief from any of its obligations under this Subcontract. In addition, notwithstanding any of the above, Subcontractor shall be obligated to provide the disaster recovery services as set forth in Schedule 4.3 at all times subject to local, state and federal policies, directives, rules and regulations. .

17. INSURANCE

Without limiting Subcontractor's indemnification obligations to Prime Contractor, Subcontractor shall provide at its sole expense and maintain for the duration of this Subcontract, or as may be further required herein, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Services hereunder and the results of the Services by the Subcontractor, his agents, representatives, employees or Permitted Subcontractors.

17.1 Minimum Scope of Insurance

Coverage shall be at least as broad as:

(a) Commercial General Liability, Occurrence form, Insurance Services Office form CG0001.

(b) Automobile Liability covering all owned, non-owned, hired auto Insurance Services Office form CA0001.

(c) Workers' Compensation, as required by State of California and Employer's Liability Insurance.

(d) Errors and Omissions Liability.

(e) Fidelity coverage providing Employee Dishonesty, Forgery or Alteration, Theft, Disappearance, Destruction and Computer Fraud coverage covering all Subcontractor's employees used to fulfill this Subcontract.

(f) Property Insurance.

17.2 Minimum Limits of Insurance

Subcontractor shall maintain limits no less than:

(a) Commercial General Liability including Premises, Operations, Products and Completed Operations, Contractual Liability, and Independent Contractors Liability: \$5,000,000 per occurrence for bodily injury, personal injury and property damage and \$10,000,000 in the aggregate.

(b) Automobile Liability: \$1,000,000 each accident for bodily injury and property damage.

(c) Employer's Liability: \$1,000,000 each accident, \$1,000,000 each employee for bodily injury by disease and \$1,000,000 policy limit for bodily injury by disease. Coverage shall include a waiver of subrogation in favor of Prime Contractor and the of San Diego, except for losses arising from said parties' gross negligence or willful misconduct. Errors and Omissions Liability: \$10,000,000 per claim with an aggregate limit of not less than \$20,000,000. This coverage shall be maintained for a minimum of one year following termination or completion of Subcontractor's Services pursuant to the Subcontract. Employee Dishonesty and Computer Fraud: \$10,000,000 per loss. Such insurance shall cover all of Subcontractor's employees used to fulfill this Subcontract. Coverage shall include a loss payee endorsement to the Prime Contractor. Any deductible or self insured retention shall be the responsibility of Subcontractor.

(d) Property Insurance: Subcontractor shall provide insurance on all property owned by Subcontractor. Such policy shall provide "all risk" perils, including flood, but excluding earthquake, and shall be written on a basis of one hundred percent (100%) replacement value of the property. Coverage shall include business personal property, tenant improvements, business interruption, property of others, in the care, custody, and control of the insured, and transit. Any deductible or self-insured retention shall be the responsibility of Subcontractor.

(e) Excess Policies: The limits of liability required above may be satisfied with any combination of underlying and excess policies.

17.3 Other Insurance Provisions

17.3.1 The general liability, automobile liability and professional liability policies are to contain, or be endorsed to contain the following provisions:

17.3.1.1 Additional Insured Endorsement (Does not apply to professional liability)

Any general liability policy provided by Subcontractor shall contain an additional insured endorsement applying coverage to the Prime Contractor, the of San Diego, the members of the Board of Supervisors of the and the officers, agents, employees and volunteers of the , individually and collectively, with respect to liability caused by Subcontractor's activities pursuant to this Subcontract, for which Subcontractor has legally assumed responsibility herein.

17.3.1.2 Primary Insurance Endorsement (Does not apply to professional liability)

For any general liability and automobile claims related to this Subcontract, the Subcontractor's insurance coverage shall be primary insurance as respects the Prime Contractor, the , the members of the Board of Supervisors of the and the officers, agents, employees and volunteers of the , individually and collectively. Any insurance or self-insurance maintained by the Prime Contractor, the , its officers, officials, employees, or volunteers shall not contribute with it.

17.3.1.3 Notice of Cancellation

Each required insurance policy, or certificate of insurance evidencing such policies, shall state that coverage shall not be canceled by the insurer, except after thirty (30) days' prior written notice by mail has been given to the Prime Contractor at the address shown in Section 22.6, except for cancellation due to nonpayment of premium, for which such notice shall not be less than ten (10) days.

17.3.1.4 Severability of Interest clause(Does not apply to professional liability)

Coverage applies separately to each insured, except with respect to the limits of liability.

17.4 General Insurance Provisions

17.4.1 Qualifying Insurers

All required policies of insurance shall be issued by companies which have been approved to do business in the State of California by the State Department of Insurance, and which hold a current policy holder's alphabetic and financial size category rating of not less than A-, VII according to the current Best's Key Rating guide, or a company of equal financial stability that is approved in writing by Prime Contractor.

17.4.2 Evidence of Insurance

Prior to commencement of this Subcontract, but in no event later than the Effective Date of the Subcontract, Subcontractor shall furnish the Prime Contractor with certificates of

insurance and amendatory endorsements effecting coverage required by this clause. Thereafter, copies of renewal certificates shall be furnished to Prime Contractor as soon as reasonably practical following the expiration of the term of any required policy. Subcontractor shall permit the Prime Contractor at all reasonable times to inspect and review any required policies of insurance at a time and place mutually convenient to both parties.

17.4.3 No Limitation of Obligations

The foregoing insurance requirements as to the types and limits of insurance coverage to be maintained by Subcontractor, and any approval of said insurance by the Prime Contractor are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by Subcontractor pursuant to the Subcontract, including, but not limited to, the provisions concerning indemnification.

17.4.4 Review of Coverage

Prime Contractor retains the right at any time to review the coverage, form and amount of insurance required herein and may request Subcontractor to obtain insurance reasonably sufficient in coverage, form and amount to provide adequate protection against the kind and extent of risk which exists at the time a change in insurance is required.

17.4.5 Claims Made Coverage

If coverage is written on a “claims made” basis, the Certificate of Insurance shall clearly so state. In addition to the coverage requirements specified above, such policy shall provide that:

(i) The policy retroactive date coincides with or precedes Subcontractor’s commencement of Services under the Subcontract (including subsequent policies purchased as renewals or replacements);

(ii) Subcontractor will make every effort to maintain similar insurance during the required extended period of coverage following expiration of the Subcontract, including the requirement of adding all additional insureds;

(iii) If insurance is terminated for any reason, Subcontractor shall purchase an extended reporting provision of at least two years to report claims arising in connection with the Subcontract; and

(iv) The policy allows for reporting of circumstances or incidents that might give rise to future claims.

17.4.6 Permitted Subcontractors’ Insurance

Subcontractor shall require that any and all Permitted Subcontractors hired by Subcontractor maintain insurance in types and amounts as determined in Subcontractor’s sole discretion.

17.4.7 Waiver of Subrogation

Subcontractor and Prime Contractor release each other, and their respective authorized representatives, from any Losses (as defined in Section 20.1 of the Subcontract), but only to the extent that the proceeds received from any policy of insurance carried by Prime Contractor or Subcontractor, other than any self-insurance, covers any such Losses. Included in any policy or policies of insurance provided by Subcontractor hereunder, to the extent obtainable, except for the errors and omissions policy, shall be a standard waiver of rights of subrogation against Prime Contractor by the insurance company issuing said policy or policies.

17.4.8 Self-Insurance

Notwithstanding anything to the contrary contained in this Subcontract, Subcontractor may elect to self-insure the requirements set forth herein in a manner consistent with its risk management program in effect from time to time.

18. LEGAL COMPLIANCE

18.1 Compliance with All Laws and Regulations

The Parties shall at all times perform their obligations hereunder in compliance with applicable federal, State, local and laws and regulations (including facility and professional licensing and/or certification laws) of all applicable jurisdictions, and in such a manner as not to cause the other Party or the to be in violation of any applicable laws or regulations, including any applicable requirements of any federal, State, or authority regulating Prime Contractor Data, Public Record Data, privacy, wages and hours of employment, health, sanitation, safety, the environment, or telecommunications. Subcontractor shall maintain and keep in effect any and all licenses, permits, notices and certifications as are required. Additionally, Subcontractor shall comply with applicable provisions of the 's Affirmative Action Program for Vendors as set forth in Article IIIk (commencing at Section 84) of the San Diego Prime Contractor Administrative Code, which program is incorporated herein by reference. A copy of such Program shall be provided to Subcontractor upon its request. Nothing in this Subcontract shall be deemed to transfer to Subcontractor any of the 's responsibilities or obligations related to the use, management, or disbursement of any funds the receives from the federal or the State government. No provision of this Subcontract, including any Work Request, shall have any force or effect if it would cause a violation of any federal or State law, ordinance, statute, rule, regulation, or order, or would require any consent or approval to prevent any such violation. For tariffed and regulated services, this Subcontract and any modifications shall be subject to the jurisdiction of the California Public Utilities Commission ("CPUC") and shall at all times be subject to such changes or modifications as the CPUC or the Telecommunications Division of the CPUC may, from time to time, direct in the exercise of its jurisdiction. This Subcontract and any modifications may also be subject to the jurisdiction of the Federal Communications Commission and other regulatory bodies.

18.2 Subcontractor Permits and License

Subcontractor shall obtain and maintain, and shall require its Permitted Subcontractors to obtain and maintain, at no cost to the Prime Contractor or the , all approvals, permissions, permits, licenses, and other forms of documentation required in order to comply with all existing foreign or domestic statutes, ordinances, and regulations, or other laws, that may be applicable to performance of Services hereunder. The Prime Contractor reserves the right to reasonably request and review all such applications, permits, and licenses prior to the commencement of any Services hereunder.

18.3 Americans with Disabilities Act

Subcontractor shall comply with the Americans with Disabilities Act (“ADA”) and California Administrative Code Title 24.

18.4 Equal Opportunity

Subcontractor shall comply with the provisions of Title VII of the Civil Rights Act of 1964.

18.5 Non-Discrimination

Subcontractor shall provide Services and facilities in accordance with Title IX of the Education Amendments of 1972; Title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000-d), the Age Discrimination of 1975 (42 U.S.C. 6101), Article 9.5, Chapter 1, Part 1, Division 2, Title 2 (Section 11135, et seq) of the California Government Code, and Title 9, Chapter 4, Subchapter 6 (Section 10800, et seq.) of the CCR.

18.6 AIDS Discrimination

Subcontractor shall not deny any person the full and equal enjoyment of, or impose less disadvantageous terms, or restrict the availability of, the use of any Location or participation in any funded or supported service or program on the grounds that such person has Acquired Immune deficiency Syndrome, AIDS-related complex (ARC), or AIDS-related status (ARS), as those terms are defined in Chapter 1, Section 32.1203, San Diego Prime Contractor Code of Regulatory Ordinances

18.7 Subcontractor Certification

Subcontractor represents and warrants that Subcontractor has not been convicted of bribing or attempting to bribe an officer or employee of the , nor has Subcontractor made an admission of guilt of such conduct that is a matter of record.

18.8 Board of Supervisors’ Policies

Subcontractor represents that it is familiar, and shall use its best efforts to comply, with the policies of the Board of Supervisors.

(a) Policy B-67, which encourages the 's contractors to offer products made with recycled materials, reusable products, and products designed to be recycled to the in response to the 's requirements; and

(b) Policies B-53 and B-39a, which encourage the participation of small and disabled veterans' business enterprises in procurements.

18.9 Debarment and Suspension

18.9.1 Subcontractor Certification

As a sub-grantee of federal funds under this Subcontract, Subcontractor certifies that there are no judgments, pending litigation or administrative matters that will materially impair Subcontractor's ability to perform under this Subcontract; and Subcontractor further represents that based upon reasonable diligence Subcontractor believes the following statements to be true:

(i) Subcontractor and its employees and Subcontractor's Affiliates and Permitted Subcontractors are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

(ii) Subcontractor and its Affiliates and Permitted Subcontractors have not, within the three (3) year period preceding this Subcontract, been convicted of or had a civil judgment rendered against any of them for: the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public entity (federal, state, or local) transaction; violation of federal or state anti-trust statutes in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction; or the commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(iii) Subcontractor and its Affiliates and Permitted Subcontractors are not presently indicted or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses described in paragraph (ii); and

(iv) Subcontractor and its Affiliates and Permitted Subcontractors have not, within the three (3) year period preceding this Subcontract, had one or more public entity transaction (federal, State, or local) terminated for cause or default.

18.10 Hazardous Materials

Subcontractor shall be responsible for compliance with all applicable Environmental Laws and all other laws, rules, regulations, and requirements regarding Hazardous Materials, health and safety, notices, and training. Subcontractor agrees that it will not store any Hazardous Materials at any Location for periods in violation of the applicable site storage limitations imposed by Environmental Law. Subcontractor agrees to take, at its expense, all

actions necessary to protect third parties, including, without limitation, employees and agents of the Prime Contractor and the , from any exposure to Hazardous Materials in its performance under this Subcontract. Subcontractor agrees to report to the appropriate governmental agencies all discharges, releases, and spills of Hazardous Materials that are required to be reported by any Environmental Law and to immediately notify the Prime Contractor of same. Subcontractor shall not be responsible or liable for any Hazardous Materials pre-existing at the Locations. Prime Contractor shall pay Subcontractor for any damages, costs, fines or penalties Subcontractor incurs as result of the presence or release of any such pre-existing Hazardous Materials which may occur as the result of any Subcontractor activity. If Subcontractor encounters any such pre-existing Hazardous Materials, Subcontractor may suspend performance until Prime Contractor removes and cleans up the Hazardous Materials at the Prime Contractor's expense in accordance with applicable law.

18.11 Prohibited Contracts

Under Section 67 of the San Diego Code, Subcontractor certifies that the provisions of Section 67 have not been violated, and that Subcontractor is not, and will not knowingly, after reasonable inquiry, subcontract with, any of the following:

(a) Persons employed by the or by any public agency for which the Board of Supervisors is the governing body;

(b) Profit-making firms or businesses in which employees described in sub-Section (a) serve as officers, principals, partners, or major shareholders;

(c) Persons who, within the immediately-preceding twelve (12) months, came within the provisions of paragraphs (a) or (b) and who (i) were employed in positions of substantial responsibility in the area of service to be performed under the Prime Contract, or (ii) participated in any way in developing the Prime Contract or its service specifications; and

(d) Profit-making firms or businesses in which the former employees described in paragraph (c) serve as officers, principals, partners, or major shareholders.

18.12 Political Activities Prohibited

Subcontractor complies with all applicable Federal, state and local laws concerning corporate political contributions and contributions by the political action committees (PAC) it sponsors. Each year, the Subcontractor authorizes maximum aggregate corporate contributions that can be made by Subcontractor and its affiliates, as permitted by, and in strict compliance with applicable law, for the purpose of supporting or opposing any party, candidate, political committee or ballot measure. All corporate political contributions are publicly disclosed as required by applicable state or federal law.

18.13 Lobbying

Subcontractor agrees to comply with the lobbying ordinances of the .

18.14 Religious Activity Prohibited

There shall be no religious worship, instructions or proselytization as part of or in connection with the performance of this Subcontract.

18.15 Drug and Alcohol-Free Workplace

The , in recognition of individual rights to work in a safe, healthful and productive work place, has adopted a requirement for a drug and alcohol free work place, of San Diego Drug and Alcohol Use Policy C-25. This policy provides that all employed contractors and contractor employees shall assist in meeting this requirement.

18.15.1 As a material condition of this Contract, the Subcontractor agrees that the Subcontractor and the Subcontractor employees, while performing service for the , on property, or while using equipment:

(i) Shall not be in any way impaired because of being under the influence of alcohol or a drug.

(ii) Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal drug.

(iii) Shall not sell, offer, or provide alcohol or a drug to another person; provided, however, that the foregoing restriction shall not be applicable to a Subcontractor or Subcontractor employee who as part of the performance of normal job duties and responsibilities prescribes or administers medically prescribed drugs.

18.15.2 Subcontractor shall inform all employees who are performing service for the on property or using equipment of the objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for the .

18.15.3 The Prime Contractor may terminate for default or breach this Subcontract, and any other contract the Subcontractor has with the Prime Contractor, if the Subcontractor, or Subcontractor employees are determined by the Prime Contractor or the not to be in compliance with the conditions listed in this Section 18.15.

18.16 Cartwright Act.

Following receipt of final payment under the Agreement, Subcontractor assigns to the all rights, title and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright act (Chapter 1) (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the Subcontractor for sale under this Subcontract.

18.17 Zero Tolerance For Fraudulent Conduct In Services.

Subcontractor shall comply with of San Diego Board of Supervisors Policy A-120 "Zero Tolerance for Fraudulent Conduct in Services." There shall be "Zero Tolerance" for fraud committed by Subcontractors in the administration of programs and the provision of services. Upon proven instances of fraud committed by independent contractors in connection with their performance under the contract, said contract shall be terminated

18.18 Family-Centered Practice, Board Of Supervisors Policy E-13.

Subcontractor shall comply with of San Diego Board of Supervisors Policy E-13, "Family-Centered Practice." Family-centered practice addresses the needs of the whole family and is intended to promote and support community and family involvement to ensure safe and healthy environments for children.

18.19 Interlocking Directorate.

In recognition of Policy A 79, not-for-profit Subcontractors shall not subcontract with related for-profit Permitted Subcontractors for which an interlocking relationship exist unless specifically authorized in writing by the Board of Supervisors.

18.20 Zero Tolerance In Coaching Medi-Cal Or Welfare Clients (Including Undocumented Immigrants).

The of San Diego in recognition of its unique geographical location and the utilization of Welfare and Medi-Cal system by foreign nationals who are not legal residents of this or country, has adopted a Zero Tolerance policy and shall aggressively prosecute employees and Subcontractors who coach Medi Cal or Welfare clients (including undocumented immigrants), to obtain services for which they are not otherwise entitled.

As a material condition of this Subcontract, Subcontractor agrees that the Subcontractor and Subcontractor's employees, while performing service for the , on property or while using equipment shall not:

(a) in any way coach, instruct, advise, or guide any Medi-Cal or Welfare clients or prospective clients who are undocumented immigrants on ways to obtain or qualify for Medi-Cal assistance, for which they are not otherwise entitled.

(b) support or provide funds to any organization engaged directly or indirectly in advising undocumented immigrants on ways to obtain or qualify for Medi-Cal assistance, for which they are not otherwise entitled.

Subcontractor shall inform all Permitted Subcontractors and employees that are performing service for the on property or using equipment of 's Zero Tolerance Policy as referenced herein.

Prime Contractor may terminate for default or breach this Subcontract, if Subcontractor or Subcontractor employees are determined not to be in compliance with the conditions stated herein.

19. REPRESENTATIONS AND WARRANTIES

19.1 Subcontractor Representations, Warranties, and Related Covenants

19.1.1 Performance of the Services

Subcontractor represents and warrants that it is capable in all respects of providing and shall provide all Services in accordance with this Subcontract. Subcontractor further represents and warrants that: (i) all Services provided under this Subcontract shall be provided in a timely, professional, and workmanlike manner consistent with the highest standards of quality and integrity and shall meet the performance standards required under this Subcontract; and (ii) no amendment to this Subcontract or additional cost or expense shall be required by Subcontractor in order for it to be able to perform the Services in accordance with the MASLs.

19.1.2 Conflict of Interest

Subcontractor represents, warrants, and agrees that:

19.1.2.1 No Financial Interest

Neither Subcontractor or any of its Affiliates, nor any employee of either, has, shall have, or shall acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Subcontractor's performance of its duties and responsibilities under this Subcontract or otherwise create an appearance of impropriety with respect to the award or performance of this Subcontract; and Subcontractor shall promptly inform the Prime Contractor of any such interest that may be incompatible with the interests of the Prime Contractor or the ;

19.1.2.2 No Abuse of Authority for Financial Gain

Neither Subcontractor or any of its Affiliates, nor any employee of either, has used or shall use the authority provided or to be provided under this Subcontract to obtain financial gain for Subcontractor, or any such Affiliate or employee, or a member of the immediate family of any such employee;

19.1.2.3 No Use of Information for Financial Gain

Neither Party or any of its Affiliates, nor any employee of either, has used or shall use any Confidential Information of the other Party or the acquired in the award or performance of the Subcontract to obtain financial gain for Subcontractor, or any such Affiliate or employee, or a member of the immediate family of any such employee;

19.1.2.4 No Influence

Neither Subcontractor or any of its Affiliates, nor any employee of either, has accepted or shall accept anything of value based on an understanding that the actions of Subcontractor or any such Affiliate or employee on behalf of the would be influenced; and Subcontractor shall not attempt to influence any employee by the direct or indirect offer of anything of value;

19.1.2.5 No Payment Tied to Award

Neither Subcontractor or any of its Affiliates, nor any employee of either, has paid or agreed to pay any Person, other than bona fide employees working solely for Subcontractor or such Affiliate or its Permitted Subcontractors, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Subcontract; and

19.1.3 Financial Condition and Information

19.1.3.1 Financial Condition

Subcontractor represents and warrants that it has, and promises that it shall maintain throughout the Term, a financial condition commensurate with the requirements of this Subcontract. If, during the Term, Subcontractor experiences a change in its financial condition that may adversely affect its ability to perform under this Subcontract, then it shall immediately notify the Prime Contractor of such change.

19.1.3.2 Accuracy of Information

Subcontractor represents and warrants that all financial statements, reports, and other information furnished by Subcontractor to the Prime Contractor in connection with the award of this Subcontract fairly and accurately represent the business, properties, financial condition, and results of operations of Subcontractor as of the respective dates, or for the respective periods, covered by such financial statements, reports, or other information. Since the respective dates or periods covered by such financial statements, reports, or other information, there has been no material adverse change in the business, properties, financial condition, or results of operations of Subcontractor.

19.1.4 Litigation and Service of Process

Subcontractor represents that there is no pending or anticipated civil or criminal litigation in any judicial or administrative forum that involves Subcontractor or any of its Affiliates or Permitted Subcontractors that may adversely affect Subcontractor's ability to perform its obligations under this Subcontract. Subcontractor shall notify the Prime Contractor, within ten (10) days after its occurrence, of any such pending or anticipated civil or criminal litigation. Subcontractor shall notify the Prime Contractor, within three (3) business days in the event process is served on Subcontractor in connection with this Subcontract, including any subpoena of Subcontractor's records, and shall send a written

notice of the service together with a copy of the same to the Prime Contractor within five (5) business days after such service. If Subcontractor fails to notify the Prime Contractor of any such pending or anticipated civil or criminal litigation or service of process within such times, the Prime Contractor may terminate this Subcontract pursuant to the provisions of Section 15.3.

19.1.5 Proprietary Rights Infringement

Subcontractor represents and warrants that at no time during the Term shall the use of any services, techniques, materials or products provided or used by Subcontractor, or its Affiliates or Permitted Subcontractors, in performing the Services (including, but not limited to the Subcontractor Works, Third Party Works and Work Product), or the use thereof by the Prime Contractor within Subcontractor's defined scope, infringe upon any third party's patent, trademark, copyright, or other intellectual-property right, nor shall Subcontractor misappropriate any trade secrets or make use of any misappropriated trade secrets in the performance of Services hereunder.

19.1.6 Legal and Corporate Authority

Subcontractor represents and warrants that: (i) it is a Delaware corporation, and is qualified and registered to transact business in all locations where the performance of its obligations hereunder would require such qualification; (ii) it has all necessary rights, powers, and authority to enter into and perform this Subcontract, and the execution, delivery, and performance of this Subcontract by Subcontractor has been duly authorized by all necessary corporate action; (iii) the execution and performance of this Subcontract by Subcontractor shall not violate any law, statute, or regulation and shall not breach any agreement, covenant, court order, judgment, or decree to which Subcontractor is a party or by which it is bound; (iv) it has, and promises that it shall maintain in effect, all governmental licenses and permits necessary for it to provide the Services contemplated by this Subcontract; and (v) it owns or leases and promises that it shall own or lease, free and clear of all liens and encumbrances, other than lessors' interests, or security interests of Subcontractor's lenders, all right, title, and interest in and to the tangible property and technology and the like that Subcontractor intends to use or uses to provide such Services and in and to the related patent, copyright, trademark, and other proprietary rights, or has received appropriate licenses, leases, or other rights from third parties to permit such use.

19.1.7 Violations

Subcontractor represents and warrants that it is not, and promises that it shall not be, in violation of any laws, ordinances, statutes, rules, regulations, or orders of governmental or regulatory authorities to which it is subject, and has not failed, and shall not fail, to obtain any licenses, permits, franchises, or other governmental authorizations necessary for the ownership of its properties or the conduct of its business, which violation or failure, either individually or in the aggregate, might adversely affect its business, properties, or financial condition, the consummation of the transactions contemplated by this Subcontract, or the performance of its obligations hereunder.

19.1.8 Information Furnished to the Prime Contractor

Subcontractor represents and warrants that all written information furnished to the Prime Contractor prior to the Effective Date by or on behalf of Subcontractor in connection with this Subcontract is true, accurate, and complete, and contains no untrue statement of a material fact or omits any material fact necessary to make such information not misleading.

19.1.9 Previous Participation in Outsourcing Process

Subcontractor represents and warrants that neither it, nor any of its Affiliates or Permitted Subcontractors that will provide Services at any time under this Subcontract, directly or indirectly participated in any of the following activities on behalf of the with respect to this Subcontract: (i) preparation of any Request for Proposal; (ii) development of bid specifications or proposal requirements; (iii) evaluation of bids or proposals; or (iv) negotiations with potential contractors.

19.1.10 Previous Contracts

Subcontractor represents and warrants that neither it, nor any of its Affiliates or Permitted Subcontractors, is in default or breach of any other contract or agreement related to information systems or telecommunication system facilities, equipment, or services that it or they may have with the or any of its departments, commissions, boards, or agencies. Subcontractor further represents and warrants that neither it, nor any of its Affiliates or Permitted Subcontractors, has been a party to any contract for information system or telecommunication system facilities, equipment, or services with the or any of its departments that was finally terminated by the or such department within the previous five (5) years for the reason that Subcontractor or such Person failed to perform or otherwise breached an obligation of such contract. Subcontractor shall notify the , within five (5) days of its occurrence, if it, or any of its Affiliates or Permitted Subcontractors, is a party to any contract for information system or telecommunication system facilities, equipment, or services with any federal, State, , or municipal body, or any agency thereof, which contract is finally terminated by such body for the reason that Subcontractor or such Person failed to perform or otherwise breached an obligation of such contract. If the termination of any such contract is being contested as of the Signing Date in an arbitration or judicial proceeding, the termination shall not be final until the conclusion of such arbitration or judicial proceeding. If the fact finder determines, or a settlement stipulates, that Subcontractor or such Person failed to perform or otherwise breached an obligation of such contract, Prime Contractor may terminate this Subcontract at the Prime Contractor's sole discretion without Prime Contractor incurring any additional charges whatsoever for such termination.

19.2 Prime Contractor's Representations, Warranties, and Covenants

19.2.1 Legal Authority

The Prime Contractor represents and warrants that it has all necessary rights, powers, and authority to enter into and perform this Subcontract; that the execution, delivery, and

performance of this Subcontract by the Prime Contractor have been duly authorized by all necessary action of the Prime Contractor's Board of Directors.

19.2.2 Disclaimer

Neither the Prime Contractor nor the makes any representation or warranty, express or implied, with respect to the Services or any component thereof, or the skills, capabilities, or medical or other condition of any Transitioned Employees. All hardware, software, networks, and other IT- and telecommunications-related assets made available or conveyed by the , the Prime Contractor and/or Legacy Provider to Subcontractor under this Subcontract are made available or conveyed to Subcontractor "AS IS, WHERE IS" and there are no warranties of any kind with respect to the condition, capabilities, or other attributes of such items, except as otherwise expressly stated in this Subcontract.

19.3 Warranty Disclaimer

EXCEPT AS EXPRESSLY STATED IN THIS SUBCONTRACT, THERE ARE NO EXPRESS WARRANTIES BY EITHER PARTY. THERE ARE NO IMPLIED WARRANTIES OR CONDITIONS, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE ARISING FROM A COURSE OF DEALING OR USAGE OF TRADE.

19.4 Waiver

Having had reasonable access to pertinent information and personnel, and a reasonable time within which to perform due diligence investigation, and having taken into account the possibility that the information it has received from the as of the effective date of this subcontract might possibly be incorrect or incomplete, Subcontractor hereby waives and releases any and all claims that it now has or hereafter may have against the Prime Contractor based upon the inaccuracy or incompleteness of the information it has received from, or with regard to, the as of the Effective Date of this Subcontract. Further, Subcontractor consents and agrees that it shall not seek any judicial rescission, cancellation, termination, reformation, or modification of this Subcontract or any provision hereof, nor any adjustment in the fees to be paid for the Services, based upon any such inaccuracy or incompleteness of information received from the as of the Effective Date of this Subcontract except where such information was intentionally withheld or intentionally misrepresented.

19.4.1 Information Access

Prime Contractor and Subcontractor intends to provide each other with timely access to information, facilities or equipment as is reasonably required to provide the Services. Prime Contractor and Subcontractor will keep each other informed on developments that may impact the Service. Without limiting the foregoing, Prime Contractor and Subcontractor shall notify each other as soon as possible in the event that either Party I receives any information from the that is discovered to be inaccurate or incomplete.

20. INDEMNIFICATION

Note: the definitions of “Indemnifying Party” and “Indemnified Party(ies)” specified in subsection 20.1, below, shall apply to this Section 20 in its entirety.

20.1 Technology

Each Party (the “Indemnifying Party” shall indemnify, defend, and hold the other Party Indemnitees and the Indemnitees (each an “Indemnified Party” or collectively “Indemnified Parties”) harmless from and against any and all Losses in connection with any and all claims or demands brought by any third party against any Indemnified Party for any actual or alleged infringement of any United States patent, trademark, copyright, or misappropriation of trade secrets (i) based upon technology or intellectual property used by the Indemnifying Party (including but not limited to Indemnifying Party Works, Third Party Works and Work Product) in providing the Services, or (ii) arising from the Indemnified Party’s use or receipt of the Services (including but not limited to the use or receipt of the Indemnifying Party Works, Third Party Works and Work Product or the exercise of any Intellectual Property Rights therein), (each such claim or demand, an, “Infringement Claim”). In the event of an Infringement Claim in which the Indemnified Party’s right to use any technology or intellectual property is enjoined, the Indemnifying Party shall either procure a license to enable the Indemnified Party to continue to use or receive the benefit of such technology or intellectual property or develop or obtain a non-infringing substitute acceptable to the Indemnified Party or, if neither of the actions is reasonably available to the Indemnifying Party, terminate the infringing Service or Product and refund to the other Party amounts paid for the infringing Service or Product, less a reasonable charge for use. An Indemnifying Party shall have no obligation to indemnify, defend or hold the Indemnified Parties harmless regarding any claim or action to the extent that it is based solely upon: (i) a modification of a program or machine by the Indemnified Party, any third-party contractor of the that is not a Permitted Subcontractor, or any agent of the that was not otherwise approved by the Indemnifying Party; or (ii) an Indemnified Party’s combination, operation, or use with apparatus, data, or programs neither furnished nor approved by the Indemnifying Party nor contemplated by the Parties.

20.2 Injury, Property, or Other Damage

Without limiting Indemnifying Party’s obligations with respect to insurance as provided in Section 17 hereof, Indemnifying Party shall indemnify, defend, and hold the Indemnified Parties harmless with respect to any and all Losses related to any third-party claim alleging bodily injury or death, or damage to tangible personal or real property, notwithstanding the form in which any such action is brought (e.g., contract, tort, or otherwise), to the extent arising directly or indirectly from acts, errors, or omissions that constitute negligence, willful misconduct, or violations of law, by the Indemnifying Party or its personnel, agents, or Permitted Subcontractors.

20.3 Third-Party Contracts

Indemnifying Party shall indemnify, defend, and hold the Indemnified Parties harmless from and against any and all Losses based upon or related to third-party services utilized by the Indemnifying Party in providing Services or based upon an alleged breach by the Indemnifying Party of any third party agreement used by the Indemnifying Party to provide the Services.

20.4 Misrepresentation

Indemnifying Party shall indemnify, defend, and hold Indemnified Parties harmless with respect to any and all Losses related to any third-party claim based upon or resulting from (i) any negligent or intentional misrepresentation by the Indemnifying Party in connection with this Subcontract, or (ii) theft, fraud, misappropriation of tangible or intangible personal property by the Indemnifying Party, or by the officers, directors, Affiliates, employees, agents, representatives, or Permitted Subcontractors of any of the foregoing.

20.5 Transitioned Employees

Reserved.

20.6 Hazardous Material

Indemnifying Party shall indemnify, defend, and hold the Indemnified Parties harmless from and against any claim by any third party and any and all Losses sustained or incurred by such Indemnified Party as a result of: (i) the Indemnifying Party's failure to comply in all material respects with any applicable Environmental Laws; or (ii) the Indemnifying Party's breach of Section 18.10.

20.7 Proprietary Information Disclosure

Indemnifying Party shall indemnify, defend, and hold Indemnified Parties harmless from and against any and all Losses based upon or resulting from any third-party claim or challenge with respect to the disclosure or nondisclosure of the Indemnified Party's Confidential Information or its Permitted Subcontractors' confidential or proprietary information under the California Public Records Act, or other applicable statutes or regulations, except to the extent that the has failed to comply with its applicable policies with respect to the disclosure of such information.

20.8 General Obligation

Indemnifying Party's indemnity obligations under Sections 20.1, 20.2, 20.3, 20.4, 20.5, 20.6, and 20.7 of this Subcontract extend only to third-party claims and associated Losses caused by the negligence or willful misconduct of the Indemnifying Party. The Indemnifying Party shall have no obligation to defend or indemnify the Indemnified Parties to the extent third-party claims and associated Losses are caused by the negligence, sole negligence, or willful misconduct of the Indemnified Parties. If any legal action governed by this Section 20 is commenced against an Indemnified Party, the Indemnified Party shall give

written notice thereof to the Indemnifying Party promptly after such legal action is commenced; provided, however, that failure to give prompt notice shall not reduce the Indemnifying Party's obligations under this Section 20.8, except to the extent the Indemnifying Party is prejudiced thereby. After such notice, if the Indemnifying Party shall acknowledge in writing to the Indemnified Party that the right of indemnification under this Subcontract applies with respect to such claim, then the Indemnifying Party shall be entitled, if it so elects in a written notice delivered to the Indemnified Party not fewer than ten (10) days prior to the date on which a response to such claim is due, to take control of the defense and investigation of such claim and to employ and engage attorneys of its choice, that are reasonably satisfactory to the Indemnified Party, to handle and defend same, at the Indemnifying Party's expense. The Indemnified Party shall cooperate in all reasonable respects with the Indemnifying Party and its attorneys in the investigation, trial, and defense of such claim and any appeal arising therefrom; provided, however, that the Indemnified Party may participate, at its own expense, through its attorneys or otherwise, in such investigation, trial, and defense of such claim and any appeal arising therefrom. No settlement of a claim that involves a remedy other than the payment of money by the Indemnifying Party shall be entered into by the Indemnifying Party without the prior written consent of the Indemnified Party, which consent may be withheld in the Indemnified Party's sole discretion. If the Indemnifying Party does not assume the defense of a claim subject to such defense as provided in this Section, the Indemnifying Party may participate in such defense, at its expense, and the Indemnified Party shall have the right to defend the claim in such manner as it may deem appropriate, at the expense of the Indemnifying Party.

21. DISPUTE RESOLUTION

21.1 Joint Commitment to Resolution of Problems.

(i) Subcontractor's Regional Vice President of the state and local markets shall participate in periodic quarterly governance reviews with the Prime Contractor and the (at the 's offices, if requested by the) to discuss and resolve performance issues pertaining to this Subcontract and the Subcontractor's performance hereunder. To the extent that any issues discussed during these reviews cannot be resolved at such review meeting, then the issue shall be escalated to the next highest level in accordance with the dispute resolution procedure outlined in Section 21.2 until the issue is resolved, provided that appropriate representative of the Subcontractor also participates (along with the and the Prime Contractor) in the escalation procedure in Section 21.2. Notwithstanding the foregoing, either party shall be permitted to institute legal action under this Subcontract on account of any such dispute without resorting to all of the dispute resolution procedure set forth herein.

(ii) Without in any way limiting the foregoing, Subcontractor will be permitted to participate in any dispute resolution process (formal or informal) with the , with the intent of resolving any and all disputes promptly and amicably. Such participation will not be unreasonably withheld from Subcontractor by Prime Contractor. Further, Subcontractor agrees to abide by and comply with any resolution reached between and Prime Contractor under any dispute resolution process implemented

under the Prime Contract applicable to Subcontractor's performance of services, subject to Subcontractor's reasonable approval.

21.2 Procedures

If a dispute arises, the Parties' respective designated representatives shall meet and negotiate in good faith the resolution of such dispute. If such dispute cannot be promptly resolved, the Prime Contractor's representative and Subcontractor's Account Executive shall meet and negotiate in good faith in order to resolve such dispute within ten (10) days after the date that written notice of dispute is delivered by the disputing Party to the other Party. If the Prime Contractor's representative and the Account Executive have resolved the dispute, such Persons shall reduce the resolution to writing and each Party shall commence the resolution of the dispute in accordance therewith. In the event the Prime Contractor's representative and the Account Executive have failed to resolve the dispute within ten (10) days after the referral of the dispute to them, the Parties shall refer the dispute to their designated representatives at an appropriate higher level in Subcontractor's organization for resolution. If such designated representatives have resolved the dispute, such Persons shall reduce the resolution to writing and each Party shall commence the resolution of the dispute in accordance therewith. In the event such designated representatives have failed to resolve the dispute within thirty (30) days after the referral of the dispute to them, the Parties shall refer the dispute to their respective Business Unit President. If the Business Unit Presidents are unable to resolve the Dispute, then the controversy will be resolved through any form of alternative dispute resolution as the Parties may agree or referred to a court of competent jurisdiction in the State of California. Notwithstanding the foregoing, either party shall be permitted to institute legal action under this Subcontract on account of any such dispute without resorting to any or all of the dispute resolution procedure referred to herein.

21.3 Scope Disputes

Notwithstanding anything to the contrary provided in this Section 21 or elsewhere in this Agreement, if: (i) the Contractor requests services, products, or resources from Subcontractor, (ii) the Subcontractor requests that Contractor provide such services, products or resources, (iii) Contractor and Subcontractor disagree after good faith discussions as to whether any such request is within the scope of the Contractor's Services; and (iv) the financial impact on Subcontractor of satisfying such request, when aggregated with all other requests disputed and subject to this Section 21.3 in an applicable Contract Year, is less than thirty thousand dollars (\$30,000.00), then the disagreement shall not be deemed a Problem, but absent mutual agreement of the Parties, shall be deemed resolved in the Contractor's favor; provided that Contractor provides to the Subcontractor a written notice expressly exercising its rights under this Section 21.3. If the same circumstances as enumerated in (i) through (iii) above exist and if the financial impact on Subcontractor of satisfying such request, when aggregated with all other requests disputed and subject to this Section 21.3 in an applicable Contract Year, is greater than thirty thousand dollars (\$30,000.00), then Subcontractor shall proceed to fulfill such requests, and the Parties shall proceed as provided for under 21.2, provided that Prime Contractor pays half of Subcontractor's price for such requests until the dispute is resolved. If the dispute is resolved in the Prime Contractor's favor, all monies paid

to the Subcontractor for the disputed work will be refunded to Prime Contractor, and credited to the amount set forth in (iv) above. If the dispute is resolved in the Subcontractor's favor, Prime Contractor shall promptly pay to Subcontractor the entire amount due and owing to Subcontractor.

21.4 No Termination or Suspension of Services

Notwithstanding anything to the contrary contained herein, but subject to the payment requirement in Section 21.3, and even if any Problem or other dispute arises between the Parties and regardless of whether or not it requires at any time the use of any dispute resolution procedures established by the Parties in writing, in no event nor for any reason shall Subcontractor interrupt the provision of Services or any obligations related to Disentanglement, disable any hardware or software used to provide Services, or perform any other action that prevents, impedes, or reduces in any way the provision of Services or the Prime Contractor's or the 's ability to conduct its activities, unless: (i) authority to do so is granted by the Prime Contractor or conferred by a court of competent jurisdiction; (ii) the Term of this Subcontract has been terminated or has expired pursuant to Section 15 hereof and a Disentanglement satisfactory to the Prime Contractor and the has been completed; or (iii) if Subcontractor terminates pursuant to Section 15.7.

21.5 No Limitation on Prime Contractor Remedies for Default

The procedures established pursuant to this Section 21 shall not be deemed to limit the either Party's or 's rights under Section 15 or either Party's or 's rights under Section 16 in connection with a Default by either Party.

22. OTHER MISCELLANEOUS

22.1 Entire Agreement

This Subcontract, including the Schedules and Exhibits hereto, constitutes the entire understanding and agreement between the Parties with respect to the transactions contemplated herein and supersedes all prior or contemporaneous oral or written communications with respect to the subject matter hereof, all of which are merged herein. No usage of trade, or other regular practice or method of dealing between the Parties or others, may be used to modify, interpret, supplement, or alter in any manner the express terms of this Subcontract.

22.2 Order of Precedence

In the event of conflict in substance or impact between the terms and conditions contained in Sections 1 through 22 of this Subcontract and any terms and conditions contained in any Schedule, Attachment, or Exhibit hereto, the terms and conditions contained in this Subcontract shall control; provided in the event of a conflict with the terms of conditions in Addendum 6, the terms and conditions in Addendum 6 to the extent required by federal law shall control over the terms and conditions in this Subcontract.

22.3 Updates

The information contained in the Schedules, Attachments, Exhibits, and Appendixes hereto will be updated in a timely manner by the Subcontractor, at no additional cost, from time to time during the Term to accurately reflect the evolution of the Services and components and elements of the Services as described therein, and such updates will be delivered to the Prime Contractor for the Prime Contractor's approval, and, upon the Prime Contractor's approval, will be incorporated into the Agreement. The schedule for updating such information shall be agreed upon by the Parties. Any changes to the Services, components and elements shall be priced in accordance with this Subcontract.

22.4 Captions; References; Terminology

Captions, Tables of Contents, Indices of Definitions, and Schedule and Exhibit titles are used herein for convenience of reference only and may not be used in the construction or interpretation of this Subcontract. Any reference herein to a particular Section number (e.g., "Section 2"), shall be deemed a reference to all Sections of this Subcontract that bear sub-numbers to the number of the referenced Section (e.g., Sections 2.1, 2.1.1, etc.). As used herein, the word "including" shall mean "including, but not limited to." The Parties agree that the use of the phrase "at no additional cost" or similar throughout this Subcontract is to provide additional clarity and is not intended to create any inference that Subcontractor may impose additional charges (other than those set forth in Schedule 14.1) with respect to any Subcontractor obligations hereunder the description of which is not accompanied by such phrase or similar phrase. Any reference in this Subcontract to "days" shall mean calendar days unless expressly identified as "business days."

22.5 Assignment

Except for subcontracting permitted under the terms of Section 12 hereof, neither this Subcontract, nor any interest therein, nor any of the rights and obligations of Subcontractor hereunder, may be directly or indirectly assigned, sold, delegated, or otherwise disposed of by Subcontractor, in whole or in part, without the prior written consent of the Prime Contractor, which may not be unreasonably withheld. For purposes hereof, an "assignment" subject to the terms and conditions of this Section 22.5 shall be deemed to have occurred in the event of any change in control of Subcontractor (whether resulting from a single transaction or series of related transactions), restructuring of Subcontractor, transfer or removal of a material amount of assets from Subcontractor, or assumption of debt by Subcontractor that results in Subcontractor's net worth being materially less than it was on the Effective Date and which would be material to Subcontractor's overall financial status. Notwithstanding anything to the contrary in this Subcontract, if such action would be material to Subcontractor's overall financial status, Subcontractor shall not assign its interest in the Fees payable to Subcontractor under this Subcontract, grant any security interest in any of the assets used to perform the Services, use this Subcontract as security or collateral for any purpose, or otherwise take any similar or other action that encumbers, impedes, hinders, or otherwise adversely impacts the Prime Contractor's or the 's ability to receive the full benefit of the Services contemplated under this Subcontract, or to exercise any of its rights or remedies to the full extent permitted under this Subcontract; without first obtaining in each

instance the express, prior written consent of the Prime Contractor, which may be withheld in the Prime Contractor's sole discretion. If the Prime Contractor so grants its consent, such consent shall be conditioned on: (i) the third party to which Subcontractor assigns such rights or grants such interests agreeing in writing to never exercise such rights in a manner that would encumber, impede, hinder, or otherwise adversely impact the Prime Contractor's or the 's ability to receive the full benefit of the Services contemplated under this Subcontract or to exercise any of its rights or remedies to the full extent permitted under this Subcontract, and (ii) Subcontractor being fully responsible for all administrative costs and burdens related to such assignment of rights or grant of interest, or required by the third party to which Subcontractor assigns such rights or grants such interests.

22.6 Notices to a Party

Except as expressly otherwise stated herein, all notices, requests, consents, approvals, or other communications provided for, or given under, this Subcontract, shall be in writing and shall be deemed to have been duly given to a Party if delivered personally, or transmitted by facsimile or electronic mail to such Party at its telecopier number or e-mail address set forth below (with the original sent by recognized overnight courier or first-class mail to the Party at its address set forth below), or sent by first class mail or overnight courier to such Party at its address set forth below, or at such other telecopier number or address, as the case may be, as shall have been communicated in writing by such Party to the other Party in accordance with this Section. All notices shall be deemed given when received in the case of personal delivery or delivery by mail or overnight courier, or when sent in the case of transmission by facsimile or electronic mail with a confirmation, if confirmed by copy sent by overnight courier within one (1) day of sending the facsimile.

Notices to Prime Contractor shall be addressed as follows:

Northrop Grumman Information Technology
1600 Pacific Highway
Room 306F
San Diego, California 92101
Attention: Randolph Pabst, Contracts Manager

Facsimile No.: (619) 685-2427

with a copy to the attention of Prime Contractor's counsel at:

Northrop Grumman Information Technology
13825 Sunrise Valley Drive
Herndon, Virginia 20171
Attention: Cheryle Morgan, Esq.

Facsimile No.: (703) 713-4792

Notices to Subcontractor shall be addressed as follows:

AT&T California
101 West Broadway
Suite 370
San Diego, California 92101
Attention: Blair Davey, National Sales Manager

Facsimile No.: (619) 544-0042

with a copy to the attention of Prime Contractor's counsel at:

AT&T California
2600 Camino Ramon
Legal Department: 2W902
San Ramon, California 94583
Attention: General Attorney, Sales and Marketing

Facsimile No.: (925) 867-2869

Notices to the shall be addressed as follows:

of San Diego
Chief Information Officer
1600 Pacific Highway
Room 306F
San Diego, California 92101

Facsimile No.: (619) 685-2427

with a copy to the attention of the 's counsel addressed as follows:

of San Diego
Counsel
1600 Pacific Highway
Room 355
San Diego, California 92101

Facsimile No.: (619) 531-5506

22.7 Amendments; Waivers

Except as expressly provided herein, this Subcontract may not be modified, amended, or in any way altered except by a written document duly executed by both of the Parties hereto. No waiver of any provision of this Subcontract, nor of any rights or obligations of any Party hereunder, shall be effective unless in writing and signed by the Party waiving compliance, and such waiver shall be effective only in the specific instance, and for the specific purpose, stated in such writing. No waiver of breach of, or default under, any provision of this Subcontract shall be deemed a waiver of any other provision, or of any subsequent breach or default of the same provision, of this Subcontract.

22.8 Relationship Between, and Legal Status of, the Parties

This Subcontract shall not be construed to deem either Party as a representative, agent, employee, partner, or joint venturer of the other. Subcontractor shall be an independent contractor for the performance under this Subcontract. Neither Party shall have the authority to enter into any agreement, or assume any liability, on behalf of the other Party, or to bind or commit the other Party in any manner, except as provided hereunder. Subcontractor's employees who provide services pursuant to this Subcontract or who are located on the Prime Contractor's or 's premises shall remain employees of Subcontractor, and Subcontractor shall have sole responsibility for such employees including responsibility for payment of compensation to such personnel and for injury to them in the course of their employment. Subcontractor shall be responsible for all aspects of labor relations with such employees including their hiring, supervision, evaluation, discipline, firing, wages, benefits, overtime and job and shift assignments, and all other terms and conditions of their employment, and neither the Prime Contractor nor the shall have no responsibility therefor. Subcontractor shall defend, indemnify, and hold harmless Prime Contractor Indemnitees and the Indemnitees from and against any and all Losses based upon or related to a claim that Subcontractor's or its Permitted Subcontractors' employees are employees of the Prime Contractor or the .

22.9 Severability

If any provision of this Subcontract is determined to be invalid or unenforceable, that provision shall be deemed stricken and the remainder of this Subcontract shall continue in full force and effect insofar as it remains a workable instrument to accomplish the intent and purposes of the Parties; the Parties shall replace the severed provision with the provision that will come closest to reflecting the intention of the Parties underlying the severed provision but that will be valid, legal, and enforceable.

22.10 Counterparts

This Subcontract may be executed in duplicate counterparts. Each such counterpart, if executed by both Parties, shall be an original and both together shall constitute but one and the same document. This Subcontract shall not be deemed executed unless and until at least one counterpart bears the signatures of both Parties' designated signatories.

22.11 Laws and Regulations

This Subcontract shall be interpreted under, and governed by, the laws and court decisions of the State and the United States of America, without giving effect to the State's principles of conflicts of laws.

22.12 Prime Contractor Approval of Promotions

Unless specifically authorized in writing by the Prime Contractor and the on a case-by-case basis, Subcontractor shall have no right to use, and shall not use, the name of the Prime Contractor, the , its departments, officials, or employees, or the seal of the : (i) in any advertising, publicity, promotion; or (ii) to express or to imply any endorsement of Subcontractor's products or services; or (iii) in any other manner (whether or not similar to uses prohibited by subparagraphs (i) and (ii) above), except only to deliver the Services in accordance with this Subcontract.

22.13 Venue and Jurisdiction

All actions or proceedings arising out of, or related to, this Subcontract shall be brought only in an appropriate federal or state court in San Diego, California and the Parties hereby consent to the jurisdiction of such courts over themselves and the subject matter of such actions or proceedings. Subcontractor hereby appoints Subcontractor's General Counsel and his or her successors in office to be its agent upon whom any process, in any action or proceeding against it arising out of this Subcontract, may be served.

22.14 Governmental Immunity

Notwithstanding any provisions to the contrary contained in this Subcontract, it is agreed and understood that the shall not be construed to have waived any rights or defenses of governmental immunity that it may have with respect to all matters arising out of this Subcontract.

22.15 Third-Party Beneficiaries

This Subcontract is an agreement between the Parties, and, except as provided in this Section 22.15, this Subcontract confers no rights upon any of the Parties' employees, agents, or subcontractors, or upon any other Person; provided, however, that both the and the Superior Court of California, of San Diego shall be deemed a third-party beneficiary of this Subcontract and shall have the rights, and Subcontractor shall have the obligations, with respect to the and the Superior Court of California, of San Diego, as set forth in this Subcontract.

22.16 Agreements with Governmental Entities Presented by the

In Section 24.16 of the Prime Contract, the Prime Contractor has agreed to negotiate in good faith with any California state or local government or subdivision thereof, or any entity, body or authority exercising the functions or authority of or pertaining to any state or

local government, (each, a “Governmental Entity”) presented to it by the , to enter into a separate agreement with such Governmental Entities at prices and on terms and conditions in the aggregate no less favorable to such Governmental Entities than those then in effect between the Contractor and the thereunder. Subcontractor agrees, in the event that Contractor is required under such Section 24.16 to enter into such negotiations, then Subcontractor shall negotiate in good faith with Prime Contractor with respect to any Governmental Entity presented to Contractor by the under the Prime Contract, to enter into a subcontract with Prime Contractor for work to be performed for such Governmental Entities at prices and on terms and conditions mutually agreed by the Parties.

22.17 Expenses

Each Party shall pay all expenses paid or incurred by it in connection with the planning, negotiation, and consummation of this Subcontract, subject to the provisions of Section 16.2.

22.18 Survival

The provisions of Sections 4, 10, 11, 12, 13, 16, 17, 18, 19 ,20, 21, 22 and any Sections of this Subcontract that by their nature may reasonably be presumed to survive any termination or expiration of this Subcontract, shall survive any termination or expiration hereof.

22.19 Neither Party Considered Drafter

Despite the possibility that one Party may have prepared the initial draft of this Subcontract or played the greater role in the physical preparation of subsequent drafts, the Parties agree that neither of them shall be deemed the drafter of this Subcontract and that, in construing this Subcontract in case of any claim that any provision hereof may be ambiguous, no such provision shall be construed in favor of one Party on the ground that such provision was drafted by the other.


22.20 Non-Solicitation

Neither Party shall directly and knowingly solicit any employee of the or of either Party for any employment opportunities during the term of this Subcontract.

(Signature Page Follows)

Information Technology and Telecommunications
representatives of their respective representatives below.

**AT&T GLOBAL SERVICES, ON
BEHALF OF ITSELF AND ITS
AFFILIATES**

By:  _____

Title: President-Business Communication

Services

June 2, 2006

ADDENDUM NO. 1 TO THE SUBCONTRACT

1. PREAMBLE

("Customer") entered into a contract with the on January 24, 2006 ("Prime Contract") for a variety of services including those contained herein. This Addendum No. 1 ("Addendum") is incorporated by reference to the Subcontract between and SBC Global Services, Inc. dba AT&T Global Services ("Subcontract") entered into contemporaneously with this Addendum. This Addendum is between ("Customer") and SBC Global Services, Inc. dba AT&T Global Services on behalf of Pacific Bell Telephone Company dba AT&T California ("AT&T"). This Addendum shall be effective in accordance with the terms of the Subcontract but no sooner than authorization of the California Public Utilities Commission ("CPUC") ("Effective Date"). The term of this Addendum shall be in accordance with the terms of Section 15 of the Subcontract.

2. SCOPE AND LOCATIONS OF SERVICE

A. Scope of Service

Customer elects to subscribe to and AT&T agrees to provide its service(s) as indicated herein (collectively referred to as "Service") for Customer's use on behalf of the pursuant to the terms and conditions set forth in the Subcontract, this Addendum, and in AT&T's tariffs for the applicable service. In consideration for receiving the price discounts set forth herein, Customer has agreed to subscribe to the Service and use AT&T as the exclusive provider for all Service (or service with similar functionality) as required under the Prime Contract.

B. Locations of Service

Except as specifically set forth below in this Addendum, subject to the availability of equipment and facilities (including outside plant, cable, capacity and memory), AT&T shall provide and Customer shall subscribe to Service at Customer's locations within AT&T's franchise territory in the State of California. However, none of Customer's Centrex and/or PBX lines can be located a distance of more than 2.56 Cable Route Miles from AT&T's serving Central Office Wire Center(s). AT&T will provide Centrex and/or PBX Service, as described herein, at Customer's locations which receive Centrex and/or PBX Service via AT&T's Central Office Wire Center(s), including any off-premises locations associated with such Wire Center(s). Cable Route Miles are measured in accordance with the actual distance the cable travels from the Customer's location to AT&T's serving Central Office Wire Center, as determined by AT&T.

GigaMAN® Service shall be provided only at the following locations:

Location A:

Location Z:

OPT-E-MAN® Service shall be provided only at the following locations:

3. SERVICE DESCRIPTION

1. **High Capacity (HICAP) Service.** A Private Line/Special Access service providing dedicated point-to-point channels which are normally separate from the public switched network and are used for voice and data communications. Channels are used for the transmission of 1.544 Mbps synchronous serial data.
2. **Primary Rate ISDN Service.** A central office based ISDN Primary Rate Integrated Service ("PRI") that will provide a multi-purpose high speed multiplexed digital interface based on CCITT Integrated Services Digital network ("ISDN") standards. PRI uses a 1.544 Mbps ("DS1") digital interface, structured to contain bearer channels ("B Channels") for the transport of customer information (voice, data, video, etc.) and a message oriented out-of-band signaling channel ("D Channel") used to control the B Channels. The individual B Channels have a bandwidth of 64 Kbps. The transmission facility used for PRI is a standard DS1.
3. **DS3 Service.** A Private Line/Special Access service that provides digital transmission of asynchronous serial data at 44.736Mbps. DS3 Service is provisioned with fiber optics, and is compatible with C-Bit parity allowing for the use of the entire bandwidth of a DS3 facility. AT&T will provide to Customer a digital fiber network with surveillance terminating at the DS3 bit rate at the Customer's premise(s).
4. **PBX Trunk Service.** An exchange service using Central Office lines in connection with Private Branch Exchange (PBX) and Direct Inward Dialing (DID) Service, commonly referred to as PBX Trunk Service.
5. **Super Trunk Service.** A high capacity trunk termination for PBX or similar equipment providing increments of 24 exchange channels over 1.544 Mbps digital High Capacity Service.
6. **SONET Ring and Access Service (SRAS)** provides dedicated bandwidth capacity (bit rate capacity or bit speed) over self healing ring and two point (a.k.a. circuit service) facility configurations for a single customer. Connecting facilities carry synchronous and asynchronous transmissions. The service includes enhanced survivability and network management per SONET (Synchronous Optical Network) technology.
7. **GigaMAN[®] Service.** GigaMAN[®] Service is a high-speed, fiber based, transport service designed to offer connection of Customer's Local Area Networks/Wide Area Networks (LAN/WAN) at the native speed of the LAN backbone within the same LATA (intraLATA). Point-to-point configurations support Ethernet-to-Ethernet (IEEE 802.3z) LAN connections at 1.25 Gigabits per second (Gbps), physical layer rate. The GigaMAN[®] Service consists of full duplex transport over fiber optics of Gigabit Ethernet signal between two customer sites, Central Office equipment that provides digital regeneration and in-band monitoring, and specialized fiber optic equipment that is placed at the Customer premise demarcation point as Network Terminating Equipment (NTE), providing AT&T's Gigabit Ethernet Handoff interface to the Customer.

GigaMAN[®] provides physical layer transport only. Customer is responsible for error detection and correction of data transported. AT&T shall not be responsible for the through transmission of signals generated by Customer's premise equipment or for the quality of or defects in such transmission, the reception of signals by Customer's premise equipment, or address signaling to the extent addressing is performed by the Customer's premise equipment.

GigaMAN[®] Service is monitored by AT&T network operations 24 hours per day, seven days per week, using the in-band network monitoring channel.
8. **Optical Carrier Network (OCN) Point-to-Point Service.** OCN Point-to-Point Service will provide the customer with a custom point to point linear network. The Optical Point-to-Point service will offer a highly reliable transport service that is designed to connect customer locations and AT&T wire centers in a linear (point to point) configuration.
9. **Message Telecommunications Service.** Local and Zone Measurement Service for Zones 1, 2 and 3, Toll ("Local Toll-Value Promise Plus"), Usage Service for Direct Dialed Calling Cards, or Custom 8 Service.

10. **Centrex Service.** A central office based leased communications system equipped with primary station lines, capable of receiving direct in-dialed calls and capable of direct out-dialing of calls, more commonly called Centrex service that will provide for the standard and optional features described below.
11. **OPT-E-MAN® Service.** OPT-E-MAN® Service provides a fiber-based service that transparently interconnects two or more Customer locations within a Metropolitan Area Network (MAN) as if they were segments on the same LAN using packet-based switching technologies. The Service provides dedicated bandwidth from 5 Mbps up to 1 Gbps. The handoff to Customer will be a 10/100 Mbps or 1 Gbps Ethernet interface.

Customers may connect any two or more locations together, as long as they are in the same LATA or MAN and the Service is available. The Service offers logical point-to-point or point-to-multipoint or multipoint-to-multipoint configurations that support Ethernet-to-Ethernet LAN connections. If Customer connects to the OPT-E-MAN network using a bridge or switch for Layer 2 connectivity, only 50 Media Access Control (MAC) addresses can be used per Layer 2 device, per port. Any additional MAC addresses will be assigned additional charges, with a limit of 100 MAC addresses total per port as set forth in the applicable tariff.

4. PRICES

A. Pricing Schedules

Subject to Section 2.B above, Customer may order Service as described below. AT&T will bill Customer on a monthly basis for the Service as provided in Section 14 of the Subcontract.

1. High Capacity (HICAP) Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>NRC</u>
TMECS	Channel Termination – Subscriber Access Line	\$98.00	\$899.00
1L5XX	Fixed Mileage	\$56.00	
1L5XX	Variable Mileage	\$ 6.00	

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the above nonrecurring charge (“NRC”) plus any nonrecurring service costs, as established in AT&T’s current Price Floor Filing (as required by Decision 94-09-065) at the time of the installation, add, move or change.

2. Primary Rate ISDN Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>NRC</u>
PRAS1	Primary Rate Interface Package 1	\$170.00	\$1,287.00
PRAS2	Primary Rate Interface Package 2	\$170.00	\$1,287.00
PRAS3	Primary Rate Interface Package 3	\$200.00	\$1,287.00
PRAAR	Alternate Route	\$8.50	
PRAER	Enhanced Alternate Route	\$35.00	

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the above nonrecurring charge (“NRC”) plus any nonrecurring service costs, as established in AT&T’s current Price Floor Filing (as required by Decision 94-09-065) at the time of the installation, add, move or change.

3. DS3 Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>NRC</u>
Z3+AC	Subscriber Access Line w/equip	\$1,250.00	\$990.00

1L5XX	Fixed Mileage	\$ 385.00	
1L5XX	Variable Mileage	\$ 35.00	
MQ3	DS3 to DS1 MUX MQ3	\$ 300.00	\$600.00

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

4. PBX Trunk Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>NRC</u>
ND8/NDA	DID Number Blocks 100	\$30.00	\$70.00
ND1	DID Number Blocks 20	\$13.50	\$35.00

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

5. Super Trunk Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>NRC</u>
SUPTK	SuperTrunk - Port	\$150.00	\$650.00
SK2	Trunk Group 2-way	\$ 8.50	\$125.00
SK4	Trunk Group In Only	\$ 8.50	\$125.00
SK3	Trunk Group Out Only	\$ 8.50	\$125.00

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

6. SONET Ring and Access Service (SRAS)

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>NRC</u>
NODC5	NODE - Dedicated Svc, CO Node - OC12 (622 Mbps)	\$ 1,467.83	\$0.00
NODD5	NODE - Dedicated Svc, Prem Node -OC12 (622 Mbps)	\$ 1,794.01	\$0.00
DEDL5	Dedicated Ring - Local Loop - OC12 (622 Mbps)	\$ 937.78	\$0.00
LSA35	Premises Access Port -DS3 (45 Mbps)	\$ 179.40	\$0.00
LSASx	C.O. Access Port - STS1/DS3 (51 Mbps)	\$ 122.32	\$0.00
LSACx	C.O. Access Port - OC3/3c to OC12 (155 Mbps)	\$ 163.15	\$0.00
LSA05	Premises Access Port -OC3/c (155 Mbps)	\$ 399.63	\$0.00
NODC5	NODE - Dedicated Svc, CO Node - OC48 (2.4 Gbps)	\$ 3,093.53	\$0.00
NODD5	NODE - Dedicated Svc, Prem Node -OC48 (2.4 Gbps)	\$ 3,520.23	\$0.00
DEDA5	Dedicated Ring - Alt. Wire Center - OC48 (2.4 Gbps)	\$ 1,315.62	\$0.00
DEDF5	Dedicated Ring - Interoffice - OC48 (2.4 Gbps)	\$ 568.91	\$0.00
DEDL5	Dedicated Ring - Local Loop - OC48 (2.4 Gbps)	\$ 1,066.74	\$0.00
LSA35	Premises Access Port -DS3 (45 Mbps)	\$ 156.46	\$0.00
LSA4x	C.O. Access Port - OC3/3c to OC48 (155 Mbps)	\$ 284.46	\$0.00
LSAB5	Premises Access Port - OC48 (622 Mbps)	\$ 1,066.74	\$0.00
LSA05	Premises Access Port -OC3/c (155 Mbps)	\$ 348.47	\$0.00

LSASx	C.O. Access Port - STS1/DS3 (51 Mbps)	\$ 106.67	\$0.00
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Growth Pricing - SONET Ring and Access Service (SRAS)

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>NRC</u>
NODC5	NODE - Dedicated Svc, CO Node - OC12 (622 Mbps)	\$ 1,400.00	\$ 2,576.00
NODD5	NODE - Dedicated Svc, Prem Node -OC12 (622 Mbps)	\$ 2,150.00	\$ 2,576.00
DEDL5	Dedicated Ring - Local Loop - OC12 (622 Mbps)	\$ 750.00	\$ 700.00
LSA35	Premises Access Port -DS3 (45 Mbps)	\$ 206.00	\$ 450.00
LSASx	C.O. Access Port - STS1/DS3 (51 Mbps)	\$ 100.00	\$ 406.00
LSACx	C.O. Access Port - OC3/3c to OC12 (155 Mbps)	\$ 100.00	\$ 380.00
LSA05	Premises Access Port -OC3/c (155 Mbps)	\$ 490.00	\$ 450.00
NODC5	NODE - Dedicated Svc, CO Node - OC48 (2.4 Gbps)	\$ 3,905.00	\$ 2,942.00
NODD5	NODE - Dedicated Svc, Prem Node -OC48 (2.4 Gbps)	\$ 4,205.00	\$ 2,942.00
DEDA5	Dedicated Ring - Alt. Wire Center - OC48 (2.4 Gbps)	\$ 1,355.00	\$ 400.00
DEDF5	Dedicated Ring - Interoffice - OC48 (2.4 Gbps)	\$ 655.00	\$ 300.00
DEDL5	Dedicated Ring - Local Loop - OC48 (2.4 Gbps)	\$ 1,105.00	\$ 800.00
LSA35	Premises Access Port -DS3 (45 Mbps)	\$ 211.00	\$ 450.00
LSA4x	C.O. Access Port - OC3/3c to OC48 (155 Mbps)	\$ 305.00	\$ 380.00
LSAB5	Premises Access Port - OC48 (622 Mbps)	\$ 1,305.00	\$ 450.00
LSA05	Premises Access Port -OC3/c (155 Mbps)	\$ 565.00	\$ 450.00
LSASx	C.O. Access Port - STS1/DS3 (51 Mbps)	\$ 105.00	\$ 406.00

SONET Ring and Access Service are available only at the locations listed in Section 2.B. Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

7. GigaMAN® Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>
LVX5	Channel Termination / LDC	\$ 1,850.00
1L5X5	Fixed Mileage / CMT	\$ 74.00
1L5X5	Variable Mileage / CM	\$ 55.50
VU4X5	Repeater	\$629.00
CPAL4	Local Channel Diversity	\$375.00
CPAA5	Alternate Wire Center Diversity	\$600.00
CPAT5	Inter-Wire Center Diversity	\$250.00
N/A	Cost Recovery charges of \$46, 194.65 amortized monthly.	\$820.16

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

For all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

8. Optical Carrier Network (OCN) Point-to-Point Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>
TMECS	Channel Termination/LDC , per point of term. OC3/OC3C	\$ 707.20
MPECX	Add/Drop Multiplexing, per arrangement OC3	\$ 516.80

1L5XX/1L5XS	Interoffice Transport - Fixed OC3	\$ 481.98
1L5XX/1L5XS	Interoffice Transport - Variable, per mile OC3	\$ 119.68

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

9. Message Telecommunications Service

<u>Description</u>	<u>Price Per Minute of Use</u>
Zone Usage Measurement Service Zones 1 & 2 – Per Minute Price	\$0.0170
Zone Usage Measurement Service Zone 3 (“ZUM Zone 3”) – Per Minute Price	\$0.0170
Local Toll-Value Promise Plus – Postalized Per Minute Price	\$0.0300
Calling Card	\$0.0350
Custom 8	\$0.0350

AT&T and Customer will mutually agree on the billed telephone numbers (“BTNs”) receiving the usage discounts.

The Local Zone Usage Measurement 1 & 2 in this Addendum shall be billed in increments of one minute. The ZUM Zone 3 and Local Toll-Value Promise Plus Usage Measurement Service in this Addendum shall be billed in initial increments of 18 seconds and subsequent increments of one second. Custom 8 Service shall be billed in 1/1000th of an hour increments. Customer must maintain a minimum annual average message (call) length of one minute for each of the usage services provided hereunder. If Customer fails to maintain an annual one-minute average call length for any of the usage services, Customer will be charged the difference between the price(s) for the actual call length average and the price(s) for the one-minute average.

The discount prices set forth above for Local Zone Usage Measurement 1 & 2, ZUM Zone 3, Local Toll Value Promise Plus, and Custom 8 will take effect within 15 days of the Effective Date of the Addendum (“Implementation Date”) except that the discount price for usage service provided hereunder billed from BTNs installed in the 45-day period prior to the Effective Date or anytime thereafter will take effect on the next bill round after the Implementation Date.

The Direct Dialed Calling Card “per message” service and pay phone charges set forth in AT&T’s Tariff Schedule D.11 shall also apply. Calling card calls that originate outside of AT&T’s franchise territory or are operator assisted are not included in this Addendum and such calls will be billed at the prevailing tariff price.

Customer will be charged the prevailing monthly recurring charge associated with a Regular Business Line and a Dedicated Access Line, and the nonrecurring installation charges for both a Regular Business Line and a Dedicated Access Line, in accordance with the prevailing Custom 8 tariff.

10. Centrex Service

a) Price for Primary Centrex Lines (Electronic Telephone Termination) and Associated Features

Primary Centrex Line Monthly Price:	\$ 15.00
Non-recurring Charge(s):	Prevailing Tariff Price

The monthly price set forth above includes the recurring charges for the Primary Centrex Line and associated station features described below.

<u>USOC</u>	<u>Description</u>
AAF	Access Facility – each station
AAFTX	Trunking Charge - Primary station lines (measured)
E8A	Call Transfer/3-way/Consultation - each station
RXC++	Primary Station Line (Electronic Telephone Termination)

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

b) Price for Primary Centrex Lines (Co CTX) and Associated Features

Primary Centrex Line Monthly Price: \$ 13.50
 Non-recurring Charge(s): Prevailing Tariff Price

The monthly price set forth above includes the recurring charges for the Primary Centrex Line and associated station features described below.

<u>USOC</u>	<u>Description</u>
AAF	Access Facility – each station
AAFTX	Trunking Charge - Primary station lines (measured)
E8A	Call Transfer/3-way/Consultation - each station
RXR++	Primary Station Line (Co CTX)

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

c) Prices for Optional Features

Subject to availability, SBC will provide the following features and will bill Customer monthly at the per feature price set forth below:

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>
CAL1D	Caller ID	\$ 5.05
DMSAD	Automatic Dial -ea.	\$ 0.35
DMSCP	Call Park - ea station.	\$ 0.75
DMSGC	Group Intercom	\$ 1.50
DMSLR	Last Number Redial – each station.	\$ 0.35
E3N	Call Pickup – each group	\$ 5.05
E3P	Call Pickup – each station	\$ 0.35
E6CCS	Call waiting incoming - each station	\$ 0.30
E6G++	Call Fwd - DID & CCSA Calls only - per station	\$ 0.23
E9G++	Call Fwd Don't Answer-DID&CCSA calls only per sta.	\$ 0.23
EAB	Call Hold - each station	\$ 0.23
EAT	Call Fwd Variable Limited - each station	\$ 0.29
EMW	UCD Arrg – Message Waiting Lamp – each	\$ 0.27
ESHC3	Speed Call - Group – 30 code change – ESS	\$ 0.80
ESHC6	Speed Call - Group - 6 to 10 code - customer chg – each line.	\$ 0.43
ESMCS	Call Fwd - Variable - unlimited - per sta. or Attd. Loop.	\$ 0.25
ESO	CCSA Access - Select/Be Selected – each Diff. C.O.	\$ 25.05
EWB	Message Waiting - with Electronic Bus. Set - ea line.	\$ 1.50
KSH	Key Short List – each	\$ 0.70
LNRDL	EBS-Last Number Redial	\$ 0.35

RAFCA	Remote Access to Call Forwarding	\$ 1.55
RVY	Extension Line – Non-Cont. Prop. Same Exch. N/Key.	\$ 8.05
RXN++	Line Selection Arrangement TL/IXPL – each	\$ 66.05
SAK	Automatic Callback Calling - per station	\$ 0.70
SPC30	Speed Calling Individual - 30 Numbers – each station.	\$ 0.60
VDNA+	Virtual Directory Number - Mult. Appear. Each line.	\$ 0.45
VDPA+	Virtual Directory Number - Primary Appear. Each	\$ 0.45
ZZFAG	Sectional Billing Agency Account	\$ 0.10

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

11. OPT-E-MAN® Service

<u>USOC</u>	<u>Description</u>	<u>Monthly Price Per USOC</u>	<u>Monthly Non-Recurring Charge</u>
P9FGX	OPT-E-MAN(SM) Basic Connect 1G	\$ 255.00	\$ 0.00
P9FFX	OPT-E-MAN(SM) Basic Plus 100M	\$ 172.50	\$ 0.00
R6EQC	CIR - 250 Mbps (Silver)	\$ 592.50	\$ 0.00
R6EDC	CIR - 20 Mbps (Silver)	\$ 330.00	\$ 0.00
R6EBC	CIR - 10 Mbps (Silver)	\$ 255.00	\$ 0.00
R6EAC	CIR - 5 Mbps (Silver)	\$ 195.00	\$ 0.00
EVNAC	EVC 5 - 100 Mbps - Silver	\$ 0.00	\$ 0.00
VU4	Repeater	\$ 90.00	\$ 0.00
N/A	Cost Recovery Charges of \$13,058.03 Amortized Monthly.	\$ 236.28	

The monthly price per USOC above includes the recurring charges associated with that portion of the Service.

Except as otherwise specifically stated herein, for all installations, adds, moves and changes of the Service provided hereunder, Customer will pay the prevailing tariff nonrecurring charge at the time of the installation, add, move or change.

B. Changes in Scope

In the event 1) AT&T determines that additional equipment and facilities (such as outside plant, cable, capacity or memory) are required; or 2) if Customer exceeds any Cable Route Mile limitations which may be set forth in Section 2.B above; or 3) Customer requests additional Service or features which are not included in this Addendum; or 4) Customer requests a transition of the Service(s) provided hereunder to new or alternate technologies offered by AT&T; or 5) Customer divests, significantly downsizes, or consolidates and the Service provided hereunder is reduced and such reduction of Service is not caused, in whole or in part, by Customer's acquisition of equivalent services from other telecommunications service providers, or if Customer's use of the Service increases significantly, AT&T shall perform a full financial study and, if appropriate, the parties shall execute a modification to this Addendum reflecting the change in Service and the agreed upon prices.

C. Taxes and Surcharges

The prices for Services provided pursuant to this Addendum do not include applicable Federal Access End User Common Line Charges (except for Centrex, which does include the Federal Access End User Common Line Charge), Local Number Portability Charges, CPUC or FCC mandated surcharges or applicable taxes,

toll usage, directory listings or other miscellaneous Tariff charges. Applicable Federal Access End User Common Line Charges, Local Number Portability Charges, tariff prices, surcharges and taxes will be billed on a monthly basis. If the Federal Access End User Common Line Charge increases or decreases, the prices set forth herein for Centrex Service will not change and Customer will continue to be billed such prices. Local Number Portability Charges do not apply to Centrex Service provided hereunder. AT&T's Tariff Schedule Cal. P.U.C. No. A2.1.33, surcharges/surcredits, are not applicable to the prices set forth in this Addendum.

D. Centrex Simple Inside Wire Repair Service

AT&T has advised Customer that simple inside wire, also referred to as network terminating wire (hereinafter referred to as "Simple Inside Wire") and intrabuilding network cable, also referred to as riser cable, 32C cable and/or INC (hereinafter referred to as "INC") and repair services for such wire and cable may be provided by a vendor of Customer's choice or by AT&T. Customer has elected not to have AT&T provide the Simple Inside Wire, INC or the repair service(s) associated with such wire and cable as part of this Addendum.

E. Services Not Included

Except as specifically stated herein, the Services set forth above do not include Simple Inside Wire, intrabuilding network cable, repair service for such wire and cable, wiring associated with Customer-provided terminal equipment, Off-Premises station mileage, or usage associated with Foreign Exchange Service.

F. Terms of Payment

AT&T's prices will be billed on a monthly basis and are due in accordance with the terms of the Subcontract. The backbilling limitations applicable to tariff services set forth in Schedule Cal. P.U.C. A2.1.9 do not apply to this Addendum and the prices shall be due and payable pursuant to the terms and conditions of this Addendum and the Subcontract.

6. INSTALLATION AND ACCEPTANCE

Within thirty days of the Effective Date of this Addendum, to the extent a new Service installation or upgrade is required, AT&T will submit to Customer a specific Service implementation schedule that sets forth the installation timeline for the Service as agreed to by Customer and AT&T. AT&T shall also submit to Customer a Service test plan which sets forth the functional and performance tests to be conducted on the Service. Acceptance of the Service at each location will be made immediately following successful completion of the tests for each location.

7. WARRANTY AND MAINTENANCE

AT&T warrants that its Service will be in good working order and that the Service will perform in accordance with the requirements of this Addendum. AT&T will maintain and repair the Service at no additional charge to Customer for the term of this Addendum. This warranty does not cover repairs for damage caused by an act or omission of Customer or its officers, agents or employees.

For the term of this Addendum, AT&T will perform such maintenance and repair services as may be required by AT&T to keep the Service in good working order and to ensure that the Service performs in accordance with the requirements. Such maintenance and repair services shall not unreasonably interfere with Customer's use of the Service. AT&T provides, at a minimum, the following: (a) technicians during normal business hours of 8 a.m. to 5 p.m. Monday through Friday and technicians when available outside of normal business hours; (b) dispatch service; and (c) diagnostic service and network monitoring from AT&T's central office. In the event AT&T dispatches its service technician to Customer's premises and the service problem is found to be in Customer's equipment, the maintenance charges set forth in AT&T's Tariffs will apply.

8. LIMITATION OF LIABILITY

- 1) The provisions of this rule do not apply to errors and omissions caused by willful misconduct, fraudulent conduct or violations of law.
- 2) In the event an error or omission is caused by the gross negligence of the Utility, the liability of the Utility shall be limited to and in no event exceed the sum of \$10,000.
- 3) The Utility will not provide a credit allowance for interruptions of service caused by the Customer's facilities, equipment, or systems.

- 4) Except as provided in 8.1 and 8.2 above, the liability of Utility for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in any of the services or facilities furnished by Utility up to and including its local loop demarcation point, including exchange, toll, private line, supplemental equipment, alphabetical directory listings (excluding the use of bold face type) and all other services, shall in no event exceed an amount equal to the pro rata charges to the Customer for the period during which the services or facilities are affected by the mistake, omission, interruption, delay, error or defect provided, however, that where any mistake, omission, interruption, delay, error or defect in any one service or facility affects or diminishes the value of any other service said liability shall include such diminution, but in no event shall the liability exceed the total amount of the charges to the Customer for all services or facilities for the period affected by the mistake, omission, interruption, delay, error or defect.

9. GENERAL

- A. Customer requests that its identity be kept confidential and not be publicly disclosed by AT&T or the California Public Utilities Commission ("CPUC"), unless required by law.
- B. This Addendum and any modifications is subject to the jurisdiction of the CPUC and shall at all times be subject to such changes or modifications as the CPUC or Telecommunications Division of the CPUC may, from time to time, direct in the exercise of its jurisdiction.
- C. Customer acknowledges and warrants that it lacks requisite regulatory authority such as Certificates of Public Convenience and Necessity ("CPCN") or other like authorization to resell services to the public, and Customer is prohibited from reselling the Service provided pursuant to this Addendum to any other customers. However, Customer may make the Services provided hereunder available to its own subsidiaries or to legally affiliated entities. If Customer obtains regulatory authority to resell services and attempts to resell the Services provided hereunder to the public, AT&T may, on ten days written notice, terminate this Addendum.
- D. This Addendum sets forth the entire discount price applicable to the Service(s) provided hereunder and no other tariff discount plans or promotional prices shall apply.
- E. "Cutover Date" is defined as the date that a Service provided hereunder is first installed and available for Customer's use at any one location.
- F. Based on FCC Rules and Regulations, the prices detailed are offered via the C.P.U.C. No. 175T Tariffs and are based on Customer acknowledgement and certification to AT&T that the total interstate traffic (including Internet traffic) on the circuit(s) constitutes 10% or less of the total traffic on the Service. By signing this Addendum, Customer makes such acknowledgement and certification.
- G. This Addendum, the Subcontract and AT&T's tariffs set forth the entire understanding of the parties and supersede any and all prior agreements, arrangements, representations or understandings relating to the subject matter hereof. No subsequent agreement between Customer and AT&T concerning the subject matter of this Addendum shall be effective or binding unless it is made in writing and signed by both parties. In the event of an inconsistency or conflict between the Subcontract, this Addendum and AT&T's tariffs, and *notwithstanding the order of precedence set forth in the Subcontract*, the governing order of precedence shall be (1) this Addendum, (2) the Subcontract, and (3) the applicable tariff.
- H. Customer hereby warrants that the person signing this Addendum has the authority of Customer to bind Customer to this Addendum.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed on the date shown below by their respective duly authorized representatives.

AT&T GLOBAL SERVICES ON BEHALF OF
PACIFIC BELL TELEPHONE COMPANY
dba AT&T CALIFORNIA

By: 

Printed Name: KATHLEEN JENKINS

Title: Contract Management

Date: 6/13/2006