

Schedule C-1

PRICING METHODOLOGY

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1. OVERVIEW

1.1 General

This Schedule C-1 describes the methodology for calculating Charges and sets forth in the other Schedules to Schedule C all of the Charges payable by the Commonwealth to Contractor with respect to the Services that Contractor delivers to the Commonwealth pursuant to the Contract. In addition, this Schedule C describes the methodology for measuring and tracking the resources provided by Contractor and consumed by the Commonwealth for the purpose of calculating the Charges. If there is any disagreement or ambiguity about the interpretation of this Schedule C-1 or any of the other Schedules to Schedule C (that are not clarified in the Contract or other Schedules or Schedules to the Contract) at any time, the Parties agree to use the pricing rules set forth in Section 1.4 below as a basis for settling the disagreement or for clarifying any ambiguity pursuant to the dispute resolution processes described in Paragraph 30 of the Contract.

1.2 No Other Charges Permitted

The Charges are described in Schedules C-2 and, if applicable in the event of termination pursuant to the terms of the Contract, Schedule C-3, and shall fully compensate Contractor for providing the Services (as a whole) and for all of the resources and materials used to provide the Services. If the Services are changed or new Services are added pursuant to Paragraph 26 (Changes) of the Contract, the Charges herein will be adjusted only to the extent specifically stated in a Change Order issued pursuant to Paragraph 26 (Changes). There is no separate charge for Contractor's provision or the Commonwealth's use of underlying services that may be required for delivery of the Services (for example, there are no separate charges for Contractor's tools or equipment or parts). The Commonwealth will not be responsible for the payment (whether to Contractor or any other subcontractor or contractor) of any Charges, fees or other amounts not expressly described or referenced in Schedules C-2 and, if applicable in the event of termination pursuant to the terms of the Contract, Schedule C-3, in connection with the Services. In determining the Charges, Contractor has taken into account its capital, operational, one-time start-up and any other incidental costs of providing all of the Services.

1.3 Reporting

Contractor shall supply the Commonwealth with reports in hard copy and electronic files as directed by the Commonwealth that provide a detailed, auditable record of the resource usage for each Resource Unit (and any other measurement of usage of the Services provided in this Schedule C-1 or otherwise in the Contract) on a monthly basis. Notwithstanding that reports will be provided to the Commonwealth on a monthly basis, Contractor agrees that there may be portions of the reports where data is calculated and provided based on weekly activity. This information shall be provided to the Commonwealth with each invoice that Contractor submits to the Commonwealth. The form of the reports will be set out in the Project Procedure Manual.

1.4 Pricing Rules and Default

The Charges are calculated or governed by specific mechanics, formulas or specified rates, such as Resource Units and other specifics regarding Charges ("Charge Mechanics"). The Charge Mechanics are set forth in this Schedule C-1 and the other Schedules to Schedule C. The Rates applied to the corresponding Resource Unit volumes consumed constitute the only Charge Mechanics for the Services.

1.5 Definitions

(a) Defined Terms. As used in this Schedule C, the following terms shall have the meanings set forth below:

- “Base Charges” means the monthly Charges described in Section 2.1 below.
- “Charges” means the Base Charges and Termination Charges. .
- “Early Termination Charges” means the component of Termination Charges that does not correspond to the Unamortized Asset Charges or Wind Down Costs, which amount has been agreed by the Commonwealth and is presented separately on a monthly basis in Schedule C-3 as an Early Termination Charge (if any). In no event shall there be Early Termination Charges applied for a Termination effective more than 24 months from the Execution Date.
- “Rate” means the amounts set out in Schedule C-2.
- “Resource Unit” means the individual unit(s) of resource consumption used to calculate to the Base Charges, including Resource Units agreed through the Change Control Procedures.
- “Service Commencement Date” means the date upon which Contractor has completed all Transition activities necessary to enable steady state delivery of Services and commences delivery of such Services.
- “Termination Charges” means the charges for certain termination events, as provided in Schedule C-3.
- “Unamortized Asset Charge” means that component of Termination Charges corresponding to the unamortized portion of investment made by Contractor in amortizable assets, whether purchased by Contractor from the Commonwealth or from a third party, which are entirely dedicated to use by Contractor in providing Services to the Commonwealth, which amount is estimated on a monthly basis in Schedule C-3 as the remaining Unamortized Asset Charge (if any).
- “Wind Down Costs” means the component of Termination Charges corresponding to Contractor’s reasonable and actual wind down expenses in the event of termination of the Contract prior to its expiration according to terms. The estimated wind down expenses shall not exceed the applicable capped wind down charges as presented separately on a monthly basis in Schedule C-3. Wind Down Costs shall be comprised of items such as severance, third party contract termination costs and redeployment costs for Contractor staff. There shall be no Wind Down Costs in the event of expiration of the Contract or termination within six months of expiration of the Term.

(b) Other Terms. Terms used in this Schedule C with initial capital letters and defined in this Section 1.5 shall have the respective meanings set forth in this Schedule C. Terms used in this Schedule C with initial capital letters but not otherwise defined in this Section 1.5 shall have the respective meanings set forth in the Contract or other Schedules and Schedules to the Contract. Unless otherwise specified, references to “Paragraph” or “Section” refer to the applicable Paragraph or Section of this Schedule C.

2. BASE CHARGES

2.1 Service Towers

The Base Charges shall be calculated on a monthly basis by applying each Rate for each Resource Unit to the quantity of Services consumed for each Resource Unit for each month during the Term.

2.2 Calculation and Payment of Base Charges

Contractor shall invoice the Commonwealth as set forth in Paragraph 13 of the Contract. The Base Charges shall be prorated for any initial partial month (e.g., Service Commencement Date is mid-month) and final month of the Term as necessary.

3. NO TRANSITION CHARGES

There are no separate Charges for Contractor’s Transition Services. Base Charges shall fully compensate Contractor for performance of all Transition activities, including Contractor’s travel and living expenses associated with such Transition activities.

4. INVOICE FORMAT AND PROCESS

Each invoice provided by Contractor to the Commonwealth shall conform with the format and specifications set forth in the Project Procedure Manual. Such invoices shall be delivered in both hard copy and electronic format, and shall be accompanied by supporting information, in a format mutually agreed between the Parties, sufficient for the Commonwealth to reasonably verify the total Charges due. The Commonwealth requires central delivery of a single monthly management report, in hard copy form and electronic form open to analysis (e.g., Excel spreadsheets), that consolidates all invoice information as well as separate detail to support each separate invoice and any additional reporting required by the Commonwealth.

Contractor must promptly advise the Commonwealth of any incorrect calculation in Contractor’s favor (e.g., any Resource Units which were incorrectly included in its calculation of the Charges) and provide the Commonwealth with a credit reversing the effect of the error, promptly, regardless of when it is discovered. Equally, if the Commonwealth discovers any such errors, upon receipt of appropriate documentation of such error, Contractor must provide a credit to reverse the effect of the error.

The Commonwealth may require from time to time support and information from Contractor regarding accrual of liabilities in respect of the Services, often in connection with unbilled Charges for Services provided by Contractor. Contractor agrees to promptly provide the Commonwealth with such accrual support and information.

5. SERVICE LEVEL CREDITS

For all Service Level Credits not subject to Earn Back rights set forth in Schedule F-1, Contractor shall enter the order for the Service Level Credit within 30 days from establishment of the Service Level Credit. For Service Level Credits that are subject to Earn Back rights and are not earned back by the Contractor

by the end of the Earn Back Period, Contractor shall enter the order for the Service Level Credit within 30 days of Contractor's failure to meet the conditions of the Earn Back.

6. TRANSITION MILESTONE CREDITS

For all Transition Milestone Credits not subject to Earn Back rights set forth in Schedule D-1 shall, at the discretion of the Commonwealth, Contractor shall either (i) pay the Commonwealth the amount of the Transition Milestone Credit pursuant to the terms of Schedule D-1 or (ii) credit the amount of the Transition Milestone Credit against Base Charges as directed by the Commonwealth. For all Transition Milestone Credits that are subject to earn back rights, at the discretion of the Commonwealth, Contractor shall either (i) pay the Commonwealth the amount of the Transition Milestone Credit pursuant to terms of Schedule D-1 or (ii) credit the amount of the Transition Milestone Credit against Base Charges as directed by the Commonwealth.

7. TERMINATION CHARGES

Schedule C-3 sets forth the Termination Charges, if any, that correspond to specific scenarios through which the Contract may be terminated by the Commonwealth or Contractor prior to its expiration date. The Termination Charges are grouped in the following categories: Early Termination Charges, Unamortized Assets Charges, and Wind-Down Expenses. The Termination Fees are specified on a monthly basis. In the event Termination Charges include payment for Unamortized Asset Charges, payment of Termination Charges shall constitute payment in full for the related equipment, notwithstanding any conflicting provisions in the Contract.

8. SERVICE DESCRIPTION

Contractor will provide Commonwealth with a Service description for all Services to be provided under the Contract. The Service descriptions will be in the form of a Service catalog (Service Catalog), which will, initially, include all items related to the Resource Units to match the Rates set out in Schedule C-2. Descriptions for additional Services may be included in the Service Catalog through the issuance of a Change Order issued pursuant to Paragraph 26 (Changes).