

SETTLEMENT AGREEMENT

The State of California, Department of Health Care Services (DHCS), and Xerox State Healthcare, LLC, a Delaware limited liability company qualified to do business in California (Xerox) (collectively, the Parties), hereby enter into this settlement agreement (Agreement). Upon the Effective Date (as defined in Section 1, below) of this Agreement, for good and valuable consideration as stated below, the Parties agree as follows:

RECITALS

- A. In 2007, DHCS issued a Request for Proposal, RFP 08-85022 (RFP) for the California Medicaid Management Information System - Fiscal Intermediary (FI) contractor. The project described in the RFP entailed two major initiatives: 1) to require the FI contractor to take over, operate, and upgrade the then-existing California Medicaid Management Information System and related provider and beneficiary services (collectively, Operations); and 2) to require the FI contractor to design, develop, and implement and then operate a replacement to the California Medicaid Management Information System (Replacement System) for DHCS.
- B. Through a competitive bid process, DHCS selected ACS State Healthcare, LLC (ACS), as the winning bidder. On March 18, 2010, ACS executed the California Medicaid Management Information System FI agreement (Contract No. 09-86210) that includes all exhibits, attachments, documents, terms, and amendments (collectively, referred to in this Agreement as the Prime Contract).
- C. On March 23, 2010, DHCS accepted Xerox Corporation's (the Parent) previously executed Parent Guaranty in favor of DHCS for the obligations with respect to matters covered by the Prime Contract including, but not limited to, amendments and agreements related thereto.
- D. The Prime Contract Parent Guaranty, fully executed by Xerox Corporation (the Guarantor) and DHCS on March 23, 2010, provides at paragraph 2 that, "The obligations, covenants, agreements and duties of Guarantor under this Guaranty shall in no way be affected or impaired by reason of the happening at any time of any of the following: (i) any permitted assignment or subcontracting of any of [Xerox's] interests under the Contract; (ii) a change in the legal or corporate status of [Xerox] as a subsidiary of Guarantor, including but not limited to its sale, reorganization, dissolution or bankruptcy; or (iii) the voluntary or involuntary liquidation, dissolution, sale of all or substantially all of the assets, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization of, or other similar proceeding affecting Guarantor or [Xerox] or any of their respective assets." The Parent Guaranty further sets forth in paragraph 7 "that this Guaranty shall extend to and include all future amendments, modifications, and extensions of the Contract and all future supplemental and other agreements with respect to matters covered by the Contract"

- E. The Legacy System takeover phase was completed on September 30, 2011. The Operations phase (as described in the Prime Contract) began on October 2, 2011, and the Operations phase is still ongoing. The Legacy System takeover and Operations phases comprise approximately 90% of the Prime Contract value.
- F. In July 2012, Amendment 02 to the Prime Contract reflected the name change from ACS State Healthcare, LLC, to Xerox State Healthcare, LLC.
- G. In or around the Fall of 2011, the Parties began planning activities for the remaining 10% of the Prime Contract activities, comprised of the design, development, and implementation of a new Replacement System. In December 2014, the first phase of the Replacement System (Release 1, as defined in Exhibit K of the Amendment) was implemented; and design, development, and partial development work proceeded on the second phase of the Replacement System (Release 2.0, as defined in Exhibit K of the Amendment).
- H. However, the Parties now recognize that the pace of technological change for health enterprise data systems has significantly accelerated in the years since DHCS began procurement work in 2007 to replace CA-MMIS (as CA-MMIS is defined in Exhibit K of the Amendment). Accordingly, many other states as well as the federal Centers for Medicare and Medicaid Services (CMS) have adjusted their strategies to modernize Medicaid management information systems to embrace a modular approach to procurement, design, development, and implementation. These changes have created an opportunity for DHCS to reevaluate the nearly decade-old design, development, and implementation strategies of the Replacement System and to reconsider the best course to ensure that California has a modern, robust, and sustainable system.
- I. In light of these technological changes and evolving approaches to enterprise data systems, the Replacement System design, development, and implementation and Replacement System operations are terminated for convenience as set forth in Section 4, below, enabling DHCS to pursue a new procurement approach that would benefit from the most up-to-date technology and system design strategies available. Xerox shall continue to operate and maintain CA-MMIS, subject to Section 3, below. To that end, the Replacement System design, development, and implementation portion and Replacement System operations portion (with the exception of Replacement System operations as set forth in Section 3, below) of the Prime Contract shall be terminated for convenience as set forth in Section 4, below, and the Parties agree to implement other changes to the Prime Contract as further described in this Agreement, and amend the Prime Contract, as set forth in Amendment 06 attached as Attachment A to this Agreement (Amendment), to conform to this Agreement.

TERMS

1. Effective Date

The effective date of this Agreement (Effective Date) shall be the date on which all Parties have executed this Agreement.

2. Incorporation of Defined Terms

All terms not separately defined in this Agreement shall have the meanings set forth in the Amendment and Prime Contract. The terms of this Agreement shall govern in the event of a conflict between a term or definition in this Agreement and that in either the Prime Contract and/or the Amendment.

3. CA-MMIS and Release1 and Release 2.0

As of the Effective Date, Xerox will continue to operate CA-MMIS (as it exists as of the Effective Date) in accordance with the terms of the Prime Contract and Release 1 for the Release 1 transition period. For the avoidance of doubt, CA-MMIS as it exists as of the Effective Date, does not include Release 1 and Release 2.0. Xerox and DHCS shall collaborate to transfer the operation of Release 1 to DHCS, with such transfer to be complete within twelve (12) months of the Effective Date. Xerox and DHCS shall share equally (50/50) both the costs directly associated with such transfer and the operations (including the benefits of any cost reductions) incurred by Xerox during the transition period. Xerox and DHCS shall collaborate on the transfer of Release 2.0 from Xerox to DHCS as directed by DHCS and at DHCS's sole expense, including conversion, implementation, and cutover, provided that Xerox shall remain responsible for the operation and costs directly associated with data transfer and interfaces between the remaining CA-MMIS and Release 2.0. For avoidance of doubt, any modifications to CA-MMIS and/or Release 1 for the transition of Release 2.0 shall be paid by DHCS as set forth in Exhibit A, Attachment III, Section A.6, of the Prime Contract. Xerox will facilitate DHCS discussions with AssureCare and CGI (with respect to CACS-G) for the purposes of securing any necessary/relevant licenses and consulting services.

4. Partial Termination of Prime Contract and New Amendment

The Replacement System design, development, and implementation and Replacement System operation provisions of the Prime Contract, other than as set forth in Section 3, above, shall be immediately terminated for convenience as of the Effective Date. All other portions of the Contract shall continue unabated and unaltered, as set forth in the Prime Contract, except as otherwise subject to the changes set forth in this Agreement and the attached Amendment. The notice and payment provisions contained in Provision 59.B (Termination for Convenience) of Exhibit E of the Prime Contract shall not apply to any references to termination for convenience in this Agreement and in the attached Amendment.

5. Consideration

Xerox shall pay DHCS the sum of one-hundred twenty-three million, three hundred three thousand, five hundred seventy-one dollars (\$123,303,571.00) in value as follows:

- A. Cash Payment: Xerox shall pay DHCS cash in the amount of one-hundred three-million, three hundred three thousand, five hundred seventy-one dollars (\$103,303,571.00) (Cash Payment Amount) on or before the scheduled dates set forth below, as follows:
 - i. 60 percent of the Cash Payment Amount shall be payable either (i) within 14 calendar days after the Effective Date, or (ii) on April 5, 2016, whichever date is later.
 - ii. 20 percent of the Cash Payment Amount shall be payable either (i) within 60 calendar days after the Effective Date, or (ii) on July 29, 2016, whichever date is later.
 - iii. 20 percent of the Cash Payment Amount shall be payable either (i) within 100 calendar days after the Effective Date, or (ii) on January 2, 2017, whichever is later.

- B. Hardware and Software: Xerox shall provide to DHCS, at no cost to DHCS, DHCS's choice of the following new and current hardware, software, or a mix of both, at DHCS's discretion, valued, at the time DHCS chooses the hardware or software for delivery, at fifteen million dollars (\$15,000,000.00) (inclusive of applicable taxes and reasonable and customary shipping and delivery costs) based upon the federal General Services Administration list in effect at the time of each order by DHCS, and as more fully described in the attached Attachment B.
 - i. Hardware. Xerox-printers/multi-function devices (MFDs), servers, and/or IBM-storage area network (SAN) devices. All hardware must be ordered by DHCS to allow for delivery to DHCS by March 31, 2020; and/or,
 - ii. Software. Xerox will transfer IBM software that is selected by DHCS. All software must be ordered by DHCS to allow for delivery to Xerox by December 15, 2016, for subsequent delivery to DHCS in accordance with the Turnover Provisions (Exhibit A, Attachment V) of the Prime Contract.

To the extent that DHCS does not provide its order to Xerox, of some or all of the hardware or software by the above dates, Xerox's obligations under this Section 5.B shall terminate.

- C. Release of Provider Application and Validation Enrollment (PAVE) claims:

- i. Upon execution of the Agreement by both Parties, Xerox agrees to withdraw and dismiss all Notification of Claims (NOCs) related to PAVE. These NOCs are valued at approximately five million dollars (\$5,000,000.00).
- ii. Xerox agrees to pay the amounts due to Xerox's subcontractors, for PAVE work performed at Xerox's direction prior to the Effective Date.
- iii. SDN 13039 shall terminate on the Effective Date. A new expedited SDN (ESDN) will be issued timely by DHCS to Xerox and directly supported by DHCS with a mutually agreed upon delivery date.

Xerox shall indemnify, defend, and hold DHCS harmless for any claims made by Xerox's subcontractors for PAVE work performed in accordance with their subcontracts with Xerox before the Effective Date. DHCS acknowledges that it intends to enter into a separate contract for the remaining PAVE work.

6. Releases

- A. Except as otherwise provided below in Sections 6.B and 6.C, Reservations, and Section 19, Facilities, the Parties hereby mutually and irrevocably release, acquit, and forever discharge each other and, as applicable, their owners, stockholders, partners, attorneys, predecessors, successors, assigns, agents, directors, officers, employees, representatives, and parent, subsidiary, and affiliated companies and agencies from any and all rights, claims, actions, damages, credits, refunds, offsets and demands of every kind and nature, whether arising in law, equity, or otherwise, whether presently known or unknown, foreseeable or ascertainable, concerning any matter arising out of or in any way related to the Prime Contract through and including the Effective Date, or any act, omission, breach, condition, occurrence, event, facts, or circumstances, or proceedings involving the Parties' Prime Contract through and including the Effective Date or any subject matter of the foregoing prior to the Effective Date.
- B. Reservations. The following claims through and including the Effective Date are excluded from the mutual release and waiver set out in Section 6.A, above:
 - i. Claims by DHCS for any actions or omissions of Xerox or its owners, stockholders, partners, subcontractors, predecessors, successors, assigns, agents, directors, officers, employees, representatives, and parent, subsidiary, and affiliated companies that are fraudulent or criminal;
 - ii. Claims by DHCS against Xerox for intellectual property infringement or misappropriation by Xerox or its owners, stockholders, partners, subcontractors, predecessors, successors, assigns, agents, directors, officers, employees, representatives, and parent, subsidiary, and affiliated companies; or

- iii. Claims by DHCS against Xerox for third-party personal injury, death, or physical property damage caused by or arising out of the negligent acts or omissions of Xerox or its owners, stockholders, partners, staff, predecessors, successors, assigns, agents, directors, officers, employees, representatives, and parent, subsidiary, and affiliated companies.
- C. Reservations. The following claims through and including the Effective Date are excluded from the mutual release and waiver set forth in Section 6.A above:
- i. Claims for any payments due to Xerox under the Prime Contract and/or the Amendment except payments for Replacement System design, development, and implementation.
 - ii. Claims by Xerox for intellectual property infringement or misappropriation by DHCS; or
 - iii. Claims by Xerox for third party personal injury, death, or physical property damages caused by or arising out of the negligent acts or omissions of DHCS or its personnel.
- D. Nothing in this Agreement shall be deemed or construed to be an admission or concession of any liability or fault by either Party with respect to any of the allegations made or which could have been made concerning any claim or defense to the same.
- E. The Parties each represent and warrant that they fully understand that if the facts and/or circumstances pertaining in any way to the Prime Contract are later found to be different from the facts and/or circumstances now believed to be true by any Party, each of them expressly accepts and assumes the risk of such possible differences in facts and/or circumstances and agrees that this Agreement shall remain effective notwithstanding such differences in facts and/or circumstances.

7. **California Civil Code Section 1542**

DHCS and Xerox certify that they have read and waive, except with respect to those claims expressly reserved in Section 6.B and 6.C, above, Section 1542 of the California Civil Code, which states:

GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The above waiver of Section 1542 of the California Civil Code applies to all claims (including PAVE), except with respect to those claims expressly reserved in Sections 6.B and 6.C, above, relating to or arising under the Prime Contract through and including the Effective Date of this Agreement.

8. Prime Contract Term and Termination

- A. Pursuant to Exhibit E, Provision 58.B.3.a, of the Prime Contract, DHCS hereby elects to exercise three (3) of its five (5) one- (1) year optional Operations period extensions. Additionally, pursuant to Exhibit E, Provision 58.B.3.b, DHCS hereby elects to exercise its right to a one-time optional Extended Operations period for a period of three (3) months. Immediately following this three- (3) month Extended Operations period, there will be a Post Operations Phase of six (6) months pursuant to Exhibit A, Attachment V, Section A.4.
- B. Xerox agrees to accept and perform, and not contest in any way, the Prime Contract term extensions described in Section 8.A, above.
- C. Due to the Prime Contract term extensions described in Section 8.A above, the revised termination date of the Prime Contract, inclusive of the Post Operations Phase, shall be not later than March 31, 2020, and these extensions and conforming changes to the Prime Contract shall be set forth in the Amendment.

9. Release 1 and Release 2.0

- A. DHCS shall accept the current software that was being developed by Xerox as a replacement Medicaid Management Information System and with associated subsystems, which are known as Release 1 and Release 2.0 (that are referenced below in Sections 9.A.i and 9.A.ii), as defined in Exhibit K of the Amendment. Such acceptance is made as of the Effective Date on an “as is, where is” basis with no implied or express warranties. DHCS shall also accept the then-current custom Replacement System Source Materials (as referenced below in Section 9.A.iii), as defined in Exhibit K of the Amendment that were designed, developed, or installed specifically for DHCS by Xerox in Release 1 and Release 2.0 on an “as is, where is” basis with no implied or express warranties as of the Effective Date. Xerox will make repairs, replacements, and improvements as requested by DHCS in Release 1 and Release 2.0 in accordance with the SDN billable hour basis, as set forth in Exhibit A, Attachment III, Section A.6, of the Prime Contract.
 - i. Release 1 is comprised of the following functionality: user administration functions, single sign-on currently developed functionality, related reporting, and other functions in the scope definition document for Release 1, as approved by both Parties, and change requests agreed to by the Parties. (See definition in Exhibit K of the Amendment.)

- ii. Release 2.0 is comprised of the functionality for presumptive eligibility (PE) determination for a number of DHCS divisions, third-party configurable software, and other functions in the scope definition document for Release 2.0, as approved by both Parties, and change requests agreed to by the Parties. (See definition in Exhibit K of the Amendment.)
 - iii. Replacement System Source Materials are comprised of source code for the software and all relevant commentary, explanations, and other documentation of the software that have been developed as of the Effective Date. (See definition in Exhibit K of the Amendment.)
- B. As of the Effective Date, Xerox hereby transfers, sells, and conveys the then-current Xerox-owned source code, object code (to the extent source code is not available) and the Intellectual Property Rights in (i) custom software specifically designed, developed, or installed for DHCS by Xerox in Release 1 and Release 2.0 and (ii) custom Replacement System Source Materials that were designed, developed, or installed specifically for DHCS by Xerox in Release 1 and Release 2.0 (collectively, the California Property). DHCS hereby grants to Xerox an irrevocable, perpetual, royalty-free, non-exclusive, unlimited, sub-licensable license to such California Property. Xerox shall indemnify, defend, and hold harmless DHCS from and against any losses, liabilities, claims, damages, penalties, costs, fees or expenses arising from or in connection with any action, proceeding or claim made or brought against DHCS by any third party caused by or arising from any act or omission of Xerox pursuant to the exercise of its license of the California Property, including without limitation from any use, demonstration, marketing, sublicensing, licensing, or distribution of any California Property by Xerox or any of its distributors, dealers, agents, or contractors.
- C. As of the Effective Date, Xerox hereby grants an irrevocable, perpetual, royalty-free, non-exclusive, and non-transferrable license to DHCS or to a DHCS-designated successor to use, reproduce, prepare derivative works based upon, and demonstrate, Xerox-owned (i) source code of Health Enterprise (as defined in Exhibit K of the Amendment) required or used to operate Release 1 and Release 2.0; and (ii) Health Enterprise Source Materials (as defined in Exhibit K of the Amendment) comprised of all available “as is, where is” plans, partial plans, requirements, working papers, diagrams, deliverables, operational and training guides, artifacts and other related documentation in electronic form required or used to operate Release 1 and Release 2.0. DHCS shall require any DHCS-designated successor to execute a non-disclosure confidentiality agreement prior to that successor’s access to and use of any elements of the Health Enterprise software that is at least as protective as the confidentiality provisions of the Prime Contract.

- D. Xerox shall, to the extent contractually permissible pursuant to the license agreements between the applicable vendor and Xerox, transfer and assign its third-party license agreements and third-party maintenance agreements necessary to operate Release 1 and Release 2.0. With respect to Release 1, such transfer shall be at no additional cost to DHCS. With respect to Release 2.0, such transfers shall be at no additional cost to Xerox.
- E. To the extent not contractually permissible, Xerox shall use commercially reasonable efforts to obtain from any such third-party software owner at DHCS's sole cost, license rights as DHCS may request.

10. Withholds

DHCS shall release and pay to Xerox all payment withholds concerning CA-MMIS N-2 and Rebate Accounting Information System (RAIS) through and including the Effective Date. The amount of the current withholds are \$7,089,483.44. DHCS shall transmit the applicable payment withholds to Xerox within forty-five (45) calendar days after Xerox resubmits to DHCS, after the Effective Date, the previously withheld invoices.

11. CA-MMIS Operations Scope

DHCS shall not diminish, by actions within its control, Xerox's CA-MMIS scope of work, as it existed on the Effective Date, except as provided in Section 12, below.

12. CA-MMIS Turnover to a Replacement Solution

Except as otherwise provided in Section 3, above, and as required in Exhibit A, Attachment V, of the Amendment, Xerox and DHCS shall collaborate on the timing of any transfer of functionality or modules to replace CA-MMIS, at DHCS's direction. Any such changes shall take place subject to change control of the Parties' Change Control Management Plan in effect as of the Effective Date (or as subsequently amended in writing by the Parties), and DHCS shall receive the benefit of any cost reductions that may be reasonably achieved by Xerox in such transition, net of any actual and verifiable Xerox stranded costs, to include costs to settle with subcontractors, unamortized real estate costs, unamortized equipment costs and unamortized software costs related to this Agreement, to the extent such costs are reasonable, customary costs incurred in the ordinary course of the Prime Contract and subject to DHCS's validation.

13. State Level Registry

All State Level Registry (SLR)-related work that Xerox performs after the Effective Date, with the exception of the SDN 13006, shall be paid by DHCS to Xerox in accordance with the usual SDN billable hour basis, as set forth in Exhibit A, Attachment III, Section A.6, of the Prime Contract. Xerox will complete SDN 13006 in accordance with the specification set out in Specific Functional Design for SDN 13006, Version 1.0, dated June 2014, entitled, "Deferred Development and Modification to the State Level Registry," which is incorporated by this reference, for the fixed amount of \$1,697,126. This fixed amount will be paid to Xerox within

forty-five (45) calendar days after Xerox submits to DHCS the applicable invoices after the Effective Date.

14. CA-MMIS Legacy Transferred Applications Remediation

Subject to DHCS's prior approval of hours as defined in Exhibit A, Attachment III, Section 6, DHCS shall be responsible to pay for all costs that are attributable (in accordance with Exhibit A, Attachment III, Section 6) to remediate the CA-MMIS Legacy Transferred Applications, as described in the Prime Contract, required to remain in compliance with this Prime Contract provision. All costs attributable to Commercial Off-the-Shelf (COTS) software or COTS configurations will continue to remain Xerox's financial responsibility.

15. Systems Group Hourly Reimbursement Rate

As provided in the Amendment, the System Group (SG) hourly reimbursement rate shall be increased from eighty-three dollars and forty-three cents (\$83.43) to one hundred dollars (\$100.00) per hour for new DHCS-approved work that Xerox performs after the Effective Date of this Agreement.

16. Public Statements by the Parties

For 30 calendar days following the Effective Date of this Agreement, any press release or other public statement regarding, or significantly related to, this Agreement shall be provided in advance, or as contemporaneously with the press release or other public statement as possible, to the other Party, except to the extent required to comply with applicable legal obligations, such as the federal Securities and Exchange Commission reporting obligations and DHCS's regulatory and legislative reporting requirements.

17. Letter of Credit and Xerox Parent Guaranty

- A. Xerox shall extend the effective date of the CA-MMIS Operations Letter of Credit for the entire life of the Prime Contract as required in Exhibit E, Provision 36.B, of the Prime Contract. Xerox shall also update this Letter of Credit to unambiguously reflect Xerox State Healthcare, LLC, as the "Applicant" in that document.
- B. Xerox State Healthcare, LLC, as the entity to which ACS changed its legal name, affirms and agrees that it is the Contractor that is covered by the Xerox Corporation Parent Guaranty that was fully executed by Xerox Corporation and DHCS on March 23, 2010.

18. General Provisions

- A. **Authority to Enter Into and Perform Agreement.** Each Party represents and warrants that it has full power and authority to enter into and fully perform the provisions of this Agreement, and that the person(s) executing this Agreement on behalf of each of the parties are doing so in their respective official capacities

and they have been properly authorized and empowered to enter into this Agreement and to bind their respective parties to this Agreement.

- B. **Reliance on Own Knowledge.** Each of the Parties to this Agreement warrants that it has, through its representatives (including counsel, whether internal or external), carefully read and understood the terms and conditions of this Agreement. Each Party agrees that it is executing this Agreement solely in reliance upon its own knowledge, belief, and judgment, and that it has not relied upon the representations or advice of any other party.
- C. **Mutual Drafting.** This Agreement has been mutually drafted by authorized representatives of both DHCS and Xerox. Accordingly, no provision of this Agreement shall be interpreted for or against a Party because that Party, or its authorized representative, drafted, or revised such a provision. The Parties thus waive the provisions of California Civil Code section 1654. Therefore, should there be any finding of ambiguity in any provision of this Agreement, such ambiguity shall not be construed against either Party.
- D. **Amendment of Agreement.** No modification, waiver, or amendment of this Agreement shall be valid unless the modification, waiver, or amendment is in writing and executed by each of the Parties to this Agreement. No other act, document, usage, or custom shall be deemed to modify, waive, or amend this Agreement.
- E. **Construction and Enforcement of Agreement.** This Agreement shall be construed in accordance with, governed by, and enforced in all respects by the laws of the State of California.
- F. **Governing Law and Venue:** As set forth in the Prime Contract, this Agreement is governed by and shall be interpreted in accordance with the laws of the State of California, excluding its conflict of law rules.

Further, the Parties agree that any action relating to any dispute, claim, or controversy regarding the validity, enforcement, interpretation, or breach of this Agreement shall only be commenced in and maintained in, and the Parties hereby stipulate to the jurisdiction only of, the Superior Court for the County of Santa Clara, State of California.

- G. **Further Required Actions.** Each of the Parties represents that it shall do all acts and execute and deliver all documents necessary, convenient, or desirable to effectuate all provisions of this Agreement.
- H. **Entire Agreement.** This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior or contemporaneous oral and written

representations, warranties, agreements, and understandings between the Parties concerning the subject matter of this Agreement.

- I. **Execution of Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and shall become effective and binding on each of the Parties at such time as all the signatories to this Agreement have signed a counterpart of this Agreement. All counterparts so executed shall constitute one agreement binding on each of the Parties. Electronic copies of signatures may be used with the same force and effect as if they were executed originals.
- J. **Warranties.** Each party warrants that it has not sold, assigned, transferred, conveyed, or otherwise disposed of any products, claims, or demands relating to any right released or transferred by this Agreement, and each Party agrees to defend, indemnify, and hold harmless the other Party from any claims, obligations, or other liabilities, including specifically attorney's fees and costs incurred, which result from the assertion by any third party of a right to any product or claim that is transferred and/or released by this Agreement.
- K. **Attorney's Fees and Costs.** Except as expressly provided to the contrary in this Agreement, each Party shall be responsible for and bear its own attorney's fees and costs incurred in connection with the Prime Contract, including the preparation and negotiation of this Agreement and the Amendment. However, in any subsequent litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort, or otherwise) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded its reasonable attorney's fees, costs, and expenses incurred.
- L. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of each of the Parties and their respective successors; assigns; heirs; executors; administrators; and legal and personal representatives; parent corporations; and affiliates; and past and present attorneys, officers, employees, directors, agents, alter egos, shareholders, partners, parents, and their respective insurers and underwriters.
- M. **Severability of Agreement.** Should any provision of this Agreement be declared or be determined by an appeal-exhausted order of any court of competent jurisdiction in the State of California to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, or provisions of this Agreement shall not be affected thereby, and shall remain in full force and effect. The illegal, unenforceable, or invalid part, term, or provision shall no longer be deemed to be part of this Agreement. It is the desire and intent of the Parties that the provisions of this Agreement be enforced to the fullest extent permissible under applicable laws.

- N. **Delays and Waivers.** The failure of any Party to immediately or contemporaneously insist in any one or more instances upon the performance, or alleged lack of performance, of any of the terms, covenants, or conditions of this Agreement shall not be construed as a waiver or relinquishment of the future performance of any other term, covenant, or condition; but the defaulting party's obligation with respect to future performance of any other terms shall remain in full force and effect. The failure of any Party to take any action permitted by this Agreement shall not be construed as a waiver or relinquishment of the Party's right thereafter to take such action.
- O. **Confidentiality.** To the extent permissible by law, trade secrets or proprietary information contained in this Agreement, if any, shall be subject to the terms and conditions of the confidentiality provisions of the Prime Contract (Provision 20.C of Exhibit E).
- P. **Order of Precedence.** In the event of inconsistencies among the provisions of this Agreement, the Amendment, and the Prime Contract, the following order of precedence shall apply: this Agreement, then the Amendment, and then the Prime Contract.
- Q. **Notices.** Any notice required or permitted under this Agreement shall be in writing and shall be provided by personal delivery or first class U.S. mail, addressed to the last known address of the Party to whom notice is being given; provided that, in the case of delivery by U.S. mail, a copy of the notice shall also be sent on the date of mailing by facsimile transmission to the facsimile number, if any, designated by the other party below or otherwise for receipt of such notices. Except as may be specifically provided otherwise, all notices shall be effective in the case of personal delivery, upon receipt; and in case of mailing, upon deposit in the U.S. mail. All notices shall be sent to the following::

For the State and DHCS:

Department of Health Care Services
Director's Office
1501 Capitol Avenue, MS 0000
Sacramento, CA 95814
FAX: (916) 440-7404
Phone: (916) 440-7400

For Xerox:

Xerox State Healthcare, LLC
8260 Willow Oaks Corporate Drive, Suite 600
Fairfax, VA 22031
Attention: Office of General Counsel
FAX: 703-891-8857
Phone: 703-891-8840

- 19. Facilities.** DHCS shall waive any right or interest in past or future cost savings (as of the Effective Date) resulting from Xerox’s consolidation of the Treatment Authorization Request (TAR) Processing Centers in 2013. In exchange, Xerox shall, as of the Effective Date, continue to provide, at no additional cost to DHCS, that office space currently utilized by and for State of California staff at 830 Stillwater Road, West Sacramento, in accordance with Exhibit E, Provision 45.C of the Prime Contract, until September 30, 2019, or until the completion of the Extended Operations period (Exhibit E, Provision 58), whichever is earlier.

Accepted, Agreed to, and Approved by:

**STATE OF CALIFORNIA
DEPARTMENT OF HEALTH CARE SERVICES**

{Original signed by}

By: Karen T. Johnson
Title: Chief Deputy Director

XEROX STATE HEALTHCARE, LLC

{Original signed by}

By: David M. Hamilton
Title: President