



**Exhibit to Data Center Services  
Service Component Provider  
Master Services Agreement**

**DIR Contract No. DIR-DCS-SCP-MSA-003**

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Between

**The State of Texas, acting by and through  
the Texas Department of Information Resources**

*and*

**Xerox Corporation**

**Attachment 2  
Pricing and Financial Provisions**

April 3, 2012

**ATTACHMENT 2**  
**PRICING AND FINANCIAL PROVISIONS**

**Update Methodologies and Attachments to Attachment 2**

The following update methodologies and attachments are incorporated as part of **Attachment 2**:

Title	Methodology for Updating Associated Exhibit Attachments
<b><u>Attachment 2</u></b> Pricing and Financial Provisions	<b><u>Attachment 2</u></b> may only be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA.
<b><u>Attachment 2-A</u></b> Service Provider Pricing Forms	<b><u>Attachment 2-A</u></b> may be updated in accordance with the provisions in <b><u>Attachment 2</u></b> . Any changes not provided for in <b><u>Attachment 2</u></b> shall be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA.
<b><u>Attachment 2-B</u></b> Financial Responsibility Matrix	<b><u>Attachment 2-B</u></b> may only be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA
<b><u>Attachment 2-D</u></b> Resource Baselines	<b><u>Attachment 2-D</u></b> may be updated in accordance with the provisions in <b><u>Attachment 2</u></b> . Any changes not provided for in <b><u>Attachment 2</u></b> shall be modified by formal amendment, in accordance with <b><u>Section 21.7</u></b> of the MSA.
<b><u>Attachment 2-E</u></b> Service Tier Matrix	<b><u>Attachment 2-E</u></b> updates are made in accordance with the version control procedures set forth in <b><u>Attachment 6-B</u></b> , Section 2.1, of the Service Management Manual

## 1. Introduction

This Exhibit describes the methodology for calculating the Charges for all of the Services provided during the WITO Period, unless otherwise expressly provided in the Agreement. In addition, this Exhibit describes the measurement and tracking of resource utilization.

All capitalized terms used and not defined in this Exhibit shall have the same meanings given them in the Agreement and other Exhibits.

## 2. Accuracy, Completeness and Interpretation

Service Provider shall be responsible for the accuracy and completeness of the operational and financial assumptions underlying its pricing, and if such assumptions are incorrect or incomplete, Service Provider shall not be entitled to adjust its pricing or any other terms of the Agreement.

All Charges calculated in accordance with this Exhibit shall be invoiced to DIR by Service Provider in accordance with the applicable invoice and payment provisions set forth in **Section 12** of the Agreement.

Unless otherwise specified, (i) Section or Attachment references in this Exhibit refer to the Sections of or Attachments to this Exhibit, respectively, and (ii) Exhibit references in this Exhibit are to Exhibits of the Agreement.

## 3. Annual Base Charges

The Monthly Base Charges for the WITO Period are set forth in **Attachment 2-A** and are the fixed charges to DIR for Service Provider's provision of the Services in accordance with the levels of Resource Unit (RU) usage included in the Monthly Resource Baselines set forth in **Attachment 2-D**. The Monthly Base Charges may only be modified over time in accordance with the Agreement, including this Exhibit. Service Provider acknowledges and agrees that the Monthly Base Charges, as adjusted pursuant to this Exhibit, fully compensate Service Provider for providing the Services at the Resource Unit usage levels of the Monthly Resource Baselines. Service Provider shall invoice DIR on a monthly basis in accordance with **Section 12.1** of the Agreement. If the actual consumption of a Resource Unit in any month is greater or less than the applicable Monthly Resource Baseline, an Additional Resource Charge (ARC) or Reduced Resource Credit (RRC) shall be applied, as provided in this Exhibit. Service Provider acknowledges and agrees that the combined total of the Base Charge plus the ARC or minus the RRC fully compensate the Service Provider for providing the Services at the actual consumption volume of a Resource Unit in a month for all Resource Unit Categories inclusive of the Consolidated Data Centers and the Non Consolidated Service Locations. The Service Provider shall not impose any fixed or monthly required minimum fees or support level pricing for any Resource Baseline or at the

total contract level; in no event will DIR be required to pay Service Provider for volumes not consumed or utilized by DIR.

#### **4. Resource Unit Measurement Methodology**

In managing the provision of Resource Units, Service Provider shall maintain the flexibility to respond to changes in DIR's and DIR Customers' demand for the Services on a day-to-day and month-to-month basis, particularly as to those portions of the Services where DIR and DIR Customers experience significant variations in demand. Unless otherwise provided in the Agreement, if the provision of the Services requires increased dedicated support, additional resources, or extended hours of service, Service Provider shall provide such support, resources, or extended hours of service at no additional charge to DIR or DIR Customers (other than for ARCs, as provided herein, and amounts for which DIR is financially responsible as expressly provided in **Attachment 2-B**).

Billable Resource Unit usage during the WITO Period is measured on a monthly basis to determine DIR Customers' actual utilization of such Resource Units compared to the applicable Monthly Resource Baseline for purposes of calculating ARCs and RRCs. Billable Resource Unit usage for the WITO Period will be measured monthly. Service Provider shall be responsible for recording all ARCs and RRCs due, and for reflecting these amounts in each Monthly Invoice. Service Provider shall present all applicable ARCs and RRCs for a particular month in one Monthly Invoice in accordance with **Section 12.1** of the Agreement. Service Provider will calculate ARCs and RRCs using the applicable ARC rates and RRC rates for each Resource Unit Category.

#### **5. Additional Resource Charges and Reduced Resource Credits (ARCs and RRCs)**

DIR Customers' increased or decreased consumption of Resource Units may result in ARCs or RRCs as set forth herein. After the completion of each month during the WITO Period, Service Provider shall calculate ARCs and RRCs as set forth in this Section based on the resource unit measurement methodology described in **Section 4** of this document.

Service Provider shall be responsible for recording all ARC amounts due and RRC credits due, and for reflecting these amounts in the Monthly Invoice. All applicable ARCs and RRCs for a particular month shall be presented in one (1) invoice. ARCs billed and RRCs credited in a subsequent month's invoice will be calculated using the rates applicable in the month in which the ARCs or RRCs were incurred.

After the completion of each month subsequent to the Commencement Date, Service Provider shall determine the quantity of Resource Units actually consumed for each Resource Unit Category by each DIR Customer. There shall be no change in the Charges otherwise payable to Service Provider during a given month unless the number of Resource Units for a Resource Unit Category actually used during

such month exceeds or is less than the applicable Monthly Resource Baseline. In the event such actual use exceeds or is less than the applicable Monthly Resource Baseline, Service Provider shall invoice DIR for an ARC or credit DIR a RRC, as applicable, as follows:

If DIR Customers' consumption of any Resource Unit is above the applicable Monthly Resource Baseline, DIR must pay the applicable ARC for each such Resource Unit at the applicable ARC rate, calculated as follows:

$$\text{ARC} = [(\text{Actual Resource Units} - \text{Monthly Resource Baseline}) \times \text{ARC rate}]$$

If DIR Customers' consumption of any Resource Unit is below the applicable Monthly Resource Baseline, DIR shall be credited the applicable RRC for each such Resource Unit at the applicable RRC rate, calculated as follows:

$$\text{RRC} = [(\text{Monthly Resource Baseline} - \text{Actual Resource Units}) \times \text{RRC rate}]$$

The unit rates for ARCs and RRCs will be symmetrical.

**6. Transition and Transformation Charges**

No Transition or Transformation milestones will be billable during the WITO Period.

**7. U.S. Dollars**

All Charges are expressed and shall be paid in U.S. Dollars.

**8. Charges for New Services**

If and to the extent that DIR requests Service Provider to perform any New Services in accordance with the terms of the Agreement, the Charges shall be adjusted in accordance with the corresponding proposal submitted by Service Provider and approved by DIR in accordance with **Section 11.5** of the Agreement.

**9. Chargeback**

The MSI is responsible for coordinating all invoicing activity for all other DCS Service Providers. The Service Component Providers are responsible for data collection, data integrity, and providing data to the MSI for Chargeback purposes. The Service Component Provider will provide the MSI with the following detailed data on a monthly basis to support the Chargeback process.

1. Actual monthly Print/Mail Resource Unit volumes.

## 10. Pass-Through Expenses

Service Provider shall administer and invoice DIR for Pass-Through Expenses in accordance with **Section 11.2** of the Agreement and pursuant to the applicable procedures in the Service Management Manual. No new Pass-Through Expenses may be added without DIR's prior written consent, which it may withhold in its sole discretion. The foregoing notwithstanding, Service Provider shall comply with the terms and conditions of **Section 11.2** of the Agreement with respect to the procurement and pricing of any goods or services which are designated for procurement on a Pass-Through Expense basis. The administration/processing of Pass-Through Expenses by Service Provider will be charged to DIR Customers as a 3% markup of the Pass-Through invoice amount.

## 11. Managed Third Parties

The Parties' respective financial responsibilities for the Third Party Contracts of Managed Third Parties are provided in **Section 6.6** of the Agreement. In accordance with the foregoing, unless otherwise specified in **Exhibit 22** or agreed in writing by the Parties, Service Provider shall be responsible for the payment of all costs and charges associated with the provision of In-Scope services by Managed Third Parties. In the case of Managed Third Parties for which the charges are not included in the Charges (as provided in **Exhibit 22**), the invoices of such Managed Third Parties shall be treated as Pass-Through Expenses in accordance with **Section 17**.

## 12. Resource Unit Categories

### (a) Mainframe Output Print Pages

"Print Pages" shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one thousand (1,000) pages of printed output. Quantities other than one thousand (1,000) pages will be reflected at a fractional amount (i.e. 639 pages would equal 0.639 Resource Units). A "**Print Page**" shall mean one (1) 8.5-inch by 11-inch sheet of printed output, initiated by DIR Customers, for which printing is managed by Service Provider during the calendar month of measurement. Output printed in "two up" format on a 17-inch by 11-inch sheet of paper, perforated to allow for two (2) 8.5-inch by 11-inch sheets of paper, each of which otherwise satisfies the definition of Print Page, shall constitute two (2) Print Pages.

Print will not include the following print resource usage: System management reports or printed output associated with Service Provider error.

Print utilization will be measured using the printer meter counts or other mutually agreeable substitute.

There shall be two Resource Unit Categories. Print Pages will be categorized as one of two types:

- (i) Standard – A white page with black text printed on blank paper
  - (ii) Custom – A Print Page printed on preprinted form paper as required and provided by DIR Customer
- (b) Mailing Insertions

“Mailing Insertions” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one thousand (1,000) envelopes (into which various mailers and documents are inserted), measured monthly. Quantities other than one thousand (1,000) envelopes will be reflected at a fractional amount (i.e., 639 envelopes would equal 0.639 Resource Units). For the avoidance of doubt, insertions are thus reflective of the number of the envelopes produced rather than the number of documents inserted during the calendar month of measurement.

There shall be two Resource Unit Categories for Mailing Insertions:

- (i) Mailing Insertions - Standard – A mailing insertion that uses a non-customized two window envelope
- (ii) Mailing Insertions - Custom – A mailing insertion that requires the use of a DIR Customer provided envelope

Mailing Insertions is inclusive of all associated distribution and shredding requirements.

(c) **Microfiche - Originals / Duplicates**

“Microfiche – Originals/Duplicates” shall be a Resource Unit Category. One (1) Resource Unit for this Resource Unit Category shall equal one (1) sheet of microfiche produced by Service Provider for DIR Customers for both originals and duplicates, measured monthly. The production process will include the set up effort required for the creation of a single original copy, from which duplicates can be produced.