

MASTER SERVICES AGREEMENT

between

**THE STATE OF TEXAS, ACTING BY AND THROUGH
THE TEXAS DEPARTMENT OF INFORMATION RESOURCES**

and

INTERNATIONAL BUSINESS MACHINES CORPORATION

DATED NOVEMBER 22, 2006

EXHIBIT 1

DEFINITIONS

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DEFINITIONS

When used in this Agreement with initial capital letters, the terms listed in this Exhibit shall have the meanings set forth herein. In addition, common terms and acronyms are listed in **Attachment 1-A**.

Term	Definition
Acceptance	Means the determination, in DIR's reasonable discretion, that Software, Equipment, Systems, and/or other contract deliverables are in Compliance in all material respects with the Specifications, in accordance with <u>Section 4.6</u> of the Agreement and the Policies and Procedures Manual or other criteria agreed to by the Parties.
Acceptance Criteria	Means the criteria used to determine whether Critical Testing Deliverables are ready to be evaluated for Acceptance by DIR in whole or in part. Acceptance Criteria include: (i) any mutually agreed written criteria identified as Acceptance Criteria, (ii) Compliance, (iii) for all Software and System deliverables that process data, such item successfully integrates with all other Services, Software, Equipment, Systems, and other resources and is fully documented such that the anticipated end user can utilize the functionality of such Deliverable and that reasonable knowledgeable professionals can understand, maintain, support, and modify such item.
Acceptance Review Period	Has the meaning given in <u>Section 4.6(b)(i)</u> of the Agreement.
Actual Uptime	Means, of the Critical Uptime, the aggregate number of minutes during which the applicable Service component defined in <u>Attachment 3-A</u> is Available.
Additional Resource Charge (ARC)	Means the incremental charges set forth in <u>Exhibit 4</u> for the use of the Services above the Monthly Resource Baselines for such Services.
Ad-Hoc Report	Improvised, impromptu, or special purpose report that has not been previously developed.
Affected Contractors	Means contract personnel providing and performing services to DIR Customers, that are the same as or similar to those Services performed by DIR Customer employees, where the contract personnel are paid based on billable hours or by means other than a long-term services contract, as shall be described in <u>Attachment 5-A</u> to the Agreement.
Affected Employees	Means DIR Customer employees who, as of the Effective Date, are performing services that are the same as or similar to the Services and who are to be offered employment by the Service Provider or its Subcontractors, as shall be identified in <u>Attachment 5-A</u> to the Agreement. For the avoidance of doubt, Affected Employees include DIR Customer employees who, as of the Effective Date, are performing

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	services that are the same as or similar to the Services and who retire or otherwise voluntarily resign from their positions of employment on or after the Effective Date.
Affected Personnel	Means Affected Employees and Affected Contractors.
Affiliate	Means with respect to an Entity, any other Entity that directly or indirectly Controls, is Controlled by, or is under common Control with that Entity at the time in question.
Agreement	Means the final version of any contractually binding agreement between DIR and the Service Provider relating to the subject matter of the RFO; references to the Agreement include all Exhibits, Attachments and other documents attached thereto or incorporated therein by reference. Notwithstanding the foregoing, unless expressly provided or the context otherwise requires, references to the Agreement in conjunction with section or article references shall be deemed references to the body of the Agreement (that is, Articles 1 through 21).
Allocation of Pool Percentage	Means the portion of the respective Pool Percentage Available for Allocation that is specified for a Performance Category. The total of all Allocation of Pool Percentages shall not exceed the Pool Percentage Available for Allocation.
Annual Base Charges or Base Charges	Means the annual fixed charges for Service Provider's provision of the Services and includes the quantity of Resource Units set forth under the Resource Baselines in Attachment 4-D . The Annual Base Charges are set forth in Attachment 4-A and described as such. Base charges are invoiced in monthly increments.
Antivirus Software	Means all software programs and programming (and all modifications, replacements, Upgrades, enhancements, documentation, materials and media related thereto) that are used to monitor for, filter and detect the presence of Malicious Code and repair or remediate the effects of Malicious Code. Antivirus Software shall include all such programs and programming in use or required to be used as of the Commencement Date, including those set forth in Exhibit 11 to the Agreement, those as to which the license, maintenance or support costs are included in the Financial Base Case and those as to which Service Provider received reasonable notice and/or access prior to the Commencement Date. Antivirus Software also shall include all such programs and programming developed and/or introduced by or for DIR, any DIR Customer, or Service Provider during the Term.
Application Server(s)	Means any Server used exclusively for performance of Services and designated by DIR as an Application Server.
Application Server	Means Antivirus Software, Infrastructure Management Software, Operating Software, and Utility / Monitoring & Management Software

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Infrastructure Stack Software	used in the operation of Application Servers.
Application Utilities	Has the meaning given in <u>Attachment 4-B</u> .
Applications and Application Software	Means all software programs and programming (and all modifications, replacements, Upgrades, enhancements, documentation, materials, media, on-line help documentation and tools related thereto) that perform user or DIR Customer-related information processing functions or support day-to-day operations (including the supporting documentation, media, on-line help facilities, and tutorials), or otherwise used in the provision of Services by Service Provider. Applications Software shall include all such programs and programming in use or required to be used as of the Commencement Date, including those set forth in <u>Exhibit 11</u> to the Agreement, those as to which the license, maintenance, or support costs are included in the Financial Base Case, and those as to which Service Provider received reasonable notice and/or access prior to the Commencement Date. Applications Software also shall include all such programs and programming developed and/or introduced by or for DIR, any DIR Customer or Service Provider during the Term. Application Software does not include the tools, utilities, or Operating Software or Systems Software used to deliver Application Software.
Applications Warranty Period	Means the period specified in <u>Section 15.4(c)</u> of the Agreement for the applicable Developed Material.
Architectural Diagram	Means a diagram of the structure or structures of the solution which consist of elements, their external visible properties, and the relationships among them.
Architecture	Means the design, process, strategies, and specification of the overall structure, logical components, and the logical interrelationships of Equipment and Software, including System Software, a Network, or other reasonably related conception.
Asset Inventory and Management System	Means an automated, database-driven application used to store, query, and continuously update asset inventory information for all assets used in association with the Services, whether the assets are located at DIR Facilities or Service Provider Facilities.
Assistance Event	Means (i) any termination (in whole or in part) under, or the expiration of, the Agreement, or (ii) the discontinuance of the provision of the Services (in whole or in part) in respect of any DIR Customer.
At-Risk Amount	Means, for any month during the Term, ten percent (10%) of the Monthly Invoice Amount, which is the maximum amount that the Service Provider will have at risk for Service Level Credits as set forth in <u>Attachment 3-A</u> .

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Authorized User(s)	Means, unless otherwise indicated, officers, directors, employees, contractors, agents, customers, and vendors of DIR or any DIR Customer and any other person(s) designated by DIR or any DIR Customer to receive or use the Systems or Services provided by Service Provider.
Availability or Available	Means that the full functionality of a Service component is available for use by the Authorized Users and is not degraded in any material respect.
Bankruptcy Code	Has the meaning given in <u>Section 20.5(b)</u> of the Agreement.
Bankruptcy Rejection	Has the meaning given in <u>Section 20.5(b)</u> of the Agreement.
Batch	Means the daily or nightly process which takes pending transactions and performs the work associated with them.
Benchmarker	Has the meaning given in <u>Section 11.10(a)</u> of the Agreement.
Benchmarking	Has the meaning given in <u>Section 11.10(a)</u> of the Agreement.
Business Continuity Services	Means the overall enterprise plans and specific activities of each DIR Customer and/or Service Provider that are intended to enable continued business operations in the event of any unforeseen interruption (e.g., plans and activities to move a department to a new location in the event of a disruption).
Business Day	Means each day from Monday through Friday, excluding State holidays.
Cabling	Means the physical connection between Equipment and a wall jack (i.e., the connections outside the wall), including physical cabling media, peripheral cabling used to interconnect electronic equipment, all terminating hardware and cross-connect fields, but not including conduits and pathways.
Call	Means a contact (including by telephone, voicemail, electronic mail, fax, automated tool or web request) to Service Provider reporting a problem, requesting assistance or Services, or asking a question pertaining to the Services, as well as automated alerts and other problem and Service notifications communicated to Service Provider.
Capital Expenditures	Has the meaning given in <u>Exhibit 4</u> .
Change Control Procedures	Has the meaning given in <u>Section 9.6(a)</u> of the Agreement.
Change Management	Means the processes relating to planning and performing all changes in DIR Customer's IT environment pertaining to the Services, including changes to individual components and coordination of changes across all components. The Change Management processes will support and include checkpoints to determine any potential or required Change

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	Control Procedures.
Charges	Means the Monthly Base Charge, Additional Resource Charges and any other amounts payable by DIR to Service Provider pursuant to the express terms of the Agreement.
Collaborative Applications	Includes legacy Applications containing functionality to enable electronic communication and messaging; work group collaboration; information transfers; frequently-asked questions (FAQs); and similar Applications that allow collaborative interaction and receipt/transfer of data and information both within and outside of DIR and DIR Customers. Examples of current and/or future Collaborative Applications include, but are not limited to, Lotus Notes, electronic mail, calendaring, and instant messaging.
Commencement Date	Means 11:59:59 p.m., Central Time, on March 31, 2007, or such other date as the Parties may agree upon in writing as the date on which Service Provider shall assume full responsibility for the Services.
Commercial off-the-shelf (COTS)	Means Equipment and/or Software, as applicable, that is readily available to the public from a Third Party that is not an Affiliate of a Party.
Compliance and Comply	Means, with respect to Materials, Equipment, Systems and other deliverables and milestones to be implemented, designed, developed, delivered, integrated, installed and/or tested by Service Provider, in compliance in all material respects with their Specifications, the Agreement, and applicable operations requirements.
Compilers	Shall have the meaning given in <u>Attachment 4-B</u> .
Component	Means a grouping of software functionally or a separate software object in the solution that has the ability to “stand alone” or “integrate with other components” as required.
Confidential Information	Has the meaning given in <u>Section 13.1(a)</u> of the Agreement.
Configuration Management Database	Means a System that contains details regarding the Software, Equipment and Systems that are used in the provision and management of the Services, including information that relates to the maintenance, movement and problems experienced with such Software, Equipment and Systems.
Connectivity	Means the ability to access and exchange data, voice, and/or video electronic impulses between various Infrastructure components and with external sources as approved by DIR and provided to Authorized Users.
Consolidation Plan	Means Service Provider’s plan for consolidation of the DIR Customer Data Centers to DIR Consolidated Data Center and Service Provider Consolidated Data Center delivered to DIR pursuant to <u>Exhibit 3-C</u> and

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	approved by DIR.
Contract Changes	Has the meaning given in Section 11.1(f) of the Agreement.
Contract Records	Has the meaning given in Section 9.9(a) of the Agreement.
Contract Year	Means each twelve (12) month (or shorter) period commencing September 1, 2007 and each September 1 st thereafter during the Term. If any Contract Year is less than twelve (12) months, the rights and obligations under this Agreement that are calculated on a Contract Year basis will be proportionately adjusted for such shorter period. For the avoidance of doubt, the last Contract Year may be less than twelve (12) months.
Control, Controlled and Controlling	Means (a) the legal, beneficial, or equitable ownership, directly or indirectly, of (i) at least fifty percent (50%) of the aggregate of all voting equity interests in an Entity, or (ii) equity interests having the right to at least fifty percent (50%) of the profits of an Entity or, in the event of dissolution, to at least fifty percent (50%) of the assets of an Entity; (b) the right to appoint, directly or indirectly, a majority of the board of directors; (c) the right to control, directly or indirectly, the management or direction of the Entity by contract or corporate governance document; or (d) in the case of a partnership, the holding by an Entity (or one of its Affiliates) of the position of sole general partner.
Critical Affected Personnel	Means the Affected Personnel identified as Critical Affected Personnel in Attachment 5-A of the Agreement.
Critical Applications	Means the Applications designated as Critical Applications pursuant to the Policies and Procedures Manual.
Critical Deliverables	Means those milestone activities and deliverables that have associated Deliverable Credits payable to DIR in the event Service Provider fails to successfully and timely complete such milestone activities or deliver such deliverables.
Critical Service Level	Means any Service Level designated as “critical” by DIR, and with respect to which DIR may become entitled to receive Service Level Credits as a result of Service Provider’s failure to satisfy the associated Service Level Standards.
Critical Testing Deliverable	Has the meaning given in Section 4.6(b) of the Agreement.
Critical Uptime	Means the aggregate number of minutes in the specified period(s) in the applicable Measurement Window during which a defined Service component is required to be Available. Unless otherwise specified in the Agreement, the Policies and Procedures Manual, or the Configuration Management Database, Critical Uptime equals the total number of minutes in the Measurement Period. A defined Service component is not

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	required to be Available during Scheduled Downtime.
Cross-Functional Services	Means those Services performed in connection with performing, and in support of, each of the Services, including those Services described in <u>Exhibit 2.1</u> and <u>Exhibit 2.2</u> .
Data Center	Means any controlled or consolidated location where Equipment resides for the delivery of Services to DIR and the DIR Customers, including the DIR Consolidated Data Center, DIR Customer Data Centers, and the Service Provider Consolidated Data Center. Data Centers generally include environmental controls (air conditioning, fire suppression, etc.), backup power supplies, network connections, and high security.
Database Administrator (DBA)	Means an individual responsible for the design and management of databases and for the implementation of the Database Management System. DBA includes “logical” and “physical” database administrators.
Database Management Software	Shall have the meaning given in <u>Attachment 4-B</u> .
Database Management System (DBMS)	Means a system that controls the organization, storage, retrieval, security, and integrity of data in a database.
Deliverable Credits	Has the meaning given in <u>Section 7.2(b)</u> of the Agreement.
Derivative Work	Means a work based on one or more preexisting works, including a condensation, transformation, translation, modification, expansion, or adaptation, that, if prepared without authorization of the owner of the copyright of such preexisting work, would constitute a copyright infringement under applicable Law, but excluding the preexisting work.
Developed Material	Means any Materials and any modifications, enhancements, improvements, or Upgrades to Derivative Works of Materials that are developed pursuant to the Agreement or otherwise paid for by DIR or any DIR Customer under the Agreement.
Development or Development Environment	Means the Systems environment in which Software and databases are initially designed and created. DIR Customers may have more than one Development Environment.
Development Tool	Means all software programs and programming (and all modifications, replacements, Upgrades, enhancements, documentation, materials, and media related thereto) that are used in the development, testing, deployment, and maintenance of Software. Development Tools shall include all such programs and programming in use or required to be used as of the Commencement Date, including those set forth in <u>Exhibit 11</u> to the Agreement, those as to which the license, maintenance or support costs are included in the Financial Base Case and those as to which Service Provider received reasonable notice and/or access prior to the

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	Commencement Date. Development Tools also shall include all such programs and programming developed and/or introduced by or for DIR, any DIR Customer or Service Provider during the Term.
DIR	Has the meaning given in the preamble to the Agreement.
DIR Auditors	Has the meaning given in Section 9.9(b) of the Agreement.
DIR Consolidated Data Center	Means centralized State-owned Data Center(s) used by Service Provider to provide the Services and at or to which Service Provider provides Services.
DIR Contract Manager	Has the meaning given in Section 10.1 of the Agreement.
DIR Contractors	Has the meaning given in Section 4.5(a) of the Agreement.
DIR Customer	<p>Means, collectively, any of the following Entities that are designated by DIR to receive Services under the Agreement, whether directly from Service Provider or from DIR through an Interagency, Interlocal, or other agreement:</p> <ul style="list-style-type: none"> (a) Department of Information Resources in its capacity as a recipient of Services; (b) any State agency, unit of local government or institution of higher education as defined in Section 2054.003, Texas Government Code, and those State agencies that execute Interagency Agreements with DIR, as authorized by Chapter 771, Texas Government Code; (c) any Texas local government as authorized through the Interlocal Cooperation Act, Chapter 791, Texas Government Code; (d) any other state or governmental Entity of another state, as authorized by Section 2054.0565, Texas Government Code; (e) any other Entity permitted under Law to purchase Services from or through DIR; and (f) other Entities to which the Parties agree. <p>The Parties acknowledge and agree that the definition of eligible DIR Customers is subject to modification by the State Legislature, and that the then-current definition of DIR Customers shall control for all purposes.</p>
DIR Customer Data Centers	Means Data Centers that are owned or leased by DIR Customers and used by Service Provider to provide the Services.
DIR Customer Remote Facilities	Means decentralized facilities owned or leased by DIR Customers that house Equipment at or to which Service Provider provides Services.
DIR Data	Means any data or information of or regarding DIR or any DIR Customer that is provided to or obtained by Service Provider in connection with the

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	<p>negotiation and execution of the Agreement or the performance of Service Provider's obligations under the Agreement, including data and information with respect to the constituency, customer, operations, facilities, products, rates, regulatory compliance, competitors, assets, expenditures, mergers, acquisitions, divestitures, billings, collections, revenues and finances of DIR or any DIR Customer. DIR Data also means any data or information (i) created, generated, collected or processed by Service Provider in the performance of its obligations under the Agreement, including data processing input and output, service level measurements, asset information, Reports, third party service and product agreements, contract charges, and retained expense and Pass-Through Expenses, or (ii) that resides in or is accessed through Software, Equipment or Systems provided, operated, supported, or used by Service Provider in connection with the Services, as well as information derived from this data and information, but excluding the following information to the extent not required to be provided or otherwise made available to DIR under this Agreement, including with in connection with DIR's rights related to Benchmarking, Subcontractors, auditing, Reports, or Termination Assistance Services: (A) financial/accounting information (including costs, expenditures, billings collections, revenues and finances) of Service Provider, its Affiliates or Subcontractors; (B) information created by Service Provider to measure the productivity and efficiency of the Services and/or to improve the processes and procedures used by in the performance of the Services; (C) human resources and personnel information of Service Provider, its Affiliates or Subcontractors; and (iv) information with respect to third party contracts or licenses of Service Provider, its Affiliates or Subcontractors and used in the performance of the Services. Data or information constituting DIR Data shall not constitute Service Provider Confidential Information.</p>
DIR Data Center Services Manager	Has the meaning given in Section 10.1(a) of the Agreement.
DIR Facilities	Means the facilities that are provided by DIR or a DIR Customer for the use of Service Provider to the extent necessary to provide the Services as well as those DIR and DIR Customer locations at or to which Service Provider is to provide the Services. DIR Facilities include DIR Customer Data Centers, DIR Customer Remote Facilities, and the DIR Consolidated Data Center.
DIR Owned Materials	Has the meaning given in Section 14.1(a) of the Agreement.
DIR Personal Data	Means that portion of DIR Data that is subject to any Privacy Laws. DIR Personal Data includes information which any DIR Customer discloses that consists of confidential personal information or identifies any consumer served by the Texas Health and Human Services Commission or constituent agencies, in accordance with applicable federal and state laws and other applicable rules, including but not limited to the Texas

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	Health and Safety Code and 25 Texas Administrative Code, Chapter 414.
DIR Personnel	Means the employees, agents, contractors, or representatives of DIR or DIR Customers who performed any of the Services to be provided by Service Provider during the fifteen (15) months preceding the Commencement Date.
DIR Provided Equipment	Has the meaning given in <u>Section 6.4(e)</u> of the Agreement.
DIR Rules	Has the meaning given in <u>Section 6.3(a)</u> of the Agreement.
DIR Standards or Standards	Has the meaning given in <u>Section 9.5(a)</u> of the Agreement.
Disaster Recovery (DR) Services	Means the process of following specific advance arrangements and procedures in response to a disaster, resumption of the critical business functions within a predetermined period of time, minimizing the amount of loss, and repairing or replacing the damaged facilities as soon as possible. The Disaster Recovery Services include support and coordination with the Business Continuity Services.
Disaster Recovery Plan (DRP)	Means the plan to execute Disaster Recovery Services.
Domestic Mail Manual (DMM)	Means the documented mailing standards for United States Postal Service.
Downtime	Means the time that a particular System, Application, Software, Equipment, Network or any other part of the Services is not Available during the Measurement Window.
E-mail / Collaborative Software	Shall have the meaning given in <u>Attachment 4-B</u> .
Earnback	Means the methodology used to determine the potential return of a Service Level Credit as described in <u>Exhibit 3</u> .
Effective Date	Has the meaning given in the preamble to the Agreement.
Electronic PHI or ePHI	Has the meaning given in <u>Section 13.3(i)(i)</u> of the Agreement.
Employment Effective Date	Means, with respect to the Transitioned Personnel, the date that each of the Transitioned Personnel begins employment with Service Provider, in accordance with applicable Laws.
Entity	Means a governmental body, agency, unit or division (including those categories described in the definition of DIR Customer), corporation, partnership, joint venture, trust, limited liability company, limited liability partnership, association, or other organization or entity.

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Equipment	Means the computer, telecommunications, and facility-related hardware, equipment, and peripherals (and all modifications, replacements, Upgrades, enhancements, documentation, materials, and media related thereto) that are used in connection with the Services by Service Provider. Equipment shall include all such computer, telecommunications, and facility-related hardware, equipment, and peripherals in use or required to be used as of the Commencement Date, including those set forth in Exhibit 10 to the Agreement, those as to which the lease, maintenance, or support costs are included in the Financial Base Case, and those as to which Service Provider received reasonable notice and/or access prior to the Commencement Date. Equipment also shall include all such computer, telecommunications, and facility-related hardware, equipment, and peripherals purchased or leased by or for DIR, any DIR Customer or Service Provider during the Term.
Equipment Leases	Means all leasing arrangements whereby DIR, the DIR Customers or any DIR Contractor leases Equipment as of the Commencement Date which shall be used by Service Provider to perform the Services after the Commencement Date. Equipment Leases shall include those leases identified on Exhibit 12 , those as to which the costs are included in the Financial Base Case, and those as to which Service Provider received reasonable notice and/or reasonable access prior to the Commencement Date. Equipment Leases also shall include all such leasing arrangements entered into by or for DIR, the DIR Customers, any DIR Contractor or Service Provider during the Term.
Event of Loss	Has the meaning given in Section 2(a) of Exhibit 24 to the Agreement.
Executive Customer Survey	Means the survey delivered to DIR Customer Executive. Such Executive will be designated by the DIR Customer Representative. May include but is not limited to agency head, deputy, chief operating officer, or chief administrative officer.
Expected Service Level	Means the desired level of performance for a Critical Service Level, as set forth in Attachment 3-A .
Expected Service Level Default	Means the Service Provider's level of performance for a particular Service Level fails to meet the applicable Expected Service Level (but does not fail to meet the applicable Minimum Service Level) as specified in Exhibit 3 and its Attachments, and has failed to meet such Expected Service Level for four (4) or more occurrences in any rolling twelve (12) month period.
Expiration Date	Means the ending date of the original Term or subsequent Term.
Extraordinary Event	Has the meaning given in Section 11.6(a) of the Agreement.
FAQ(s)	Means a frequently asked question or list of such questions.

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Financial Base Case	Means the summary financial model in <u>Attachments 4-C.1.</u>
Forward Schedule of Change (FSC)	Means a documented plan for future changes that are scheduled for a defined rolling period of time and is revised on a monthly basis.
Full Time Professional or FTP	Means the productive level of effort, excluding non-productive time such as travel, vacation, holiday, training, education, marketing, administrative staff meetings, medical leave, and military leave, equivalent to that which would be provided by one (1) person working full time over the course of such month, provided that one (1) person's total effort during any month shall not amount to more than one (1) FTP in such month.
Functional Service Area	Means each of the substantive areas defined in <u>Exhibit 2</u> in which Service Provider shall provide Services, (i.e., as of the Effective Date, the Cross-Functional – General Services, Cross-Functional – Equipment and Software Services, Server and Mainframe Services, and Production Print and Mail service areas).
Help Desk	Means the facilities, associated technologies, and fully trained DIR Customer staff who respond to calls, coordinate all problem and request management activities, and act as a single point of contact for end users.
Help Desk Customer Satisfaction Survey	Means the survey delivered to DIR Customer Help Desk staff.
Historically Underutilized Business(es)	Shall have the meaning given such term by the Texas Building and Procurement Commission.
Income Tax	Means any tax on or measured by the net income of a Party (including taxes on capital or net worth or revenue that are imposed as an alternative to a tax based on net or gross income), or taxes which are of the nature of excess profits tax, minimum tax on tax preferences, alternative minimum tax, accumulated earnings tax, personal holding company tax, capital gains tax, or franchise tax for the privilege of doing business.
Infrastructure	Means the entire portfolio of Equipment, System Software, and Network components required for the integrated provision and operation of DIR and DIR Customer's IT systems and Applications.
Infrastructure Management Software	Shall have the meaning given in <u>Attachment 4-B.</u>
Initial Term	Has the meaning given in <u>Section 3.1</u> of the Agreement.
Initial Test or Initial Test Environment	Means the system environment that closely simulates Development; it is the first stage of testing and is often subject to numerous changes. DIR Customers may have more than one Initial Test Environment.

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In-Scope	Means those Services or resources that are the subject of Service Provider's obligations under the Agreement.
Instance	Means one running operating system kernel process that manages: (i) all of or a discrete subset of the Application Server's persistent storage (disk), volatile storage (memory), and central processing units; and (ii) a single list of processes (process table). Depending on the Server's configuration, one or more Instance may run on a single Application Server. Instances in a clustered configuration shall be deemed to be discrete Instances, though each Instance within a cluster shall accommodate different Complexity categorization, depending on DIR requirements. An Operating System Instance shall be classified by DIR by the Complexity variables as described in the Application Server Matrix document attached as Attachment 4-E .
Interagency Agreement	Means an Interagency Agreement, as authorized by Chapter 771, Texas Government Code, entered into between DIR and any DIR Customer pursuant to which Services are provided to such DIR Customer.
IT Management Customer Satisfaction Survey	Means the survey delivered to DIR Customer IT Management, including but not limited to DIR Customer Representatives and Statewide Technology Services Advisory Council members.
Key Measurements	Means those Service Levels for which no Service Level Credit is payable, and are described in Attachment 3-B (Critical Service Levels and Key Measurements).
Key Service Provider Personnel	Means the Service Provider Personnel filling the positions designated in Attachment 5-E of the Agreement as Key Service Provider Personnel.
LAN (Local Area Network)	Means a local, high-speed Network, consisting of LAN Equipment, Software, Transport Systems, Interconnect Devices, Wiring, and Cabling used to create, connect, and transmit data, voice, and video signals to, within or among DIR's and DIR Customer's local-area network segments. LANs are typically confined within limited geographic areas (such as a single building or group of buildings) and offer relatively high data rates, usually above 10 /100 Mbps. LANs typically interconnect End-User PCs, local servers, and printers and may connect with WANs.
Laws	Means all federal, state and local laws, statutes, ordinances, regulations, rules, executive orders, circulars, opinions, interpretive letters and other official releases of or by any government, or any authority, department or agency thereof.
Level 1 Support	Means support that is provided as the entry point for inquiries or problem reports from Authorized Users. If Level 1 personnel cannot resolve the inquiry or problem, the inquiry or problem is directed to the appropriate Level 2 personnel or Third Party for resolution.

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Level 2 Support	Means support that serves as a consolidation point for inquiries and problems between Level 1 and Level 3. For example, Level 2 support might exist in a computer operations or a distribution/mail out center. If Level 2 personnel cannot resolve the inquiry or problem, the inquiry or problem is directed to the appropriate Level 3 personnel or Third Party for resolution.
Level 3 Support	Means support provided by the personnel or Third Party that is most knowledgeable about the underlying problem or question and that is utilized when efforts to resolve the problem or question by Level 1 and Level 2 Support have failed or are bypassed. Inquiries or problems are usually reported by Level 1 or Level 2 support personnel, but may be initiated directly by Authorized Users or the Service Provider.
Logical DBA	Means the database administrator who is responsible for the logical aspects of a database (including schema design, data modeling, application tuning, and application performance assistance). Logical DBAs have extensive knowledge of the business applications and requirements.
Logical Security	Means controlling access to information, software, and data by utilizing Operating Software parameters and applications level security controls. Logical Security includes logical separation of processors and disk and segregation of reusable storage media.
Long-Range IT Plan	Means the long-range, comprehensive plan for DIR and DIR Customer's information technology systems, processes, technical architecture, and standards as more fully described in <u>Exhibit 2.2</u> .
Losses	Means all losses, liabilities, damages (including punitive and exemplary damages), fines, penalties, settlements, judgments, interest and claims (including taxes), in each case that a court finally awards to a third party or which are otherwise included in the amount payable to a third party and all related costs and expenses (including reasonable legal fees and disbursements and costs of investigation, litigation, experts, settlement, judgment, interest and penalties), as incurred.
Mainframe	Means a Server that utilizes the current Operating Software (e.g., zOS, OS/390, VM, VSE, OS2200).
Major Release	Means a new version of Software that includes changes to the architecture and/or adds new features and functionality in addition to the original functional characteristics of the preceding Software release. These releases are usually identified by full integer changes in the numbering, such as from "7.0" to "8.0," but may be identified by the industry as a major release without the accompanying integer change.
Malicious Code	Means (i) any code, program, or sub-program whose knowing or intended

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	purpose is to damage or interfere with the operation of the computer system containing the code, program or sub-program, or to halt, disable or interfere with the operation of the Software, code, program, or sub-program, itself, or (ii) any device, method, or token that permits any person to circumvent the normal security of the Software or the system containing the code.
Managed Third Parties	Means the DIR Contractors listed on Exhibit 22 to the Agreement and any substitute or replacement third party contractors reasonably designated by DIR.
Management Tools	Means all software products and tools (and all modifications, replacements, Upgrades, enhancements, documentation, materials and media related thereto) that are used by Service Provider to deliver and manage the Services. Management Tools shall include all such products and tools in use or required to be used as of the Commencement Date, including those set forth in Exhibit 11 to the Agreement, those as to which the license, maintenance, or support costs are included in the Financial Base Case, and those as to which Service Provider received reasonable notice and/or access prior to the Commencement Date. Management Tools also shall include all such products and tools selected and/or developed by or for DIR, any DIR Customer or Service Provider during the Term.
Materials	Means all formulae, algorithms, processes, process improvements, procedures, designs, concepts, methodologies, trade secrets, technology, Software (in both object and source code form), databases, specifications and all records thereof, including documentation, design documents and analyses, studies, tools, plans, models, flow charts, reports and drawings.
Measurement Window	Means the time during, or frequency by, which a Service Level shall be measured. The Measurement Window will exclude approved scheduled maintenance.
Middleware	Means Software that facilitates interactions and integration between and among two or more separate Software programs, Systems, or platforms.
Minimum Service Level	Means the minimum level of performance set forth in Attachment 3-A (Service Levels Matrix) with respect to each Critical Service Level and Key Measurement.
Minimum Service Level Default	Means the Service Provider's level of performance for a particular Service Level fails to meet the applicable Minimum Service Level at any time.
Minor Release	Means a scheduled release containing small functionality updates and/or accumulated resolutions to defects or non-conformances made available since the immediately preceding release (whether Major Release or Minor Release). Minor Releases shall include "Maintenance Releases" which are supplemental to and made available between Major Releases and

Term	Definition
	other Minor Releases, issued and provided under specific Service Provider service level or maintenance obligations and contain only accumulated resolutions or mandated changes. These releases are usually identified by a change in the decimal numbering of a release, such as “7.12” to “7.13.”
Monthly Asset Charge	Has the meaning set forth in Section 5.2.4 of Exhibit 4 .
Monthly Base Charge	Means the monthly fixed charge to DIR for Service Provider’s provision of the Services and includes the quantity of Resource Units set forth under the Monthly Resource Baselines in Attachment 4-D .
Monthly Charges	Means the total Charges invoiced by Service Provider in any calendar month for Services (excluding Pass-Through Expenses, Out-of-Pocket Expenses and Service Taxes).
Monthly Business Days	Means Business Days in a given month.
Monthly Business Days Assigned	Means with respect to any month and any Service Provider Personnel the number of Monthly Business Days that such Service Provider Personnel is assigned full time to the performance of Services.
Monthly Invoice	Has the meaning given in Section 12.1(a) of the Agreement.
Monthly Productive Hours Worked	Means with respect to any month and any Service Provider Personnel the number of productive hours worked by such Service Provider Personnel, excluding non-productive time (e.g., business travel, vacation, holidays, training, education, marketing, administrative staff meetings, medical leave, and military leave).
Monthly Resource Baseline(s)	Means the number of Resource Units set forth in Attachment 4-D for a Resource Unit Category(ies) that are included in the Monthly Base Charge.
MSDOS Legacy Server	Means an Application Server with an MSDOS operating systems.
N	Means the most recently released and generally available version of Software.
Network	Means collectively, WAN, LAN, and other communication or transport networks.
Network Software	Has the meaning given in Attachment 4-B .
Network Topology	Means the arrangement in which the nodes or interfaces to the Network are connected.
New Advances	Has the meaning given in Section 9.12(e) of the Agreement.

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New Application Server Hardware Service Charge	Has the meaning given in Section 5.2.4 of Exhibit 4 .
New Services	Means services requested by DIR or required by applicable Laws (without limiting the obligation of the Parties under Section 15.11) (i) that are materially different from the Services, (ii) that require materially different levels of effort or resources from Service Provider to provide the Services, and (iii) which are not required for Service Provider to meet the Service Levels. For the avoidance of doubt, New Services shall not include (a) increases in the volume of Services for which there is an associated Resource Baseline or charging methodology, or (b) the disaggregation of an existing service from a Functional Service Area.
Nine-Month Measurement Window	Means if Section 8.1 of Exhibit 3 is used to establish the Expected Service Level and Minimum Service Level commitments, the nine (9) consecutive months of measurements immediately preceding the month in which DIR provided written notice to Service Provider.
Noncompliance	Means each instance that the Software, Equipment, Systems, or other deliverable or milestone fails to meet its Acceptance Criteria or is otherwise deficient in DIR's reasonable discretion (in accordance with the Policies and Procedures Manual or other criteria agreed by the Parties, to the extent applicable).
Notice of Election	Has the meaning given in Section 17.4(a) of the Agreement.
One-Time Charges	Means any Charges that are specified by the Service Provider and which are non-recurring and are typically associated with start-up and implementation costs.
Online System	Computer system that is a part of, or is embedded in, a larger entity, such as a communications system, and that interacts in real or near-real time with the entity and its users.
Operating Software or Systems Software	Means all software programs and programming (and all modifications, replacements, Upgrades, enhancements, documentation, materials, and media related thereto) that perform tasks basic to the functioning of the Equipment and are required to operate the Applications Software or otherwise support the provision of Services by Service Provider. Operating Software or Systems Software shall include all such programs and programming in use or required to be used as of the Commencement Date, including those set forth in Exhibit 11 to the Agreement, those as to which the license, maintenance or support costs are included in the Financial Base Case, and those as to which Service Provider received reasonable notice and/or access prior to the Commencement Date. Operating Software or Systems Software also shall include all such programs and programming developed and/or introduced by or for DIR, any DIR Customer or Service Provider during the Term. Operating

Term	Definition
	Software or Systems Software includes systems utilities, Middleware and any other Software that does not constitute Application Software.
Out-of-Pocket Expenses	Means reasonable, demonstrable and actual out-of-pocket expenses due and payable to a third party by Service Provider that are approved in advance by DIR and for which Service Provider is entitled to be reimbursed by DIR under the Agreement. Out-of-Pocket Expenses shall not include Service Provider's overhead costs (or allocations thereof), general and/or administrative expenses or other markups. Out-of-Pocket Expenses shall be calculated at Service Provider's actual incremental expense and shall be net of all rebates and allowances.
Party and Parties	Has the meaning given in the preamble to the Agreement.
Pass-Through Expense(s)	Means the Service Provider expenses listed in Exhibit 4 which DIR has agreed to pay directly or reimburse to Service Provider for on an Out-of-Pocket Expenses basis.
Performance Category	Means a grouping of Critical Service Levels as set forth in Attachment 3-A (Service Levels Matrix). Critical Deliverables do not constitute a Performance Category.
Personnel Projection Matrix	Has the meaning given in Section 8.8(c) of the Agreement.
Physical DBA	<p>Means the database administrator responsible for the environmental aspects of a database including but not limited to the following activities:</p> <ul style="list-style-type: none"> - Supporting the design and implementation of multiple production, test and development database subsystems; exclusive of table creation for Development and Initial Test Environments. - Capacity planning for database instances and reorganizing as necessary. - Performing stress testing and database performance tuning. - Installing, maintaining, and monitoring the DBMS Software and products, including technical advice and support to the Applications Development and Maintenance staffs and Logical DBAs as may be required.
Plan	Has the meaning given in Section 13.3(i)(ii) of the Agreement.
Planned Projects	Means any projects that are not yet started as of the RFO issuance date, but are planned to begin prior to the Commencement Date.
Policies and Procedures Manual	Means the management procedures manual for the Services.
Pool Percentages Available for Allocation	Means collectively the Pool Percentage Available for Allocation – Core Infrastructure, Pool Percentage Available for Allocation – Print/Mail and

Term	Definition
	Pool Percentage Available for Allocation – Cross-Functional.
Pool Percentage Available for Allocation – Core Infrastructure	Has the meaning given in <u>Exhibit 3</u> .
Pool Percentage Available for Allocation – Print/Mail	Has the meaning given in <u>Exhibit 3</u> .
Pool Percentage Available for Allocation – Cross-Functional	Has the meaning given in <u>Exhibit 3</u> .
Portal	Means a type of content management web site, password protected to allow secured access to and input of content as required in <u>Exhibit 2.1</u> .
Pre-Production or Pre-Production Environment	Means the system environment that closely simulates Production; it has minimal changes and is used for testing applications, software, and databases just prior to migration to Production. DIR Customers must have at least one Pre-Production Environment.
Print Document Files	Means files containing print control characters, language and text used to tell the printer how and what to print on a page.
Priority 1 Applications	Means the Applications designated as Priority 1 Applications pursuant to the Policies and Procedures Manual.
Priority 2 Applications	Means the Applications designated as Priority 2 Applications pursuant to the Policies and Procedures Manual.
Privacy Laws	Means Laws relating to data privacy or data protection.
Problem Management	Means the process of tracking and managing all problems arising in DIR and DIR Customer’s information technology (IT) environment, and resolving those problems arising from or related to the Services.
Problem Tracking System	Means the functionality and technical characteristics of the system described in <u>Exhibit 2.1</u> .
Production or Production Environment	Means the system environment in which an organization’s data processing is accomplished. This environment contains DIR Customer’s business data and has the highest level of security and availability of all environments (includes training and other Production like environments).
Project	Has the meaning given in <u>Section 4.7(a)</u> of the Agreement.
Proposal	Has the meaning given in the preamble to the Agreement.
Protected Health Information	Has the meaning given in <u>Section 13.3(i)</u> of the Agreement.

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(PHI)	
Public Information Act	Has the meaning given in Section 13.1(b)(vii) of the Agreement.
Quality Assurance	Means the actions, planned and performed, to provide confidence that all processes, Systems, Equipment, Software, and components that influence the quality of the Services are working as expected individually and collectively.
Reduced Resource Credit (RRC)	Means the incremental credits set forth in Exhibit 4 for the use of Services below the Monthly Resource Baselines for such Services.
Refresh	Means the upgrading and/or replacing of Equipment and Software during the Term.
Renewal Term	Has the meaning given in Section 3.2 of the Agreement.
Reports	Has the meaning given in Section 9.2(a) of the Agreement.
Request Management	Means the process of tracking and managing all requests from Authorized Users arising in DIR and DIR Customers' information technology (IT) environment, and resolving those requests arising from or related to the Services.
Required Consent(s)	Means the consents (if any) required to be obtained: (i) to assign or transfer to Service Provider DIR licensed Third Party Materials, Third Party Contracts, Equipment Leases or Acquired Assets (including related warranties); (ii) to grant Service Provider the right to use and/or access the DIR licensed Third Party Materials, Third Party Contracts, and DIR Provided Equipment in connection with providing the Services; (iii) to grant DIR, the DIR Customers and/or their designee(s) the right to use and/or access the Service Provider Owned Materials, Third Party Materials and Equipment acquired, operated, supported, used, or required to be used by Service Provider in connection with providing the Services; (iv) to assign or transfer to DIR, the DIR Customers and/or their designee(s) any Developed Materials to the extent provided in the Agreement; (v) to assign or transfer to DIR, the DIR Customers and/or their designee(s) Service Provider Owned Materials, Third Party Materials, Third Party Contracts, Equipment leases or other rights following the Term to the extent provided in the Agreement; and (vi) all other consents required from third parties in connection with Service Provider's provision of, and DIR's and the DIR Customers' receipt and use of, the Services and Service Provider's performance of its obligations hereunder.
Resolution Time	Means the number of elapsed minutes between the Start Time for a problem and the time such problem is Resolved.

Term	Definition
Resolve or Resolution	Means the restoration of full service or the completion of the service request in a manner acceptable to DIR or the applicable Authorized User in their reasonable discretion. Resolution may include the restoration of full service by workaround or other alternative means.
Resource Baseline(s)	Means the number of Resource Units set forth in Attachment 4-D for a Resource Unit Category(ies) that are included in the Annual Base Charge.
Resource Unit Category	Means a category of Resource Units which are measured and with respect to which charging rates or other charging mechanisms apply.
Resource Unit or RU	Means a measurable device, unit of consumption, or other unit or resource utilization associated with the Services, as described in Exhibit 4 , that is used for purposes of calculating Charges, including calculating ARCs and RRCs as described in Exhibit 4 .
Response Time	Means the number of elapsed minutes between the time a Call is received and the time Service Provider responds to the Authorized User or other designated DIR contact to acknowledge and verify the problem.
Retained Employees	Means those employees who will retain their employment with DIR or DIR Customers.
Retained Expense(s)	Means the expense types or amounts retained by DIR Customers as set out in Exhibit 4 .
Retained Systems and Processes	Means those systems and processes of DIR or a DIR Customer for which Service Provider has not assumed responsibility under the Agreement (including those provided, managed, operated, supported and/or used on their behalf by DIR Contractors). Retained Systems and Processes include equipment and software associated with such systems and processes.
RFO	Has the meaning given in the preamble of the Agreement.
Root Cause Analysis	Means the formal process, specified in the Policies and Procedures Manual, to be used by Service Provider to diagnose the underlying cause of problems at the lowest reasonable level so that effective corrective action can be taken.
Rural	Means a DIR Customer Remote Facility defined for Application Server pricing purposes as being located outside a seventy (70) mile radius of an Urban Center.
Scheduled Downtime	Means a period in which a subject Service component is not required to be Available due to scheduled time required to perform system maintenance (for example, preventive maintenance, system upgrades, etc.), provided that such period has been mutually agreed between the

Term	Definition
	Parties and is scheduled so as to minimize the impact to DIR's business. The Service Provider shall maintain Availability during such periods to the extent reasonably practicable.
Scheduled Operations	Means the period specified in the Policies and Procedures Manual during which Service Provider is obligated to provide problem resolution with respect to particular Services or Service components in accordance with the applicable Severity Level.
Seconded Employee	Has the meaning given in Section 8.1(f) of the Agreement.
Secondment Period	Has the meaning given in Section 8.1(f) of the Agreement.
Secure Document Storage	Means a physical storage location with security controls which limits check in, check out of document forms to authorized personnel.
Security Software	Shall have the meaning given in Attachment 4-B .
Server	Means any computer that provides shared processing or resources (e.g., Application processing, database, mail, proxy, firewalls, backup capabilities, print, and fax services) to Authorized Users or other computers over the Network. A Server includes associated peripherals (e.g., local storage devices, attachments to centralized storage, monitor, keyboard, pointing device, tape drives, and external disk arrays) and is identified by a unique manufacturer's serial number.
Service Level Credit Allocation Percentage	Means the percentage of the Allocation of Pool Percentage allocated to a Critical Service Level within a Performance Category.
Service Level Credits	Means the monetary amounts that the Service Provider shall be obligated to pay to DIR (or apply against Monthly Charges) in the event of Service Level Defaults.
Service Level Default	Means an Expected Service Level Default or Minimum Service Level Default.
Service Levels	Means, individually and collectively, the quantitative performance standards for the Services set forth in Exhibit 3 .
Service Provider	Has the meaning given in the preamble to the Agreement.
Service Provider Account Manager	Has the meaning given in Section 8.5 of the Agreement and shall describe the Service Provider representative responsible for both the day to day relationship with DIR and the DIR Customers as well as the delivery of all Services to DIR and the DIR Customers.
Service Provider Consolidated Data Center	Means the centralized Data Center owned or leased by Service Provider and used by Service Provider to provide the Services.

Term	Definition
Service Provider Facilities	Means, individually and collectively, the facilities owned or leased by Service Provider (or its Affiliates or Subcontractors) from which Service Provider (or its Affiliates or Subcontractors) provides any Services. Service Provider Facilities are listed on Attachment 7-B and include the Service Provider Consolidated Data Center.
Service Provider Owned Materials	Has the meaning given in Section 14.3(a) of the Agreement.
Service Provider Personnel	Means those employees, representatives, contractors, subcontractors, and agents of Service Provider and its Subcontractors.
Service Taxes	Means all sales, use, excise, and other similar taxes that are assessed against either Party on the provision of the Services as a whole, or on any particular Service received by DIR or the DIR Customers from Service Providers, excluding Income Taxes.
Services	Has the meaning given in Section 4.1(a) of the Agreement.
Severity Level	Means the categorization of a problem associated with the Services based on the potential impact of the problem to DIR and any DIR Customer, as further defined in Attachment 3-F .
Severity 1 Problem	Has the meaning given in Attachment 3-F .
Severity 2 Problem	Has the meaning given in Attachment 3-F .
Severity 3 Problem	Has the meaning given in Attachment 3-F .
Severity 4 Problem	Has the meaning given in Attachment 3-F .
Software	Means all Materials consisting of software programs and programming (and all modifications, replacements, Upgrades, enhancements, documentation, materials and media related thereto), including Antivirus Software, Application Software, Development Tools and System Software.
Software AG Licenses	Means license agreements between Software AG and DIR Customers existing as of the Effective Date and to be used by Service Provider (including Subcontractors) in connection with the performance of the Services.
Specialized Services	Has the meaning given in Section 9.8 of the Agreement.
Specifications	Means, with respect to processes, Software, Equipment, Systems or other contract deliverables to be designed, developed, delivered, integrated, installed, and/or tested by Service Provider, the technical, design and/or functional specifications set forth in third party vendor documentation, in

Term	Definition
	a New Services or Project description requested and/or approved by DIR, or otherwise agreed upon in writing by the Parties.
Standard Work Hours	Means, in any given month, one hundred and fifty (150) hours as used in the equation to determine FTP resources utilized.
Start Time	Means, with respect to a problem or a Call, the time when the problem is detected or should have been detected, or the time when the Call is received or should have been received, by Service Provider. If more than one trouble ticket is opened for the same problem or Call, the Start Time shall be based on the earliest of the trouble ticket open times.
State	Means the State of Texas, unless expressly stated otherwise.
State Data Center	Means the State data center in San Angelo, Texas.
State Legislature	Means the governmental legislative body of the State.
State of Texas Brand	Means a distinctive name or trademark identifying the State.
Strategic Plan	Means the plans that may be periodically developed by DIR that set forth DIR's key operational objectives and requirements and outline its strategies for achieving such objectives and requirements. DIR may revise the Strategic Plan from time to time. The Strategic Plan is likely to include both annual and multi-year strategies, objectives, and requirements.
Statement(s) of Work	Means Exhibit 2 and its attachments (consisting, as of the Effective Date, of Exhibits 2.1, 2.2, 2.3 and 2.7).
Stub Period	Means the period commencing on the Commencement Date and ending on August 31, 2007.
Subcontractors	Means subcontractors (of any tier) of Service Provider, including Affiliates of Service Provider performing Services under the Agreement pursuant to Section 9.11(c) of the Agreement. The initial list of Subcontractors is set forth on Exhibit 21 of the Agreement.
Support Center	Means the Service Provider's facilities, associated technologies, and fully trained staff who respond to Calls, coordinate all Problem Management and Request Management activities, and act as a central point of contact for Authorized Users in regard to the Services.
System	Means an interconnected grouping of manual or electronic processes, including Equipment, Software and associated attachments, features, accessories, peripherals and cabling, and all additions, modifications, substitutions, Upgrades or enhancements to such System. Systems shall include all Systems in use or required to be used as of the Commencement Date, all additions, modifications, substitutions,

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	Upgrades, or enhancements to such Systems and all Systems installed or developed by or for DIR, the DIR Customers or Service Provider during the Term.
Systems Overhead	Means Resource Units used by the Service Provider to measure and calculate DIR Customers' resource usage, to perform Service Provider billing functions, used for capacity planning studies or attributable to reruns that are due to the fault of Service Provider, and such other Service Provider usage set forth as such in Exhibit 4 .
Technology Evolution	Means any improvement, upgrade, addition, modification, replacement, or enhancement to the standards, policies, practices, processes, procedures, methods, controls, scripts, product information, technologies, architectures, standards, equipment, software, systems, tools, products, transport systems, interfaces and personnel skills available to provide the Services in line with the best practices of first tier leading providers of services in the delivery of services that are the same as or similar to the Services. Technology Evolution includes, as relating to such items for such purpose: higher capacity, further scaling and commercializing of processes, more efficient and scalable processes, new versions and types of applications and systems/network software, new operational or IT Infrastructure processes, and new types of hardware and communications equipment that shall enable Service Provider to perform the Services more efficiently and effectively as well as enable DIR and the DIR Customers to meet and support their operational requirements and strategies.
Technology Plan	Has the meaning given in Section 9.5(d) of the Agreement.
Term	Means the Initial Term and the Renewal Terms, if any, including any period during which Termination Assistance Services are provided by Service Provider under the Agreement.
Termination Assistance Services	Means (i) the Services (including the terminated, insourced, resourced or expired Services, the Services described in Section 4.4 of the Agreement, the Services described on Exhibit 23 to the Agreement and, in each case, any replacements thereof or supplements thereto), to the extent DIR requests such Services during a Termination Assistance Services period; (ii) Service Provider's cooperation with DIR, DIR Customers and their designee(s) in the orderly transfer of the Services (or replacement or supplemental services) to DIR, the DIR Customers and/or their designee(s); and (iii) any New Services requested by DIR in order to facilitate the transfer of the Services (or replacement or supplemental services) to DIR, the DIR Customers and/or their designee(s).
Termination Charge	Means the termination charges payable by DIR as set forth in Exhibit 4 . The Termination Charge shall be calculated as of the later of (i) the end of the Term (or the date of termination of the applicable Services under the Agreement), and (ii) the satisfactory completion of all Termination

Term	Definition
	Assistance Services.
Third Party	Means, whether or not capitalized, a legal entity, company, or person(s) that is not a Party to the Agreement, and is not an Affiliate of a Party.
Third Party Contract(s)	Means all agreements between third parties and DIR, any DIR Customer, or Service Provider that have been or shall be used to provide the Services. Third Party Contracts include all such agreements in effect as of the Commencement Date, including those contracts identified in Exhibit 12 to the Agreement, those as to which the costs are included in the Financial Base Case, and those as to which Service Provider received reasonable notice and/or access prior to the Commencement Date. Third Party Contracts shall also include all such agreements that are entered into by DIR, any DIR Customer, or Service Provider during the Term.
Third Party Materials	Means Materials that are owned by third parties and provided under license or lease to Service Provider, DIR or any DIR Customer and that have been or shall be used to provide or receive the Services. Third Party Materials shall include Materials owned by Subcontractors (excluding Affiliates of Service Provider) and used in the performance of the Services. Without limiting the foregoing, Third Party Materials shall include all such Materials in use or required to be used as of the Commencement Date, including those set forth in Exhibit 11 to the Agreement, those as to which the license, maintenance or support costs are included in the Financial Base Case and those as to which Service Provider received reasonable notice and/or access prior to the Commencement Date. Third Party Materials shall also include all such programs and programming licensed and/or leased to DIR, any DIR Customer or Service Provider during the Term.
Third Party Vendor(s)	Means a Third Party that provides products or services to any Party that is related to, or is in support of, the Services. Third Party Vendors do not include Subcontractors.
Tier	Means a layer of application functionality in a partitioned application that can usually be deployed on separate physical computers for better scalability and data security.
Tower or Functional Service Area	Means a general grouping of related Services that are described within Exhibit 2 (e.g., as of the Effective Date, the Cross-Functional – General Services, Cross-Functional – Equipment and Software Services, Server and Mainframe Services, and Production Print and Mail service areas).
Transformation Milestones	Has the meaning given in Section 4.3(b)(ii) of the Agreement.
Transformation Plan	Means the plan set forth in Exhibit 20 to the Agreement and developed and updated pursuant to Section 4.3 of the Agreement, which identifies all material transformation activities and deliverables to be completed and provided by Service Provider in connection with the consolidation and

Term	Definition
	transformation by Service Provider of the Services, and the dates by which each is to be completed by Service Provider.
Transformation Services	Means the consolidation and transformation activities, functions and deliverables, and the implementation of the technology and other process changes, described in the Transformation Plan.
Transition Milestones	Has the meaning given in Section 4.2(b) of the Agreement.
Transition Plan	Means the plan set forth in Exhibit 19 to the Agreement and developed and updated pursuant to Section 4.2 of the Agreement, which identifies all material transition activities and deliverables to be completed and provided by Service Provider in connection with the migration to Service Provider of the Services, and the dates by which each is to be completed by Service Provider.
Transition Services	Means the transition activities, functions and deliverables described in the Transition Plan and such other tasks as are necessary to enable Service Provider to provide the Services.
Transitioned Personnel	Means the Affected Personnel who accept Service Provider's offer of employment and become employed by Service Provider pursuant to the terms of the Agreement. Upon being employed by Service Provider, such Transitioned Personnel shall be deemed to be Service Provider Personnel as defined herein.
Transport	Means a commercial service providing the carriage or transmission of voice, video, or data electronic impulses over a distance.
Unanticipated Change	Has the meaning given in Section 11.7 of the Agreement.
Upgrade	Means updates, patch installations, modifications, renovations, refreshes, enhancements, additions, substitutions and/or new versions or releases of Software or Equipment. For purposes hereof, a workaround or fix to Software or Equipment also constitutes an Upgrade.
Urban	Means a DIR Customer Remote Facility defined for Application Server pricing purposes as being located within a seventy (70) mile radius of a Urban Center.
Urban Center	Means the point of reference for determining Application Server Remote Location Site Type pricing between Urban or Rural. Urban Centers are listed in Attachment 4-I .
Urban City	Means a DIR Customer Remote Facility, defined for Application Server pricing purposes as being located within a seventy (70) mile radius of an Urban Center.

Term	Definition
Use	Means to load, access, execute, use, manipulate, practice, process, make, have made, operate, copy, execute, compile, store, purge, reproduce, display, perform, distribute, transmit, receive, modify, maintain, enhance, upgrade, store, create Derivative Works, and exercise any other similar rights.
Utility / Monitoring & Management Software	Shall have the meaning given in <u>Attachment 4-B</u> .
Utility Server(s)	Means any server not designated as an Application Server (e.g., file, print, email, DNS, firewall, authentication, WINS, Active Directory, Citrix, infrastructure management, domain controllers, backup/recovery, DHCP, VPN, or terminal servers).
Utility Server Infrastructure Stack Software	Means Antivirus Software, E-mail / Collaborative Software, Infrastructure Management Software, Operating Software, and Utility / Monitoring & Management Software used in the operation of Utility Servers.
Versioned	Means changes are rolled out in distinct releases, the version of the release is maintained in the artifacts being rolled out for compatibility, prior versions are phased out over time through a standard process and all changes are documented.
WAN (or Wide Area Network)	Means a long haul, high-speed backbone transmission Network, consisting of WAN Equipment, Software, Transport Systems, Interconnect Devices, and Cabling that, and other services as they become available that are used to create, connect, and transmit data, voice and video signals to within, between or among: (i) LANs, and (ii) other locations that do business with the State and for which DIR is responsible for allowing Connectivity.
Web Portal	See Portal.
Wiring	Means the physical wire connection within walls, between floors, and between buildings.
Work Order	Has the meaning given in <u>Section 4.7(b)</u> of the Agreement.
Yearly Performance Average	Has the meaning given in <u>Exhibit 3</u> .