

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2019
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-33220

BROADRIDGE FINANCIAL SOLUTIONS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

33-1151291
(I.R.S. Employer Identification No.)

5 Dakota Drive
Lake Success
New York
(Address of principal executive offices)

11042
(Zip Code)

Registrant's telephone number, including area code: (516) 472-5400

Former name, former address and former fiscal year, if changed since last report: N/A

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class:</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered:</u>
Common Stock, par value \$0.01 per share	BR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock, \$0.01 par value, as of January 24, 2020, was 114,802,549 shares.

TABLE OF CONTENTS		
<u>ITEM</u>		<u>PAGE</u>
	NOTE ABOUT FORWARD-LOOKING STATEMENTS	3
PART I.	FINANCIAL INFORMATION	4
Item 1.	FINANCIAL STATEMENTS	4
Item 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	33
Item 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	50
Item 4.	CONTROLS AND PROCEDURES	50
PART II.	OTHER INFORMATION	51
Item 1.	LEGAL PROCEEDINGS	51
Item 1A.	RISK FACTORS	51
Item 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	51
Item 6.	EXHIBITS	52

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words such as “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could be” and other words of similar meaning, are forward-looking statements. In particular, information appearing under “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” includes forward-looking statements. These statements are based on management’s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include:

- the success of Broadridge Financial Solutions, Inc. (“Broadridge” or the “Company”) in retaining and selling additional services to its existing clients and in obtaining new clients;
- Broadridge’s reliance on a relatively small number of clients, the continued financial health of those clients, and the continued use by such clients of Broadridge’s services with favorable pricing terms;
- a material security breach or cybersecurity attack affecting the information of Broadridge’s clients;
- changes in laws and regulations affecting Broadridge’s clients or the services provided by Broadridge;
- declines in participation and activity in the securities markets;
- the failure of our key service providers to provide the anticipated levels of service;
- a disaster or other significant slowdown or failure of Broadridge’s systems or error in the performance of Broadridge’s services;
- overall market and economic conditions and their impact on the securities markets;
- Broadridge’s failure to keep pace with changes in technology and demands of its clients;
- the ability to attract and retain key personnel;
- the impact of new acquisitions and divestitures; and
- competitive conditions.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. You should carefully read the factors described in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended June 30, 2019 which was filed with the United States of America (“U.S.”) Securities and Exchange Commission (the “SEC”) on August 6, 2019 (the “2019 Annual Report”), for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q and the 2019 Annual Report. We disclaim any obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Broadridge Financial Solutions, Inc. Condensed Consolidated Statements of Earnings (In millions, except per share amounts) (Unaudited)

		Three Months Ended December 31,		Six Months Ended December 31,	
		2019	2018	2019	2018
Revenues	(Note 3)	\$ 968.7	\$ 953.4	\$ 1,917.2	\$ 1,926.2
Operating expenses:					
Cost of revenues		780.9	734.0	1,508.4	1,473.0
Selling, general and administrative expenses		161.0	141.2	309.0	274.9
Total operating expenses		941.9	875.2	1,817.3	1,747.9
Operating income		26.8	78.2	99.9	178.3
Interest expense, net	(Note 5)	(13.9)	(10.7)	(27.0)	(20.4)
Other non-operating income (expenses), net		(2.4)	(3.2)	1.4	(4.4)
Earnings before income taxes		10.5	64.3	74.3	153.6
Provision for income taxes	(Note 14)	0.4	14.4	8.3	27.0
Net earnings		<u>\$ 10.1</u>	<u>\$ 49.9</u>	<u>\$ 66.0</u>	<u>\$ 126.6</u>
Basic earnings per share		<u>\$ 0.09</u>	<u>\$ 0.43</u>	<u>\$ 0.58</u>	<u>\$ 1.09</u>
Diluted earnings per share		<u>\$ 0.09</u>	<u>\$ 0.42</u>	<u>\$ 0.56</u>	<u>\$ 1.06</u>
Weighted-average shares outstanding:					
Basic	(Note 4)	114.7	116.3	114.5	116.3
Diluted	(Note 4)	117.2	119.1	117.1	119.4

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.

Condensed Consolidated Statements of Comprehensive Income
(In millions)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Net earnings	\$ 10.1	\$ 49.9	\$ 66.0	\$ 126.6
Other comprehensive income (loss), net:				
Foreign currency translation adjustments	11.4	(6.1)	2.8	(16.1)
Pension and post-retirement liability adjustment, net of taxes of \$(0.1) and \$(0.1) for the three months ended December 31, 2019 and 2018, respectively; and \$(0.2) and \$(0.1) for the six months ended December 31, 2019 and 2018, respectively	0.4	0.4	0.7	0.4
Total other comprehensive income (loss), net	11.8	(5.7)	3.5	(15.7)
Comprehensive income	<u>\$ 21.9</u>	<u>\$ 44.2</u>	<u>\$ 69.5</u>	<u>\$ 110.9</u>

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Balance Sheets
(In millions, except per share amounts)
(Unaudited)

	December 31, 2019	June 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 234.0	\$ 273.2
Accounts receivable, net of allowance for doubtful accounts of \$2.7 and \$2.6, respectively	616.0	664.0
Other current assets	160.7	105.2
Total current assets	1,010.6	1,042.3
Property, plant and equipment, net	137.5	189.0
Goodwill	1,660.8	1,500.0
Intangible assets, net	611.2	556.2
Other non-current assets (Note 9)	964.5	593.1
Total assets	\$ 4,384.6	\$ 3,880.7
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt (Note 11)	\$ 399.5	\$ —
Payables and accrued expenses (Note 10)	615.4	711.7
Contract liabilities	109.9	90.9
Total current liabilities	1,124.8	802.6
Long-term debt (Note 11)	1,449.3	1,470.4
Deferred taxes	98.9	86.7
Contract liabilities	150.3	160.7
Other non-current liabilities (Note 12)	435.9	232.8
Total liabilities	3,259.2	2,753.2
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock: Authorized, 25.0 shares; issued and outstanding, none	—	—
Common stock, \$0.01 par value: 650.0 shares authorized; 154.5 and 154.5 shares issued, respectively; and 114.8 and 114.3 shares outstanding, respectively	1.6	1.6
Additional paid-in capital	1,150.1	1,109.3
Retained earnings	2,030.1	2,087.7
Treasury stock, at cost: 39.7 and 40.2 shares, respectively	(1,988.7)	(1,999.8)
Accumulated other comprehensive loss (Note 16)	(67.7)	(71.2)
Total stockholders' equity	1,125.4	1,127.5
Total liabilities and stockholders' equity	\$ 4,384.6	\$ 3,880.7

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Six Months Ended December 31,	
	2019	2018
Cash Flows From Operating Activities		
Net earnings	\$ 66.0	\$ 126.6
Adjustments to reconcile net earnings to net cash flows provided by operating activities:		
Depreciation and amortization	41.4	42.5
Amortization of acquired intangibles and purchased intellectual property	58.4	43.2
Amortization of other assets	49.7	44.6
Write-down of long-lived assets	31.8	—
Stock-based compensation expense	30.3	29.4
Deferred income taxes	(0.8)	(10.0)
Other	(12.9)	(13.4)
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Current assets and liabilities:		
Decrease in Accounts receivable, net	53.2	11.0
Increase in Other current assets	(38.5)	(12.1)
Decrease in Payables and accrued expenses	(155.0)	(158.4)
Increase in Contract liabilities	11.5	13.3
Non-current assets and liabilities:		
Increase in Other non-current assets	(167.7)	(87.3)
Increase in Other non-current liabilities	44.0	52.8
Net cash flows provided by operating activities	11.5	82.1
Cash Flows From Investing Activities		
Capital expenditures	(31.6)	(21.0)
Software purchases and capitalized internal use software	(11.4)	(9.3)
Acquisitions, net of cash acquired	(269.6)	—
Other investing activities	(18.7)	(1.8)
Net cash flows used in investing activities	(331.2)	(32.0)
Cash Flows From Financing Activities		
Debt proceeds	1,226.1	210.0
Debt repayments	(841.8)	(70.0)
Dividends paid	(117.2)	(99.0)
Purchases of Treasury stock	—	(120.3)
Proceeds from exercise of stock options	21.6	19.1
Other financing activities	(8.3)	(1.8)
Net cash flows provided by (used in) financing activities	280.5	(61.9)
Effect of exchange rate changes on Cash and cash equivalents	—	(2.3)
Net change in Cash and cash equivalents	(39.2)	(14.1)
Cash and cash equivalents, beginning of period	273.2	263.9
Cash and cash equivalents, end of period	\$ 234.0	\$ 249.8
Supplemental disclosure of cash flow information:		
Cash payments made for interest	\$ 27.5	\$ 20.6
Cash payments made for income taxes, net of refunds	\$ 60.6	\$ 61.6
Non-cash investing and financing activities:		
Accrual of unpaid property, plant and equipment and software	\$ 10.6	\$ 1.8

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In millions, except per share amounts)
(Unaudited)

Three Months Ended December 31, 2019							
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, September 30, 2019	154.5	\$ 1.6	\$ 1,131.1	\$ 2,082.0	\$ (1,991.6)	\$ (79.5)	\$ 1,143.4
Comprehensive income (loss)	—	—	—	10.1	—	11.8	21.9
Stock option exercises	—	—	3.7	—	—	—	3.7
Stock-based compensation	—	—	18.4	—	—	—	18.4
Treasury stock acquired (less than 0.1 shares)	—	—	—	—	—	—	—
Treasury stock reissued (0.1 shares)	—	—	(2.9)	—	2.9	—	—
Common stock dividends (\$0.54 per share)	—	—	—	(62.0)	—	—	(62.0)
Balances, December 31, 2019	154.5	\$ 1.6	\$ 1,150.1	\$ 2,030.1	\$ (1,988.7)	\$ (67.7)	\$ 1,125.4

Six Months Ended December 31, 2019							
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, June 30, 2019	154.5	\$ 1.6	\$ 1,109.3	\$ 2,087.7	\$ (1,999.8)	\$ (71.2)	\$ 1,127.5
Comprehensive income (loss)	—	—	—	66.0	—	3.5	69.5
Cumulative effect of changes in accounting principles (a)	—	—	—	0.2	—	—	0.2
Stock option exercises	—	—	21.9	—	—	—	21.9
Stock-based compensation	—	—	30.1	—	—	—	30.1
Treasury stock acquired (less than 0.1 shares)	—	—	—	—	—	—	—
Treasury stock reissued (0.5 shares)	—	—	(11.1)	—	11.1	—	—
Common stock dividends (\$1.08 per share)	—	—	—	(123.8)	—	—	(123.8)
Balances, December 31, 2019	154.5	\$ 1.6	\$ 1,150.1	\$ 2,030.1	\$ (1,988.7)	\$ (67.7)	\$ 1,125.4

See Notes to Condensed Consolidated Financial Statements.

Three Months Ended December 31, 2018

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, September 30, 2018	154.5	\$ 1.6	\$ 1,069.1	\$ 1,850.0	\$ (1,623.2)	\$ (63.5)	\$ 1,234.0
Comprehensive income (loss)	—	—	—	49.9	—	(5.7)	44.2
Stock option exercises	—	—	1.0	—	—	—	1.0
Stock-based compensation	—	—	18.7	—	—	—	18.7
Treasury stock acquired (1.1 shares)	—	—	—	—	(119.2)	—	(119.2)
Treasury stock reissued (0.1 shares)	—	—	(1.0)	—	1.0	—	—
Common stock dividends (\$0.485 per share)	—	—	—	(56.1)	—	—	(56.1)
Balances, December 31, 2018	<u>154.5</u>	<u>\$ 1.6</u>	<u>\$ 1,087.8</u>	<u>\$ 1,843.8</u>	<u>\$ (1,741.4)</u>	<u>\$ (69.2)</u>	<u>\$ 1,122.6</u>

Six Months Ended December 31, 2018

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, June 30, 2018	154.5	\$ 1.6	\$ 1,048.5	\$ 1,727.0	\$ (1,630.8)	\$ (51.9)	\$ 1,094.3
Comprehensive income (loss)	—	—	—	126.6	—	(15.7)	110.9
Cumulative effect of changes in accounting principles (b)	—	—	—	102.8	—	(1.5)	101.3
Stock option exercises	—	—	19.6	—	—	—	19.6
Stock-based compensation	—	—	29.4	—	—	—	29.4
Treasury stock acquired (1.1 shares)	—	—	—	—	(120.3)	—	(120.3)
Treasury stock reissued (0.5 shares)	—	—	(9.6)	—	9.6	—	—
Common stock dividends (\$0.97 per share)	—	—	—	(112.6)	—	—	(112.6)
Balances, December 31, 2018	<u>154.5</u>	<u>\$ 1.6</u>	<u>\$ 1,087.8</u>	<u>\$ 1,843.8</u>	<u>\$ (1,741.4)</u>	<u>\$ (69.2)</u>	<u>\$ 1,122.6</u>

(a) Reflects the adoption of accounting standards as described in Note 2, “Summary of Significant Accounting Policies.”

(b) Primarily reflects the adoption of accounting standards as described in Note 3, “Revenue Recognition.”

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1. BASIS OF PRESENTATION

A. Description of Business. Broadridge Financial Solutions, Inc., (“Broadridge” or the “Company”) a Delaware corporation and a part of the S&P 500® Index, is a global financial technology leader providing investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers and corporate issuers. Broadridge’s services include investor communications, securities processing, data and analytics, and customer communications solutions. Broadridge serves a large and diverse client base across four client groups: banks/broker-dealers, asset management firms/mutual funds, wealth management firms and corporate issuers. For capital markets firms, Broadridge helps clients lower costs and improve the effectiveness of their trade and account processing operations with support for their front-, middle- and back-office operations, and their administration, finance, risk and compliance requirements. Broadridge serves asset management firms by meeting their critical needs for shareholder communications and by providing investment operations technology to support their investment decisions. For wealth management clients, Broadridge provides an integrated platform with tools that create a better investor experience, while also delivering a more streamlined, efficient, and effective advisory servicing process. For Broadridge’s corporate issuer clients, Broadridge helps manage every aspect of their shareholder communications, including registered and beneficial proxy processing, annual meeting support, transfer agency services and financial disclosure document creation, management and SEC filing services.

The Company operates in two reportable segments: Investor Communication Solutions (“ICS”) and Global Technology and Operations (“GTO”).

- **Investor Communication Solutions**—Broadridge provides governance and communications solutions through its Investor Communication Solutions business segment to the following financial services clients: banks/broker-dealers, asset management firms/mutual funds, wealth management firms and corporate issuers. In addition to financial services firms, Broadridge’s Customer Communications business also serves companies in the healthcare, insurance, consumer finance, telecommunications, utilities, and other service industries.

A large portion of Broadridge’s Investor Communication Solutions business involves the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. ProxyEdge® (“ProxyEdge”) is Broadridge’s innovative electronic proxy delivery and voting solution for institutional investors and financial advisors that helps ensure the voting participation of the largest stockholders of many companies. Broadridge also provides the distribution of regulatory reports and corporate action/reorganization event information, as well as tax reporting solutions that help its clients meet their regulatory compliance needs.

Broadridge also provides asset managers and retirement service providers with data-driven solutions that help clients grow revenue, operate efficiently, and maintain compliance. Broadridge offers an end-to-end platform for content management, composition, and multi-channel distribution of regulatory, marketing, and transactional information. Broadridge’s data and analytics solutions provide investment product distribution data, analytical tools, insights, and research to enable asset managers to optimize product distribution across retail and institutional channels globally. Broadridge also provides mutual fund trade processing services for retirement providers, third-party administrators, financial advisors, banks and wealth management professionals through Matrix Financial Solutions, Inc. (“Matrix”).

In addition, Broadridge provides public corporations with a full suite of solutions to help corporations manage their annual meeting process, including registered proxy distribution and processing services, proxy and annual report document management solutions, and solutions to gain insight into their shareholder base through Broadridge’s shareholder data services. Broadridge also provides financial reporting document composition and management, SEC disclosure and filing services, and registrar, stock transfer and record-keeping services through Broadridge Corporate Issuer Solutions.

Broadridge also provides customer communications solutions which include print and digital solutions, content management, postal optimization, and fulfillment services. The Broadridge Communications CloudSM (the “Communications Cloud”) provides multi-channel communications delivery, communications management, information management and control and administration capabilities that enable and enhance its clients’ communications with their customers. In addition, Broadridge provides its clients with capabilities to enhance the consumer experience associated with essential communications such as consumer statements, bills and regulatory communications.

- **Global Technology and Operations**—Broadridge is a leading global provider of securities processing solutions for capital markets, wealth management, and asset management firms. Broadridge offers advanced solutions that automate the securities transaction lifecycle, from desktop productivity tools, data aggregation, performance reporting, and portfolio management to order capture and execution, trade confirmation, margin, cash management, clearance and settlement, asset servicing, reference data management, reconciliations, securities financing and collateral optimization, compliance and regulatory reporting, and accounting.

Broadridge's services help financial institutions efficiently and cost-effectively consolidate their books and records, gather and service assets under management and manage risk, thereby enabling them to focus on their core business activities. Broadridge's multi-asset, multi-market, multi-entity and multi-currency solutions support real-time global trade processing of equity, fixed income, mutual fund, foreign exchange, and exchange traded derivatives.

In addition, Broadridge provides a comprehensive wealth management platform that offers capabilities across the entire wealth management lifecycle and streamlines all aspects of wealth management services, including account management, fee management and client on-boarding. The wealth management platform also enables financial advisors, wealth managers, and insurance agents to better engage with customers through digital marketing and customer communications tools. Broadridge integrates data, content and technology to drive new customer acquisition and cross-sell opportunities through the creation of sales and educational content, including seminars as well as customizable advisor websites, search engine marketing and electronic and print newsletters.

Through Broadridge's Managed Services, Broadridge provides business process outsourcing services that support the operations of its buy- and sell-side clients' businesses and combine its technology with its operations expertise to support the entire trade lifecycle and provide front-, middle- and back-office solutions. Broadridge also provides buy-side technology solutions for the global investment management industry through its asset management solutions, including front-, middle- and back-office solutions for hedge funds, family offices, investment managers and the providers that service this space.

B. Consolidation and Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the U.S. and in accordance with SEC requirements for Quarterly Reports on Form 10-Q. These financial statements present the condensed consolidated position of the Company and include the entities in which the Company directly or indirectly has a controlling financial interest as well as various entities in which the Company has investments recorded under the equity method of accounting as well as certain marketable and non-marketable securities. Intercompany balances and transactions have been eliminated. Amounts presented may not sum due to rounding. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2019 filed on August 6, 2019 with the SEC. These Condensed Consolidated Financial Statements include all normal and recurring adjustments necessary for a fair presentation in accordance with GAAP of the Company's financial position at December 31, 2019 and June 30, 2019, the results of its operations for the three and six months ended December 31, 2019 and 2018, its cash flows for the six months ended December 31, 2019 and 2018, and its changes in stockholders' equity for the three and six months ended December 31, 2019 and 2018. Certain prior period amounts have been reclassified to conform to the current year presentation where applicable, except as it relates to Financial Accounting Standards Board (the "FASB") Accounting Standards Update ("ASU") No. 2016-02 "Leases" ("ASU No. 2016-02") and its related amendments, as described further below.

Effective July 1, 2019, the Company adopted ASU No. 2016-02, as amended, by recognizing a right-of-use ("ROU") asset and corresponding lease liability, along with a cumulative-effect adjustment to the opening balance of retained earnings, in the period of adoption. Under this method of adoption, the Company has not restated the prior period Condensed Consolidated Financial Statements presented to the current period presentation. Additional information about the impact of the Company's adoption of ASU No. 2016-02, as amended, is included in Note 2, "New Accounting Pronouncements" and Note 8, "Leases."

C. Securities. Securities are non-derivatives that are reflected in Other non-current assets in the Condensed Consolidated Balance Sheets, unless management intends to dispose of the investment within twelve months of the end of the reporting period, in which case they are reflected in Other current assets in the Condensed Consolidated Balance Sheets. These investments are in entities over which the Company does not have control, joint control, or significant influence. Securities that have a readily determinable fair value are carried at fair value. Securities without a readily determinable fair value are initially recognized at cost and subsequently carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in transactions for an identical or similar investment of the same issuer, such as subsequent capital raising transactions. Changes in the value of securities with or without a readily determinable fair value are recorded in the Condensed Consolidated Statements of Earnings. In determining whether a security without a readily determinable fair value is impaired, management considers qualitative factors to identify an impairment including the financial condition and near-term prospects of the issuer.

D. Use of Estimates. The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes thereto. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions and judgment that are believed to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates. The use of estimates in specific accounting policies is described further in the notes to the Condensed Consolidated Financial Statements, as appropriate.

E. Subsequent Events. Refer to Note 18, "Subsequent Events" for a description of the Company's subsequent events.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, as subsequently amended by ASU No. 2018-10, "Codification Improvements to Topic 842, Leases," ASU No. 2018-11, "Leases (Topic 842): Targeted Improvements," and ASU No. 2018-20, "Leases (Topic 842): Narrow Scope Improvements for Lessors" (collectively referred to herein as "ASU No. 2016-02, as amended"). Under ASU No. 2016-02, as amended, all lease arrangements, with certain limited exceptions, exceeding a twelve-month term must now be recognized as assets and liabilities on the balance sheet of the lessee by recording a ROU asset and corresponding lease obligation generally equal to the present value of the future lease payments over the lease term. Further, the income statement will reflect lease expense for leases classified as operating and amortization/interest expense for leases classified as financing, determined using classification criteria substantially similar to the current lease guidance for distinguishing between an operating and capital lease. ASU No. 2016-02, as amended, also contains certain additional qualitative and quantitative disclosures to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities, including significant judgments and changes in judgments. ASU No. 2016-02, as amended, was effective for the Company in the first quarter of fiscal year 2020 and could have been adopted using either a modified retrospective basis which required adjustment to all comparative periods presented in the consolidated financial statements, or by recognizing a cumulative-effect adjustment to the opening balance of retained earnings at the date of initial application.

Accordingly, in the first quarter of fiscal year 2020, the Company adopted ASU No. 2016-02, as amended, by recognizing a ROU asset and corresponding lease liability, along with a cumulative-effect adjustment to the opening balance of retained earnings, in the period of adoption. Under this method of adoption, the Company has not restated the prior period Condensed Consolidated Financial Statements presented to the current period presentation. The Company elected the transition package of three practical expedients permitted under the transition guidance in ASU No. 2016-02, as amended, to not reassess prior conclusions related to whether (i) a contract contains a lease, (ii) the classification of an existing lease, and (iii) the accounting for initial direct costs. The Company also elected accounting policies to (i) not separate the non-lease components of a contract from the lease component to which they relate, and (ii) not recognize assets or liabilities for leases with a term of twelve months or less and no purchase option that the Company is reasonably certain of exercising.

On the Condensed Consolidated Balance Sheet as of July 1, 2019, the adoption of ASU No. 2016-02, as amended, resulted in the recognition of lease liabilities of \$252.0 million and ROU assets of \$235.4 million, which include the impact of existing deferred rents and tenant improvement allowances for operating leases, as well as a cumulative-effect adjustment to the opening balance of retained earnings of \$0.2 million. The adoption of ASU No. 2016-02, as amended, did not have a material impact on the Condensed Consolidated Statements of Earnings, the Condensed Consolidated Statements of Comprehensive Income, the Condensed Consolidated Statements of Cash Flows, or the Condensed Consolidated Statements of Stockholders' Equity.

Recently Issued Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-15, "Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" ("ASU No. 2018-15"), which aligns the requirements for capitalizing implementation costs incurred in a cloud computing hosting arrangement that is a service contract with the requirements under GAAP for capitalizing implementation costs incurred to develop or obtain internal-use software. ASU No. 2018-15 will be effective for the Company beginning in the first quarter of fiscal year 2021. Entities are permitted to apply either a retrospective or prospective transition approach to adopt the guidance. The pending adoption of this guidance is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments - Credit Losses” (“ASU No. 2016-13”), which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. ASU No. 2016-13 is effective for the Company in the first quarter of fiscal year 2021. For most instruments, entities must apply the standard using a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The Company is currently assessing the impact that the adoption of ASU No. 2016-13 will have on its Condensed Consolidated Financial Statements.

NOTE 3. REVENUE RECOGNITION

ASU No. 2014-09, “Revenue from Contracts with Customers” (“ASU No. 2014-09”) outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognizes revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company’s revenues from clients are primarily generated from fees for providing investor communications and technology-enabled services and solutions. Revenues are recognized for the two reportable segments as follows:

- **Investor Communication Solutions**—Revenues are generated primarily from processing and distributing investor communications and other related services as well as vote processing and tabulation. The Company typically enters into agreements with clients to provide services on a fee for service basis. Fees received for processing and distributing investor communications are generally variably priced and recognized as revenue over time as the Company provides the services to clients based on the number of units processed, which coincides with the pattern of value transfer to the client. Broadridge works directly with corporate issuers (“Issuers”) and mutual funds to ensure that the account holders of the Company’s bank and broker clients, who are also the shareholders of Issuers and mutual funds, receive the appropriate investor communications materials and that the services are fulfilled in accordance with each Issuer’s and mutual fund’s requirements. Broadridge works directly with the Issuers and mutual funds to resolve any issues that may arise. As such, Issuers and mutual funds are viewed as the customer of the Company’s services. As a result, revenues for distribution services as well as proxy materials fulfillment services are recorded in Revenue on a gross basis with corresponding costs including amounts remitted to the broker-dealers and banks (referred to as “Nominees”) recorded in Cost of revenues. Fees for the Company’s investor communications services arrangements are typically billed and paid on a monthly basis following the delivery of the services. The Company also offers certain hosted service arrangements that can be priced on a fixed and/or variable basis for which revenue is recognized over time as the Company satisfies its performance obligation by delivering services to the client on a monthly basis based on the number of transactions processed or units delivered, in the case of variable priced arrangements, or a fixed monthly fee in the case of fixed price arrangements, in each case which coincides with the pattern of value transfer to the client. These services may be billed in a variety of payment frequencies depending on the specific arrangement.
- **Global Technology and Operations**—Revenues are generated primarily from fees for trade processing and related services. Revenue is recognized over time as the Company satisfies its performance obligation by delivering services to the client. The Company’s arrangements for processing and related services typically consist of an obligation to provide specific services to its clients on a when and if needed basis (a stand ready obligation) with revenue recognized from the satisfaction of the performance obligations on a monthly basis generally in the amount billable to the client. These services are generally provided under variable priced arrangements based on volume of service and can include minimum monthly usage fees. Client service agreements often include up-front consideration in addition to the recurring fee for trade processing. Up-front implementation fees, as well as certain enhancements to existing technology platforms, are deferred and recognized on a straight-line basis over the service term of the contract which corresponds to the timing of transfer of value to the client that commences after client acceptance when the processing term begins. In addition, revenue is also generated from the fulfillment of professional services engagements which are generally priced on a time and materials or fixed price basis, and are recognized as the services are provided to the client which corresponds to the timing of transfer of value to the client. Finally, the Company recognizes license revenues from software term licenses installed on clients’ premises upon delivery and acceptance of the software license, assuming a contract is deemed to exist. Software term license revenue is not a significant portion of the Company’s revenues.

The Company uses the following methods, inputs, and assumptions in determining amounts of revenue to recognize:

Transaction Price

The Company allocates transaction price to the individual performance obligations within a contract. If the contracted prices reflect the relative standalone selling prices for the individual performance obligations, no allocations are made. Otherwise, the Company uses the relative selling price method to allocate the transaction price, obtained from sources such as the observable price of a good or service when the Company sells that good or service separately in similar circumstances and to similar clients. If such evidence is unavailable, the Company uses the best estimate of the selling price, which includes various internal factors such as pricing strategy and market factors. A significant portion of the Company's performance obligations are generated from transactions with volume based fees and includes services that are delivered at the same time. The Company recognizes revenue related to these arrangements over time as the services are provided to the client. While many of the Company's contracts contain some component of variable consideration, the Company only recognizes variable consideration that is not expected to reverse. The Company allocates variable payments to distinct services in an overall contract when the variable payment relates specifically to that particular service and for which the variable payment reflects what the Company expects to receive in exchange for that particular service. As a result, the Company generally allocates and recognizes variable consideration in the period it has the contractual right to invoice the client.

As described above, our most significant performance obligations involve variable consideration which constitutes the majority of our revenue streams. The Company's variable consideration components meet the criteria in ASU No. 2014-09 for exclusion from disclosure of the remaining transaction price allocated to unsatisfied performance obligations as does any contracts with clients with an original duration of one year or less. The Company has contracts with clients that vary in length depending on the nature of the services and contractual terms negotiated with the client, and they generally extend over a multi-year period.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a client, are excluded from revenue. Distribution revenues associated with shipping and handling activities are accounted for as a fulfillment activity and recognized as the related services or products are transferred to the client. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between client payment and the transfer of goods or services is expected to be one year or less.

Disaggregation of Revenue

The Company has presented below its revenue disaggregated by product line and by revenue type within each of its Investor Communication Solutions and Global Technology and Operations reportable segments.

Fee revenues in the Investor Communication Solutions segment are derived from both recurring and event-driven activity. In addition, the level of recurring and event-driven activity the Company processes directly impacts distribution revenues. While event-driven activity is highly repeatable, it may not recur on an annual basis. Event-driven fee revenues are based on the number of special events and corporate transactions the Company processes. Event-driven activity is impacted by financial market conditions and changes in regulatory compliance requirements, resulting in fluctuations in the timing and levels of event-driven fee revenues. Distribution revenues primarily include revenues related to the physical mailing and distribution of proxy materials, interim communications, transaction reporting, customer communications and fulfillment services, as well as Matrix administrative services.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
	(In millions)		(In millions)	
Investor Communication Solutions				
Equity proxy	\$ 42.2	\$ 41.7	\$ 72.0	\$ 72.7
Mutual fund and exchange traded funds (“ETF”) interims	65.1	60.7	130.5	118.5
Customer communications and fulfillment	176.6	182.6	347.5	357.5
Other ICS	83.5	71.9	166.7	145.3
Total ICS Recurring fee revenues	367.5	357.0	716.7	694.0
Equity and other	15.3	19.5	32.8	43.6
Mutual funds	15.7	28.6	38.3	81.4
Total ICS Event-driven fee revenues	31.0	48.1	71.1	125.1
Distribution revenues	317.0	322.7	630.3	663.7
Total ICS Revenues	\$ 715.6	\$ 727.8	\$ 1,418.2	\$ 1,482.8
Global Technology and Operations				
Equities and other	\$ 237.2	\$ 206.8	\$ 468.1	\$ 405.3
Fixed income	43.7	40.1	86.8	80.1
Total GTO Recurring fee revenues	280.9	247.0	554.8	485.4
Foreign currency exchange	(27.8)	(21.4)	(55.8)	(42.0)
Total Revenues	\$ 968.7	\$ 953.4	\$ 1,917.2	\$ 1,926.2
Revenues by Type				
Recurring fee revenues	\$ 648.4	\$ 603.9	\$ 1,271.6	\$ 1,179.5
Event-driven fee revenues	31.0	48.1	71.1	125.1
Distribution revenues	317.0	322.7	630.3	663.7
Foreign currency exchange	(27.8)	(21.4)	(55.8)	(42.0)
Total Revenues	\$ 968.7	\$ 953.4	\$ 1,917.2	\$ 1,926.2

Contract Balances

The following table provides information about contract assets and liabilities:

	December 31, 2019	June 30, 2019
	(In millions)	
Contract assets	\$ 67.5	\$ 47.5
Contract liabilities	\$ 260.2	\$ 251.6

Contract assets result from revenue already recognized but not yet invoiced, including certain future amounts to be collected under software term licenses and certain other client contracts. Contract liabilities represent consideration received or receivable from clients before the transfer of control occurs (deferred revenue). Contract balances are reported in a net contract asset or liability position on a contract-by-contract basis at the end of each reporting period.

During the six months ended December 31, 2019, contract assets increased primarily due to an increase in software term license revenues recognized but not yet invoiced, while contract liabilities increased primarily due to recent acquisitions and the timing of client payments vis-a-vis the timing of revenue recognized. The Company recognized \$102.2 million of revenue during the six months ended December 31, 2019 that was included in the contract liability balance as of June 30, 2019.

NOTE 4. WEIGHTED-AVERAGE SHARES OUTSTANDING

Basic earnings per share (“EPS”) is calculated by dividing the Company’s Net earnings by the basic Weighted-average shares outstanding for the periods presented. The Company calculates diluted EPS using the treasury stock method, which reflects the potential dilution that could occur if outstanding stock options at the presented date are exercised and restricted stock unit awards have vested.

The computation of diluted EPS excluded options of less than 0.1 million to purchase Broadridge common stock for the three months ended December 31, 2019, and options of less than 0.1 million to purchase Broadridge common stock for the six months ended December 31, 2019, as the effect of their inclusion would have been anti-dilutive.

The computation of diluted EPS excluded options of 0.6 million to purchase Broadridge common stock for the three months ended December 31, 2018, and options of less than 0.1 million to purchase Broadridge common stock for the six months ended December 31, 2018, as the effect of their inclusion would have been anti-dilutive.

The following table sets forth the denominators of the basic and diluted EPS computations (in millions):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Weighted-average shares outstanding:				
Basic	114.7	116.3	114.5	116.3
Common stock equivalents	2.5	2.8	2.6	3.1
Diluted	117.2	119.1	117.1	119.4

NOTE 5. INTEREST EXPENSE, NET

Interest expense, net consisted of the following:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
	(In millions)			
Interest expense on borrowings	\$ (15.5)	\$ (11.3)	\$ (29.7)	\$ (21.6)
Interest income	1.6	0.6	2.7	1.2
Interest expense, net	\$ (13.9)	\$ (10.7)	\$ (27.0)	\$ (20.4)

NOTE 6. ACQUISITIONS

Assets acquired and liabilities assumed in business combinations are recorded on the Company’s Condensed Consolidated Balance Sheets as of the respective acquisition date based upon the estimated fair values at such date. The results of operations of the business acquired by the Company are included in the Company’s Condensed Consolidated Statements of Earnings since the respective date of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed is allocated to Goodwill.

Pro forma supplemental financial information for all acquisitions is not provided as the impact of these acquisitions on the Company’s operating results was not material for any acquisition individually or in the aggregate.

The following represents the fiscal year 2020 acquisitions:

Fiscal Year 2020 Acquisitions:

BUSINESS COMBINATIONS

Financial information on each transaction is as follows:

	Shadow Financial	Fi360	Clear-Structure	Total
	(In millions)			
Cash payments, net of cash acquired	\$ 35.7	\$ 116.1	\$ 59.5	\$ 211.3
Deferred payments, net	3.0	3.5	2.5	9.0
Contingent consideration liability	—	—	7.0	7.0
Aggregate purchase price	<u>\$ 38.7</u>	<u>\$ 119.6</u>	<u>\$ 69.0</u>	<u>\$ 227.3</u>
Net tangible assets acquired / (liabilities assumed)	\$ 0.2	\$ (13.9)	\$ 1.4	\$ (12.3)
Goodwill	17.4	92.1	42.6	152.0
Intangible assets	21.1	41.5	25.0	87.6
Aggregate purchase price	<u>\$ 38.7</u>	<u>\$ 119.6</u>	<u>\$ 69.0</u>	<u>\$ 227.3</u>

Shadow Financial Systems, Inc. (“Shadow Financial”)

In October 2019, the Company completed the acquisition of Shadow Financial, a provider of multi-asset class post-trade solutions for the capital markets industry. The acquisition builds upon Broadridge’s post-trade processing capabilities by adding a market-ready solution for exchanges, inter-dealer brokers and proprietary trading firms. In addition, the acquisition adds capabilities across exchange traded derivatives and cryptocurrency.

- Goodwill is tax deductible.
- Intangible assets acquired consist primarily of customer relationships and software technology, which are being amortized over a seven-year life and five-year life, respectively.

The allocation of the purchase price will be finalized upon completion of the analysis of the fair values of the acquired business’ assets and liabilities, and is still subject to a working capital adjustment.

Fi360, Inc. (“Fi360”)

In November 2019, the Company completed the acquisition of Fi360, a provider of fiduciary and Regulation Best Interest solutions for the wealth and retirement industry, including the accreditation and continuing education for the Accredited Investment Fiduciary® Designation, the leading designation focused on fiduciary responsibility. The acquisition is expected to enhance Broadridge’s retirement solutions by providing wealth and retirement advisors with fiduciary tools that will complement its Matrix trust and trading platform. The acquisition also is expected to further strengthen Broadridge’s data and analytics tools and solutions suite that enable asset managers to grow their businesses by providing greater transparency into the retirement market.

- Goodwill is not tax deductible.
- Intangible assets acquired consist primarily of customer relationships and software technology, which are being amortized over a seven-year life and five-year life, respectively.

The allocation of the purchase price will be finalized upon completion of the analysis of the fair values of the acquired business’ assets and liabilities, and is still subject to a working capital adjustment.

ClearStructure Financial Technology, LLC (“ClearStructure”)

In November 2019, the Company acquired ClearStructure, a global provider of portfolio management solutions for the private debt markets. ClearStructure’s component services are expected to enhance Broadridge’s existing multi-asset class, front-to-back office asset management technology suite, providing Broadridge clients with a capability to access the public and private markets.

- The contingent consideration liability is payable through fiscal year 2023 upon the achievement by the acquired business of certain revenue targets, and has a maximum potential pay-out of \$12.5 million upon the achievement in full of the defined financial targets by the acquired business.
- Goodwill is primarily tax deductible.
- Intangible assets acquired consist primarily of customer relationships and software technology.

The allocation of the purchase price will be finalized upon completion of the analysis of the fair values of the acquired business’ assets and liabilities, and is still subject to a working capital adjustment.

The following represents the fiscal year 2019 acquisitions:

Fiscal Year 2019 Acquisitions:

BUSINESS COMBINATIONS

Financial information on each transaction is as follows:

	Rockall	RPM	TD Ameritrade*	Total
	(In millions)			
Cash payments, net of cash acquired	\$ 34.9	\$ 258.3	\$ 61.5	\$ 354.7
Deferred payments, net	0.5	45.0	—	45.5
Contingent consideration liability	7.0	0.8	—	7.9
Aggregate purchase price	<u>\$ 42.4</u>	<u>\$ 304.1</u>	<u>\$ 61.5</u>	<u>\$ 408.0</u>
Net tangible assets acquired / (liabilities assumed)	\$ (2.5)	\$ 10.8	\$ —	\$ 8.3
Goodwill	30.7	181.6	27.1	239.4
Intangible assets	14.2	111.7	34.4	160.3
Aggregate purchase price	<u>\$ 42.4</u>	<u>\$ 304.1</u>	<u>\$ 61.5</u>	<u>\$ 408.0</u>

* Broadridge acquired the retirement plan custody and trust assets from TD Ameritrade Trust Company.

Rockall Technologies Limited (“Rockall”)

In May 2019, the Company completed the acquisition of Rockall, a leading provider of securities-based lending (“SBL”) and collateral management solutions for wealth management firms and commercial banks. The acquisition expands Broadridge’s core front-to-back office wealth capabilities, providing innovative SBL and collateral management technology solutions to help firms manage risk and optimize clients’ securities lending and financing needs.

- The contingent consideration liability is payable over the next two years upon the achievement by the acquired business of certain revenue targets, and has a maximum potential pay-out of \$10.1 million upon the achievement in full of the defined financial targets by the acquired business.
- Goodwill is not tax deductible.
- Intangible assets acquired consist primarily of software technology and customer relationships, which are being amortized over a four-year life and six-year life, respectively.
- In the first quarter of fiscal year 2020, the Company settled deferred payment obligations totaling \$0.5 million.

RPM Technologies (“RPM”)

In June 2019, Broadridge acquired RPM, a leading Canadian provider of enterprise wealth management software solutions and services. The acquisition brings new capabilities and next-generation technology to clients of both RPM and Broadridge.

- The contingent consideration liability is payable over the next two years upon the achievement by the acquired business of certain revenue targets, and has a maximum potential pay-out of \$3.7 million upon the achievement in full of the defined financial targets by the acquired business.
- Goodwill is partially tax deductible.
- Intangible assets acquired consist primarily of software technology and customer relationships, which are being amortized over a five-year life and seven-year life, respectively.
- In the first quarter of fiscal year 2020, the Company settled deferred payment obligations totaling \$40.9 million with a remaining expected payment obligation of approximately \$4.0 million.

The allocation of the purchase price is still subject to a working capital adjustment.

Retirement Plan Custody and Trust Assets from TD Ameritrade

In June 2019, Broadridge acquired the retirement plan custody and trust assets from TD Ameritrade Trust Company, a subsidiary of TD Ameritrade Holding Company. The acquisition expands Broadridge’s suite of solutions for the growing qualified and non-qualified retirement plan services market and the support it provides for third-party administrators, financial advisors, record-keepers, banks, and brokers.

- Goodwill is tax deductible.
- Intangible assets acquired consist of customer relationships, which are being amortized over a seven-year life.

NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets and liabilities.

Level 2 Observable market-based inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In valuing assets and liabilities, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company calculates the fair value of its Level 1 and Level 2 instruments, as applicable, based on the exchange traded price of similar or identical instruments where available or based on other observable instruments. These calculations take into consideration the credit risk of both the Company and its counterparties. The Company has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the period.

The fair values of the contingent consideration obligations are based on a probability weighted approach derived from the estimates of earn-out criteria and the probability assessment with respect to the likelihood of achieving those criteria. The measurement is based on significant inputs that are not observable in the market, therefore, the Company classifies this liability as Level 3 in the table below.

The following tables set forth the Company's financial assets and liabilities at December 31, 2019 and June 30, 2019, respectively, that are recorded at fair value, segregated by level within the fair value hierarchy:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Cash and cash equivalents:				
Money market funds (a)	\$ 42.4	\$ —	\$ —	\$ 42.4
Other current assets:				
Securities	0.4	—	—	0.4
Other non-current assets:				
Securities	99.7	—	—	99.7
Total assets as of December 31, 2019	<u>\$ 142.5</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 142.5</u>
Liabilities:				
Contingent consideration obligations	—	—	33.0	33.0
Total liabilities as of December 31, 2019	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 33.0</u>	<u>\$ 33.0</u>
	June 30, 2019			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Assets:				
Cash and cash equivalents:				
Money market funds (a)	\$ 68.1	\$ —	\$ —	\$ 68.1
Other current assets:				
Securities	0.4	—	—	0.4
Other non-current assets:				
Securities	81.8	—	—	81.8
Total assets as of June 30, 2019	<u>\$ 150.3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 150.3</u>
Liabilities:				
Contingent consideration obligations	—	—	28.4	28.4
Total liabilities as of June 30, 2019	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 28.4</u>	<u>\$ 28.4</u>

(a) Money market funds include money market deposit account balances of \$23.0 million and \$30.1 million as of December 31, 2019 and June 30, 2019, respectively.

In addition, the Company has non-marketable securities with a carrying amount of \$32.1 million and \$12.9 million as of December 31, 2019 and June 30, 2019, respectively, that are classified as Level 2 financial assets and included as part of Other non-current assets on the Condensed Consolidated Balance Sheets.

The following table sets forth an analysis of changes during the three and six months ended December 31, 2019 and 2018, respectively, in Level 3 financial liabilities of the Company:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
	(In millions)			
Beginning balance	\$ 26.5	\$ 18.1	\$ 28.4	\$ 18.6
Additional contingent consideration incurred	7.0	—	7.0	—
Net increase (decrease) in contingent consideration liability	—	—	—	—
Foreign currency impact on contingent consideration liability	0.1	(0.2)	(0.3)	(0.6)
Payments	(0.6)	(0.4)	(2.1)	(0.6)
Ending balance	<u>\$ 33.0</u>	<u>\$ 17.4</u>	<u>\$ 33.0</u>	<u>\$ 17.4</u>

Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments between levels. The Company's policy is to record transfers between levels if any, as of the beginning of the fiscal year.

NOTE 8. LEASES

The Company's leases consist primarily of real estate leases in locations where the Company maintains operations, and are classified as operating leases.

The Company evaluates each lease and service arrangement at inception to determine if the arrangement is, or contains, a lease. A lease exists if the Company obtains substantially all of the economic benefits of and has the right to control the use of an asset for a period of time. The lease term begins on the commencement date, which is the date the Company takes possession of the leased property and also classifies the lease as either operating or finance, and may include options to extend or terminate the lease if exercise of the option to extend or terminate the lease is considered to be reasonably certain. The Company's options to extend or terminate a lease generally do not exceed five years. The lease term is used both to determine lease classification as an operating or finance lease and to calculate straight-line lease expense for operating leases. The weighted average remaining operating lease term as of December 31, 2019 was 8.9 years.

ROU assets represent the Company's right to use an underlying asset for the lease term while lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of fixed lease payments over the lease term. ROU assets also include prepaid lease payments and exclude lease incentives received. Certain leases require the Company to pay taxes, insurance, maintenance, and/or other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the lease liability to the extent they are variable in nature (e.g. based on actual costs incurred). These variable lease costs are recognized as a variable lease expense when incurred. As the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate to measure the lease liability and the associated ROU asset at commencement date. The incremental borrowing rate was determined based on the rate of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. The Company uses the unsecured borrowing rate and risk-adjusts that rate to approximate a collateralized rate. The weighted average discount rate used in measurement of the Company's operating lease liabilities as of December 31, 2019 was 3.1%.

Supplemental Balance Sheet Information

	December 31, 2019
	(In millions)
Assets:	
Operating lease ROU assets (a)	\$ 235.8
Liabilities:	
Operating lease liabilities (a) - Current	\$ 29.9
Operating lease liabilities (a) - Non-current	222.9
Total Operating lease liabilities	<u>\$ 252.9</u>

(a) Operating lease assets are included within Other non-current assets, and operating lease liabilities are included within Payables and accrued expenses (current portion) and Other non-current liabilities (non-current portion) in the Company's Condensed Consolidated Balance Sheets as of December 31, 2019.

Components of Lease Cost (a)

	Three Months Ended December 31, 2019	Six Months Ended December 31, 2019
	(In millions)	
Operating lease cost	\$ 9.9	18.1
Variable lease cost	\$ 5.9	12.0

(a) Lease cost is included within Cost of revenues and Selling, general and administrative expenses, dependent upon the nature and use of the ROU asset, in the Company's Condensed Consolidated Statements of Earnings.

Supplemental Cash Flow Information

	Six Months Ended December 31, 2019
	(In millions)
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash outflows from operating leases	\$ 12.5
ROU assets obtained in exchange for operating lease liabilities	\$ 15.3

Maturity of Lease Liabilities under Accounting Standards Codification (“ASC”) 842 (Leases)

Future rental payments on leases with initial non-cancellable lease terms in excess of one year were due as follows at December 31, 2019:

<u>Years Ending June 30,</u>	<u>Operating Leases (a)</u> <u>(In millions)</u>
2020	\$ 19.4
2021	37.3
2022	33.9
2023	32.0
2024	29.9
Thereafter	135.8
Total lease payments	288.4
Less: Discount Amount	35.5
Present value of operating lease liabilities	\$ 252.9

(a) Operating lease payments exclude \$103.4 million of legally binding lease payments for real estate leases signed but not yet commenced. Operating leases that have been signed but not yet commenced are expected to commence in the third quarter of fiscal 2020, with a lease term of 15 years.

Maturity of Lease Liabilities under ASC 840 (Leases)

Future minimum rental payments on leases with initial non-cancellable lease terms in excess of one year were due as follows at June 30, 2019:

<u>Years Ending June 30,</u>	<u>(In millions)</u>
2020	\$ 46.8
2021	45.2
2022	39.5
2023	35.9
2024	34.7
Thereafter	204.4
Total lease payments	\$ 406.5

Rent expense for all operating leases was \$49.0 million and \$50.4 million during the year ended June 30, 2019 and 2018, respectively.

NOTE 9. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	December 31, 2019	June 30, 2019
	(In millions)	
Deferred client conversion and start-up costs	\$ 339.0	\$ 254.7
ROU assets (a)	235.8	—
Long-term investments	136.7	100.4
Deferred sales commissions costs	93.6	95.5
Contract assets	67.5	47.5
Deferred data center costs (b)	26.7	29.0
Long-term broker fees	38.1	35.3
Other	27.1	30.6
Total	<u>\$ 964.5</u>	<u>\$ 593.1</u>

(a) ROU assets represent the Company's right to use an underlying asset for the lease term. Please refer to Note 8, "Leases" for a further discussion.

(b) Represents deferred data center costs associated with the Company's information technology services agreements with International Business Machines Corporation ("IBM"). Please refer to Note 15, "Contractual Commitments, Contingencies and Off-Balance Sheet Arrangements" for a further discussion.

The total amount of deferred client conversion and start-up costs and deferred sales commission costs amortized in Operating expenses during the three months ended December 31, 2019 and 2018, were \$18.9 million and \$16.8 million, respectively.

The total amount of deferred client conversion and start-up costs and deferred sales commission cost amortized in Operating expenses during the six months ended December 31, 2019 and 2018, were \$36.2 million and \$32.6 million, respectively.

NOTE 10. PAYABLES AND ACCRUED EXPENSES

Payables and accrued expenses consisted of the following:

	December 31, 2019	June 30, 2019
	(In millions)	
Accounts payable	\$ 92.7	\$ 133.7
Employee compensation and benefits	173.7	232.2
Accrued broker fees	49.2	87.0
Accrued taxes	22.1	68.9
Accrued dividend payable	62.0	55.4
Managed services administration fees	63.2	53.1
Customer deposits	41.9	34.8
Operating lease liabilities	29.9	—
Other	80.8	46.6
Total	<u>\$ 615.4</u>	<u>\$ 711.7</u>

NOTE 11. BORROWINGS

Outstanding borrowings and available capacity under the Company's borrowing arrangements were as follows:

	Expiration Date	Principal amount outstanding at December 31, 2019	Carrying value at December 31, 2019	Carrying value at June 30, 2019	Unused Available Capacity	Fair Value at December 31, 2019
(In millions)						
Current portion of long-term debt						
Fiscal 2014 Senior Notes (a)	September 2020	\$ 400.0	\$ 399.5	\$ —	\$ —	\$ 405.0
Total		\$ 400.0	\$ 399.5	\$ —	\$ —	\$ 405.0
Long-term debt, excluding current portion						
Fiscal 2019 Revolving Credit Facility:						
U.S. dollar tranche	March 2024	\$ —	\$ —	\$ 360.0	\$ 1,100.0	\$ —
Multicurrency tranche	March 2024	212.2	212.2	215.7	187.8	212.2
Total Revolving Credit Facility		212.2	212.2	575.7	1,287.8	212.2
Fiscal 2014 Senior Notes (a)	September 2020	—	—	399.2	—	—
Fiscal 2016 Senior Notes	June 2026	500.0	495.8	495.5	—	522.0
Fiscal 2020 Senior Notes	December 2029	750.0	741.3	—	—	749.9
Total Senior Notes		1,250.0	1,237.1	894.7	—	1,271.9
Total long-term debt		\$ 1,462.2	\$ 1,449.3	\$ 1,470.4	\$ 1,287.8	\$ 1,484.1
Total debt		\$ 1,862.2	\$ 1,848.8	\$ 1,470.4	\$ 1,287.8	\$ 1,889.1

(a) The Fiscal 2014 Senior Notes were reclassified from Long-term debt to Current portion of long-term debt in September 2019 to reflect the remaining maturity of less than a year.

Future principal payments on the Company's outstanding debt are as follows:

Years ending June 30,	2020	2021	2022	2023	2024	Thereafter	Total
(in millions)	\$ —	\$ 400.0	\$ —	\$ —	\$ 212.2	\$ 1,250.0	\$ 1,862.2

Fiscal 2019 Revolving Credit Facility: On March 18, 2019, the Company entered into an amended and restated \$1.5 billion five-year revolving credit facility (the "Fiscal 2019 Revolving Credit Facility"), which replaced the \$1.0 billion five-year revolving credit facility entered into during February 2017 (the "Fiscal 2017 Revolving Credit Facility") (together the "Revolving Credit Facilities"). The Fiscal 2019 Revolving Credit Facility is comprised of a \$1.1 billion U.S. dollar tranche and a \$400.0 million multicurrency tranche.

The weighted-average interest rate on the Revolving Credit Facilities was 2.80% and 2.95% for the three and six months ended December 31, 2019 and 3.24% and 3.13% for the three and six months ended December 31, 2018. The fair value of the variable-rate Fiscal 2019 Revolving Credit Facility borrowings at December 31, 2019 approximates carrying value and has been classified as a Level 2 financial liability (as defined in Note 7, "Fair Value of Financial Instruments").

Borrowings under the Fiscal 2019 Revolving Credit Facility can be made in tranches up to 360 days and bear interest at LIBOR plus 101.5 basis points. In addition, the Fiscal 2019 Revolving Credit Facility has an annual facility fee equal to 11.0 basis points on the entire facility. The Company may voluntarily prepay, in whole or in part and without premium or penalty, borrowings under the Fiscal 2019 Revolving Credit Facility in accordance with individual drawn loan maturities. The Fiscal 2019 Revolving Credit Facility is subject to certain covenants, including a leverage ratio. At December 31, 2019, the Company is in compliance with all covenants of the Fiscal 2019 Revolving Credit Facility.

Fiscal 2014 Senior Notes: In August 2013, the Company completed an offering of \$400.0 million in aggregate principal amount of senior notes (the “Fiscal 2014 Senior Notes”). The Fiscal 2014 Senior Notes will mature on September 1, 2020 and bear interest at a rate of 3.95% per annum. Interest on the Fiscal 2014 Senior Notes is payable semi-annually in arrears on March 1st and September 1st each year. The Fiscal 2014 Senior Notes were issued at a price of 99.871% (effective yield to maturity of 3.971%). The indenture governing the Fiscal 2014 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money and to enter into certain sale-leaseback transactions. At December 31, 2019, the Company is in compliance with the covenants of the indenture governing the Fiscal 2014 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2014 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2014 Senior Notes in whole or in part at any time before their maturity. The fair value of the fixed-rate Fiscal 2014 Senior Notes at December 31, 2019 and June 30, 2019 was \$405.0 million and \$405.4 million, respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

Fiscal 2016 Senior Notes: In June 2016, the Company completed an offering of \$500.0 million in aggregate principal amount of senior notes (the “Fiscal 2016 Senior Notes”). The Fiscal 2016 Senior Notes will mature on June 27, 2026 and bear interest at a rate of 3.40% per annum. Interest on the Fiscal 2016 Senior Notes is payable semi-annually in arrears on June 27 and December 27 of each year. The Fiscal 2016 Senior Notes were issued at a price of 99.589% (effective yield to maturity of 3.449%). The indenture governing the Fiscal 2016 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money, to enter into certain sale-leaseback transactions, and to engage in mergers or consolidations and transfer or lease all or substantially all of our assets. At December 31, 2019, the Company is in compliance with the covenants of the indenture governing the Fiscal 2016 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2016 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2016 Senior Notes in whole or in part at any time before their maturity. The fair value of the fixed-rate Fiscal 2016 Senior Notes at December 31, 2019 and June 30, 2019 was \$522.0 million and \$509.8 million, respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

Fiscal 2020 Senior Notes: In December 2019, the Company completed an offering of \$750.0 million in aggregate principal amount of senior notes (the “Fiscal 2020 Senior Notes”). The Fiscal 2020 Senior Notes will mature on December 1, 2029 and bear interest at a rate of 2.90% per annum. Interest on the Fiscal 2020 Senior Notes is payable semi-annually in arrears on June 1 and December 1 of each year. The Fiscal 2020 Senior Notes were issued at a price of 99.717% (effective yield to maturity of 2.933%). The indenture governing the Fiscal 2020 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money, to enter into certain sale-leaseback transactions, and to engage in mergers or consolidations and transfer or lease all or substantially all of our assets. At December 31, 2019, the Company is in compliance with the covenants of the indenture governing the Fiscal 2020 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2020 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2020 Senior Notes in whole or in part at any time before their maturity. The fair value of the fixed-rate Fiscal 2020 Senior Notes at December 31, 2019 was \$749.9 million, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

The Fiscal 2019 Revolving Credit Facility, Fiscal 2014 Senior Notes, Fiscal 2016 Senior Notes and Fiscal 2020 Senior Notes are senior unsecured obligations of the Company and are ranked equally in right of payment.

In addition, certain of the Company’s subsidiaries established unsecured, uncommitted lines of credit with banks. As of December 31, 2019 and June 30, 2019, there were no outstanding borrowings under these lines of credit.

NOTE 12. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consisted of the following:

	December 31, 2019	June 30, 2019
	(In millions)	
Operating lease liabilities	\$ 222.9	\$ —
Post-employment retirement obligations	140.0	130.8
Non-current income taxes	41.0	40.5
Acquisition related contingencies	15.8	26.3
Other	16.2	35.3
Total	\$ 435.9	\$ 232.8

NOTE 13. STOCK-BASED COMPENSATION

The activity related to the Company's incentive equity awards for the three months ended December 31, 2019 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at October 1, 2019	3,831,624	\$ 65.18	814,602	\$ 91.99	320,459	\$ 97.91
Granted	22,211	119.37	308,004	119.35	100,602	119.72
Exercise of stock options (a)	(115,131)	31.78	—	—	—	—
Vesting of restricted stock units	—	—	(15,379)	43.58	—	—
Expired/forfeited	(13,712)	93.88	(18,249)	108.54	(1,333)	100.44
Balances at December 31, 2019 (b),(c)	<u>3,724,992</u>	<u>\$ 66.43</u>	<u>1,088,978</u>	<u>\$ 100.14</u>	<u>419,728</u>	<u>\$ 103.13</u>

- (a) Stock options exercised during the period of October 1, 2019 through December 31, 2019 had an aggregate intrinsic value of \$10.2 million.
- (b) As of December 31, 2019, the Company's outstanding vested and currently exercisable stock options using the December 31, 2019 closing stock price of \$123.54 (approximately 1.9 million shares) had an aggregate intrinsic value of \$148.3 million with a weighted-average exercise price of \$46.60 and a weighted-average remaining contractual life of 4.7 years. The total of all stock options outstanding as of December 31, 2019 have a weighted-average remaining contractual life of 6.3 years.
- (c) As of December 31, 2019, time-based restricted stock units and performance-based restricted stock units expected to vest using the December 31, 2019 closing stock price of \$123.54 (approximately 1.0 million and 0.4 million shares, respectively) had an aggregate intrinsic value of \$128.1 million and \$50.5 million, respectively. Performance-based restricted stock units granted in the table above represent initial target awards, and performance adjustments for (i) change in shares issued based upon attainment of performance goals determined in the period, and (ii) estimated change in shares issued resulting from attainment of performance goals to be determined at the end of the prospective performance period.

The activity related to the Company's incentive equity awards for the six months ended December 31, 2019 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at July 1, 2019	4,201,614	\$ 63.85	819,299	\$ 92.15	325,777	\$ 97.43
Granted	22,211	119.37	312,124	119.36	100,602	119.72
Exercise of stock options (a)	(480,104)	45.56	—	—	—	—
Vesting of restricted stock units	—	—	(15,791)	44.95	—	—
Expired/forfeited	(18,729)	85.48	(26,654)	112.46	(6,651)	74.70
Balances at December 31, 2019	<u>3,724,992</u>	<u>\$ 66.43</u>	<u>1,088,978</u>	<u>\$ 100.14</u>	<u>419,728</u>	<u>\$ 103.13</u>

- (a) Stock options exercised during the period of July 1, 2019 through December 31, 2019 had an aggregate intrinsic value of \$38.3 million.

The Company has stock-based compensation plans under which the Company annually grants stock option and restricted stock unit awards. Stock options are granted to employees at exercise prices equal to the fair market value of the Company's common stock on the dates of grant, with the measurement of stock-based compensation expense recognized in Net earnings based on the fair value of the award on the date of grant. Stock-based compensation expense of \$18.5 million and \$18.6 million, as well as related expected tax benefits of \$4.0 million and \$4.2 million were recognized for the three months ended December 31, 2019 and 2018, respectively. Stock-based compensation expense of \$30.3 million and \$29.4 million, as well as related expected tax benefits of \$6.6 million and \$6.6 million were recognized for the six months ended December 31, 2019 and 2018, respectively.

As of December 31, 2019, the total remaining unrecognized compensation cost related to non-vested stock options and restricted stock unit awards amounted to \$12.1 million and \$67.7 million, respectively, which will be amortized over the weighted-average remaining requisite service periods of 2.4 years and 1.8 years, respectively.

For stock options granted, the fair value of each stock option was estimated on the date of grant using a binomial option pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate and employee exercise behavior. Expected volatilities utilized in the binomial model are based on a combination of implied market volatilities, historical volatility of the Company's stock price and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock option grants is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding.

NOTE 14. INCOME TAXES

The provision for income taxes for the three and six months ended December 31, 2019 was \$0.4 million and \$8.3 million, respectively, compared to \$14.4 million and \$27.0 million for the three and six months ended December 31, 2018, respectively.

The effective tax rate for the three and six months ended December 31, 2019 was 3.8% and 11.2%, respectively, compared to 22.4% and 17.6% for the three and six months ended December 31, 2018, respectively.

The decrease in the effective tax rate for the three months ended December 31, 2019 was primarily driven by the impact of discrete tax items relative to pre-tax income, including excess tax benefits of \$2.2 million for the three months ended December 31, 2019 compared to \$0.8 million for the three months ended December 31, 2018.

The decrease in the effective tax rate for the six months ended December 31, 2019 was primarily driven by the impact of discrete tax items relative to pre-tax income, including excess tax benefits of \$7.9 million for the six months ended December 31, 2019 compared to \$7.9 million for the six months ended December 31, 2018.

NOTE 15. CONTRACTUAL COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

Data Center Agreements

In March 2010, the Company and IBM entered into an Information Technology Services Agreement (the "IT Services Agreement"), under which IBM provided certain aspects of the Company's information technology infrastructure. Under the IT Services Agreement, IBM provided a broad range of technology services to the Company including supporting its mainframe, midrange, network and data center operations, as well as providing disaster recovery services. The migration of data center processing to IBM was completed in August 2012. The IT Services Agreement would have expired on June 30, 2022, but a two-year extension was signed in March 2015, amending the expiration date to June 30, 2024. In December 2019, the Company and IBM amended and restated the IT Services Agreement (the "Amended IT Services Agreement"), which now expires on June 30, 2027. The Company has the option of incorporating additional services into the Amended IT Services Agreement over time. The Company may renew the term of the Amended IT Services Agreement for up to one additional 12-month period. Fixed minimum commitments remaining under the Amended IT Services Agreement at December 31, 2019 are \$263.4 million through fiscal year 2027, the final year of the Amended IT Services Agreement.

In December 2019, the Company and IBM entered into an information technology agreement for private cloud services (the “IBM Private Cloud Agreement”) under which IBM will operate, manage and support the Company’s private cloud global distributed platforms and products, and operate and manage certain Company networks. The IBM Private Cloud Agreement has an initial term of approximately 10 years and three months, expiring on March 31, 2030. As a result of the IBM Private Cloud Agreement, the Company expects that certain of its employees will become employees of IBM or one of its affiliates, and that such transferred employees will continue providing services to the Company on behalf of IBM under the IBM Private Cloud Agreement. Pursuant to the IBM Private Cloud Agreement, the Company has agreed to transfer the ownership of certain Company-owned hardware (the “Hardware”) located at Company facilities worldwide along with the Company’s maintenance agreements (“Maintenance Contracts”) associated with the Hardware to IBM. The transfer of the Hardware and Maintenance Contracts to IBM is expected to close no later than September 30, 2020. The Company concluded that the Hardware qualifies as assets held for sale since the Company has committed to a plan of disposal expected to be completed within a year, and therefore, has recorded the Hardware at fair value less costs to dispose based on the expected selling price to IBM (a Level 3 fair value measurement as defined in Note 7, “Fair Value of Financial Instruments”). Accordingly, the Company recorded a non-cash pre-tax charge of \$31.8 million equal to the difference between the Hardware’s carrying value and estimated fair value less costs to dispose, included as part of Cost of revenues on the Company’s Condensed Consolidated Statements of Earnings and is included in Other for purposes of the Company’s segment reporting. As of December 31, 2019, the Hardware classified as assets held for sale has a carrying amount of approximately \$18.0 million and is included in the Company’s Other current assets line item on the Condensed Consolidated Balance Sheets. Fixed minimum commitments remaining under the IBM Private Cloud Agreement at December 31, 2019 are \$242.8 million through March 31, 2030, the final year of the contract.

In March 2014, the Company and IBM United Kingdom Limited (“IBM UK”) entered into an Information Technology Services Agreement (the “EU IT Services Agreement”), under which IBM UK provides data center services supporting the Company’s technology outsourcing services for certain clients in Europe and Asia. The EU IT Services Agreement would have expired in October 2023. In December 2019, the Company amended the existing EU IT Services Agreement whereby the Company will migrate from the existing dedicated on-premise solution to a managed Broadridge private cloud environment provided by IBM, as well as extended the term of the EU IT Services Agreement to June 2029 (the “Amended EU IT Services Agreement”). The Company has the right to renew the term of the Amended EU IT Services Agreement for up to one additional 12-month period or one additional 24-month period. Fixed minimum commitments remaining under the Amended EU IT Services Agreement at December 31, 2019 are \$26.3 million through fiscal year 2029, the final year of the contract.

Investments

The Company contributed \$1.5 million to an equity method investment during the six months ended December 31, 2019, and has a remaining commitment of \$0.2 million to fund this investment at December 31, 2019. At December 31, 2019, the Company also has a future commitment to fund \$3.9 million to one of the Company’s investees.

Other

In the normal course of business, the Company is subject to various claims and litigation. While the outcome of any claim or litigation is inherently unpredictable, the Company believes that the ultimate resolution of these matters will not, individually or in the aggregate, result in a material impact on its financial condition, results of operations or cash flows.

It is not the Company’s business practice to enter into off-balance sheet arrangements. However, the Company is exposed to market risk from changes in foreign currency exchange rates that could impact its financial position, results of operations, and cash flows. The Company manages its exposure to these market risks through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company may use derivative financial instruments as risk management tools and not for trading purposes. The Company was not a party to any derivative financial instruments at December 31, 2019 or at June 30, 2019.

In the normal course of business, the Company also enters into contracts in which it makes representations and warranties that relate to the performance of the Company’s products and services. The Company does not expect any material losses related to such representations and warranties, or collateral arrangements.

The Company’s business process outsourcing and mutual fund processing services are performed by Broadridge Business Process Outsourcing, LLC (“BBPO”), an indirect wholly-owned subsidiary, which is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Although BBPO’s FINRA membership agreement allows it to engage in clearing and the retailing of corporate securities in addition to mutual fund retailing on a wire order basis, BBPO does not clear customer transactions, process any retail business or carry customer accounts. As a registered broker-dealer and member of FINRA, BBPO is subject to the Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934, as amended, which requires BBPO to maintain a minimum net capital amount. At December 31, 2019, BBPO was in compliance with this net capital requirement.

BBPO, as a “Managing Clearing Member” of the Options Clearing Corporation (the “OCC”), is also subject to OCC Rule 309(b) with respect to the business process outsourcing services that it provides to other OCC “Managed Clearing Member” broker-dealers. OCC Rule 309(b) requires BBPO to maintain a minimum net capital amount. At December 31, 2019, BBPO was in compliance with this net capital requirement.

In addition, Matrix Trust Company, a subsidiary of the Company, is a Colorado State non-depository trust company and National Securities Clearing Corporation trust member, whose primary business is to provide cash agent, custodial and directed trustee services to institutional customers, and investment management services to collective trust funds. As a result, Matrix Trust Company is subject to various regulatory capital requirements administered by the Colorado Division of Banking and the Arizona Department of Financial Institutions, as well as the National Securities Clearing Corporation. Specific capital requirements that involve quantitative measures of assets, liabilities, and certain off-balance sheet items, when applicable, must be met. At December 31, 2019, Matrix Trust Company was in compliance with its capital requirements.

NOTE 16. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS) BY COMPONENT

The following tables summarize the changes in the accumulated balances for each component of accumulated other comprehensive income/(loss) for the three and six months ended December 31, 2019, and 2018, respectively:

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Total
(In millions)			
Balances at October 1, 2019	\$ (66.9)	\$ (12.6)	\$ (79.5)
Other comprehensive income/(loss) before reclassifications	11.4	—	11.4
Amounts reclassified from accumulated other comprehensive income/(loss)	—	0.4	0.4
Balances at December 31, 2019	<u>\$ (55.5)</u>	<u>\$ (12.2)</u>	<u>\$ (67.7)</u>

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Total
(In millions)			
Balances at October 1, 2018	\$ (53.3)	\$ (10.2)	\$ (63.5)
Other comprehensive income/(loss) before reclassifications	(6.1)	0.4	(5.7)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	—
Balances at December 31, 2018	<u>\$ (59.3)</u>	<u>\$ (9.8)</u>	<u>\$ (69.2)</u>

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Total
(in millions)			
Balances at July 1, 2019	\$ (58.3)	\$ (12.9)	\$ (71.2)
Other comprehensive income/(loss) before reclassifications	2.8	—	2.8
Amounts reclassified from accumulated other comprehensive income/(loss)	—	0.7	0.7
Balances at December 31, 2019	<u>\$ (55.5)</u>	<u>\$ (12.2)</u>	<u>\$ (67.7)</u>

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Total
(in millions)			
Balances at July 1, 2018	\$ (43.2)	\$ (10.2)	\$ (53.5)
Other comprehensive income/(loss) before reclassifications	(16.1)	0.4	(15.7)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	—
Balances at December 31, 2018	<u>\$ (59.3)</u>	<u>\$ (9.8)</u>	<u>\$ (69.2)</u>

NOTE 17. INTERIM FINANCIAL DATA BY SEGMENT

The Company operates in two reportable segments: Investor Communication Solutions and Global Technology and Operations. See Note 1, “Basis of Presentation” for a further description of the Company’s reportable segments.

The primary components of “Other” are certain gains, losses, corporate overhead expenses and non-operating expenses that have not been allocated to the reportable segments, such as interest expense. Foreign currency exchange is a reconciling item between the actual foreign currency exchange rates and the constant foreign currency exchange rates used for internal management reporting.

Certain corporate expenses, as well as certain centrally managed expenses, are allocated based upon budgeted amounts in a reasonable manner. Because the Company compensates the management of its various businesses on, among other factors, segment profit, the Company may elect to record certain segment-related operating and non-operating expense items in Other rather than reflect such items in segment profit.

In connection with an organizational change made in the first quarter of fiscal year 2020, in order to further align our portfolio of services, the results for the Company’s wealth management Advisor Solutions services that were previously reported in our Investor Communication Solutions reportable segment are now reported within the Global Technology and Operations reportable segment. As a result, our prior period segment results for the three and six months ended December 31, 2018 have been revised to reflect this change, which resulted in transferring \$10.4 million of revenues and \$0.3 million of earnings before income taxes between reportable segments for the three months ended December 31, 2018 and \$21.1 million of revenues and \$0.4 million earnings before income taxes between reportable segments for the six months ended December 31, 2018.

Segment results:

	Revenues			
	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
	(In millions)			
Investor Communication Solutions	\$ 715.6	\$ 727.8	\$ 1,418.2	\$ 1,482.8
Global Technology and Operations	280.9	247.0	554.8	485.4
Foreign currency exchange	(27.8)	(21.4)	(55.8)	(42.0)
Total	\$ 968.7	\$ 953.4	\$ 1,917.2	\$ 1,926.2

	Earnings (Loss) before Income Taxes			
	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
	(In millions)			
Investor Communication Solutions	\$ 22.1	\$ 36.8	\$ 45.1	\$ 95.6
Global Technology and Operations	49.0	47.5	105.5	94.1
Other	(68.1)	(27.9)	(89.3)	(51.0)
Foreign currency exchange	7.5	7.9	13.0	15.0
Total	\$ 10.5	\$ 64.3	\$ 74.3	\$ 153.6

NOTE 18. SUBSEQUENT EVENTS

In January 2020, the Company signed an agreement to acquire FundsLibrary Limited (“FundsLibrary”), a leader in fund document and data dissemination in the European market. The combination of FundsLibrary’s capabilities with Broadridge’s existing regulatory communications offerings is expected to enable Broadridge to reduce complexity and cost for global fund managers, helping them to increase distribution opportunities and meet their regulatory requirements across multiple jurisdictions. The acquisition is expected to close in February 2020, with an expected purchase price of approximately \$69 million net of cash acquired and subject to normal closing adjustments.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Condensed Consolidated Financial Statements and accompanying Notes thereto included elsewhere herein.

Overview

Broadridge, a Delaware corporation and a part of the S&P 500® Index, is a global financial technology leader providing investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers and corporate issuers. With over 50 years of experience, including over 10 years as an independent public company, we provide financial services firms with advanced, dependable, scalable and cost-effective integrated solutions and an important infrastructure that powers the financial services industry. Our solutions enable better financial lives by powering investing, governance and communications and help reduce the need for our clients to make significant capital investments in operations infrastructure, thereby allowing them to increase their focus on core business activities.

Our services include investor communications, securities processing, data and analytics, and customer communications solutions. We serve a large and diverse client base across four client groups: banks/broker-dealers, asset management firms/mutual funds, wealth management firms and corporate issuers. For capital markets firms, we help our clients lower costs and improve the effectiveness of their trade and account processing operations with support for their front-, middle- and back-office operations, and their administration, finance, risk and compliance requirements. We serve asset management firms by meeting their critical needs for shareholder communications and by providing investment operations technology to support their investment decisions. For wealth management clients, we provide an integrated platform with tools that create a better investor experience, while also delivering a more streamlined, efficient, and effective advisory servicing process. For our corporate issuer clients, we help manage every aspect of their shareholder communications, including registered and beneficial proxy processing, annual meeting support, transfer agency services and financial disclosure document creation, management and SEC filing services.

We operate our business in two reportable segments: Investor Communication Solutions and Global Technology and Operations.

Investor Communication Solutions

We provide governance and communications solutions through our Investor Communication Solutions business segment to the following financial services clients: banks/broker-dealers, asset management firms/mutual funds, wealth management firms and corporate issuers. In addition to financial services firms, our Customer Communications business also serves companies in the healthcare, insurance, consumer finance, telecommunications, utilities and other service industries.

A large portion of our Investor Communication Solutions business involves the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. ProxyEdge® is our innovative electronic proxy delivery and voting solution for institutional investors and financial advisors that helps ensure the voting participation of the largest stockholders of many companies. We also provide the distribution of regulatory reports and corporate action/reorganization event information, as well as tax reporting solutions that help our clients meet their regulatory compliance needs.

For asset managers and retirement service providers, we offer data-driven solutions and an end-to-end platform for content management, composition, and multi-channel distribution of regulatory, marketing, and transactional information. Our data and analytics solutions provide investment product distribution data, analytical tools, insights, and research to enable asset managers to optimize product distribution across retail and institutional channels globally. We also provide mutual fund trade processing services for retirement providers, third party administrators, financial advisors, banks and wealth management professionals through Matrix Financial Solutions, Inc. ("Matrix").

In addition, we provide public corporations with a full suite of solutions to help manage their annual meeting process, including registered proxy distribution and processing services, proxy and annual report document management solutions, and solutions to gain insight into their shareholder base through our shareholder data services. We also provide financial reporting document composition and management, SEC disclosure and filing services, and registrar, stock transfer and record-keeping services through Broadridge Corporate Issuer Solutions.

We also provide customer communications solutions which include print and digital solutions, content management, postal optimization, and fulfillment services. The Broadridge Communications CloudSM (the "Communications Cloud") provides multi-channel communications delivery, communications management, information management and control and administration capabilities that enable and enhance our clients' communications with their customers. In addition, we provide

our clients with capabilities to enhance the consumer experience associated with essential communications such as consumer statements, bills and regulatory communications.

Global Technology and Operations

We are a leading global provider of securities processing solutions for capital markets, wealth management, and asset management firms. We offer advanced solutions that automate the securities transaction lifecycle, from desktop productivity tools, data aggregation, performance reporting, and portfolio management to order capture and execution, trade confirmation, margin, cash management, clearance and settlement, asset servicing, reference data management, reconciliations, securities financing and collateral optimization, compliance and regulatory reporting, and accounting.

Our services help financial institutions efficiently and cost-effectively consolidate their books and records, gather and service assets under management and manage risk, thereby enabling them to focus on their core business activities. Our multi-asset, multi-market, multi-entity and multi-currency solutions support real-time global trade processing of equity, fixed income, mutual fund, foreign exchange, and exchange traded derivatives.

In addition, we provide a comprehensive wealth management platform that offers capabilities across the entire wealth management lifecycle and streamlines all aspects of wealth management services, including account management, fee management and client on-boarding. The wealth management platform also enables financial advisors, wealth managers, and insurance agents to better engage with customers through digital marketing and customer communications tools. We integrate data, content and technology to drive new customer acquisition and cross-sell opportunities through the creation of sales and educational content, including seminars as well as customizable advisor websites, search engine marketing and electronic and print newsletters.

Through our Managed Services, we provide business process outsourcing services that support the operations of our buy- and sell-side clients' businesses and combine our technology with our operations expertise to support the entire trade lifecycle and provide front-, middle- and back-office solutions. We also provide buy-side technology solutions for the global investment management industry through our asset management solutions, including front-, middle- and back-office solutions for hedge funds, family offices, investment managers and the providers that service this space.

Consolidation and Basis of Presentation

The Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America ("U.S."). These Condensed Consolidated Financial Statements present the condensed consolidated position of the Company and include the entities in which the Company directly or indirectly has a controlling financial interest as well as various entities in which the Company has investments recorded under the equity method of accounting as well as certain marketable and non-marketable securities. Intercompany balances and transactions have been eliminated. Amounts presented may not sum due to rounding.

The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's Consolidated Financial Statements for the fiscal year ended June 30, 2019 in the 2019 Annual Report.

Effective July 1, 2019, the Company adopted Financial Accounting Standards Board (the "FASB") Accounting Standards Update ("ASU") No. 2016-02, "Leases" and its related amendments (collectively referred to as "ASU 2016-02, as amended") by recognizing a right-of-use ("ROU") asset and corresponding lease liability, along with a cumulative-effect adjustment to the opening balance of retained earnings, in the period of adoption. Under this method of adoption, the Company has not restated the prior period Condensed Consolidated Financial Statements presented to the current period presentation. Additional information about the impact of the Company's adoption of ASU No. 2016-02, as amended is included in Note 2, "New Accounting Pronouncements" and Note 8, "Leases" to the Condensed Consolidated Financial Statements.

Critical Accounting Policies

In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Management continually evaluates the accounting policies and estimates used to prepare the Condensed Consolidated Financial Statements. The estimates, by their nature, are based on judgment, available information, and historical experience and are believed to be reasonable. However, actual amounts and results could differ from these estimates made by management. In management's opinion, the Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of results reported. The results of operations reported for the periods presented are not necessarily indicative of the results of operations for subsequent periods. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed in the "Critical Accounting Policies" section of Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2019 Annual Report.

Results of Operations

The following discussions of Analysis of Condensed Consolidated Statements of Earnings and Analysis of Reportable Segments refer to the three and six months ended December 31, 2019 compared to the three and six months ended December 31, 2018. The Analysis of Condensed Consolidated Statements of Earnings should be read in conjunction with the Analysis of Reportable Segments, which provides a more detailed discussion concerning certain components of the Condensed Consolidated Statements of Earnings.

The following references are utilized in the discussions of Analysis of Condensed Consolidated Statements of Earnings and Analysis of Reportable Segments:

"Amortization of Acquired Intangibles and Purchased Intellectual Property" and "Acquisition and Integration Costs" represent certain non-cash amortization expenses associated with acquired intangible assets and purchased intellectual property assets, as well as certain transaction and integration costs associated with the Company's acquisition activities, respectively.

"IBM Private Cloud Charges" represent a charge on the hardware assets to be transferred to International Business Machines Corporation ("IBM") and other charges related to the information technology agreement for private cloud services the Company entered into with IBM (the "IBM Private Cloud Agreement").

"Net New Business" refers to recurring revenue from Closed sales less recurring revenue from client losses.

The following definitions describe the Company's Revenues:

Fee revenues in the Investor Communication Solutions segment are derived from both recurring and event-driven activity. In addition, the level of recurring and event-driven activity we process directly impacts distribution revenues. While event-driven activity is highly repeatable, it may not recur on an annual basis. The types of services we provide that comprise event-driven activity are:

- **Mutual Fund Proxy:** The proxy and related services we provide to mutual funds when certain events occur requiring a shareholder vote including changes in directors, sub-advisors, fee structures, investment restrictions, and mergers of funds.
- **Mutual Fund Communications:** Mutual fund communications services consist primarily of the distribution on behalf of mutual funds of supplemental information required to be provided to the annual mutual fund prospectus as a result of certain triggering events such as a change in portfolio managers. In addition, mutual fund communications consist of notices and marketing materials such as newsletters.
- **Equity Proxy Contests and Specials, Corporate Actions, and Other:** The proxy services we provide in connection with shareholder meetings driven by special events such as proxy contests, mergers and acquisitions, and tender/exchange offers.

Event-driven fee revenues are based on the number of special events and corporate transactions we process. Event-driven activity is impacted by financial market conditions and changes in regulatory compliance requirements, resulting in fluctuations in the timing and levels of event-driven fee revenues. As such, the timing and level of event-driven activity and its potential impact on revenues and earnings are difficult to forecast.

Generally, mutual fund proxy activity has been subject to a greater level of volatility than the other components of event-driven activity. For the six months ended December 31, 2019, mutual fund proxy fee revenues were 58% lower compared to the six months ended December 31, 2018. During fiscal year 2019, mutual fund proxy fee revenues were 14% lower than the prior fiscal year. Although it is difficult to forecast the levels of event-driven activity, we expect that the portion of fee revenues derived from mutual fund proxy activity may continue to experience volatility in the future.

Distribution revenues primarily include revenues related to the physical mailing of proxy materials, interim

communications, transaction reporting, customer communications and fulfillment services, as well as Matrix administrative services.

Distribution cost of revenues consists primarily of postage-related expenses incurred in connection with our Investor Communication Solutions segment, as well as Matrix administrative services expenses. These costs are reflected in Cost of revenues.

Closed sales represent an estimate of the expected annual recurring fee revenue for new client contracts that were signed by Broadridge in the current reporting period. Closed sales does not include event-driven or distribution activity. We consider contract terms, expected client volumes or activity, knowledge of the marketplace and experience with our clients, among other factors, when determining the estimate. Management uses Closed sales to measure the effectiveness of our sales and marketing programs, as an indicator of expected future revenues and as a performance metric in determining incentive compensation.

Closed sales is not a measure of financial performance under GAAP, and should not be considered in isolation or as a substitute for revenue or other income statement data prepared in accordance with GAAP. Closed sales is a useful metric for investors in understanding how management measures and evaluates our ongoing operational performance.

The inherent variability of transaction volumes and activity levels can result in some variability of amounts reported as actual achieved Closed sales. Larger Closed sales can take up to 12 to 24 months or longer to convert to revenues, particularly for the services provided by our Global Technology and Operations segment. We report Closed sales net of a 4.0% allowance adjustment. Consequently, our reported Closed sales amounts will not be adjusted for actual revenues achieved because these adjustments are estimated in the period the sale is reported. We assess this allowance amount at the end of each fiscal year to establish the appropriate allowance for the subsequent year using the trailing five years actual data as the starting point, normalized for outlying factors, if any, to enhance the accuracy of the allowance.

Closed sales for the three months ended December 31, 2019 were \$45.1 million, a decrease of \$60.8 million or 57%, compared to \$105.9 million for the three months ended December 31, 2018. Closed sales for the three months ended December 31, 2019 are net of an allowance adjustment of \$1.9 million.

Closed sales for the six months ended December 31, 2019 were \$82.7 million, a decrease of \$41.6 million or 33%, compared to \$124.3 million for the six months ended December 31, 2018. Closed sales for the six months ended December 31, 2019 are net of an allowance adjustment of \$3.4 million.

Analysis of Condensed Consolidated Statements of Earnings

Three Months Ended December 31, 2019 versus Three Months Ended December 31, 2018

The table below presents Condensed Consolidated Statements of Earnings data for the three months ended December 31, 2019 and 2018, and the dollar and percentage changes between periods:

	Three Months Ended December 31,			
			Change	
	2019	2018	\$	%
	(In millions, except per share amounts)			
Revenues	\$ 968.7	\$ 953.4	\$ 15.2	2
Cost of revenues	780.9	734.0	46.9	6
Selling, general and administrative expenses	161.0	141.2	19.8	14
Total operating expenses	941.9	875.2	66.7	8
Operating income	26.8	78.2	(51.4)	(66)
Margin	2.8 %	8.2 %		
Interest expense, net	(13.9)	(10.7)	(3.1)	30
Other non-operating income (expenses), net	(2.4)	(3.2)	0.8	(25)
Earnings before income taxes	10.5	64.3	(53.8)	(84)
Provision for income taxes	0.4	14.4	(14.0)	(97)
Effective tax rate	3.8 %	22.4 %		
Net earnings	\$ 10.1	\$ 49.9	\$ (39.8)	(80)
Basic earnings per share	\$ 0.09	\$ 0.43	\$ (0.34)	(79)
Diluted earnings per share	\$ 0.09	\$ 0.42	\$ (0.33)	(79)
Weighted average shares outstanding:				
Basic	114.7	116.3		
Diluted	117.2	119.1		

Revenues

The table below presents Condensed Consolidated Statements of Earnings data for the three months ended December 31, 2019 and 2018, and the dollar and percentage changes between periods:

	Three Months Ended December 31,			
	2019	2018	Change	
			\$	%
			(In millions)	
Recurring fee revenues	\$ 648.4	\$ 603.9	\$ 44.5	7
Event-driven fee revenues	31.0	48.1	(17.1)	(36)
Distribution revenues	317.0	322.7	(5.7)	(2)
Foreign currency exchange	(27.8)	(21.4)	(6.5)	30
Total	\$ 968.7	\$ 953.4	\$ 15.2	2
Points of Growth				
	Net New Business	Internal Growth	Acquisitions	Total
Recurring fee revenue Growth Drivers	4pts	(3)pts	6pts	7 %

Revenues increased \$15.2 million, or 2%, to \$968.7 million from \$953.4 million.

- Recurring fee revenue growth was primarily driven by acquisitions that were not in the prior year period.
- Event-driven fee revenues decreased \$17.1 million primarily due to lower mutual fund proxy activity.
- Distribution revenues decreased \$5.7 million primarily due to the decrease in event-driven fee revenues.
- The strengthening of the U.S. dollar against other currencies and the impact of the foreign currency translation from recent international acquisitions negatively impacted revenues by \$6.5 million.

Total operating expenses. Operating expenses increased \$66.7 million, or 8%, to \$941.9 million from \$875.2 million as a result of an increase in both cost of revenues and selling, general and administrative expenses:

- Cost of revenues - The increase of \$46.9 million in cost of revenues primarily reflected charges associated with the IBM Private Cloud Agreement and higher operating costs from acquisitions.
- Selling, general and administrative expenses - The increase of \$19.8 million in selling, general, and administrative expenses primarily reflected impact of acquisitions and higher depreciation and amortization expense.
- The strengthening of the U.S. dollar against other currencies and the impact of the foreign currency translation from recent international acquisitions positively impacted total operating expenses by \$6.1 million.

Interest expense, net. Interest expense, net was \$13.9 million, an increase of \$3.1 million, from \$10.7 million for the three months ended December 31, 2018. The increase of \$3.1 million was due to an increase in interest expense from higher borrowings primarily related to acquisitions, partially offset by an increase in interest income.

Other non-operating income (expenses), net. Other non-operating expense, net for the three months ended December 31, 2019 was \$2.4 million, compared to other non-operating expense, net of \$3.2 million for the three months ended December 31, 2018. The decrease was primarily due to higher investment gains in the current period.

Provision for income taxes.

- Effective tax rate for the three months ended December 31, 2019 - 3.8%
- Effective tax rate for the three months ended December 31, 2018 - 22.4%

The decrease in the effective tax rate for the three months ended December 31, 2019 was primarily driven by the impact of discrete tax items relative to pre-tax income, including excess tax benefits of \$2.2 million for the three months ended December 31, 2019 compared to \$0.8 million for the three months ended December 31, 2018.

Six Months Ended December 31, 2019 versus Six Months Ended December 31, 2018

The table below presents Condensed Consolidated Statements of Earnings data for the six months ended December 31, 2019 and 2018, and the dollar and percentage changes between periods:

	Six Months Ended December 31,			
	2019	2018	Change	
			\$	%
(in millions, except per share amounts)				
Revenues	\$ 1,917.2	\$ 1,926.2	\$ (9.0)	—
Cost of revenues	1,508.4	1,473.0	35.4	2
Selling, general and administrative expenses	309.0	274.9	34.1	12
Total operating expenses	1,817.3	1,747.9	69.4	4
Operating income	99.9	178.3	(78.4)	(44)
Margin	5.2 %	9.3 %		
Interest expense, net	(27.0)	(20.4)	(6.6)	32
Other non-operating income (expenses), net	1.4	(4.4)	5.8	NM
Earnings before income taxes	74.3	153.6	(79.3)	(52)
Provision for income taxes	8.3	27.0	(18.6)	(69)
Effective tax rate	11.2 %	17.6 %		
Net earnings	\$ 66.0	\$ 126.6	\$ (60.7)	(48)
Basic earnings per share	\$ 0.58	\$ 1.09	\$ (0.51)	(47)
Diluted earnings per share	\$ 0.56	\$ 1.06	\$ (0.50)	(47)
Weighted average shares outstanding:				
Basic	114.5	116.3		
Diluted	117.1	119.4		

NM - Not meaningful

Revenues

The table below presents Condensed Consolidated Statements of Earnings data for the six months ended December 31, 2019 and 2018, and the dollar and percentage changes between periods:

	Six Months Ended December 31,			
	2019	2018	Change	
			\$	%
			(In millions)	
Recurring fee revenues	\$ 1,271.6	\$ 1,179.5	\$ 92.1	8
Event-driven fee revenues	71.1	125.1	(53.9)	(43)
Distribution revenues	630.3	663.7	(33.4)	(5)
Foreign currency exchange	(55.8)	(42.0)	(13.8)	33
Total	\$ 1,917.2	\$ 1,926.2	\$ (9.0)	—
Points of Growth				
	Net New Business	Internal Growth	Acquisitions	Total
Recurring fee revenue Growth Drivers	4pts	(2)pts	6pts	8 %

Revenues decreased \$9.0 million to \$1,917.2 million from \$1,926.2 million.

- Recurring fee revenue growth from acquisitions was primarily due to the acquisition of RPM Technologies, which includes software license sales.
- Event-driven fee revenues decreased \$53.9 million primarily due to lower mutual fund proxy activity.
- Distribution revenues decreased \$33.4 million primarily due to the decrease in event-driven fee revenues.
- The strengthening of the U.S. dollar against other currencies and the impact of the foreign currency translation from recent international acquisitions negatively impacted revenues by \$13.8 million.

Total operating expenses. Operating expenses increased \$69.4 million, or 4%, to \$1,817.3 million from \$1,747.9 million as a result of an increase in both cost of revenues and selling, general and administrative expenses:

- Cost of revenues - The increase of \$35.4 million in cost of revenues primarily reflected higher operating costs from acquisitions and charges associated with the IBM Private Cloud Agreement, partially offset by lower distribution expenses.
- Selling, general and administrative expenses - The increase of \$34.1 million in selling, general, and administrative expenses primarily reflected impact of acquisitions and higher depreciation and amortization expense.
- The strengthening of the U.S. dollar against other currencies and the impact of the foreign currency translation from recent international acquisitions positively impacted total operating expenses by \$11.9 million.

Interest expense, net. Interest expense, net was \$27.0 million, an increase of \$6.6 million, from \$20.4 million for the six months ended December 31, 2018. The increase of \$6.6 million was due to an increase in interest expense from higher borrowings primarily related to acquisitions, partially offset by an increase in interest income.

Other non-operating income (expenses), net. Other non-operating income, net for the six months ended December 31, 2019 was \$1.4 million, compared to other non-operating expense, net of \$4.4 million for the six months ended December 31, 2018. The increased income was primarily due to higher investment gains in the current period.

Provision for income taxes.

- Effective tax rate for the six months ended December 31, 2019 - 11.2%
- Effective tax rate for the six months ended December 31, 2018 - 17.6%

The decrease in the effective tax rate for the six months ended December 31, 2019 was primarily driven by the impact of discrete tax items relative to pre-tax income, including excess tax benefits of \$7.9 million for the six months ended December 31, 2019 and \$7.9 million for the six months ended December 31, 2018.

Analysis of Reportable Segments

Broadridge has two reportable segments: (1) Investor Communication Solutions and (2) Global Technology and Operations.

The primary component of “Other” are certain gains, losses, corporate overhead expenses and non-operating expenses that have not been allocated to the reportable segments, such as interest expense. Foreign currency exchange is a reconciling item between the actual foreign currency exchange rates and the constant foreign currency exchange rates used for internal management reporting.

Certain corporate expenses, as well as certain centrally managed expenses, are allocated based upon budgeted amounts in a reasonable manner. Because the Company compensates the management of its various businesses on, among other factors, segment profit, the Company may elect to record certain segment-related operating and non-operating expense items in Other rather than reflect such items in segment profit.

In connection with an organizational change made in the first quarter of fiscal year 2020, in order to further align our portfolio of services, the results for the Company's wealth management Advisor Solutions services that were previously reported in our Investor Communication Solutions reportable segment are now reported within the Global Technology and Operations reportable segment. As a result, our prior period segment results for the three and six months ended December 31, 2018 have been revised to reflect this change, which resulted in transferring \$10.4 million of revenues and \$0.3 million of earnings before income taxes between reportable segments and \$21.1 million of revenues and \$0.4 million of earnings before income taxes between reportable segments, respectively.

Revenues

	Three Months Ended December 31,				Six Months Ended December 31,									
	2019	2018	Change		2019	2018	Change							
			\$	%			\$	%						
(In millions)														
Investor Communication Solutions	\$	715.6	\$	727.8	\$	(12.2)	(2)	\$	1,418.2	\$	1,482.8	\$	(64.6)	(4)
Global Technology and Operations		280.9		247.0		33.9	14		554.8		485.4		69.4	14
Foreign currency exchange		(27.8)		(21.4)		(6.5)	30		(55.8)		(42.0)		(13.8)	33
Total	\$	968.7	\$	953.4	\$	15.2	2	\$	1,917.2	\$	1,926.2	\$	(9.0)	—

Earnings Before Income Taxes

	Three Months Ended December 31,				Six Months Ended December 31,				
	2019	2018	Change		2019	2018	Change		
			\$	%			\$	%	
(In millions)									
Investor Communication Solutions	\$ 22.1	\$ 36.8	\$ (14.7)	(40)	\$ 45.1	\$ 95.6	\$ (50.5)	(53)	
Global Technology and Operations	49.0	47.5	1.5	3	105.5	94.1	11.4	12	
Other	(68.1)	(27.9)	(40.3)	144	(89.3)	(51.0)	(38.2)	75	
Foreign currency exchange	7.5	7.9	(0.4)	(5)	13.0	15.0	(1.9)	(13)	
Total	\$ 10.5	\$ 64.3	\$ (53.8)	(84)	\$ 74.3	\$ 153.6	\$ (79.3)	(52)	

Investor Communication Solutions

Revenues for the three months ended December 31, 2019 decreased \$12.2 million to \$715.6 million from \$727.8 million, and earnings before income taxes decreased \$14.7 million to \$22.1 million from \$36.8 million.

Revenues for the six months ended December 31, 2019 decreased \$64.6 million to \$1,418.2 million from \$1,482.8 million, and earnings before income taxes decreased \$50.5 million to \$45.1 million from \$95.6 million.

	Three Months Ended December 31,				Six Months Ended December 31,			
	2019	2018	Change		2019	2018	Change	
			\$	%			\$	%
(In millions)								
Revenues								
Recurring fee revenues	\$ 367.5	\$ 357.0	\$ 10.6	3	\$ 716.7	\$ 694.0	\$ 22.7	3
Event-driven fee revenues	31.0	48.1	(17.1)	(36)	71.1	125.1	(53.9)	(43)
Distribution revenues	317.0	322.7	(5.7)	(2)	630.3	663.7	(33.4)	(5)
Total	<u>\$ 715.6</u>	<u>\$ 727.8</u>	<u>\$ (12.2)</u>	<u>(2)</u>	<u>\$ 1,418.2</u>	<u>\$ 1,482.8</u>	<u>\$ (64.6)</u>	<u>(4)</u>
Earnings Before Income Taxes								
Earnings before income taxes	<u>\$ 22.1</u>	<u>\$ 36.8</u>	<u>\$ (14.7)</u>	<u>(40)</u>	<u>\$ 45.1</u>	<u>\$ 95.6</u>	<u>\$ (50.5)</u>	<u>(53)</u>
Pre-tax Margin	3.1 %	5.1 %			3.2 %	6.4 %		
	Points of Growth				Points of Growth			
	Net New Business	Internal Growth	Acquisitions	Total	Net New Business	Internal Growth	Acquisitions	Total
Recurring fee revenue Growth Drivers	3pts	(3)pts	3pts	3 %	3pts	(2)pts	2pts	3 %

For the three months ended December 31, 2019:

- Recurring fees grew 3% driven by net new business and acquisition growth partially offset by internal growth. Internal growth was negatively impacted by lower volumes of communications related to mutual funds, which more than offset the impact of 6% position growth for mutual fund and exchange traded fund (“ETF”) interims.
- Lower event-driven fee revenues were primarily due to decreased mutual fund proxy activity.
- Lower distribution revenues resulted primarily from the decrease in event-driven fee revenues.
- The earnings decrease was primarily due to lower event-driven fee revenues more than offsetting the contribution from higher recurring fee revenues.

For the six months ended December 31, 2019:

- Recurring fees grew 3% driven by net new business and acquisition growth partially offset by internal growth. Internal growth was negatively impacted by lower volumes of communications related to mutual funds, which more than offset the impact of 6% position growth for mutual fund and ETF interims.
- Lower event-driven fee revenues were primarily due to decreased mutual fund proxy activity.
- Lower distribution revenues resulted primarily from the decrease in event-driven fee revenues.
- The earnings decrease was primarily due to lower event-driven fee revenues more than offsetting the contribution from higher recurring fee revenues.

Global Technology and Operations

Revenues for the three months ended December 31, 2019 increased \$33.9 million to \$280.9 million from \$247.0 million, and earnings before income taxes increased \$1.5 million to \$49.0 million from \$47.5 million.

Revenues for the six months ended December 31, 2019 increased \$69.4 million to \$554.8 million from \$485.4 million, and earnings before income taxes increased \$11.4 million to \$105.5 million from \$94.1 million.

	Three Months Ended December 31,				Six Months Ended December 31,			
	2019	2018	Change		2019	2018	Change	
			\$	%			\$	%
(In millions)								
Revenues								
Recurring fee revenues	\$ 280.9	\$ 247.0	\$ 33.9	14	\$ 554.8	\$ 485.4	\$ 69.4	14
Earnings Before Income Taxes								
Earnings before income taxes	\$ 49.0	\$ 47.5	\$ 1.5	3	\$ 105.5	\$ 94.1	\$ 11.4	12
Pre-tax Margin	17.4 %	19.2 %			19.0 %	19.4 %		
	Points of Growth				Points of Growth			
	Net New Business	Internal Growth	Acquisitions	Total	Net New Business	Internal Growth	Acquisitions	Total
Recurring fee revenue Growth Drivers	6pts	(2)pts	10pts	14 %	5pts	(1)pt	11pts	14 %

- For the three months ended December 31, 2019, the earnings increase was primarily due to higher organic revenues, partially offset by the impact of expenditures to implement and support new business.
- For the six months ended December 31, 2019, the earnings increase was primarily due to higher revenues from acquisitions, including software license sales, and higher organic revenues, partially offset by the impact of expenditures to implement and support new business.

Other

Loss before income taxes was \$68.1 million for the three months ended December 31, 2019, an increase of \$40.3 million, or 144%, compared to \$27.9 million for the three months ended December 31, 2018.

- The increased loss before income taxes was primarily due to charges associated with the IBM Private Cloud Agreement, and higher interest expense compared to the prior year period.

Loss before income taxes was \$89.3 million for the six months ended December 31, 2019, an increase of \$38.2 million, or 75%, compared to \$51.0 million for the six months ended December 31, 2018.

- The increased loss before income taxes was primarily due to charges associated with the IBM Private Cloud Agreement, and higher interest expense compared to the prior year period.

Explanation and Reconciliation of the Company's Use of Non-GAAP Financial Measures

The Company's results in this Quarterly Report on Form 10-Q are presented in accordance with U.S. GAAP except where otherwise noted. In certain circumstances, results have been presented that are not generally accepted accounting principles measures ("Non-GAAP"). These Non-GAAP measures are Adjusted Operating income, Adjusted Operating income margin, Adjusted Net earnings, Adjusted earnings per share, and Free cash flow. These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results.

The Company believes our Non-GAAP financial measures help investors understand how management plans, measures and evaluates the Company's business performance. Management believes that Non-GAAP measures provide consistency in its financial reporting and facilitates investors' understanding of the Company's operating results and trends by providing an additional basis for comparison. Management uses these Non-GAAP financial measures to, among other things, evaluate our ongoing operations, for internal planning and forecasting purposes and in the calculation of performance-based compensation. In addition, and as a consequence of the importance of these Non-GAAP financial measures in managing our business, the Company's Compensation Committee of the Board of Directors incorporates Non-GAAP financial measures in the evaluation process for determining management compensation.

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Earnings and Adjusted Earnings Per Share

These Non-GAAP measures reflect Operating income, Operating income margin, Net earnings, and Diluted earnings per share, as adjusted to exclude the impact of certain costs, expenses, gains and losses and other specified items that management believes are not indicative of our ongoing operating performance. These adjusted measures exclude the impact of: (i) Amortization of Acquired Intangibles and Purchased Intellectual Property, (ii) Acquisition and Integration Costs, and (iii) IBM Private Cloud Charges. Amortization of Acquired Intangibles and Purchased Intellectual Property represents non-cash amortization expenses associated with the Company's acquisition activities. Acquisition and Integration Costs represent certain transaction and integration costs associated with the Company's acquisition activities. IBM Private Cloud Charges represent a charge on the hardware assets to be transferred to IBM and other charges related to the IBM Private Cloud Agreement.

We exclude IBM Private Cloud Charges from our Adjusted Operating income and other earnings measures because excluding such information provides us with an understanding of the results from the primary operations of our business and this item does not reflect ordinary operations or earnings. We also exclude the impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, as these non-cash amounts are significantly impacted by the timing and size of individual acquisitions and do not factor into the Company's capital allocation decisions, management compensation metrics or multi-year objectives. Furthermore, management believes that this adjustment enables better comparison of our results as Amortization of Acquired Intangibles and Purchased Intellectual Property will not recur in future periods once such intangible assets have been fully amortized. Although we exclude Amortization of Acquired Intangibles and Purchased Intellectual Property from our adjusted earnings measures, our management believes that it is important for investors to understand that these intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.

Free Cash Flow

In addition to the Non-GAAP financial measures discussed above, we provide Free cash flow information because we consider Free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated that could be used for dividends, share repurchases, strategic acquisitions, other investments, as well as debt servicing. Free cash flow is a Non-GAAP financial measure and is defined by the Company as Net cash flows provided by operating activities less Capital expenditures as well as Software purchases and capitalized internal use software.

Set forth below is a reconciliation of such Non-GAAP measures to the most directly comparable GAAP measures (unaudited):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
(In millions)				
Operating income (GAAP)	\$ 26.8	\$ 78.2	\$ 99.9	\$ 178.3
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	30.3	21.3	58.4	43.2
Acquisition and Integration Costs	3.4	1.3	5.9	2.2
IBM Private Cloud Charges	33.4	—	33.4	—
Adjusted Operating income (Non-GAAP)	\$ 93.9	\$ 100.8	\$ 197.5	\$ 223.7
Operating income margin (GAAP)	2.8 %	8.2 %	5.2 %	9.3 %
Adjusted Operating income margin (Non-GAAP)	9.7 %	10.6 %	10.3 %	11.6 %

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
	(In millions)			
Net earnings (GAAP)	\$ 10.1	\$ 49.9	\$ 66.0	\$ 126.6
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	30.3	21.3	58.4	43.2
Acquisition and Integration Costs	3.4	1.3	5.9	2.2
IBM Private Cloud Charges	33.4	—	33.4	—
Taxable adjustments	67.1	22.6	97.7	45.4
Tax impact of adjustments (a)	(14.8)	(5.3)	(21.3)	(10.3)
Adjusted Net earnings (Non-GAAP)	\$ 62.4	\$ 67.2	\$ 142.3	\$ 161.8

	Three Months Ended December 31,		Six Months Ended December 31,	
	2019	2018	2019	2018
Diluted earnings per share (GAAP)	\$ 0.09	\$ 0.42	\$ 0.56	\$ 1.06
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	0.26	0.18	0.50	0.36
Acquisition and Integration Costs	0.03	0.01	0.05	0.02
IBM Private Cloud Charges	0.28	—	0.28	—
Taxable adjustments	0.57	0.19	0.83	0.38
Tax impact of adjustments (a)	(0.13)	(0.04)	(0.18)	(0.09)
Adjusted earnings per share (Non-GAAP)	\$ 0.53	\$ 0.56	\$ 1.22	\$ 1.35

(a) Calculated using the GAAP effective tax rate, adjusted to exclude \$2.2 million and \$7.9 million of excess tax benefits associated with stock-based compensation for the three and six months ended December 31, 2019, respectively, and \$0.8 million and \$7.9 million of excess tax benefits associated with stock-based compensation for the three and six months ended December 31, 2018, respectively. For purposes of calculating the Adjusted earnings per share, the same adjustments were made on a per share basis.

	Six Months Ended December 31,	
	2019	2018
	(In millions)	
Net cash flows provided by operating activities (GAAP)	\$ 11.5	\$ 82.1
Capital expenditures and Software purchases and capitalized internal use software	(43.0)	(30.3)
Free cash flow (Non-GAAP)	\$ (31.5)	\$ 51.8

Financial Condition, Liquidity and Capital Resources

Cash and cash equivalents consisted of the following:

	December 31, 2019	June 30, 2019
	(In millions)	
Cash and cash equivalents:		
Domestic cash	\$ 70.6	\$ 95.5
Cash held by foreign subsidiaries	71.9	99.8
Cash held by regulated entities	91.5	77.9
Total cash and cash equivalents	<u>\$ 234.0</u>	<u>\$ 273.2</u>

At December 31, 2019, Cash and cash equivalents were \$234.0 million and Total stockholders' equity was \$1,125.4 million. At December 31, 2019, net working capital was \$(114.2) million compared to \$239.8 million at June 30, 2019. At the current time, and in future periods, we expect cash generated by our operations, together with existing cash, cash equivalents, and borrowings from the capital markets, to be sufficient to cover cash needs for working capital, capital expenditures, strategic acquisitions, dividends and common stock repurchases.

We expect existing domestic cash, cash equivalents, and cash flows from operations to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as regular quarterly dividends, debt repayment schedules, and material capital expenditures, for the foreseeable future. In addition, we expect existing foreign cash, cash equivalents, cash flows from operations and borrowing capacity to continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities, such as material capital expenditures, for the foreseeable future. If these funds are needed for our operations in the U.S., we may be required to pay foreign taxes to repatriate these funds. However, while we may do so at a future date, the Company does not need to repatriate future foreign earnings to fund U.S. operations.

Outstanding borrowings and available capacity under the Company's borrowing arrangements were as follows:

	Expiration Date	Principal amount outstanding at December 31, 2019	Carrying value at December 31, 2019	Carrying value at June 30, 2019	Unused Available Capacity	Fair Value at December 31, 2019
(In millions)						
Current portion of long-term debt						
Fiscal 2014 Senior Notes (a)	September 2020	\$ 400.0	\$ 399.5	\$ —	\$ —	\$ 405.0
		<u>\$ 400.0</u>	<u>\$ 399.5</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 405.0</u>
Long-term debt, excluding current portion						
Fiscal 2019 Revolving Credit Facility:						
U.S. dollar tranche	March 2024	\$ —	\$ —	\$ 360.0	\$ 1,100.0	\$ —
Multicurrency tranche	March 2024	212.2	212.2	215.7	187.8	212.2
Total Revolving Credit Facility		<u>\$ 212.2</u>	<u>\$ 212.2</u>	<u>\$ 575.7</u>	<u>\$ 1,287.8</u>	<u>\$ 212.2</u>
Fiscal 2014 Senior Notes (a)	September 2020	—	—	399.2	—	—
Fiscal 2016 Senior Notes	June 2026	500.0	495.8	495.5	—	522.0
Fiscal 2020 Senior Notes	December 2029	750.0	741.3	—	—	749.9
Total Senior Notes		<u>1,250.0</u>	<u>1,237.1</u>	<u>894.7</u>	<u>—</u>	<u>1,271.9</u>
Total long-term debt		<u>\$ 1,462.2</u>	<u>\$ 1,449.3</u>	<u>\$ 1,470.4</u>	<u>\$ 1,287.8</u>	<u>\$ 1,484.1</u>
Total debt		<u>\$ 1,862.2</u>	<u>\$ 1,848.8</u>	<u>\$ 1,470.4</u>	<u>\$ 1,287.8</u>	<u>\$ 1,889.1</u>

(a) The Fiscal 2014 Senior Notes were reclassified from Long-term debt to Current portion of long-term debt in September 2019 to reflect the remaining maturity of less than a year.

Future principal payments on the Company's outstanding debt are as follows:

Years ending June 30,	2020	2021	2022	2023	2024	Thereafter	Total
(in millions)	\$ —	\$ 400.0	\$ —	\$ —	\$ 212.2	\$ 1,250.0	\$ 1,862.2

The Company has a \$1.5 billion five-year revolving credit facility (the "Fiscal 2019 Revolving Credit Facility"), which is comprised of a \$1.1 billion U.S. dollar tranche and \$400.0 million multicurrency tranche. Borrowings under the Fiscal 2019 Revolving Credit Facility bear interest at LIBOR plus 101.5 basis points. In addition, the Fiscal 2019 Revolving Credit Facility has an annual facility fee equal to 11.0 basis points on the entire facility.

The Fiscal 2019 Revolving Credit Facility and the senior notes are senior unsecured obligations of the Company and are ranked equally in right of payment. Interest on the senior notes due 2020 is payable semiannually on March 1st and September 1st each year based on a fixed per annum rate equal to 3.95%. Interest on the senior notes due 2026 is payable semiannually on June 27th and December 27th each year based on a fixed per annum rate equal to 3.40%. Interest on the senior notes due 2029 is payable semiannually on June 1st and December 1st each year based on a fixed per annum rate equal to 2.90%.

Our liquidity position may be negatively affected by changes in general economic conditions, regulatory requirements and access to the capital markets, which may be limited if we were to fail to renew any of the credit facilities on their renewal dates or if we were to fail to meet certain ratios.

Cash Flows

	Six Months Ended December 31,		
	2019	2018	Change \$
	(In millions)		
Net cash flows provided by operating activities	\$ 11.5	\$ 82.1	\$ (70.6)
Net cash flows used in investing activities	\$ (331.2)	\$ (32.0)	\$ (299.1)
Net cash flows provided by (used in) financing activities	\$ 280.5	\$ (61.9)	\$ 342.4
Free cash flow:			
Net cash flows provided by operating activities (GAAP)	\$ 11.5	\$ 82.1	\$ (70.6)
Capital expenditures and Software purchases and capitalized internal use software	(43.0)	(30.3)	(12.7)
Free cash flow (Non-GAAP)	<u>\$ (31.5)</u>	<u>\$ 51.8</u>	<u>\$ (83.3)</u>

The decrease in cash provided by operating activities of \$70.6 million in the six months ended December 31, 2019, as compared to the six months ended December 31, 2018, was primarily due to a decrease in net earnings and increased spend on client implementations, partially offset by lower cash used in working capital.

The increase in cash used in investing activities of \$299.1 million in the six months ended December 31, 2019, as compared to the six months ended December 31, 2018, primarily reflects an increase in cash used in recent acquisitions and other related investments.

The increase in cash provided by financing activities of \$342.4 million in the six months ended December 31, 2019 as compared to the six months ended December 31, 2018 primarily reflects an increase in debt proceeds, net of debt repayments, and lower treasury stock repurchases as compared to the prior year period.

Seasonality

Processing and distributing proxy materials and annual reports to investors comprises a large portion of our Investor Communication Solutions business. We process and distribute the greatest number of proxy materials and annual reports during our third and fourth fiscal quarters. The recurring periodic activity of this business is linked to significant filing deadlines

imposed by law on public reporting companies. Historically, this has caused our revenues, operating income, net earnings, and cash flows from operating activities to be higher in our fourth fiscal quarter than in any other quarter. Beginning on July 1, 2018, the Company adopted ASU No. 2014-09, resulting in the majority of our revenues from equity proxy services being recognized in the third and fourth quarters. Notwithstanding the impact of ASU No. 2014-09, the seasonality of our revenues makes it difficult to estimate future operating results based on the results of any specific fiscal quarter and could affect an investor's ability to compare our financial condition, results of operations, and cash flows on a fiscal quarter-by-quarter basis.

Contractual Obligations

In March 2010, the Company and IBM entered into an Information Technology Services Agreement (the "IT Services Agreement"), under which IBM provided certain aspects of the Company's information technology infrastructure. Under the IT Services Agreement, IBM provided a broad range of technology services to the Company including supporting its mainframe, midrange, network and data center operations, as well as providing disaster recovery services. The migration of data center processing to IBM was completed in August 2012. The IT Services Agreement would have expired on June 30, 2022, but a two-year extension was signed in March 2015, amending the expiration date to June 30, 2024. In December 2019, the Company and IBM amended and restated the IT Services Agreement (the "Amended IT Services Agreement"), which now expires on June 30, 2027. The Company has the option of incorporating additional services into the Amended IT Services Agreement over time. The Company may renew the term of the Amended IT Services Agreement for up to one additional 12-month period. Fixed minimum commitments remaining under the Amended IT Services Agreement at December 31, 2019 are \$263.4 million through fiscal year 2027, the final year of the Amended IT Services Agreement.

In December 2019, the Company and IBM entered into the IBM Private Cloud Agreement under which IBM will operate, manage and support the Company's private cloud global distributed platforms and products, and operate and manage certain Company networks. The IBM Private Cloud Agreement has an initial term of approximately 10 years and three months, expiring on March 31, 2030. As a result of the IBM Private Cloud Agreement, the Company expects that certain of its employees will become employees of IBM or one of its affiliates, and that such transferred employees will continue providing services to the Company on behalf of IBM under the IBM Private Cloud Agreement. Pursuant to the IBM Private Cloud Agreement, the Company has agreed to transfer the ownership of certain Company-owned hardware (the "Hardware") located at Company facilities worldwide along with the Company's maintenance agreements ("Maintenance Contracts") associated with the Hardware to IBM. The transfer of the Hardware and Maintenance Contracts to IBM is expected to close no later than September 30, 2020. The Company concluded that the Hardware qualifies as assets held for sale since the Company has committed to a plan of disposal expected to be completed within a year, and therefore, has recorded the Hardware at fair value less costs to dispose based on the expected selling price to IBM (a Level 3 fair value measurement as defined in Note 7, "Fair Value of Financial Instruments" to the Company's Condensed Consolidated Financial Statements). Accordingly, the Company recorded a non-cash pre-tax charge of \$31.8 million equal to the difference between the Hardware's carrying value and estimated fair value less costs to dispose, included as part of Cost of revenues on the Company's Condensed Consolidated Statements of Earnings and is included in Other for purposes of the Company's segment reporting. As of December 31, 2019, the Hardware classified as assets held for sale has a carrying amount of approximately \$18.0 million and is included in the Company's Other current assets line item on the Condensed Consolidated Balance Sheets. Fixed minimum commitments remaining under the IBM Private Cloud Agreement at December 31, 2019 are \$242.8 million through March 31, 2030, the final year of the contract.

In March 2014, the Company and IBM United Kingdom Limited ("IBM UK") entered into an Information Technology Services Agreement (the "EU IT Services Agreement"), under which IBM UK provides data center services supporting the Company's technology outsourcing services for certain clients in Europe and Asia. The EU IT Services Agreement would have expired in October 2023. In December 2019, the Company amended the existing EU IT Services Agreement whereby the Company will migrate from the existing dedicated on-premise solution to a managed Broadridge private cloud environment provided by IBM, as well as extended the term of the EU IT Services Agreement to June 2029 (the "Amended EU IT Services Agreement"). The Company has the right to renew the term of the Amended EU IT Services Agreement for up to one additional 12-month period or one additional 24-month period. Fixed minimum commitments remaining under the Amended EU IT Services Agreement at December 31, 2019 are \$26.3 million through fiscal year 2029, the final year of the contract.

The Company contributed \$1.5 million to an equity method investment during the six months ended December 31, 2019, and has a remaining commitment of \$0.2 million to fund this investment at December 31, 2019. At December 31, 2019, the Company also has a future commitment to fund \$3.9 million to one of the Company's investees.

Other Commercial Agreements

Certain of the Company's subsidiaries established unsecured, uncommitted lines of credit with banks. There were no outstanding borrowings under these lines of credit at December 31, 2019.

Off-balance Sheet Arrangements

It is not the Company's business practice to enter into off-balance sheet arrangements. However, the Company is exposed to market risk from changes in foreign currency exchange rates that could impact its financial position, results of operations and cash flows. The Company manages its exposure to these market risks through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company was not a party to any derivative financial instruments at December 31, 2019 or at June 30, 2019. In the normal course of business, the Company also enters into contracts in which it makes representations and warranties that relate to the performance of the Company's products and services. The Company does not expect any material losses related to such representations and warranties or collateral arrangements.

Recently-issued Accounting Pronouncements

Please refer to Note 2, "New Accounting Pronouncements" and Note 8, "Leases" to our Condensed Consolidated Financial Statements under Item 1. of Part I of this Quarterly Report on Form 10-Q, for a discussion on the impact of new accounting pronouncements, including the impact of ASU No. 2016-02, as amended.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes related to market risk from the disclosures in the 2019 Annual Report.

Item 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer, and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2019. The President and Chief Executive Officer, and the Chief Financial Officer, concluded that our disclosure controls and procedures as of December 31, 2019 were effective to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our President and Chief Executive Officer, and our Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the normal course of business, the Company is subject to claims and litigation. While the outcome of any claim or litigation is inherently unpredictable, the Company believes that the ultimate resolution of these matters will not, individually or in the aggregate, result in a material impact on its financial condition, results of operations, or cash flows.

Item 1A. RISK FACTORS

In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the “Risk Factors” disclosed under Item 1A. to Part I in our 2019 Annual Report. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to the risk factors we have disclosed in the “Risk Factors” section of our 2019 Annual Report.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table contains information about our purchases of our equity securities for each of the three months during our second fiscal quarter ended December 31, 2019:

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)</u>
October 1, 2019 - October 31, 2019	—	\$ —	—	10,000,000
November 1, 2019 - November 30, 2019	—	—	—	10,000,000
December 1, 2019 - December 31, 2019	—	—	—	10,000,000
Total	—	\$ —	—	

(1) Includes shares purchased from employees to pay taxes related to the vesting of restricted stock units.

(2) During the fiscal quarter ended December 31, 2019, the Company did not repurchase shares of common stock under its share repurchase program. At December 31, 2019, the Company had 10.0 million shares available for repurchase under its share repurchase program. Any share repurchases will be made in the open market or privately negotiated transactions in compliance with applicable legal requirements and other factors.

Item 6. EXHIBITS

The following exhibits are being filed as part of this Quarterly Report on Form 10-Q:

- 10.1* [Amended and Restated Information Technology Services Agreement, dated December 31, 2019 by and between International Business Machines Corporation and Broadridge Financial Solutions, Inc.](#)
- 10.2* [2019 Master Services Agreement, dated December 31, 2019 by and between International Business Machines Corporation and Broadridge Financial Solutions, Inc.](#)
- 31.1 [Certification of the President and Chief Executive Officer of Broadridge Financial Solutions, Inc., pursuant to Rule 13a-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of the Chief Financial Officer of Broadridge Financial Solutions, Inc., pursuant to Rule 13a-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of the President and Chief Executive Officer pursuant to Rule 13a-14\(b\) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of the Chief Financial Officer pursuant to Rule 13a-14\(b\) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following financial statements from the Broadridge Financial Solutions, Inc. Quarterly Report on Form 10-Q for the quarter ended December 31, 2019, formatted in eXtensible Business Reporting Language (XBRL): (i) condensed consolidated statements of earnings for the three and six months ended December 31, 2019 and 2018, (ii) condensed consolidated statements of comprehensive income for the three and six months ended December 31, 2019 and 2018, (iii) condensed consolidated balance sheets as of December 31, 2019 and June 30, 2019, (iv) condensed consolidated statements of cash flows for the six months ended December 31, 2019 and 2018, (v) condensed consolidated statements of stockholders' equity for the three and six months ended December 31, 2019 and 2018, and (vi) the notes to the condensed consolidated financial statements. XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 104 Cover Page Interactive Data File (Formatted as Inline XBRL and contained in Exhibit 101)

*Certain portions of this exhibit have been redacted pursuant to Item 601 (b)(10)(iv) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the Company if publicly disclosed. Schedules have been omitted from this exhibit pursuant to Item 601 (a)(5) of Regulation S-K. The Company agrees to furnish supplementally an unredacted copy of the exhibit or a copy of any omitted schedule to the Securities and Exchange Commission upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 31, 2020

BROADRIDGE FINANCIAL SOLUTIONS, INC.

By: /s/ James M. Young

James M. Young

Senior Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

NOTE: CERTAIN IDENTIFIED INFORMATION IN THIS AGREEMENT HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH PORTIONS HAVE BEEN REDACTED AND ARE MARKED WITH A “[*]” IN PLACE OF THE REDACTED LANGUAGE.**

AMENDED AND RESTATED 2019 INFORMATION TECHNOLOGY SERVICES AGREEMENT

between

INTERNATIONAL BUSINESS MACHINES CORPORATION

and

BROADRIDGE FINANCIAL SOLUTIONS, INC.

Dated as of December 31, 2019

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS AND INTERPRETATION.	<u>1</u>
1.01. Definitions	<u>1</u>
1.02. References	<u>13</u>
1.03. Headings	<u>13</u>
1.04. Precedence	<u>13</u>
1.05. Legacy Agreement and this (A&R) Agreement	<u>13</u>
ARTICLE 2 TRANSITION SERVICES.	<u>13</u>
2.01. Transition Services	<u>13</u>
ARTICLE 3 SERVICES.	<u>13</u>
3.01. Services	<u>13</u>
3.02. Acceptance of Deliverables	<u>14</u>
3.03. Customer Third Party Contracts	<u>14</u>
3.04. Labor and Materials	<u>14</u>
3.05. Customer Architecture	<u>14</u>
3.06. Knowledge Sharing	<u>15</u>
3.07. Technology and Process Enhancements	<u>15</u>
3.08. Technology Refresh and Standardization	<u>17</u>
3.09. Inspections and Monitoring	<u>17</u>
3.10. Directions	<u>17</u>
3.11. Instruction and Related Support	<u>18</u>
3.12. New Services	<u>18</u>
3.13. Assistance with Financial Matters and Planning	<u>19</u>
3.14. Insourcing and Resourcing.	<u>19</u>
3.15. Projects.	<u>19</u>
3.16. Savings Clause.	<u>20</u>
3.17. Additional IBM i-Series Platform and External SAN Storage Platform Terms	<u>20</u>
ARTICLE 4 CUSTOMER SATISFACTION AND BENCHMARKING.	<u>20</u>
4.01. Customer Satisfaction Survey	<u>20</u>
4.02. Customer Satisfaction Generally	<u>20</u>
4.03. Benchmarking	<u>21</u>
4.04. Benchmarking Process	<u>21</u>
4.05. Benchmark Results Review Period and Adjustments	<u>22</u>
4.06. Benchmarking for [****]	<u>23</u>
4.07. Benchmarking for [****].	<u>24</u>
ARTICLE 5 SERVICE DELIVERY ORGANIZATION.	<u>25</u>
5.01. Service Delivery Organization.	<u>25</u>
5.02. Key Individuals.	<u>27</u>
5.03. Replacement.	<u>27</u>

5.04. Conduct of Service Delivery Organization	<u>28</u>
5.05. Subcontracting and Supplier Agents	<u>28</u>
ARTICLE 6 INTENTIONALLY LEFT BLANK.	<u>29</u>
ARTICLE 7 SERVICE LOCATIONS.	<u>29</u>
7.01. Service Locations	<u>29</u>
7.02. Safety, Health and Hazards	<u>29</u>
7.03. Security at Service Locations	<u>29</u>
7.04. Security Relating to Competitors	<u>30</u>
7.05. Supplier Furnished Space	<u>30</u>
7.06. Visits to Service Locations	<u>30</u>
7.07. Hardware Segregation	<u>30</u>
ARTICLE 8 SERVICE LEVELS.	<u>31</u>
ARTICLE 9 COOPERATION WITH CUSTOMER THIRD PARTY SUPPLIERS.	<u>31</u>
9.01. Cooperation with Customer Third Party Suppliers	<u>31</u>
9.02. Cooperation on Issues and Service Problems	<u>32</u>
9.03. Disputes Related to Cooperation.	<u>32</u>
9.04. Customer Responsibilities	<u>33</u>
ARTICLE 10 LICENSES AND PROPRIETARY RIGHTS.	<u>34</u>
10.01. Customer Software and Work Product	<u>34</u>
10.02. Supplier Software and Work Product	<u>34</u>
10.03. Developed Software and Work Product	<u>35</u>
10.04. Inventions	<u>36</u>
10.05. Third Party Restrictions	<u>37</u>
10.06. Software Maintenance	<u>37</u>
ARTICLE 11 DATA.	<u>37</u>
11.01. Ownership of Data	<u>37</u>
11.02. Correction of Errors	<u>38</u>
11.03. Provision and Return of Data	<u>38</u>
11.04. Data Security and Computer Access	<u>38</u>
11.05. Records Management	<u>38</u>
11.06. Privacy and Personal Data	<u>38</u>
11.07. Data Protection Agreement.	<u>40</u>
ARTICLE 12 CONSENTS.	<u>40</u>
12.01. Supplier Consents	<u>40</u>
12.02. Customer Consents	<u>40</u>
12.03. Cooperation	<u>41</u>
ARTICLE 13 FEES.	<u>41</u>
13.01. Fees	<u>41</u>
13.02. Expenses	<u>41</u>
13.03. Intentionally Left Blank	<u>41</u>
13.04. Certain Changes in Control	<u>41</u>

ARTICLE 14 TAXES.	<u>41</u>
14.01. Sales Taxes	<u>41</u>
14.02. Invoice Details	<u>42</u>
14.03. Tax Cooperation.	<u>42</u>
ARTICLE 15 INVOICE AND PAYMENT.	<u>42</u>
15.01. Invoices Generally	<u>42</u>
15.02. Invoice Timing	<u>42</u>
15.03. Payment	<u>43</u>
15.04. Withholding; Rights of Set-Off.	<u>43</u>
15.05. Currency	<u>44</u>
ARTICLE 16 GOVERNANCE AND CHANGE CONTROL.	<u>44</u>
16.01. Governance	<u>44</u>
16.02. Service Requests and Changes of Scope	<u>44</u>
ARTICLE 17 REPORTS, DATA AND REAL TIME DATA ACCESS.	<u>44</u>
ARTICLE 18 AUDITS.	<u>45</u>
18.01. Services Audits	<u>45</u>
18.02. Audit Controls	<u>45</u>
18.03. Fees Audits	<u>45</u>
18.04. SSAE 18 and Sarbanes-Oxley	<u>46</u>
18.05. Facilities	<u>48</u>
18.06. Regulatory Information	<u>48</u>
18.07. Availability	<u>48</u>
18.08. ISO 9001 and ISO 27001	<u>49</u>
18.09. Data Center Designation	<u>49</u>
18.10. Disclosure of Supplier's Costs	<u>49</u>
18.11. [****] Service Location SSAE 18	<u>49</u>
18.12. Distribution	<u>49</u>
ARTICLE 19 CONFIDENTIAL INFORMATION.	<u>49</u>
19.01. Generally	<u>49</u>
19.02. Permitted Disclosure	<u>49</u>
19.03. Exclusions	<u>50</u>
19.04. Return of Materials	<u>50</u>
19.05. Unauthorized Access	<u>51</u>
ARTICLE 20 COMPLIANCE WITH LAWS.	<u>51</u>
20.01. By Customer	<u>51</u>
20.02. By Supplier	<u>51</u>
20.03. Interpretation of Laws	<u>52</u>
ARTICLE 21 REPRESENTATIONS, WARRANTIES AND COVENANTS.	<u>52</u>
21.01. By Customer Party	<u>52</u>
21.02. By Supplier Party	<u>53</u>
21.03. Disclaimer	<u>55</u>

21.04. Repair and Re-performance	<u>55</u>
ARTICLE 22 INDEMNIFICATION.	<u>55</u>
22.01. Indemnification by Customer Party	<u>55</u>
22.02. Indemnification by Supplier Party	<u>56</u>
22.03. Indemnification Procedures	<u>58</u>
22.04. Contribution	<u>59</u>
ARTICLE 23 DAMAGES.	<u>59</u>
23.01. Direct Damages.	<u>59</u>
23.02. Consequential Damages	<u>60</u>
23.03. Liability of Customer.	<u>60</u>
23.04. Liability of Supplier.	<u>61</u>
23.05. Injunctive Relief	<u>62</u>
23.06. [****]	<u>62</u>
ARTICLE 24 INSURANCE.	<u>62</u>
24.01. Insurance	<u>62</u>
24.02. Requirements Applicable to All Insurance Coverages	<u>63</u>
24.03. Insurance Documentation	<u>63</u>
24.04. Risk of Loss	<u>63</u>
24.05. Visits By Insurance Providers	<u>63</u>
ARTICLE 25 TERM AND TERMINATION.	<u>64</u>
25.01. Term.	<u>64</u>
25.02. Termination for Convenience	<u>64</u>
25.03. Termination for Cause	<u>64</u>
25.04. Termination for IBM Change in Control	<u>65</u>
25.05. Termination for [****]	<u>65</u>
25.06. Termination for [****]	<u>65</u>
25.07. Termination for [****].	<u>65</u>
25.08. Partial Termination	<u>65</u>
25.09. Other Terminations	<u>66</u>
25.10. Termination Fees	<u>66</u>
25.11. Effect of Termination	<u>67</u>
25.12. Return of Materials	<u>68</u>
25.13. Hiring of Service Delivery Organization	<u>68</u>
25.14. Termination Assistance	<u>69</u>
25.15. Exit Plan	<u>69</u>
ARTICLE 26 [****].	<u>69</u>
26.01. [****]	<u>69</u>
26.02. [****]	<u>70</u>
ARTICLE 27 FORCE MAJEURE.	<u>70</u>
27.01. Force Majeure.	<u>70</u>
27.02. Alternate Source	<u>72</u>

27.03. No Payment for Unperformed Services	<u>73</u>
ARTICLE 28 BUSINESS CONTINUITY.	<u>73</u>
28.01. In General	<u>73</u>
28.02. BCP Testing	<u>73</u>
28.03. BCP Review	<u>74</u>
ARTICLE 29 MISCELLANEOUS.	<u>74</u>
29.01. Amendment	<u>74</u>
29.02. Assignment	<u>74</u>
29.03. Business Ethics	<u>74</u>
29.04. Dispute Resolution	<u>74</u>
29.05. Divestiture and Acquisition	<u>75</u>
29.06. Entire Agreement	<u>76</u>
29.07. Export	<u>76</u>
29.08. Good Faith and Fair Dealing	<u>76</u>
29.09. Governing Law and Jurisdiction	<u>76</u>
29.10. Independent Contractor	<u>76</u>
29.11. Notices	<u>76</u>
29.12. No Exclusive Agreement	<u>77</u>
29.13. Non-Solicitation	<u>77</u>
29.14. Publicity	<u>77</u>
29.15. Remedies Cumulative	<u>78</u>
29.16. Severability	<u>78</u>
29.17. Survival	<u>78</u>
29.18. Third Party Beneficiaries	<u>78</u>
29.19. Waiver	<u>78</u>
29.20. Customer Competitors	<u>78</u>
29.21. Counterparts	<u>79</u>

TABLE OF EXHIBITS

Exhibit 1 Transition Plan

Attachment 1-A Transition Plan

Exhibit 2 Statement of Work

Attachment 2-A Mainframe

Attachment 2-B Managed Network Services

Attachment 2-C Cross-Functional – Other Services

Attachment 2-D Cross-Functional – Hardware and Software Services

Attachment 2-E Cross-Functional – Service Support Services

Attachment 2-F Cross-Functional – Service Delivery Services

Attachment 2-G Enterprise Security Services

Attachment 2-H Form of Statement of Work

Exhibit 3 Service Level Management

Attachment 3-A Critical Service Levels and Key Measurements

Attachment 3-B Service Level Matrix

Attachment 3-C Measuring Tools and Methodologies

Attachment 3-D Post Mortem Document

Exhibit 4 Fees

Attachment 4-A1 Base Fees

Attachment 4-A2 Transition Fees and Ramp-Up Fees

Attachment 4-A3 ARC Rates and RRC Rates

Attachment 4-A4 *Intentionally left blank*

Attachment 4-A5 Unit Rates

Attachment 4-A6 Summary of Fees

Attachment 4-B Financial Responsibility Matrix

Attachment 4-C Resource Units

Attachment 4-D Resource Unit Baselines

Attachment 4-E Form of Invoice

Attachment 4-F Capital Expenditure and Hardware Services Charge

Attachment 4-G Termination Fees

Attachment 4-H *Intentionally left blank*

Attachment 4-I Benchmarking Fee Schedule

Attachment 4-J Operational Capacity

Attachment 4-K Hourly Rate Card

Exhibit 5 Customer Third Party Contracts

Exhibit 6 Customer Software and Hardware

Exhibit 7 Supplier Software and Hardware

Exhibit 8 Service Locations

Exhibit 9 Governance

 Attachment 9-A Committee Members

 Attachment 9-B Procedures Manual

 Attachment 9-C Severity Levels

Exhibit 10 Reports

Exhibit 11 Customer Architecture

Exhibit 12 Customer Policies

 Attachment 12-A Information Security Requirements

 Attachment 12-B Drug Testing Requirements

Exhibit 13 Business Continuity Plan

 Attachment 13-A Customer Disaster Recovery Plan

 Attachment 13-B Test Acceptance Criteria Checklist

Exhibit 14 Form of Non-Disclosure and Assignment Agreement

 Attachment 14-A Business Conduct Guidelines

 Attachment 14-B IBM Confidentiality Agreement

Exhibit 15 Termination Assistance

Exhibit 16 *Intentionally Left Blank*

Exhibit 17 Planned Projects

Exhibit 18 Customer Satisfaction Survey

 Attachment 18-A Sample SET/MET Discussion Document

Exhibit 19 Form of Monthly Datacom Billing File

Exhibit 20 Facilities Use Terms

Exhibit 21 Customer Competitors

Exhibit 22 [****]

Exhibit 23 Supplier Service Location Security Policies

 Attachment 23-A Data Center Security Policies

 Attachment 23-B Facilities Infrastructure Tour Process

Exhibit 24 [****] Criteria

Exhibit 25 [****]

Exhibit 26 Supplier Competitors

Exhibit 27 Form of Auditor Update Letter

Exhibit 28 Supplier Confidential Information Pre-Approved for Disclosure

Exhibit 29 Top Twenty Broker-Dealers

Exhibit 30 Supplier Employee Screening Policies and Procedures

Exhibit 31 Restricted Roles

Exhibit 32 [****]

Exhibit 33 Additional IBM i-Series Platform and External SAN Storage Platform Terms

Exhibit 34 [****]

**AMENDED AND RESTATED 2019
INFORMATION TECHNOLOGY SERVICES AGREEMENT**

This Amended and Restated Information Technology Services Agreement (the "Agreement") is made and entered into as of December 31, 2019 (the "Restated Date") by and between INTERNATIONAL BUSINESS MACHINES CORPORATION, with offices at New Orchard Road, Armonk, New York 10504 ("Supplier Party"), and BROADRIDGE FINANCIAL SOLUTIONS, INC., with offices at 2 Gateway Center, 14th Floor, Newark, New Jersey 07102 ("Customer Party").

WHEREAS, this Agreement amends and restates, in its entirety, the Information Technology Services Agreement by and between Supplier Party and Customer Party, dated March 31, 2010 (the "Effective Date"), as amended by Supplier Party and Customer Party during the period between the Effective Date and the Restated Date (the "Legacy Agreement");

WHEREAS, the Contracting Parties have engaged in extensive negotiations that have culminated in the formation of the relationship described in this Agreement;

WHEREAS, certain services previously provided to Customer by ADP were, as of the Effective Date, and continue to be as of the Restated Date, provided by Supplier to Customer;

WHEREAS, Supplier continues to desire to provide to Customer, and Customer continues to desire to obtain from Supplier, the services described in this Agreement on the terms and conditions set forth in this Agreement; and

WHEREAS, the Contracting Parties are simultaneously with the execution of this Agreement, executing a separate master services agreement with respect to hybrid cloud services and services related thereto (referred to as the 2019 Master Services Agreement) as of the Restated Date, which services shall be governed exclusively by such separate master services agreement, and not this Agreement.

NOW, THEREFORE, for and in consideration of the agreements set forth below, the Contracting Parties agree as follows:

ARTICLE 1. DEFINITIONS AND INTERPRETATION.

1.01 Definitions. The following terms have the following meanings:

"[****]" means [****].

"Acceptance" has the meaning set forth in Exhibit 9.

"Acceptance Criteria" means the criteria developed by the Parties with respect to a Deliverable or Milestone, as applicable, used to determine whether a Deliverable or Milestone conforms to its specifications and meets or exceeds its functionality and performance requirements.

"Access" means the ability to view any applicable data in an unencrypted form, regardless of the means by which such data is transmitted or stored.

"Additional Resource Charge" or "ARC" has the meaning set forth in Exhibit 4.

"ADP" means ADP, Inc., a Delaware corporation.

"ADP Related Costs" has the meaning set forth in Exhibit 4.

"[****]" has the meaning set forth in Section 13.03.

"Affected MSDO" has the meaning set forth in Section 25.13.

"Affected Party" has the meaning set forth in Section 27.01(1).

"Affiliate" means any partnership, joint venture, corporation or other entity that, as to a Contracting Party, Controls, is Controlled by or is under the common Control with such Contracting Party.

"Agreement" has the meaning set forth in the preamble and as further described in Section 1.02.

"Assigned Agreements" means the third party agreements of ADP and Customer Party that are assigned, in whole or in part, to Supplier in accordance with Section 3.03 and that are identified as "Assigned Agreements" in Exhibit 5.

"At-Risk Amount" has the meaning set forth in Exhibit 3.

"[****] Benchmark Target Price" has the meaning set forth in Section 4.06(1)(ii).

"[****] Fees" has the meaning set forth in Section 4.06(1).

"[****] Service Locations" means the Service Locations set forth in Section 4.02 of Exhibit 8.

"[****] Services" has the meaning set forth in Section 4.06.

"Base Fees" has the meaning set forth in Exhibit 4.

"Benchmark Fees" has the meaning set forth in Section 4.04(3).

"Benchmark Results" means the final results of the Benchmarking Process delivered by the Benchmarker in a written report to each of the Parties, including any supporting documentation requested by Customer or Supplier to analyze the results of the Benchmarking Process.

"Benchmarker" means any one of the following entities (or their successors) designated by Customer from time to time to conduct the Benchmarking Process: Gartner, Inc.; Maturity Consulting GmbH; Interactive Data Corporation (IDC); or such other entity as the Parties may agree upon.

"Benchmarking Fee Schedule" means the fee schedule to be used in the Benchmarking Process, as identified in Exhibit 4, [****].

"Benchmarking Plan" has the meaning set forth in Section 4.05.

"Benchmarking Process" means the objective measurement and comparison process (utilizing baselines and industry standards) utilized by the Benchmarker to conduct an objective measurement and analysis of the pricing for the Services and compare such pricing to the pricing for similar services (e.g., a "like-for-like" comparison) provided by third parties in order to validate whether the Fees are competitive.

"Break Fee" has the meaning set forth in Exhibit 4.

"Business Continuity Plan" has the meaning set forth in Section 28.01.

"Change" has the meaning set forth in Exhibit 9.

"Change Control Procedures" means the procedures for implementing all Changes, whether chargeable Changes or Non-Chargeable Changes, as set forth in Exhibit 9.

"Commencement Date" means, with respect to a Service set forth in each Statement of Work, the applicable date of the commencement of the delivery of such Service, as set forth in the Transition Plan.

"Confidential Information" of a Party means information (and documentation) which (1) is identified in writing as confidential, restricted, proprietary or in any similar manner or (2) based upon the nature of the information (or documentation) or the circumstances under which it was disclosed, accessed, or learned, a reasonable person would understand is confidential; provided, however, that, in the case of either Party, any information (and documentation) disclosed to, accessed by or otherwise learned by the other Party that is in any of the following categories shall be considered confidential whether or not it satisfies any other criterion set forth in this definition: (a) all intellectual property, in each case, of a Party, its Affiliates or its customers, suppliers (including contractors) and other third parties doing business with such Party; (b) with respect to Customer, Customer Data, Customer Software, Developed Customer Software, and Developed Work Product; (c) this Agreement; (d) financial and business plans and data; (e) Personal Data, information (and documentation) relating to human resource operations, policies and procedures; (f) statistical information; (g) marketing plans (including marketing data, strategic plans, and client information); (h) product plans (including technical data, service specifications, product specifications, and computer programs); (i) either Party's client or customer data and client business information (including client names and client lists); and (j) anything developed by reference to the information described in this definition.

"Consents" means the Supplier Consents and Customer Consents.

"Contract Year" means each 12-month period during the Term commencing on July 1st and ending on the following June 30th; provided, however, that the first Contract Year means the period commencing on the Effective Date and ending on June 30, 2010 and the last Contract Year means the period commencing on July 1st of such Contract Year and ending on the final day of the Term.

"Contracting Parties" means Customer Party and Supplier Party.

"Contracting Party" means either Customer Party or Supplier Party, as applicable.

"Control" means, with respect to any entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities (or other ownership interest), by contract or otherwise.

"Crime" has the meaning set forth in Section 5.01(2).

"Critical Milestone" means those milestones, and the completion criteria associated with such milestones, designated as "critical" in Exhibit 1.

"Customer" means Customer Party and any current or future Affiliates of Customer Party receiving the Services.

"Customer Agent" means the agents, subcontractors, Customer Third Party Suppliers and representatives of Customer.

"Customer Architecture" has the meaning set forth in Section 3.05(1).

"Customer Auditors" has the meaning set forth in Section 18.01.

"Customer Competitor" means (1) any entity, and any Affiliate or successor thereof, which is set forth in Exhibit 21, as such Exhibit is updated from time to time in accordance with Section 29.20 and (2) any Top Twenty Broker-Dealer, which Supplier acquires, or with which Supplier effects or undergoes an IBM Change in Control.

"Customer Consents" means all licenses, consents, permits, approvals, authorizations and fee arrangements that are necessary to allow (1) Supplier to use (a) any assets owned or leased by Customer, including the Customer Hardware, (b) the services provided for the benefit of Customer under Customer's third party services contracts and (c) the Customer Software, in each case, as necessary to provide the Services and (2) (a) the Assigned Agreements to be assigned to Supplier and (b) Supplier to (i) manage, administer and maintain or (ii) accept assignment or novate, in each case, the Customer Third Party Contracts pursuant to Section 3.03.

"Customer Data" means all data or information (including reports and Personal Data), whether or not owned by, or relating to, Customer or any third party, including the suppliers and clients of Customer: (1) submitted to Supplier (or to which access is permitted) by Customer or (2) created, developed or produced by Supplier (other than Supplier intellectual property or data internal to Supplier (e.g., Supplier personnel data, cost data, or internal reviews)) for Customer in connection with this Agreement.

"Customer Executive" has the meaning set forth in Exhibit 9.

"Customer Hardware" means the Hardware leased or owned by Customer that are used by Supplier to provide the Services, including the Hardware set forth in Exhibit 6, and any modification or enhancement of the foregoing.

"Customer Indemnified Parties" has the meaning set forth in Section 22.02.

"Customer Laws" has the meaning set forth in Section 20.01.

"Customer Lines of Business" means (a) securities trade processing solutions for all clearance and custody functions (including international and domestic equities, mutual funds, options, futures, fixed income and mortgage backed securities), which solutions include back-office operations outsourcing, business process management, data aggregation, tax processing, reference data management, order execution; SWIFT processing, support and application solutions for private banking and wealth

management, investor websites, broker desktops, performance reporting and portfolio management and (b) investor communications services, which services include global proxy processing, distribution of meeting materials and agendas, proxy solicitation (for mutual funds) and vote tabulation, corporate actions and reorganization services, electronic document archival and delivery, stock transfer agency, client on-boarding (including new accounts processing), pre- and post-sale prospectus delivery, statement and confirmation printing, marketing communications, document management, print and mail, document archival, tax information reporting, investor internet services, Investor Mailbox™, Advisor Mailbox™, Investor Network™ and Virtual Shareholder™.

"Customer Losses" has the meaning set forth in Section 22.02.

"Customer Party" has the meaning set forth in the preamble.

"Customer Senior Executive" has the meaning set forth in Exhibit 9.

"Customer Site" means any premises owned or leased by Customer.

"Customer Software" means the Software owned or licensed by Customer (other than the Supplier Software) that is used in connection with the Services, including the Software set forth in Exhibit 6, and any modification, enhancement or derivative work of the foregoing.

"Customer Third Party Contracts" means the agreements set forth in Exhibit 5.

"Customer Third Party Supplier" has the meaning set forth in Section 9.01.

"Customer Work Product" means the Work Product owned or licensed by Customer (other than the Supplier Work Product) that is used in connection with the Services.

"Damages Cap" has the meaning set forth in Section 23.01(1).

"Data Protection Laws" means all Laws relating to processing and security of Personal Data in respect of Customer and its clients, including the Canadian Personal Information Protection and Electronic Documents Act (and any applicable provincial legislation, such as the Laws in Quebec, British Columbia and Alberta), Directive 95/46/EC of the European Parliament (and any applicable national legislation in any European Union member state implementing Directive 95/46/EC) and Laws of the United States on privacy, data security and security breach notification (including the Gramm-Leach-Bliley Act and the Massachusetts General Laws c. 93H codified at 201 CMR 17.00: Standards for the Protection of Personal Information of Residents of the Commonwealth).

"Data Safeguards" has the meaning set forth in Section 11.04.

"Data Security Event" has the meaning set forth in Section 11.06(6).

"Data Subject" means any natural person about whom data may be processed by Supplier in connection with the Services.

"Deliverables" means the Developed Customer Software, Developed Supplier Software, Developed Work Product and any other Software, Work Product, products, documentation or other items to be developed or otherwise provided by Supplier pursuant to this Agreement.

"Destroy or Erase" means to either (1) convert a medium into a form from which the information cannot be recreated or read, (2) overwrite the information on a medium in a manner that meets or exceeds the data destruction standards of the U.S. Department of Defense, such that the information cannot be restored using current computer forensics methods or (3) physically destroy the medium in a manner such that the information is no longer accessible.

"Developed Customer Software" means any Software developed by Supplier that is (1) a modification, enhancement or derivative of Customer Software or (2) an original non-derivative work developed specifically for Customer pursuant to this Agreement.

"Developed Supplier Software" means any Software developed by Supplier that is implemented to operate, or is integrated into, Customer's information technology environment, other than Developed Customer Software.

"Developed Work Product" means any Work Product developed by Supplier: (1) that is a modification, enhancement or derivative of Customer Work Product; or (2) specifically for Customer pursuant to this Agreement that is an original non-derivative work.

"Disclosing Party" means the Party making a disclosure of Confidential Information to the Receiving Party.

"Dispute Notice" has the meaning set forth in Section 29.04(1).

"Disputing Parties" has the meaning set forth in Section 9.03(1).

"Effective Date" has the meaning set forth in the preamble.

"Enhanced Screening Process" has the meaning set forth in Section 5.01(2).

"E.U. Data Protection Laws and Regulations" means the Directive 95/46/EC of the European Parliament, and any applicable national legislation in any European Union member state implementing Directive 95/46/EC.

"Excess Operational Capacity" has the meaning set forth in Exhibit 4.

"Excused Event" has the meaning set forth in Section 3.16.

"Exit Plan" has the meaning set forth in Exhibit 15.

"Export Controls" has the meaning set forth in Section 29.07.

"[****]" has the meaning set forth in Exhibit 25.

"Fees" has the meaning set forth in Exhibit 4.

"Force Majeure Event" has the meaning set forth in Section 27.01(1).

"[****]" has the meaning set forth in Section 3.07(4).

"Hardware" means the equipment, including computers and related equipment, such as servers, central processing units and other processors, controllers, modems, communications and telecommunications equipment (voice, data and video), cables, storage devices, printers, terminals, other peripherals and input and output devices, and other tangible mechanical and electronic equipment intended for the processing, input, output, storage, manipulation, communication, transmission and retrieval of information and data.

"IBM Change in Control" means the (1) consolidation or merger of Supplier Party or IBM Global Services with or into any entity that, giving effect to any such transaction, results in the beneficial owners of the outstanding voting securities or other ownership interests of Supplier Party or IBM Global Services immediately prior to such transaction owning less than 50 percent of such securities or interests after such transaction; (2) sale, transfer or other disposition of all or substantially all of the assets of Supplier Party or IBM Global Services; or (3) acquisition by any entity, or group of entities acting in concert, of beneficial ownership of 50 percent or more of the outstanding voting securities or other ownership interests of Supplier Party or IBM Global Services.

"IBM Global Services" means the division of Supplier Party commonly referred to as "IBM Global Services", which generally conducts Supplier Party's outsourcing business and is the primary provider of services pursuant to this Agreement.

"Indemnified Party" has the meaning set forth in Section 22.03.

"Indemnifying Party" has the meaning set forth in Section 22.03.

"Initial Expiration Date" has the meaning set forth in Section 25.01(1).

"Interest" means the rate per annum equal to the "Prime Rate" (as published in the Wall Street Journal) for the applicable period during which interest may be payable under this Agreement.

"Inventions" means any inventions or improvements made or conceived by Supplier in connection with the Services, excluding modifications, enhancements or improvements to (1) Supplier Software, Developed Supplier Software or Supplier Work Product; or (2) inventions of Supplier existing prior to the Effective Date.

"Key Individual" has the meaning set forth in Section 5.02(1).

"Key Measurement" has the meaning set forth in Exhibit 3.

"Laws" means all laws, ordinances, rules, regulations and court (or other governmental or administrative) orders, whether international, federal, state or local.

"Legacy Agreement" has the meaning set forth in the preamble.

"Logically Segregated" means, with respect to any Hardware, that measures have been taken with respect to such Hardware to ensure that such Hardware is (1) not accessible by systems of any third party and (2) logically separated at all times from the data of any third party.

"Managed Agreements" means the third party agreements of ADP and Customer Party that are managed, in whole or in part, by Supplier in accordance with Section 3.03 and that are identified as "Managed Agreements" in Exhibit 5.

"Milestone" has the meaning set forth in Exhibit 1.

"Milestone Credit" means the credit payable to Supplier for its achievement of the applicable Critical Milestone, as set forth in Exhibit 1.

"Milestone Completion Date" means the date for completion of each Milestone, as set forth in Exhibit 1.

"MSDO" means a member of the Service Delivery Organization.

"Network Tower" has the meaning set forth in Exhibit 2.

"New Service" means any service that is different than, and outside the scope of the Services.

"Non-Chargeable Change" means any Change to the extent such Change or applicable portion thereof meets any of the following criteria: (1) such Change [****]; (2) [****]; (3) such Change can be performed [****]; (4) such Change is required for Supplier to meet its obligations under this Agreement; (5) such Change is [****]; (6) such Change is a [****]; and (7) such Change is one which the Parties otherwise agree will be provided or made without payment of any additional Fees.

"Overcharge Interest" means interest at a rate of [****] percent per month or the highest lawful rate.

"Parties" means Customer and Supplier.

"Party" means either Customer or Supplier, as applicable.

"Pass-Through Expenses" has the meaning set forth in Exhibit 4.

"Payment Date" has the meaning set forth in Section 15.03.

"Performance Credit" has the meaning set forth in Exhibit 3.

"Personal Data" means data that identifies, could be used to identify, locate or contact, or relates to an individual person, including the following: name, contact information (e.g., address, telephone number or e-mail address), social security number, biometric records, date of birth, place of birth, mother's maiden name, state identification number, driver's license number, financial account number, credit or debit card number, health information, and information relating to physical, physiological, mental, economic, cultural or social identity, or any other information included in the definitions of "personal information", "personally identifiable information" or similar definitions under any Data Protection Laws.

"Physically Segregated" means, with respect to any Hardware, that measures have been taken with respect to such Hardware to ensure that such Hardware is not networked with, electronically linked to or otherwise accessible by (1) any Hardware that is not leased or owned by Supplier to perform the

Services, other than Hardware leased or owned by Customer or (2) any Hardware leased or owned by Supplier to provide services to a third party.

"Planned Projects" means the ongoing and planned Projects set forth in Exhibit 17.

"Procedures Manual" has the meaning set forth in Exhibit 9.

"Project" means a discrete unit of discretionary and non-recurring work that is not an inherent, necessary or customary part of the day-to-day recurring Services and is not otherwise required for proper performance or provision of the Services in accordance with this Agreement.

"Ramp-Up Period" means, with respect to a given Tower, the time between the Commencement Date and the Steady State Date for such Tower.

"Receiving Party" means the Party receiving Confidential Information from the Disclosing Party.

"Recovery Time Objective" or "RTO" has the meaning set forth in Exhibit 13.

"Reduced Resource Credit" or "RRC" has the meaning set forth in Exhibit 4.

"Related Documentation" means all materials, documentation, specifications, technical manuals, user manuals, flow diagrams, file descriptions and other written information that describes the function and use of related Software.

"Renewal Term" has the meaning set forth in Section 25.01(2).

"Restated Date" has the meaning set forth in the preamble.

"Restricted Third Party Software" means third party Software with respect to which Supplier has, prior to using such third party Software to provide the Services, (1) notified Customer of Supplier's inability to transfer, assign or sublicense such third party Software in accordance with Section 10.02(2)(a) and (2) obtained Customer's approval of such third party Software.

"Sales Taxes" has the meaning set forth in Section 14.01.

"Services" means (1) the services, functions, responsibilities and projects of Supplier described in this Agreement (including the services, functions, responsibilities and projects described in the Statement of Work and the Planned Projects), (2) during any Termination Assistance Period, the Termination Assistance Services, (3) during any transition, the Transition Services; and (4) any services, functions, responsibilities or projects not specifically described in this Agreement, but which are required for the proper performance and delivery of the services, functions, responsibilities and projects described in clause (1) through clause (3).

"Service Delivery Organization" means the personnel of Supplier who perform any of Supplier's obligations under this Agreement.

"Service Interruption Date" has the meaning set forth in Section 28.01.

"Service Level Default" has the meaning set forth in Exhibit 3.

"Service Levels" has the meaning set forth in Exhibit 3.

"Service Location" has the meaning set forth in Section 7.01.

"Service Problem" has the meaning set forth in Section 9.02.

"Service Recipient" means any divested entity or business unit of Customer designated by Customer Party from time to time to receive the Services pursuant to this Agreement.

"SIS Canada" has the meaning set forth in Section 7.04(2).

"Software" means the Source Code and object code versions of any software applications programs, operating system software, computer software languages, utilities, tools and other computer programs, in whatever form or media (including the tangible media upon which such are recorded or printed), together with all corrections, enhancements, modifications, derivatives, improvements, updates and releases thereof.

"Source Code" means the human readable form of a Software program in computer programming code or language (*e.g.*, "ABAP" or "Java").

"Statement of Work" means the statement of work set forth in Exhibit 2 and any other statement of work entered into by the Parties under this Agreement for the provision of the Services.

"Steady State Date" means, with respect to a given Tower, the first date that Supplier provides all Services set forth in the applicable Statement of Work with respect to such Tower on a "live" basis.

"[****] Date" has the meaning set forth in Section 26.02.

"[****] Notice" has the meaning set forth in Section 26.02.

"[****] Plan" has the meaning set forth in Section 26.02.

"Supplier" means Supplier Party, any Affiliates of Supplier Party and any Supplier Agents performing any of Supplier's obligations under this Agreement.

"Supplier Agents" means the agents, subcontractors and representatives of Supplier Party, or of the Affiliates of Supplier Party, performing any of Supplier's obligations under this Agreement.

"Supplier Competitor" means any entity set forth in Exhibit 26.

"Supplier Consents" means all licenses, consents, permits, approvals, authorizations and fee arrangements that are necessary to allow (1) Supplier to use (a) the Supplier Software and the Developed Supplier Software, (b) any assets owned or leased by Supplier, including the Supplier Hardware, and (c) any third party services retained by Supplier to provide the Services during the Term, in each case to the extent necessary to provide the Services, (2) Supplier to assign to Customer the Developed Customer Software and Developed Work Product as required by this Agreement and (3) Customer to use the Supplier Software, Developed Supplier Software and Supplier Work Product in accordance with Section 10.02

"Supplier Controls" has the meaning set forth in Section 18.02(2).

"Supplier Dispute" has the meaning set forth in Section 9.03(1).

"Supplier Executive" has the meaning set forth in Exhibit 9.

"Supplier Hardware" means the Hardware leased or owned by Supplier that are used by Supplier to provide the Services, including the Hardware set forth in Exhibit 7, and any modification or enhancement of the foregoing.

"Supplier Indemnified Parties" has the meaning set forth in Section 22.01.

"Supplier Laws" has the meaning set forth in Section 20.02.

"Supplier Operational Law" means, as applicable, (1) any Law regulating Supplier in its capacity as a provider of information technology services, (2) any Law applicable to Supplier's performance of the Services and (3) any obligation of Supplier with respect to Data Protection Laws set forth in Section 11.06 and Section 11.07.

"Supplier-Owned or Leased Assets" has the meaning set forth in Section 3.05(2).

"Supplier Party" has the meaning set forth in the preamble.

"Supplier Security Policies" has the meaning set forth in Section 3.06.

"Supplier Senior Executive" has the meaning set forth in Exhibit 9.

"Supplier Software" means the Software owned or licensed by Supplier that is used to provide the Services, including the Software set forth in Exhibit 7, and any modification, enhancement or derivative work of the foregoing (in each case, to the extent used to provide the Services).

"Supplier Work Product" means the Work Product owned or licensed by Supplier (other than the Customer Work Product) that is used to provide the Services.

"Target Price" has the meaning set forth in Section 4.05.

"Term" has the meaning set forth in Section 25.01(1).

"Termination Assistance Period" has the meaning set forth in Section 25.14.

"Termination Assistance Services" has the meaning set forth in Section 25.14.

"Termination Date" means the effective date of any termination of this Agreement, in whole or in part, as specified in the notice of termination provided by the terminating Party in accordance with the terms of this Agreement.

"Termination Fees" has the meaning set forth in Exhibit 4.

"[****]" has the meaning set forth in Exhibit 3.

"Top Twenty Broker-Dealer" means any broker-dealer, or any successor thereof, set forth in Exhibit 29, as such Exhibit is updated from time to time by Customer upon notice to Supplier; provided that the list of broker-dealers set forth in such Exhibit shall be limited to broker-dealers that (1) are registered with

the Securities and Exchange Commission, (2) provide brokerage or related services to institutional investors or high net worth individuals and (3) are one of the 20 largest such broker-dealers, as measured by reference to the amount of capital reserves held by each such broker-dealer.

"Tower" means each of the applicable categories of Services described in the applicable Statement of Work; provided, however, that in the event such Statement of Work does not describe categories of Services, all Services described in such Statement of Work shall be deemed to comprise a single Tower.

"Transition Fees" has the meaning set forth in Exhibit 4.

"Transition Plan" has the meaning set forth in Section 2.01.

"Transition Services" has the meaning set forth in Section 2.01.

"Transitioned Employee" means the employees who were offered and accepted employment with Supplier or its Subcontractor pursuant to the Legacy Agreement.

"Unrecovered Amortized Expenses" has the meaning set forth in Exhibit 4.

"Variable Charges" has the meaning set forth in Exhibit 4.

"[****]" has the meaning set forth in Section 4.07.

"Virus or Disabling Code" means any defect, device, computer virus, "lockout", self-help code or other Software code or routine (e.g., back door, time bomb, Trojan horse or worm) that may: (1) disable, restrict use of, lock, erase or otherwise harm Software, Hardware or data (other than (a) passwords and codes which have been provided by one Party to the other Party to permit the use of the applicable Software to provide, or to receive, the Services and (b) code that functions to ensure Software license compliance to the extent Supplier notifies Customer of the specific disabling function of such code, and Customer approves such code prior to its implementation); (2) permit unauthorized monitoring of user behavior (e.g., spyware); or (3) permit any other unauthorized use of Software, Hardware or Customer Data (e.g., allow zombie use of Hardware).

"Wind-Down Expenses" has the meaning set forth in Exhibit 4.

"Withholding Cap" has the meaning set forth in Section 15.04(1).

"Work Product" means any literary works (other than Software), including manuals, training materials, documentation, diagrams, schemes, formats, layouts, reports, specifications and Related Documentation.

1.02 References.

- (1) All references to this Agreement include the Exhibits; all references to the Exhibits include any Attachments thereto. Except where otherwise indicated: (a) all references in this Agreement (exclusive of the Exhibits) to Articles or Sections are to Articles or Sections in this Agreement (exclusive of the Exhibits); and (b) all references in this Agreement to Exhibits are to Exhibits to this Agreement.

- (2) All references in this Agreement to and mentions of the word "include", "including" or the phrases "e.g." or "such as" shall mean "including, without limitation."
- (3) All references to "day", "week", "month", "quarter" or "year" refer to a calendar day, week, month, quarter or year, respectively, unless otherwise indicated.
- (4) All references in this Agreement to any Law shall include such Law in changed, supplemented or newly adopted form.

1.03 Headings. The Article and Section headings, Table of Contents and Table of Exhibits are for reference and convenience only and shall not be considered in the interpretation of this Agreement.

1.04 Precedence. This Agreement (exclusive of the Exhibits) shall control in the event of any conflict with any Exhibit.

1.05 Legacy Agreement and this (A&R) Agreement. The terms and conditions of the Legacy Agreement shall apply to services provided by Supplier to Customer pursuant to the Legacy Agreement or any claim or liability arising between the Parties pursuant to the Legacy Agreement with respect to periods prior to the Restated Date. The terms and conditions of this Agreement shall apply to any Services, claim or liability arising between the Parties pursuant to this Agreement on the Restated Date and with respect to periods on and after the Restated Date. However, for the avoidance of doubt, the Damages Cap is a single cumulative cap for the Legacy Agreement and this Agreement.

ARTICLE 2 TRANSITION SERVICES.

2.01 Transition Services. Prior to the Restated Date, Supplier has completed, and Customer has fully paid for, the services, functions, responsibilities and projects described in the Transition Plan (the "Transition Services"). For references purposes only, the transition plan is set forth in Exhibit 1 (the "Transition Plan").

ARTICLE 3 SERVICES.

3.01 Services. Supplier shall provide the Services to Customer and the Service Recipients in accordance with this Agreement.

3.02 Acceptance of Deliverables. Each Deliverable developed or otherwise provided by Supplier as part of the Services shall be subject to acceptance in accordance with Exhibit 9.

3.03 Customer Third Party Contracts. Exhibit 5 sets forth the Customer Third Party Contracts, and specifies for each such agreement whether Supplier Party shall (1) manage, administer and maintain such agreement, but shall not be financially responsible for fees payable to counterparties under the terms and conditions of such agreement, (2) accept assignment, accept financial responsibility for, or novate such agreement or (3) comply with the usage, access or other rights under such agreement in support of Customer.

3.04 Labor and Materials. Supplier shall perform all work necessary to provide the Services in accordance with this Agreement. Supplier shall furnish and pay for all labor, materials, services, facilities, Software, Hardware and computer and other resources necessary to provide the Services and

meet its obligations under this Agreement (including the Supplier Software, Developed Supplier Software and Supplier Hardware), excluding (1) Customer's responsibilities set forth in this Agreement (such as the Customer Software and the Customer Hardware identified in Exhibit 6 to be furnished by Customer) and (2) any facilities for which Customer is financially responsible in accordance with Section 7.01. Supplier shall keep the Customer Sites and Customer assets under the control of Supplier free of any liens resulting from Supplier's acts or omissions.

3.05 Customer Architecture.

- (1) Except to the extent set forth in Section 3.05(2), Supplier shall comply with Customer's information technology architecture rules and policies as set forth in Exhibit 11 (the "Customer Architecture"). Supplier shall modify (and perform such modification as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for such modification pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) the Services to comply with any changes in the Customer Architecture that are communicated to Supplier, and such modification, in each case, shall be subject to Customer's approval. If Customer requests Supplier to perform the Services in a manner that does not comply with the Customer Architecture, Supplier shall not do so until Supplier receives a written variance approved by the appropriate person designated by Customer Party. If Supplier discovers or is notified of a failure to comply with the Customer Architecture, Supplier shall notify Customer Party as soon as reasonably possible after such discovery or notification. Supplier shall, with Customer's reasonable cooperation, investigate and propose a plan and, upon Customer approval, implement such plan to cure such failure (a) as soon as reasonably possible, if such failure affects the Service Levels and (b) in all other cases, no later than 10 days after Supplier first discovers or is notified of such failure.
- (2) *Architecture of Supplier-Owned or Leased Assets.* Notwithstanding anything to the contrary in this Agreement, Supplier hereby has the authority and control to make architectural decisions (including modifications) for Supplier-owned or Supplier-leased assets, including mainframe, mid-range, managed network and network LAN assets used to render the Services (the "Supplier-Owned or Leased Assets"); provided that the Services (for which Supplier Party makes such architectural decisions) are no less performant, resilient, protective or stringent than the controls and requirements set forth in this Agreement. For the avoidance of doubt: (a) the foregoing exception applies to specific model references listed in all Exhibits and/or Attachments of this Agreement for Supplier-Owned or Leased Assets; (b) Supplier has the right to direct the use of each individual Supplier-Owned or Leased Asset to deliver the Services in accordance with their corresponding Service Levels; provided that: (i) such direction does not materially disrupt or adversely impact the Customer's operations, and (ii) the Services are not dependent on any single such asset; and (c) Supplier's authority and control to make architectural decisions for such assets includes the right to substitute such owned or leased assets with likekind assets to manage the Services and fulfill the Service Levels under this Agreement.

3.06 Knowledge Sharing. Supplier shall: (1) explain and review the procedures set forth in the Procedures Manual with Customer upon Customer request, up to twice each Contract Year; (2) assist Customer, Customer Agents and Customer client subject matter experts in understanding the

performance of the Services and the operation of the Services including attending meetings with Customer or Customer's designees upon Customer's request; (3) in compliance with the data center security policies set forth in Exhibit 23 (as may be updated by Supplier from time to time upon notice to Customer; provided that such updated security standards shall not adversely affect Customer (unless required by Law)) (the "Supplier Security Policies"), permit Customer's and Customer Agent's personnel to visit the Service Locations to observe performance upon reasonable prior notice from Customer; and (4) provide (and perform such action as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) such explanations, demonstrations and documentation as Customer may request from time to time for Customer to (a) understand the systems used to provide the Services and (b) understand and provide the Services after expiration or termination of this Agreement.

3.07 Technology and Process Enhancements.

- (1) Supplier shall, at least once each Contract Year, provide for Customer Party's review (a) an assessment of the methodologies, technology and processes then being used to provide the Services and (b) an assessment of the effect of implementing the least cost/highest benefit methods to implement proven methodologies, processes and technology changes. Upon agreement by the Parties to further investigate an assessment pursuant to this Section 3.07(1), Supplier shall (with the reasonable support of Customer) develop and provide to Customer a business case that explicitly covers investment requirements, risk and reward assessments, and disposal costs. Upon Customer Party's approval of such business case and execution of an applicable Statement of Work, Supplier shall implement such methodologies, processes and changes in accordance with Section 3.07(3).
- (2) Supplier shall assist Customer Party to assess leading technology. At least once each Contract Year, Supplier shall meet (a) with the Customer Senior Executive to review Supplier's performance and discuss technology service, process and industry developments and (b) meet with the Customer Senior Executive to inform Customer Party of any new commercially available methodologies, processes and technical changes Supplier is developing (or methodologies, processes or technology trends and directions of which Supplier is otherwise generally aware) that could reasonably be expected to have an impact on Customer's business. Upon agreement by the Parties to further investigate an assessment pursuant to this Section 3.07(2), Supplier shall (with the reasonable support of Customer) develop and provide to Customer a business case that explicitly covers requirements, risk and reward assessments, and disposal costs with respect to such technology. Upon Customer Party's approval of such business case and execution of an applicable Statement of Work, Supplier shall implement such technologies in accordance with Section 3.07(3).
- (3) Any implementation of technology and process enhancements or any other new methodologies, processes or technology changes by Supplier shall be subject to Customer Party's prior review and approval in accordance with Section 3.08, and upon Customer's approval, Supplier shall perform such implementation (which shall be performed as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of

Exhibit 9). With respect to Supplier-Owned or Leased Assets, any implementation of technology and process enhancements or any other new methodologies, processes or technology changes by Supplier shall be in accordance with the Change Control Procedures. [****].

- (4) To the extent set forth in the refresh and currency requirements set forth in Exhibit 4, Supplier shall maintain methodologies, processes and a level of technology that allows Customer to take advantage of technological and other advances in order to remain competitive in the markets in which Customer competes. In addition, Customer or Supplier shall propose, from time to time, for joint review and approval by the Parties, opportunities and recommendations regarding methodologies, accelerated refresh [****]. The [****] shall enable Customer to take advantage of (a) developments in information technology, (b) improvements made available to other Supplier clients, and (c) other developments that would enable Customer to achieve the foregoing objectives. In preparing the [****], the Parties shall actively review Customer's information technology and systems, and marketplace trends and developments, to identify opportunities that could comprise [****]. Upon identifying such an opportunity, the Parties shall jointly develop a cost-benefit analysis and business case in order to jointly decide on the implementation of the [****]. As part of such [****], Customer or Supplier may recommend that the Contracting Parties finance, in amounts and in relative proportions between the Contracting Parties to be agreed, Changes to the Services. [****]. To the extent identified in the applicable business case, any Project required to implement an agreed-upon [****] shall be implemented as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9.
- (5) If, in the event of a new technology development or advancement related to the Services which causes equipment or technology then being utilized to perform the Services to reduce in price by at least [****] (as compared with the prices for such equipment or technology prior to the time when such change in technology or equipment became commercially available), then the Parties shall, at either Party's request, meet and mutually determine in accordance with the Change Control Procedures [****] applicable to new or additional resources related to such equipment or technology consistent with the reduction in price referred to above.

3.08 Technology Refresh and Standardization.

- (1) Supplier shall be responsible, at its cost and expense, for refresh of technology used to provide the Services as necessary to meet the refresh requirements set forth in Exhibit 4. Customer Party shall have the right to modify or grant waivers from the requirement to refresh any technology within the control of Customer.
- (2) Supplier shall install and maintain (and shall perform such actions as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such actions pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) additional third party Software as Customer may designate from time to time.

- (3) Except to the extent set forth in Section 3.05(2), the approval of Customer Party shall be required as specified in the Change Control Procedures for changes in technology used to provide or receive the Services, including changes that may (a) adversely affect the performance or receipt of the Services or (b) affect the Fees or costs incurred by Customer.

3.09 Inspections and Monitoring. Subject to the Supplier Security Policies, Customer shall have the right to [****] upon reasonable prior notice all Service Locations (except the [****] Service Locations, unless otherwise required by Law) and to observe, in a manner which does not materially adversely affect Supplier's performance of the Services, any MSDOs while performing the Services. In addition, Customer [****] shall have the right to [****].

3.10 Directions.

- (1) Except to the extent set forth in Section 3.10(2), Customer Party may provide direction to Supplier with respect to any aspect of the Services. Supplier shall comply with Customer Party's directions (and shall implement such directions as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such implementation pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). If such direction could impact the Service Levels, Supplier shall first advise Customer Party of any potential impact thereon. Any modifications to the Service Levels as a result of such directions shall be implemented in accordance with Exhibit 3.
- (2) With respect to Supplier-Owned or Leased Assets, Customer Party may provide direction to Supplier with respect to any aspect of the Services (subject to Supplier's right to direct use of Supplier-Owned or Leased Assets). Supplier may, at its discretion, comply with Customer Party's directions (and shall implement such directions [****]). If such direction could impact the Service Levels, Supplier shall first advise Customer Party of any potential impact thereon. Any modifications to the Service Levels as a result of such directions shall be implemented in accordance with Exhibit 3.

3.11 Instruction and Related Support. Upon the request of Customer Party, Supplier shall provide to Customer explanations, demonstrations and instruction (and shall provide such explanations, demonstrations and instruction as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the provision of such explanations, demonstrations and instruction pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) via experienced, duly qualified instructors designed to provide Customer with sufficient capability to (1) operate and utilize the Deliverables and (2) utilize the Services, in each case, in its business environment and operations (except with respect to the [****] Service Locations).

3.12 New Services.

- (1) Customer may from time to time during the Term request that Supplier perform a New Service under this Agreement. Upon receipt of such a request from Customer, Supplier shall provide Customer with a written proposal for such New Service, which shall include: (a) a description of the services, functions, responsibilities and projects Supplier anticipates performing in connection with such New Service; (b) a schedule for commencing and completing such New Service; (c) Supplier's prospective Fees for such New Service, including a detailed breakdown

of such Fees; (d) the categories of costs to be avoided as a result of such New Service or the substitution of the New Service for the Service then being provided; (e) a description of any Software or Hardware to be provided by Supplier or Customer in connection with such New Service; (f) a description of the human resources necessary to provide the New Service; (g) a list of any existing Software or Hardware included, or to be used in connection with, such New Service; (h) acceptance test criteria and procedures for any new Software or any products, packages or services; and (i) such other information reasonably requested by Customer. Supplier shall not begin performing any New Service until Customer has provided Supplier with authorization to perform the New Service from the Customer Senior Executive and the Contracting Parties have executed the applicable Statement of Work. Upon execution of such Statement of Work, the New Service shall be a Service under this Agreement. All new Statements of Work shall be substantially in the form of the Statement of Work as set forth in Attachment 2-H to Exhibit 2, unless otherwise agreed by the Parties.

Execution of a Statement of Work (or amendment thereto) may be made via any of the following methods of authorization by the Parties: (a) physical signature by both Parties; or (b) electronically via e-mail approval by both Parties; or (c) combination of a physical signature by one Party and e-mail approval by the other Party. The email approval shall be transmitted by and between the designated focal person or persons for each Party by using the below e-mail approval template and by attaching the applicable Statement of Work (or amendment thereto) in its final version within the same email:

I, _____ (name of the Customer or Supplier approver), am authorized to provide approval for, and hereby approve as of the date and time of this e-mail, the Statement of Work (or amendment) Number that is attached in this e-mail in its final version, *i.e.*, without any edit, condition, or modification.

- (2) If Supplier provides Customer with any Deliverable in connection with this Section and if Customer does not retain Supplier to perform the applicable New Service, Customer shall, at its option, either (a) destroy or return such Deliverable to Supplier or (b) pay Supplier an amount for the Deliverable as agreed by the Parties.

3.13 Assistance with Financial Matters and Planning. Supplier shall, in accordance with the Statement of Work, provide: (1) assistance to Customer in connection with financial aspects of using the Services, including a monthly datacom billing file in the form attached as Exhibit 19 and (2) budgeting, forecasting and strategy planning assistance as it pertains to capacity requirements in the data center (including utilization measurements annually used by Customer to determine the proper cost allocations within and among Customer's business units and products and providing estimated computer processing resource utilizations for large prospective clients of Customer).

3.14 Insourcing and Resourcing.

Upon at least 60 days' notice to Supplier, Customer may insource, resource or obtain from a Customer Third Party Supplier any portion of the Services; provided, however, that without limiting any other rights of Customer under this Agreement (including Customer's rights with respect to

extraordinary events, as described in Exhibit 4), no such action shall reduce the aggregate Fees to an amount less than, (a) from the Effective Date through June 30, 2024, [****] of the aggregate Base Fees and (b) from July 1, 2024 through June 30, 2027, [****] of the aggregate Base Fees. If Customer insources or resources all of the Services in a Tower in accordance with this Section, such insourcing or resourcing of the entire Tower shall be deemed to be a termination for convenience of such Tower pursuant to Section 25.02.

3.15 Projects.

Supplier shall perform the Planned Projects. Customer shall update the Planned Projects on a monthly basis prior to the Commencement Date for the related Services. All Projects or changes to Projects are subject to the Change Control Procedures. New Projects shall be memorialized by the Parties using a Statement of Work. Unless otherwise specified in a Statement of Work, the Fees (if any) for a Project shall be determined in accordance with Exhibit 4, and any Deliverables in connection with such Project shall be subject to the Acceptance procedures of Exhibit 9.

3.16 Savings Clause.

Supplier shall be relieved of its obligation to perform the affected Services to the extent Supplier's failure to perform the applicable obligation is (x) directly attributable to any of the following events (each, an "Excused Event") and (y) not caused by Supplier's failure to provide any Service in accordance with this Agreement:

- (1) breaches of this Agreement by Customer or Customer Agents, or the failure of ADP to perform obligations that are designated in this Agreement as the responsibility of ADP;
- (2) delays by Customer or Customer Agents in performing any of Customer's obligations under this Agreement;
- (3) Service or resource reductions requested or approved by Customer, provided Supplier has previously notified Customer in writing the extent to which the implementation of such request could result in such failure to perform the applicable Service; or
- (4) a reprioritization of resources by Customer impairs Supplier's ability to meet the applicable Service Levels, only to the extent Supplier (a) has notified Customer in advance that such reprioritization may affect Supplier's achievement of such Service Levels and (b) has obtained Customer's approval prior to implementing such reprioritization;

provided, however, in each case, Supplier shall use commercially reasonable efforts to perform the Services in accordance with this Agreement notwithstanding the applicable Excused Event. Supplier shall promptly inform Customer when, in each case, (i) an Excused Event occurs or (ii) Supplier becomes aware that any Excused Event has impacted, or could impact, Supplier's performance of the Services.

3.17 Additional IBM i-Series Platform and External SAN Storage Platform Terms. With respect to the IBM i-Series platform and external SAN storage platform: (1) the applicable Hardware and Software shall be provided in accordance with Exhibit 7; and (2) the Parties agree to the additional terms set forth in Exhibit 32.

ARTICLE 4 CUSTOMER SATISFACTION AND BENCHMARKING.

4.01 Customer Satisfaction Survey. Supplier shall, upon Customer's request and at Supplier's cost and expense, perform customer satisfaction surveys of Customer pursuant to Exhibit 18 and provide support and assistance to Customer with respect to customer satisfaction surveys of Customer's clients.

4.02 Customer Satisfaction Generally. Supplier agrees that (1) increased measured customer satisfaction pursuant to the surveys conducted in accordance with Section 4.01 shall be [****] and (2) [****].

4.03 Benchmarking. Upon Customer Party's request, a Benchmarking Process shall be conducted by the Benchmarker in accordance with Section 4.04. Customer Party shall select, and the Parties shall jointly contract with, the Benchmarker. [****]. In no event shall any Benchmarker be (1) paid on a contingency fee basis or (2) a Supplier Competitor.

4.04 Benchmarking Process. By providing prior notice to Supplier Party of at least 30 days, with a copy to the selected Benchmarker, Customer Party may at any time after the first anniversary of the applicable Commencement Date initiate a benchmark of the Services in accordance with the terms set forth herein, and any subsequent benchmark of the applicable Services no sooner than [****] months following the date of the preceding benchmark. Benchmarking shall not be performed during the Renewal Term and the Termination Assistance Period, as applicable.

- (1) At the commencement of each benchmark, the Parties shall conduct a benchmark kick-off meeting which shall be attended by Customer Party, Supplier Party and the Benchmarker. At such kick-off meeting, the specific Benchmarking Process for the benchmark shall be described by the Benchmarker for approval by each Party. Any deviations from the pre-agreed Benchmarking Process and normalization process described herein shall be subject to the prior written agreement of the Parties. The Benchmarking Process agreed to at the kick-off meeting shall specify the data to be gathered, identify the personnel roles and responsibilities, and review the rules of engagement and actions to be undertaken upon receipt of the Benchmark Results as described herein. Customer Party shall be permitted to disclose price and Customer cost information in respect of this Agreement to the Benchmarker; provided, however, that such Benchmarker shall be bound by confidentiality obligations to both Parties similar to those of Customer hereunder. Supplier Party shall not be obligated to disclose to the Benchmarker data or cost information with respect to any other customer of Supplier Party or any Supplier Party underlying cost information (with the sole exception of pass-through costs, if any, that are reimbursed by Customer hereunder). The Benchmarking Process shall be a collaborative process between the Parties, all meetings with the Benchmarker shall be conducted with both Parties, and all information provided to and obtained from the Benchmarker shall be provided to both Parties. Such information shall be deemed to be the Confidential Information of (a) the Disclosing Party or (b) if such information is disclosed by the Benchmarker, both Parties.
- (2) The expected duration of each benchmark shall be determined at the benchmark kickoff meeting. Given the different scope, scale, and complexity of benchmarking the Towers, the duration of certain benchmarks may be longer than others.

- (3) The Benchmarker shall perform the benchmarking in accordance with the Benchmarking Process. The Benchmarker shall compare the Fees set forth in the Benchmarking Fee Schedule (the "Benchmark Fees") for the Services being benchmarked to the charges applicable to a representative sample of tier-one outsourced information technology operations of other entities. The Benchmarker shall select an appropriate number of services agreements (but, in any event, not less than five services agreements) to form such representative sample against which to compare Customer's information technology operations and applicable Fees and shall describe (though shall not be required to name) its selections in writing to the Parties for their approval.
- (4) The Benchmarker shall commence and complete the benchmarking as promptly as is prudent in the circumstances. In conducting the benchmarking, the Benchmarker shall normalize the data concerning Customer's outsourced information technology environment and the data gathered from the representatives used to perform the benchmarking to accommodate, as appropriate, differences in size, volume of services (scale), scope and nature of services, quality standards and service levels, investments, financing or payment streams, geographic distribution of performance and receipt of the overall services (including restrictions placed on global and off-shore sourcing due to Customer requirements that Services be performed within the United States), terms and conditions and other pertinent factors. The data used by the Benchmarker to perform the Benchmarking Process shall be reasonably current (*i.e.*, based on services provided to Customer and the representative sample no more than 18 months prior to the start of the Benchmarking Process). The Benchmarker shall fully explain its normalization method to the Parties (including both pre and post normalization data).

4.05 Benchmark Results Review Period and Adjustments.

- (1) Intentionally left blank.
- (2) For any Benchmarking Process:
 - (a) if the final Benchmark Results reveal that the Benchmark Fees (as of the date the Benchmarking Process is initiated) for any Tower benchmarked (in the case of a benchmark of a single Tower) or in the aggregate (in the case of a benchmark of multiple Towers) for any applicable Contract Year exceed the normalized fees for such Services as set forth in the Benchmark Results by:
 - (1) less than [****] percent, Supplier Party shall have no obligation to adjust the Fees; or
 - (2) [****] percent or more, Supplier Party shall automatically reduce the Fees for such Contract Year, including the unit rates (including ARCs and RRCs), for the benchmarked Services, retroactive to the date the final Benchmark Results were issued, by an amount equal to the amount that the Benchmark Fees exceed [****] percent of such normalized fees for such Services (and shall issue a refund to Customer as appropriate).

- (b) in no event shall any reduction to the Fees pursuant to this Section 4.05(2) exceed an amount greater than [****] percent of the applicable Benchmark Fees and other applicable rates for the applicable Contract Year as set forth in this Agreement as of the Restated Date.

If, after giving effect to clause (2) of this Section, the Benchmark Fees still exceed [****] percent (the "Target Price"), Supplier shall provide Customer Party with a plan to further adjust the Fees to the Target Price within six months after the date of the Benchmark Results (the "Benchmarking Plan"). [****]. Each Party may dispute the Benchmark Results in good faith in accordance with the dispute resolution procedures set forth in Section 29.04.

4.06 Benchmarking for [****] Services. With respect to the Services provided by [****], excluding Services provided by [****] (the "[****] Services"), Customer Party may initiate a benchmark of the [****] Services, and any subsequent benchmark of such [****] Services no sooner than [****] months following the date of the preceding benchmark, in accordance with Section 4.04(1), Section 4.04(2), Section 4.04(3) and Section 4.04(4). Benchmarking shall not be performed during the Renewal Term and the Termination Assistance Period as applicable.

- (1) If the final Benchmark Results for the [****] Services reveal that the Fees for such [****] Services (the "[****] Fees") (as of the date the Benchmarking Process is initiated) for any applicable Contract Year exceed the normalized fees for such Services as set forth in the Benchmark Results by:
- (i) less than [****] percent, Supplier Party shall have no obligation to adjust the [****] Fees.
 - (ii) [****] percent or more, Supplier Party shall automatically reduce the [****] Fees for such Contract Year, including the unit rates (including ARCs and RRCs), for the benchmarked [****] Services, retroactive to the date the final Benchmark Results were issued, to an amount equal to such normalized fees for such [****] Services plus [****] percent of such amount (the "[****] Benchmark Target Price") and shall issue a refund to Customer as appropriate.
- (2) In no event shall any automatic reduction to the [****] Fees pursuant to Section 4.06(1) exceed an amount greater than [****] percent of the applicable [****] Fees, including unit rates, for the applicable Contract Year as set forth in this Agreement as of the Restated Date. The [****] percent automatic adjustment shall not be cumulative (*i.e.*, the adjustment shall apply to the current Contract Year and subsequent Contract Years). If the Final Benchmark Results reveal that the [****] Fees exceed the normalized [****] Fees by more than [****] percent, Customer Party shall have the right to terminate this Agreement if [****] chooses not to drop the [****] Fees further.
- (3) If, after giving effect to Section 4.06(1), the [****] Fees still exceed the [****] Benchmark Target Price, Supplier shall provide Customer Party with a Benchmarking Plan to further adjust the [****] Fees within [****] after the date of the Benchmark Results. [****].

- (4) As of the date [****] years after the applicable Steady State Date for the [****] Services, if benchmarking of the [****] Services has not resulted in at least an aggregate reduction of [****] percent of the [****] Fees, then, commencing in year six after such Steady State Date, Supplier shall, except in the event Customer has terminated the [****] Services, at the end of each remaining year of the Term provide Customer a credit in the amount equal to the difference between the aggregate reduction of the [****] Fees as a result of benchmarking and an amount equal to [****] percent of the [****] Fees.
- (5) After the [****] anniversary of the applicable Steady State Date, if Customer reasonably believes that the [****] Fees (as adjusted pursuant to this Section) are not competitive, Customer shall have a one-time right upon notice to Supplier to [****].

4.07 Benchmarking for [****]. The Services provided by [****] (the "[****]") are exempt from benchmarking, but are subject to the following provisions:

- (1) After the [****] anniversary of the applicable Steady State Date, Supplier Party shall propose new Fees for the [****]. [****]. If Customer Party [****] terminates this Agreement, or any part thereof that includes the [****], Customer Party shall pay the associated Termination Fees in accordance with Exhibit 4 including any such fees associated with the termination of the [****].
- (2) Customer Party may request that Supplier Party seek revised pricing [****] (via [****]) for any New Services requiring additional [****] and to propose a corresponding adjustment to the Fees. If the proposed Fees based on such revised pricing are not acceptable to Customer Party, Customer Party may negotiate and enter into a [****] for the additional [****] required for the New Services. Supplier shall manage such directly contracted [****] without markup on the [****] costs, or any additional management fees.

ARTICLE 5 SERVICE DELIVERY ORGANIZATION.

5.01 Service Delivery Organization.

- (1) All MSDOs shall possess the training, skills and qualifications agreed upon by the Parties and otherwise necessary to properly perform the Services.
- (2) [****] assigning any individual to, or replacing any individual on, the Service Delivery Organization on or after the Restated Date, Supplier shall: (a) conduct, in compliance with all applicable Laws, an educational, credit and prior work experience background check on each such individual (subject to applicable Laws), the criteria for such background checks shall also include, at a minimum, (i) the individual's licenses, certificates and registrations, (ii) if the individual resides in the United States, a validation of his or her U.S. Social Security number and (iii) a negative result in a screening drug test of the individual for the substances set forth in Exhibit 12; (b) verify that each such individual has a current and valid passport if such individual is not a U.S. citizen; and (c) have a third party conduct, in compliance with all applicable Laws, a criminal background check on each such individual, which criminal background check shall include an investigation by such third party (i) of records with respect to each such individual in (A) the country in which such individual is a permanent resident, (B) the country which is the primary work location for such individual, if different than the country of

permanent residence and (C) in the event such individual has been assigned a U.S. Social Security number, the United States, (ii) without limiting clause (i), of such individual's record of federal, state and county felonies and misdemeanors (or the applicable equivalent, if any), in the immediately prior [****], with respect to each place in which such individual resided or was employed and (iii) that, in the immediately prior [****], such individual has not been (A) convicted of any crime involving violence, fraud, theft, dishonesty or breach of trust, gambling, assault or any physical crimes against other persons or property, or the possession or trafficking of drugs or weapons under any Laws applicable to such individual, which was reported in the databases checked during Supplier's standard background checks (a "Crime") and (B) on any list published and maintained by the government of the United States of persons or entities with whom any United States person or entity is prohibited from conducting business (including the lists of such persons or entities found at <http://www.bxa.doc.gov/dpl/Default.shtm> and <http://www.ustreas.gov/offices/enforcement/ofac/sdn/index.html>). Supplier shall maintain a copy of such background checks and certifications during the Term. Supplier's obligation set forth in this Section (the "Enhanced Screening Process") shall apply to MSDOs that have at any time Access to any Personal Data or Customer client's information. With respect to all other MSDOs, prior to assigning any individual to, or replacing any such MSDO on, the Service Delivery Organization, Supplier shall conduct employee screening in accordance with Supplier's then-current standard employment policies and procedures which as of the Restated Date are set forth in Exhibit 30, [****]. Notwithstanding the foregoing, [****].

- (3) After assigning an individual to the Service Delivery Organization, Supplier shall (a) ensure that all MSDOs performing Services in the United States are legally authorized to work in the United States, (b) use commercially reasonable efforts to comply with any additional background checks, certifications or other security related programs that may be required by Customer during the Term, at Customer's expense, and (c) use commercially reasonable efforts to verify that all MSDOs performing the Services or supporting Supplier's duties and obligations to Customer, regardless of their location, have not been convicted of any Crime and have not been on any list as described in Section 5.01(2). If either Party becomes aware that any MSDO has been convicted of a Crime or is included on any such list, then Supplier shall promptly remove such MSDO from performing any Services in connection with this Agreement and shall prohibit such MSDO from entering any Customer Site or Service Location at which the Services are provided. In addition, if there is reason to believe that an MSDO is being impaired by a substance abuse problem, Customer may require Supplier to conduct a drug screening test on such MSDO in order to retain such individual as an MSDO. If Supplier does not perform a drug screening test with respect to the MSDO, or if the MSDO refuses to cooperate in a drug screening test, then, subject to applicable Law, Supplier shall in each case remove such MSDO from performing any of the Services.
- (4) Supplier shall use commercially reasonable efforts to keep the turnover rate of the Service Delivery Organization to a minimum and at a level comparable or better than the industry average for large, well-managed similarly situated services companies. If Customer Party believes that Supplier's turnover rate of the Service Delivery Organization is excessive and is affecting the performance or receipt of the Services, Supplier shall provide data to Customer

Party concerning the turnover rate, discuss the reasons for the turnover rate, submit its proposals for reducing the turnover rate, and agree on a program to reduce the rate at no cost to Customer.

- (5) Supplier shall provide Customer Party, monthly and as otherwise requested by Customer Party, with (a) a list of all MSDOs whose normal work location is at a Customer Site, who spend 50 percent or more of their time working on the Customer account, or who otherwise have any significant interaction with Customer, and (b) an organizational chart regarding such MSDOs. Before an MSDO accesses a Customer Site, Supplier shall update the list to include such MSDOs.
- (6) Except as otherwise approved by Customer Party (in its sole discretion), those Supplier personnel located on Customer Sites may only provide services on such Customer Sites that support Customer's operations. If a Supplier personnel whose normal work location is at a Customer Site, who spends 50 percent or more of his or her time working on the Customer account, or who otherwise has any significant interaction with Customer is voluntarily or involuntarily terminated, or redeployed from the Customer account, (a) the Supplier manager responsible for such termination or redeployment shall, as soon as reasonably possible thereafter, inform the Supplier Executive of such termination or redeployment and (b) the Supplier Executive shall notify Customer Party of such termination or redeployment as soon as reasonably possible after being informed by the Supplier manager (provided, however, that in each case, such information shall be provided to the Supplier Executive and Customer Party no later than the end of the day on which such termination or redeployment occurred).

5.02 Key Individuals.

- (1) After the Effective Date, Customer may designate no more than [****] percent of the operational capacity staffing that provide the Services (as of the Effective Date, approximately [****] persons) as "key" individuals (each such individual, a "Key Individual"). Supplier shall provide such Key Individuals to provide the Services. If such individuals are specified by service category (*e.g.*, job title), Supplier shall provide individuals in such category; if such individuals are specified by name, Supplier shall provide such individuals. Customer Party may, upon agreement with Supplier Party, modify the service categories of the Key Individuals from time to time; provided that the aggregate number of Key Individuals does not increase as a result thereof. Key Individuals shall be dedicated to performing the Services on a full-time basis, except as otherwise indicated in Exhibit 1 and Exhibit 9. Before assigning any Key Individual, whether as an initial assignment or as a replacement, Supplier shall, to the extent practicable under the circumstances: (a) notify Customer Party of the proposed assignment; (b) introduce the individual to appropriate representatives of Customer Party, and permit Customer Party to conduct interviews with such individual as deemed reasonably necessary in Customer Party's sole discretion; (c) provide Customer Party with a resume and any other qualifications available to Supplier regarding the individual that may be reasonably requested by Customer Party; and (d) obtain Customer Party's approval for such assignment. If Customer Party does not approve such individual, Supplier shall promptly propose a replacement to Customer Party in accordance with this Section. Supplier shall provide Customer Party with a list of all Key Individuals at least quarterly after the Effective Date and as otherwise requested by Customer Party.

- (2) Supplier shall not assign any Key Individual to the account of any Customer Competitor without Customer Party's prior approval while such Key Individual is assigned to the Customer account.

5.03 Replacement.

- (1) Supplier shall not replace or reassign any Key Individual for at least 24 months after the date the applicable Key Individual first commenced providing the Services, unless: (a) an individual with equal or better qualifications to perform the Services is identified by Supplier prior to any replacement or reassignment, and Customer Party consents to such reassignment or replacement; or (b) such individual (i) voluntarily resigns from, or is dismissed by, Supplier, (ii) requests the reassignment; provided that prior to such reassignment, Supplier shall have (A) consulted with Customer regarding such reassignment, (B) considered and reflected, as appropriate, Customer's concerns and (C) completed a knowledge transfer and responsibility handoff procedure with respect to such individual in an appropriate timeframe agreed upon by the Parties in due consideration of such individual's responsibilities, (iii) fails to perform his or her duties and responsibilities pursuant to this Agreement, (iv) in Supplier's discretion, fails to comply with Supplier's employment policies and requirements or (v) dies or is unable to work due to his or her long-term illness, disability, or leave of absence.
- (2) Upon notice from Customer Party, for any reasonable business reason (other than a reason prohibited by applicable Laws) regarding any MSDO, Supplier shall promptly (a) investigate the matter and take appropriate action which may include (i) removing an MSDO and providing Customer with prompt notice of such removal and (ii) replacing such individual with a similarly qualified individual or (b) take other appropriate disciplinary action to prevent a recurrence. In the event there are repeated such notices from Customer Party in connection with any MSDO, Supplier shall promptly remove such MSDO from the Service Delivery Organization. Supplier shall promptly replace any MSDO who is terminated, resigns or otherwise ceases to perform the Services with an individual with equal or better qualifications to perform the Services.
- (3) In each case of clause (1) and clause (2), Supplier shall maintain backup and replacement procedures for the Service Delivery Organization to maintain continuity of the Services, ensure appropriate knowledge transfer, and document that knowledge transfer has been successfully completed.

5.04 Conduct of Service Delivery Organization. The Service Delivery Organization shall maintain and enforce the confidentiality provisions of this Agreement, during and after their assignment to provide the Services, and shall comply with Article 7. Prior to assigning an individual to the Service Delivery Organization, Supplier shall cause such individual to enter into a non-disclosure agreement required for all similarly situated employees, which will commit to protect the confidential information of Supplier and its customers and shall include an assignment of rights clause consistent with the form set forth in Exhibit 14. In the event Customer determines that a particular MSDO is not conducting himself or herself in accordance with this Section, Supplier shall promptly (1) investigate the matter and take appropriate action, which may include (a) removing the MSDO and providing Customer with prompt notice of such removal and (b) replacing such individual with a similarly qualified individual or (2) take other appropriate disciplinary action to prevent a recurrence. In the event there are repeated

violations of this Section by an MSDO, Supplier shall promptly remove the individual from the Service Delivery Organization and terminate such individual's access to Customer Data, Customer Software and Customer Hardware, in accordance with this Section. Once per calendar year, Supplier shall send an e-mail to each MSDO who spends more than 50 percent of his or her time providing Services reminding such MSDO of his or her specific obligations under this Agreement regarding Customer's intellectual property and the confidentiality of Customer Data. Supplier shall cause each such MSDO to respond with an acknowledgement that he or she has read the e-mail and understands the obligations set forth in such email. Supplier shall retain such MSDOs' acknowledgements pursuant to Section 11.05 of this Agreement.

5.05 Subcontracting and Supplier Agents. Subject to the other provisions of this Section, the obligations of Supplier under this Agreement shall be performed by Supplier Party. Supplier Party shall not subcontract or delegate performance of any of Supplier's obligations under this Agreement without Customer Party's prior written consent for each subcontractor or delegate, as applicable; provided, however, that Customer Party's prior consent shall not be required to the extent any such subcontract or delegation (1) is to any entity other than a Customer Competitor and (2) does not result in (a) Supplier paying [****] or more per year to the applicable subcontractor or delegate and (b) any subcontractor or delegate having access to (i) Customer Confidential Information comprised of Personal Data, (ii) any Customer client's information or (iii) any Customer Site or other such premises, Customer Software or Customer network. [****]. Supplier Party shall cause the Supplier Agents and Affiliates of Supplier Party to comply with the obligations of Supplier, including the obligations with respect to MSDOs, under this Agreement. Supplier Party shall be responsible for such compliance and all other acts and failures to act of the Supplier Agents and such Affiliates. Supplier Party shall be responsible for all payments to the Supplier Agents.

ARTICLE 6 INTENTIONALLY LEFT BLANK.

ARTICLE 7 SERVICE LOCATIONS.

7.01 Service Locations. The Services shall be provided from the service locations set forth in Exhibit 8 (the "Service Locations"). Customer shall grant Supplier access rights to certain Customer facilities and in connection with such access, Supplier shall comply with the facilities use terms set forth in Exhibit 20. Supplier shall use Customer facilities solely to the extent permitted in this Agreement and solely for the provision of the Services to Customer. [****]. Provision of any Services from any other service location (including from a service location outside the United States) must be approved in advance by Customer Party in accordance with the governance procedures set forth in Exhibit 1 and Exhibit 9 and the Change Control Procedures, and Customer may, as a condition of such approval, require that any incremental expense incurred by Customer Party or its clients as a result of relocation to, or use of, another service location shall be reimbursed by Supplier Party to Customer Party.

7.02 Safety, Health and Hazards. Supplier shall provide the Service Delivery Organization with a safe and healthy workplace and shall provide the Services in a careful and safe manner. If Customer Party notifies Supplier Party of any non-compliance by Supplier with the provisions of this Section, Supplier shall (promptly, if so directed, or otherwise no later than 48 hours after receipt of such notice) implement a Customer-approved plan to correct such non-compliance. If Supplier fails to correct such non-compliance, then Customer Party may at its sole discretion: (1) suspend all or any part of the affected Services under this Agreement immediately upon notice thereof to Supplier Party; or (2) activate the Business Continuity Plan. If the Services are suspended, Supplier may commence performing the suspended Services when corrective action has been taken successfully by Supplier.

7.03 Security at Service Locations.

- (1) The Service Locations shall have, in each case, as set forth in the Supplier Security Policies: (a) physical access security that is at least as stringent as such measures required of an "[****]" data center (or with respect to the "[****]" Service Locations, substantially equivalent security in all material respects); and (b) electronic access security (*e.g.*, badged access, biometric or cipher-lock) and logical security.
- (2) Supplier shall require that all MSDOs comply with the Supplier Security Policies.

7.04 Security Relating to Competitors.

- (1) If Supplier intends to provide the Services from a Service Location that is shared with or used to provide services to a Customer Competitor, then, prior to providing any of the Services from such Service Location, Supplier shall develop a process, subject to Customer Party's approval, to restrict access (electronically or physically, as applicable) in any such shared environment to Customer Confidential Information so that Supplier's personnel providing services to such Customer Competitor do not have access to Customer Confidential Information.
- (2) [****].
- (3) In the event that Supplier Party or IBM Global Services effects or undergoes an IBM Change in Control with, or otherwise acquires or becomes an Affiliate of, a Customer Competitor, Supplier shall, upon Customer's request, demonstrate to Customer's reasonable satisfaction that Supplier is, with respect to such Customer Competitor, complying with the security processes set forth in Section 7.04 as such process relates to Customer Competitors.

7.05 Supplier Furnished Space. Upon Customer's request, for the purpose of performing audits and inspections, and making site visits, in accordance with this Agreement, Supplier shall furnish reasonable office space for Customer's or Customer Agent's personnel at each Service Location (except the "[****]" Service Locations, unless otherwise required by Law), including associated services (*e.g.*, telephone), supplies and equipment in accordance with Exhibit 8.

7.06 Visits to Service Locations. Customer, [****]. Such tours shall be conducted in accordance with the facilities infrastructure tour process set forth in Exhibit 23 and in the presence of Customer Party's authorized representative. Customer Party shall use commercially reasonable efforts to minimize the scope and frequency of such tours.

7.07 Hardware Segregation. Supplier shall ensure that: (1) all Hardware in which Customer Data is stored is dedicated to Customer and Physically Segregated and (2) all other Hardware used to provide the Services is Logically Segregated.

ARTICLE 8 SERVICE LEVELS.

Supplier shall perform the Services in accordance with the Service Levels in a manner such that Supplier achieves the applicable Service Levels. Supplier's performance against the Service Levels (including any credits resulting from such performance) shall be measured and assessed in accordance with the methodology set forth in Exhibit 3. Performance Credits shall not limit Customer Party's right to recover, in accordance with this Agreement, any damages incurred by Customer as a result of Supplier's failure to perform the Services in accordance with, or to achieve, the Service Levels (but shall offset any such damages payable by Supplier in connection with the failure which resulted in the applicable Performance Credit).

ARTICLE 9 COOPERATION WITH CUSTOMER THIRD PARTY SUPPLIERS.

9.01 Cooperation with Customer Third Party Suppliers. Notwithstanding any other provision in this Agreement, but subject to Section 3.14, [****], to the extent applicable, otherwise Customer shall pay for the provision of such assistance pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9), including assisting Customer in connection with any requests for proposal for Customer Third Party Suppliers to provide services to Customer (such as, by providing to Customer information related to such services in order to enable Customer to draft a request for proposal relating to such services). Supplier shall assist and cooperate (and shall perform such actions as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such actions pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) in good faith with Customer and the Customer Third Party Suppliers (which cooperation shall include providing information related to Customer's receipt of the Services that is reasonably requested by Customer), to the extent reasonably required by Customer and provided that such Customer Third Party Suppliers are bound by confidentiality provisions no less stringent than those of Customer in this Agreement, to coordinate Supplier's provision of the Services and the performance by Customer and the Customer Third Party Suppliers of services that are related to, or otherwise interface or are integrated with, the Services. Such assistance and cooperation shall include:

- (1) provision of requested and applicable written information concerning the Services, data and technology used in providing the Services, including information regarding the operating environment, system constraints and operating parameters, and other reasonably requested non-Confidential Information;
- (2) logical access to Customer's systems and architecture configurations to the extent reasonably requested by Customer Third Party Suppliers and authorized by Customer; provided, however,

that Section 3.16 shall apply to the extent Supplier's failure to provide the Services in accordance with the Service Levels is directly attributable to such access obligations;

- (3) access to the Service Locations, subject to the Supplier Security Policies; provided, however, that (a) Supplier shall provide such access, on a one-time basis, only to the extent required to cooperate with a Customer Third Party Supplier, (b) Supplier shall not be required to provide such access to Service Locations leased or owned by Supplier to any Supplier Competitor that is a successor to, or replacement of, Supplier Party and (c) the Service Locations shall not be used to perform any portion of the Services that are insourced or resourced pursuant to Section 3.14; and
- (4) access to the Supplier Software, Developed Supplier Software and Supplier Hardware to the extent reasonably requested by Customer Third Party Suppliers and agreed by the Parties; provided, however, that (a) Supplier shall not be required pursuant to this Section to provide such access to any Supplier Competitor that is a successor to, or replacement of, Supplier Party and (b) such Supplier Software, Developed Supplier Software and Supplier Hardware shall not be used pursuant to this Section to perform any portion of the Services that are insourced or resourced pursuant to Section 3.14.

Supplier shall provide such additional assistance and support (and shall provide such additional assistance and support as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the provision of such additional assistance and support pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) to Customer as Customer may request from time to time. To the extent Customer requests Supplier to act as project manager with respect to any Customer Third Party Supplier, Supplier shall provide any such assistance and support in accordance with the Change Control Procedures (and shall provide such support as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the provision of such support pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9).

9.02 Cooperation on Issues and Service Problems. Supplier shall cooperate with Customer and the Customer Third Party Suppliers to establish the root cause of any failure: (1) by Supplier to perform its obligations under this Agreement and (2) by any Customer Third Party Supplier to perform its obligations relating to Customer (each such failure, a "Service Problem"). If the root cause of a Service Problem falls within the responsibility of Supplier, Supplier shall promptly resolve the Service Problem in accordance with the terms of this Agreement.

9.03 Disputes Related to Cooperation.

- (1) If there is a dispute between Supplier and any Customer Third Party Supplier (any such combination of Supplier and Customer Third Party Supplier disputing parties, the "Disputing Parties"), or between Customer and Supplier, regarding the allocation of responsibility for an issue or Service Problem between Supplier and such Customer Third Party Supplier (each such dispute, a "Supplier Dispute"), at the request of Customer Party, Supplier shall use commercially reasonable efforts to resolve such Supplier Dispute without Customer's intervention no later than five business days after such request. If the Disputing Parties are not

able to resolve such Supplier Dispute within such time period, Supplier shall (a) advise Customer Party in writing of the Supplier Dispute as soon as reasonably possible, (b) provide information to Customer Party concerning the Supplier Dispute and (c) provide Supplier's recommendation for remedying the Supplier Dispute. Customer Party may require (x) additional information concerning the Supplier Dispute and (y) the Disputing Parties to attend meetings to determine the appropriate resolution of the Supplier Dispute.

- (2) [****]. Notwithstanding the Supplier Dispute, Customer Party shall after such date pay Supplier Party for such services performed after such date using the applicable hourly rates set forth in Exhibit 4. If Supplier Party wishes to pursue further the resolution of the Supplier Dispute, Supplier Party shall submit the issue to Customer Party for an expedited dispute resolution process within five business days of Customer Party's direction to commence the applicable services. The Contracting Parties shall consider the Supplier Dispute in accordance with the dispute resolution procedures set forth in Section 29.04; provided, however, that such dispute resolution process shall be completed as between the Contracting Parties within 15 days of its submittal. If, after such 15 day period, the Contracting Parties remain in disagreement, either Contracting Party may submit the dispute to a court of competent jurisdiction, subject to Section 29.09. Pending final adjudication of the dispute by such court, Supplier shall continue to perform such services in accordance with the terms of this Agreement. If it is determined, either through the dispute resolution procedures set forth in Section 29.04 or final adjudication of such dispute by a court, that Supplier is not responsible under this Agreement for curing the disputed Service Problem, Customer Party shall pay Supplier Party (using the applicable hourly rates set forth in Exhibit 4) for any additional costs and expenses incurred (that were not otherwise reimbursed by Customer Party pursuant to this Section 9.03(2)) as a result of Supplier's efforts to correct such disputed Service Problem, along with Interest on such payments calculated from the date payment should have been made. If it is so determined that Supplier is responsible under this Agreement for curing the disputed Service Problem, Supplier Party shall refund any amounts paid by Customer Party to Supplier Party for Supplier's efforts to correct the disputed Service Problem, along with Interest on such payments calculated from the date of payment.

9.04 Customer Responsibilities. Customer Party's responsibility pursuant to this Article with respect to any Customer Third Party Supplier shall be limited to using commercially reasonable efforts to cause such Customer Third Party Suppliers to perform as specified in this Article. Supplier Party shall advise Customer Party of any failure by any Customer Third Party Supplier to so cooperate, and to the extent adversely affected, Supplier's performance shall be excused and this Agreement shall be appropriately adjusted in accordance with the Change Control Procedures.

ARTICLE 10. LICENSES AND PROPRIETARY RIGHTS.

10.01 Customer Software and Work Product. Customer shall retain all of its right, title and interest in and to the Customer Software and Customer Work Product. To the extent Supplier will use the Customer Software or Customer Work Product in connection with providing the Services, Customer grants Supplier and Supplier Agents (provided that such Supplier Agents are bound by confidentiality obligations similar to those of Supplier hereunder), during the Term, a global, royalty-free, non-exclusive, non-transferable license to access, use and copy the Customer Software and

Customer Work Product (but only to the extent permitted by any applicable third party license agreement), in each case, to the extent necessary for Supplier to perform its obligations hereunder; provided, however, that the license granted to Supplier (and to the extent set forth in this Section, to Supplier Agents) in this Section with respect to Customer Software which Customer licenses from a third party shall be limited to the object code format of such third-party Customer Software. Subject to the license granted to Supplier (and to the extent set forth in this Section, to Supplier Agents) pursuant to this Section, to the extent Supplier or any Supplier Agent obtains any rights in Customer Software or Customer Work Product, Supplier and any applicable Supplier Agent hereby irrevocably and perpetually assigns, transfers and conveys to Customer Party (or the Affiliate of Customer designated by Customer Party) without further consideration all of its right, title and interest in and to the Customer Software and Customer Work Product. Upon Customer's request, Supplier and any applicable Supplier Agent shall execute any documents (or take any other actions) as may reasonably be necessary, or as Customer may request, to perfect Customer's (or Customer's designee's) ownership in and to the Customer Software and Customer Work Product.

10.02 Supplier Software and Work Product.

- (1) Supplier shall retain all of its right, title and interest in and to the Supplier Software and Supplier Work Product. To the extent Customer will use Supplier Software or Supplier Work Product in connection with the Services, Supplier grants Customer and the Service Recipients, during the Term, a global, royalty-free, irrevocable during the Term, non-exclusive license to access, use and copy the object code versions of Supplier Software and Supplier Work Product, in each case, to the extent necessary for (a) Customer and the Service Recipients to receive the Services and (b) the Customer Software to be operable using ordinary course methodologies and work efforts. Such license shall extend to third parties providing services to Customer to the extent necessary for Customer to receive the Services and provided such third parties are bound by confidentiality obligations similar to those of Customer hereunder. Supplier shall be responsible for obtaining any consents necessary to provide the license granted to Customer and the Service Recipients under this Section. Subject to the license granted to Customer and the Service Recipients pursuant to this Section, to the extent Customer or any Service Recipient obtains any rights in Supplier Software or Supplier Work Product, Customer and any applicable Service Recipient hereby irrevocably and perpetually assigns, transfers and conveys to Supplier Party (or the Affiliate of Supplier designated by Supplier Party) without further consideration all of its right, title and interest in and to the Supplier Software and Supplier Work Product. Upon Supplier's request, Customer and any applicable Service Recipient shall execute any documents (or take any other actions) as may reasonably be necessary, or as Supplier may request, to perfect Supplier's (or Supplier's designee's) ownership in and to the Supplier Software and Supplier Work Product. Supplier shall notify Customer prior to Supplier's use of any Supplier Software to provide the Services, which notification shall include information as to whether such Supplier Software is commercially available on a subscription basis. [****].
- (2) With respect to any third party Software that Supplier is using to provide the Services at the end of the Term, Supplier shall, with respect to each such Software item, (a) transfer, assign or sublicense such third party Software to Customer or its designee at no additional cost or expense to Customer (including any fees in connection with such transfer, assignment or sublicense, except for any ongoing license fees and maintenance fees associated with such third party

Software licenses) and (b) with respect to Restricted Third Party Software, assist Customer or its designee in obtaining a license to (i) such Restricted Third Party Software or (ii) a functionally equivalent substitute Software product, as approved by Customer, for such Restricted Third Party Software.

- (3) With respect to Supplier Software that is proprietary to Supplier, commercially available on a subscription basis, and is being used by Supplier to provide (or Customer to receive) the Services at the end of the Term (and for which Customer does not already have an existing license agreement), upon Customer's request, Supplier shall license the object code version of requested Supplier Software to Customer after the Term, and Customer shall pay applicable subscription fees for such Supplier Software, under terms, conditions and pricing [****]. Customer shall bear the ongoing support and maintenance charges and other applicable charges [****].
- (4) Notwithstanding Section 10.02(1), with respect to Supplier Software that is proprietary to Supplier, not commercially available on a subscription basis as notified to Customer pursuant to Section 10.02(1), and is being used by Supplier to provide (or Customer to receive) the Services at the end of the Term (and for which Customer does not already have an existing license agreement), (a) [****].

10.03 Developed Software and Work Product.

- (1) Customer Party shall own and have all right, title and interest in and to the Developed Customer Software and Developed Work Product. Supplier Party irrevocably assigns, transfers and conveys to Customer Party all of its right, title and interest (including ownership of copyright) in and to the Developed Customer Software and Developed Work Product. Supplier Party shall execute any documents (or take any other actions) as may be necessary, or as Customer Party may request, to perfect the ownership of Customer Party in the Developed Customer Software and Developed Work Product. Customer Party may designate any Affiliate of Customer to be the owner of such Developed Customer Software or Developed Work Product for purposes of this Section, in which case the references to Customer Party in this Section shall be to such Affiliate. Customer Party grants Supplier Party a global, royalty-free, irrevocable, perpetual, nonexclusive license to access, use, copy, maintain and modify (and except to the extent set forth in the applicable Statement of Work, also to make, sell and sublicense, and, in each case, to authorize others to do the same) the Developed Customer Software that is: (a) implemented to manage, or is integrated into, Customer's information technology environment; (b) of the type used by service providers to manage information technology environments and data centers generally, (c) not specific to the Customer Lines of Business or Customer's business, and (d) a work that is not a modification, enhancement or derivative of Customer Software.
- (2) Supplier Party shall own and have all right, title and interest in and to the Developed Supplier Software. Customer Party irrevocably assigns, transfers and conveys to Supplier Party all of its right, title and interest (including ownership of copyright) in and to the Developed Supplier Software. Customer Party shall execute any documents (or take any other actions) as may be necessary, or as Supplier Party may request, to perfect the ownership of Supplier Party in the Developed Supplier Software. Supplier Party may designate any Affiliate of Supplier to be the

owner of such Developed Supplier Software for purposes of this Section, in which case the references to Supplier Party in this Section shall be to such Affiliate. To the extent agreed in a Statement of Work in respect of the applicable Developed Supplier Software, Supplier Party grants Customer Party a global, royalty-free, irrevocable, perpetual, non-exclusive license to access, use, copy, maintain, modify, make (and, in each case, to authorize others to do the same) the object code versions (or, to the extent set forth in the applicable Statement of Work, source code versions) of Developed Supplier Software solely to provide Services to the Customer and to allow Customer to provide services to its clients. [****].

10.04 Inventions. Except to the extent otherwise set forth in the applicable Statement of Work, with respect to Inventions embodied in, or otherwise incorporated into, Developed Customer Software, Customer Party shall own such Inventions and only Customer Party may seek patent protection for the Inventions. Supplier irrevocably assigns, transfers and conveys to Customer Party all of its right, title and interest in such Inventions. Supplier shall execute any documents (or take any other actions) as may be required to file applications and to obtain patents in the name of Customer Party in any countries covering the Inventions. Customer Party may designate any Affiliate of Customer to be the owner of such invention for purposes of this Section, in which case the references to Customer Party in this Section shall be to such Affiliate. Except to the extent otherwise set forth in the applicable Statement of Work, with respect to any other Invention, the Contracting Parties shall own such Inventions jointly, with no accounting.

10.05 Third Party Restrictions. Customer shall notify Supplier of any third party restrictions on Supplier's use of the Customer Software and Customer Work Product provided hereunder and Supplier shall comply with any such restrictions. Supplier shall notify Customer of any third party restrictions on Customer's use of the Supplier Software, Developed Supplier Software and Supplier Work Product provided hereunder and Customer shall comply with any such restrictions; provided, however, that, (1) no such third party restriction shall relieve Supplier of its obligation to provide the Services in accordance with this Agreement and (2) upon Customer's request, Supplier shall propose workarounds to any such restriction.

10.06 Software Maintenance. With respect to Supplier proprietary Software that is part of the Supplier Software or Developed Supplier Software licensed to Customer under this Agreement and that is commercially available, Supplier shall provide maintenance support to Customer with respect to such Software upon expiration or termination of this Agreement, subject to the execution by the Parties of a separate maintenance agreement and the payment by Customer of maintenance fees [****].

ARTICLE 11 DATA.

11.01 Ownership of Data. Customer shall retain all of its right, title and interest in and to the Customer Data. Supplier shall not use (except as necessary to perform the Services), disclose, transfer or provide any Customer Data without Customer Party's prior approval. Supplier shall not access Customer Data (including Personal Data) from outside the United States without the prior written approval of Customer Party; provided, however, that such approval shall not be required by Supplier to access Customer Data (other than Personal Data) from outside the United States using Supplier's proprietary "G Smart" services, solely for the purposes of generating reports detailing Services performance and network monitoring. To the extent Supplier has any rights in Customer Data, Supplier

hereby irrevocably and perpetually assigns, transfers and conveys to Customer Party (or the Affiliate of Customer designated by Customer Party) without further consideration, all of its right, title and interest in and to the Customer Data. Upon Customer Party's request, Supplier shall execute any documents (or take any other actions) as may be necessary, or as Customer Party may request, to enforce these rights of Customer in Customer Data. Supplier shall limit the disclosure of any Customer Data to only those Supplier personnel who have been subject to background screening as provided in [Article 5](#) and who have been advised of the confidential and proprietary nature of such Customer Data and who have acknowledged the obligation to maintain the confidentiality of Customer Data in accordance with the terms of this Agreement. Additionally, Supplier shall only disclose to such Supplier personnel Customer Data that is required for such personnel to provide the Services.

11.02 Correction of Errors. Supplier shall promptly correct any errors or inaccuracies in Customer Data that are created by Supplier, at no additional cost or expense to Customer except to the extent that such errors or inaccuracies were created by Supplier working under the direction of Customer or Customer's Agent and the efforts to correct such errors or inaccuracies could not be performed as a Non-Chargeable Change. Supplier shall inform Customer Party or its designee of any such corrections.

11.03 Provision and Return of Data. Upon Customer Party's request and as directed by Customer Party, Supplier shall promptly: (1) provide or return Customer Data, or requested portion thereof, to Customer; and (2) Destroy or Erase the Customer Data, or requested portion thereof, in Supplier's possession. Any archival tapes containing Customer Data shall be used by Supplier solely for back-up purposes and shall remain subject to the confidentiality and security provisions of this Agreement.

11.04 Data Security and Computer Access. The roles and responsibilities of the Parties with respect to the security and control of Customer Data shall be set forth in [Attachment 2-G](#) to [Exhibit 2](#). Supplier shall comply with Customer's information security policies, standards and procedures as set forth in [Exhibit 12](#) (collectively, the "[Data Safeguards](#)"). Supplier shall modify the Services to comply with any changes in the Data Safeguards communicated to Supplier Party by Customer Party. Supplier shall perform such modification (and shall perform such modification as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such modification pursuant to the Change Control Procedures and the issue escalation procedures set forth in [Article 5](#) of [Exhibit 9](#)). If Supplier discovers or is notified of a failure to comply with the Data Safeguards, or of a breach or attempted breach of Customer's information security, Supplier Party shall promptly (but, in any event, within 24 hours): (1) notify Customer Party; and (2) if Supplier was responsible for the failure, breach or attempted breach, (a) investigate and cure such failure, breach or attempted breach and (b) provide satisfactory assurance to Customer Party that such failure, breach or attempted breach will not recur. Information relating to any such failure, breach or attempted breach shall be deemed the Confidential Information of Customer and shall not be disclosed by Supplier other than in accordance with this Agreement.

11.05 Records Management. Supplier shall maintain, in secure locations (to prevent destruction and unauthorized access) and in accordance with Generally Accepted Accounting Principles and Practices, records sufficient to document the Services and Fees. Supplier shall retain records relating to the Services and its performance pursuant to this Agreement (including records relating to

Change management, problem management, ARCs and RRCs, and all operational and system documentation) for at least five years, unless a longer period is required by Law. Upon Customer's request, such records shall be made available for Customer's review.

11.06 Privacy and Personal Data. Supplier acknowledges that in providing the Services Supplier will process Customer Data (including Personal Data) that is subject to the Data Protection Laws. Accordingly, with respect to any Personal Data, Supplier shall:

- (1) Supplier shall only process Personal Data in accordance with the documented instructions that Supplier receives from Customer, including [****];
- (2) not use, disclose, transfer or process such Personal Data for any other purpose, including for its own commercial benefit, unless agreed to by Customer Party;
- (3) treat all Personal Data as the Confidential Information of Customer;
- (4) not permit the alteration or deletion of any Personal Data created by Supplier on behalf of Customer unless expressly authorized by Customer;
- (5) implement reasonable technical and organizational measures designed to protect Personal Data against accidental or unlawful destruction or accidental loss or alteration, or unauthorized disclosure or access and against all other unlawful forms of processing. In particular, "reasonable technical and organizational measures" must meet or exceed the requirements of the Data Safeguards, Supplier Laws, [****], and Customer's instructions with respect to Customer Laws and Laws applicable to Customer's clients; provided, however, that should such [****] or Customer instructions require legal interpretation, Customer shall provide such legal interpretation in writing to Supplier, and Supplier shall have no responsibility for the accuracy of such legal interpretation by Customer. Supplier shall use good faith efforts to assist Customer in determining whether such [****] and Customer Laws and Laws applicable to Customer's clients require changes in Supplier's security configurations, and in determining the most effective manner in which such changes can be implemented;
- (6) notify Customer Party within [****] upon learning of any breach or potential breach of the security of the Personal Data, or any unlawful or unauthorized uses or disclosures of Personal Data (collectively, a "Data Security Event") and investigate and cure such Data Security Event (including, by complying with any Customer instructions in connection with such Data Security Event); provided, however, that to the extent such Data Security Event is not a result of Supplier's breach of its obligations under this Agreement and such investigation and cure cannot be performed as a Non-Chargeable Change, Customer Party shall, in accordance with the Change Control Procedures, pay for such investigation and cure;
- (7) notify Customer Party prior to any change that is made with respect to Supplier's organizational or technical measures taken to protect Personal Data that could affect the controls or standards of protection previously specified or approved;
- (8) notify Customer Party promptly in writing (and in any event no later than two days after receipt) of any communication received from a Data Subject relating to the Data Subject's rights to

access, modify or correct his or her Personal Data, and shall comply with all reasonable instructions of Customer Party before responding to such communications;

- (9) notify Customer Party promptly in writing (and in any event no later than two days after receipt) of any communication received from a data protection authority or other regulatory agency relating to the processing of Personal Data, and shall comply with all reasonable instructions of Customer Party before responding to such communications;
- (10) notify Customer Party promptly in writing (and in any event no later than two days after learning) if Supplier becomes unable to perform its obligations with respect to the processing of Personal Data hereunder;
- (11) comply with the provisions of this Agreement and the reasonable instructions of Customer Party to return, store or Destroy or Erase the Personal Data;
- (12) (a) comply with the Data Protection Laws applicable to Supplier in connection with the performance of the Services; (b) not take, or omit to take, any action that Supplier knows would cause Customer to contravene any Data Protection Law, unless directed to do so by Customer notwithstanding Supplier's notification to Customer of a potential breach of the Data Protection Laws; and (c) take any additional steps reasonably requested by Customer Party to comply with any notification or other obligations under such Laws (including, in response to any request made by any data protection regulator or any Data Subject); and
- (13) limit access to and possession of Personal Data only to MSDOs whose responsibilities under this Agreement reasonably require such access or possession.

11.07 Data Protection Agreement.

If requested by Customer's clients, or if Supplier is not registered with respect to the handling and processing of Customer's Personal Data under the safe harbor framework developed by the U.S. Department of Commerce in coordination with the European Commission, the Parties agree to execute the model contract promulgated by the European Commission and in accordance with Regulation (EU) 2016/679, the General Data Protection Regulation, together with any additional implementing legislation, rules or regulations that are issued by applicable supervisory authorities together with any applicable national legislation implementing or replacing GDPR from time to time. Any model contract entered into pursuant to the above shall be entered into solely for the purpose of complying with the relevant E.U. Data Protection Laws and Regulations and will in no event modify or affect, directly or indirectly, the regime on liability agreed between the Parties under this Agreement, or otherwise modify this Agreement. Customer shall remain solely responsible for determining the purposes for, and means of, processing Customer Data by Supplier under this Agreement.

ARTICLE 12 CONSENTS.

12.01 Supplier Consents. Supplier shall, at its cost and expense, obtain, maintain and comply with the Supplier Consents. In the event Supplier is unable to obtain a Supplier Consent, Supplier shall implement (at its own cost and expense), subject to Customer's prior approval, alternative approaches as reasonably necessary to provide the Services without such Supplier Consent.

12.02 Customer Consents. Customer shall, at its cost and expense, obtain and maintain the Customer Consents. Customer shall comply with the Customer Consents. In the event that Customer has not obtained all Customer Consents as of the Effective Date, Supplier shall implement, at Customer's cost and expense and subject to Customer's prior approval, alternative approaches as reasonably necessary to provide the Services without such Customer Consent. Supplier shall comply with the Customer Consents.

12.03 Cooperation. Each Party shall reasonably cooperate with the other in obtaining the Consents, including by executing reasonable confidentiality agreements if required by the applicable third party.

ARTICLE 13 FEES.

13.01 Fees. Subject to Section 15.04, in consideration of Supplier providing the Services (including Services procured from an alternate source by Supplier in accordance with Section 27.02), Customer Party shall pay Supplier Party the Fees in accordance with Exhibit 4. Without limiting Customer's obligation to pay (1) undisputed Fees in accordance with Section 15.03 and (2) disputed Fees which the Parties agree shall be paid to Supplier in accordance with Section 15.04, Customer Party shall be under no obligation to pay any Fees for Services not provided by Supplier to Customer.

13.02 Expenses. Except as expressly set forth in this Agreement, all expenses are included in the Fees and there shall be no charges, expenses, costs or other amounts (including for Software, Hardware, facilities, telecommunications, transition or export) to be paid by Customer Party for the performance of Supplier's obligations pursuant to this Agreement. If any expenses are expressly set forth to be reimbursed by Customer Party, such expenses shall be reimbursed pursuant to Article 15 but only if such expense is: (1) reasonable and customary; (2) approved by the Customer Party in accordance with the governance procedures set forth in Exhibit 9; and (3) itemized on the applicable invoice with receipts supporting each expense over \$75.

13.03 Intentionally Left Blank.

13.04 Certain Changes in Control. [****].

ARTICLE 14 TAXES.

14.01 Sales Taxes. Customer Party shall pay all sales or use taxes ("Sales Taxes") due with respect to the receipt of the Services. Supplier Party shall pay all other taxes imposed on Supplier with respect to its internal operations and costs related to its provision of the Services and [****]. Each Contracting Party shall bear sole responsibility for its taxes on its own net income, employees and real property or leased real property.

14.02 Invoice Details. Supplier Party shall provide Customer Party the details relating to the applicable Sales Tax as a separate line item on each invoice from Supplier Party.

14.03 Tax Cooperation.

(1) The Contracting Parties shall reasonably cooperate with each other to more accurately determine each of Customer's and Supplier's tax liability and to minimize such liability, to the

extent legally permissible and in accordance with the other terms of this Agreement, including Section 7.01.

- (2) In the event of a change in applicable Law or administrative pronouncement or practice that will result in an increase in a Sales Tax for which Customer Party is responsible, Supplier Party shall (a) notify Customer Party of such change in Law or administrative pronouncement or practice and (b) cooperate with Customer Party (including with any employees, professional advisors (including accountants), contractors and other agents of Customer Party) to review and mitigate Customer Party's relevant tax liabilities.
- (3) In the event of an audit or contest by a relevant taxing authority of Sales Taxes that such taxing authority expressly indicates is payable by Customer Party, Supplier Party shall, as promptly as practicable, (a) notify Customer Party of the pendency of such audit or contest and (b) inform Customer Party to the extent that Customer is expressly identified in the audit, of the progress of such audit or contest at reasonable intervals. Supplier shall demonstrate good faith in defending its tax position as such position relates to Customer. To the extent permissible under Law, Supplier shall provide Customer timely opportunity to review and contest any assessment applicable to Customer.

ARTICLE 15 INVOICE AND PAYMENT.

15.01 Invoices Generally. Supplier Party's invoices shall be accompanied by such records or other written proof as Customer Party deems adequate to verify the amounts billed and shall be in the form required by Customer Party. A properly prepared and correct invoice is an original document received at the proper Customer Party address, as indicated in Exhibit 4, that is in the form set forth in Exhibit 4. If an invoice is not provided substantially in accordance with Exhibit 4, or is otherwise incomplete or incorrect due to clerical error or any other manifest error (*e.g.*, an incorrect amount or an item for which Customer Party is not responsible for payment), (1) Supplier Party shall issue a corrected invoice no later than [****] business days after Customer's notice and (2) Customer Party shall pay in accordance with Section 15.03 and Section 15.04 the amount of Fees which should have been invoiced in a correct invoice as though Customer Party received such correct invoice on the [****] day of the applicable month.

15.02 Invoice Timing. Supplier Party shall submit an invoice to Customer Party for the Fees applicable to the Services received in any month as further described in Exhibit 4. Such invoice shall be provided no later than the [****] day of each month, [****]. Services are considered received in the month in which such Service is: (1) performed, if such Service is provided on a time and materials basis or monthly fee basis; or (2) completed, based on any applicable milestones. Supplier Party shall not invoice Customer Party, and Customer Party shall have no obligation to pay Supplier Party, any amounts (other than amounts relating to Pass-Through Expenses, Managed Agreements, Assigned Agreements and, without limiting each Party's indemnity obligations relating to taxes hereunder, taxes) that are not invoiced within [****] after performance of the applicable Service.

15.03 Payment. Subject to Section 15.04, Customer Party shall pay Supplier Party the Fees for the Services invoiced in accordance with Section 15.02 by no later than [****] which the applicable invoice was issued by Supplier Party (the "Payment Date"); provided, however, that if Supplier Party fails to issue an invoice in accordance with the timing requirements set forth in Section 15.02, or if

Supplier Party fails to correct an invoice in accordance with the timing requirements set forth in Section 15.01, then Customer Party shall pay such invoice within [****] after Customer Party's receipt of such invoice. At Customer Party's option, payment shall be made by electronic funds transfer, wire or check. Payment by electronic funds (or wire) shall be considered made when released from Customer Party's account. Payment by check shall be considered made when post-marked by the U.S. Postal Service. If Customer Party fails to pay the undisputed invoiced Fees within five days after the Payment Date in any Contract Year, Customer Party shall pay interest on the unpaid invoiced Fees as follows: [****].

15.04 Withholding; Rights of Set-Off.

- (1) Customer Party may, at any time on or before the Payment Date, withhold amounts that it disputes in good faith by providing Supplier Party a notice that describes the dispute in reasonable detail. The aggregate amounts withheld by Customer Party for all then-current disputes shall not exceed the [****] (the "Withholding Cap"); provided, however, that with respect to any month in which no Fees were paid or payable (in the aggregate) under this Agreement in the month prior to the month in which the dispute is raised, the Withholding Cap shall be [****]. If Customer Party disputes amounts in the aggregate that are (a) [****]. If Customer Party disputes in good faith any amounts subsequent to payment thereof, [****]. In the event Supplier Party disputes the withholding of amounts by Customer Party, Supplier Party may notify Customer Party and such dispute shall be handled in accordance with the dispute resolution procedures set forth in Section 29.04. Upon resolution of such dispute, the amount, if any, payable to Supplier Party will be paid by Customer Party to Supplier Party with Interest, calculated from the date payment should have been made.
- (2) With respect to any amount that the Contracting Parties agree should be reimbursed to Customer Party by Supplier Party or is otherwise payable to Customer Party by Supplier Party, and any Interest thereon calculated from the date of payment or the date reimbursement was due, Customer Party may, in accordance with the Contracting Parties' agreement, deduct the entire or prorated amount owed to Customer Party against the Fees or, at the request of Customer Party, Supplier Party shall pay such amounts to Customer Party at or after the end of the Term.

15.05 Currency. Except as otherwise agreed upon by the Contracting Parties, each invoice submitted to Customer Party shall be denominated and paid in United States Dollars.

ARTICLE 16 GOVERNANCE AND CHANGE CONTROL.

16.01 Governance. The Parties shall comply with the governance procedures set forth in Exhibit 9.

16.02 Service Requests and Changes of Scope.

- (1) Any changes to the Services not otherwise contemplated in Exhibit 1 shall be made in accordance with the Change Control Procedures set forth in Exhibit 9.

- (2) No Fees or other amount shall be payable by Customer in connection with a Change to the extent the applicable portion of such Change is a Non-Chargeable Change. With respect to any portion of a Change which is not otherwise a Non-Chargeable Change, Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9; provided, however, that with respect to any portion of a Change which (a) is not otherwise a Non-Chargeable Change and (b) is implemented by Supplier as a change to benefit multiple Supplier clients, the Fees payable by Customer in respect of such Change shall be an amount no greater than that which reflects an equitable allocation of the costs and expenses associated with such Change among Customer and any such other Supplier clients based on the number of Supplier clients, including Customer, who benefit from such change.

ARTICLE 17 REPORTS, DATA AND REAL TIME DATA ACCESS.

Supplier shall provide to Customer the reports and data identified in Exhibit 10. Supplier shall provide Customer (1) upon Customer's request, access to the Customer Data held by Supplier in real time (to the extent the systems and Customer Data are configured for real time access pursuant to the Customer Architecture) and (2) upon Customer's request, access to all training materials, job aids and other materials agreed upon by the Parties that are used by Supplier in the performance of the Services. In each case, Supplier shall provide such access to the extent required for Customer to receive the Services.

ARTICLE 18 AUDITS.

18.01 Services Audits. Upon [****], Supplier shall provide to Customer and any of its clients, and any of Customer's or Customer's client's regulators, accountants and auditors (collectively, the "Customer Auditors") with (1) [****] and (2) any assistance requested by Customer with respect to access described in the preceding clause (1) [****]. Audits performed pursuant to this Section 18.01 shall not be performed by a Supplier Competitor. [****].

18.02 Audit Controls.

- (1) Supplier shall comply with, shall provide the Services to satisfy and shall otherwise not cause the in-scope Customer computer systems to fail to satisfy the internal audit controls of Customer as provided to Supplier by Customer (including any corrective recommendations or other Customer Party instructions). In addition, Supplier shall assist Customer in addressing its audit control requirements, such as: (a) participating in any reviews by Customer as to compliance with such requirements; and (b) including Customer in any reviews by Supplier as to compliance with such requirements.
- (2) Supplier shall, at its cost and expense, maintain controls and procedures ("Supplier Controls") in the facilities under its control from which the Services are provided in accordance with [****].

18.03 Fees Audits. Twice in each Contract Year (or more frequently if required by any governmental or regulatory authority), upon 10 days' notice from Customer Party (unless exigent circumstances require a shorter notice period), and in accordance with the procedures established by Customer Party and made available to Supplier Party, Supplier shall provide [****]. If such audit

reveals that Supplier Party has overcharged Customer Party, upon notice from Customer Party of the amount of such overcharge: (1) Supplier Party shall promptly pay to or credit Customer Party, as Customer Party requests, the amount of the overcharge [****], calculated from the date of payment; and (2) [****]. Supplier Party may dispute the results of such audit in good faith in accordance with the dispute resolution procedures set forth in Section 29.04, and until it is determined that Supplier has overcharged Customer Party, Supplier Party shall have no obligation to pay or credit Customer Party the disputed amount and Overcharge Interest.

18.04 SSAE 18 and Sarbanes-Oxley.

- (1) Supplier Party shall at its cost and expense have an independent third party auditor conduct a SSAE 18 Type II review (or an equivalent successor audit approved by a commission, professional association or other entity which reviews and comments on audit industry practices, such as the Public Company Accounting Oversight Board) [****] of the Services at each Service Location owned or leased by Supplier (except the [****] Service Locations) for the periods from [****] during the Term. [****] if: (a) Supplier generally conducts a [****] of services provided to all its customers, (b) such [****] is consistent with industry standards and practices utilized by [****], and (c) Supplier Party provides Customer Party auditor update letters with respect to each of the above [****] ending after the end of the most recent applicable [****] period, in form and substance as set forth in Exhibit 27.
- (2) Supplier Party shall, as soon as the report of the audits set forth in Section 18.04(1) is available [****], Supplier Party shall (a) inform Customer Party of the reason for the delay, (b) meet as soon as reasonably practicable with Customer and Customer Auditors to explain such delay and any ongoing related remediation, and (c) upon Customer's reasonable request, provide Customer Party with updates to address (and to the extent commercially reasonable, to alleviate) Customer's reasonable concerns relating to such audit.
- (3) Supplier Party shall, at its cost and expense, promptly notify Customer Party of the action plan to be used to remediate, and shall thereafter remediate as soon as possible, any weakness or deficiency that has resulted in a qualified SSAE 18 Type II report, or that could reasonably be expected to result in a qualified SSAE 18 Type II report, in respect of Supplier Controls identified in such SSAE 18 Type II reports. Any testing to verify such remediation shall be completed no later than [****] days after identification of a material weakness or deficiency. Supplier Party shall cause its auditors to provide updates no later than [****] days following remediation in an agreed upon procedures report regarding when such weaknesses or deficiencies have been corrected and that the Supplier Controls are functioning effectively.
- (4) At the request and option of Customer Party, Supplier Party shall deliver to Customer Party, within [****] days after such request, an auditor's update letter or a certificate from an appropriate officer or representative of Supplier, in form and substance as set forth in Exhibit 27, updating the most recent SSAE 18 Type II report of the applicable Contract Year by certifying that Supplier is in compliance in all material respects with its obligations with respect to the Supplier Controls, including a certification that no changes have been made to the Supplier Controls without the approval of Customer Party. [****].

- (5) Supplier Party shall be responsible for the costs and expenses associated with the preparation of each SSAE 18 Type II report described above in accordance with this Section and any agreed upon procedures report agreed upon by the Contracting Parties.
- (6) Supplier Party shall promptly respond to inquiries from Customer Party and, upon [****].
- (7) If Customer Party determines that a form of independently audited quality certification other than a SSAE 18 Type II report or the successor audit described in Section 18.04(1), as applicable, is sufficient to satisfy Customer's obligations under applicable Laws, Supplier Party shall, at Customer Party's request, perform its obligations relating to the issuance of an unqualified SSAE 18 Type II report or the successor audit described in Section 18.04(1), as applicable, with respect to such new quality certification. The costs and expenses associated with the preparation of such new quality certification shall be borne by Customer Party to the extent such certification is provided specifically to or for Customer Party; provided, however, that in the event Supplier provides such certification to any other Supplier client, such costs and expenses borne by Customer Party shall be an amount no higher than that which reflects an equitable allocation of the costs and expenses associated with such Change among Customer and any such other Supplier client based on the number of Supplier clients, including Customer, who benefit from such change.
- (8) Supplier shall provide Customer-requested support (which support shall be provided as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) to Customer for Customer's procedures related to the Sarbanes-Oxley Act of 2002 on a quarterly basis.
- (9) If Customer desires that Supplier's chosen SSAE 18 Type II public accounting provider perform additional procedures outside the scope of the multi-client SSAE 18 Type II report provided by Supplier, then at the request of Customer, Supplier shall retain its then-current provider to perform an "agreed upon procedures review" at Customer's cost and expense. At the request of Customer, Supplier shall, at Customer's cost and expense, also engage its chosen SSAE 18 Type II public accounting provider to perform an additional standard SSAE 18 Type II report dated a different date than specified above.
- (10) Upon Customer's request, Supplier shall provide support (which support shall be provided as a Non-Chargeable Change, to the extent applicable) to the applicable [****].

18.05 Facilities. Supplier shall provide [****] may require to perform the audits and inspections described in this Article.

18.06 Regulatory Information. Supplier Party shall promptly provide to Customer Party any information or records maintained by Supplier that are requested by any governmental or regulatory authority or otherwise required to answer any inquiries from such governmental or regulatory authority. Customer Party, in consultation with Supplier Party, shall use commercially reasonable efforts to obtain confidential treatment of such information or records by such governmental or regulatory authority.

18.07 Availability. Supplier shall make available promptly to Customer [****]; provided, however, that Supplier shall not be required to provide a copy of the results nor any confidential information of a third party that may be contained in such results.

18.08 ISO 9001 and ISO 27001. Supplier shall maintain ISO 9001 and ISO 27001 and other quality management certification and security programs with respect to the Services, Service Delivery Organization and the Customer-dedicated environment at the Service Locations (except the [****] Service Locations). Supplier shall assist Customer in its ISO 9001 and ISO 27001 certification processes. Supplier shall also assist in other quality management certification and security programs of Customer as requested by Customer.

18.09 Data Center Designation. Supplier shall maintain an "[****]" data center designation. The criteria for such designation shall be at least as stringent as those set forth in Exhibit 24.

18.10 Disclosure of Supplier's Costs. Customer and Customer Agents shall not have access to Supplier's costs to provide the Services, except to the extent that the methodology to calculate the Fees or any Pass-Through Expenses utilizes such Supplier costs (e.g., Fees calculated on a "cost plus" basis).

18.11 [****] Service Location SSAE 18. Supplier Party shall at its cost and expense cause [****] to provide to Customer a multi-client SSAE 18 Type II review (or an equivalent successor audit approved by a commission, professional association or other entity which reviews and comments on audit industry practices, such as the Public Company Accounting Oversight Board) at least [****] of the [****] Service Locations. Upon Customer request and upon execution of [****] standard SSAE 18 Non-Disclosure Agreement, Supplier shall cause [****] to provide to Customer a copy of [****] written [****] SSAE 18 Type II reports. Reports will cover both [****]. As of the Effective Date, such audit is conducted by [****].

18.12 Distribution. Customer Party shall be permitted to [****].

ARTICLE 19 CONFIDENTIAL INFORMATION

19.01 Generally. The Receiving Party shall not: (1) access or use the Confidential Information of the Disclosing Party except as necessary to perform its obligations or exercise its rights hereunder; or (2) disclose or otherwise allow access to the Confidential Information of the Disclosing Party to any individuals or third parties except as provided in Section 19.02. In addition, the Receiving Party shall protect the Confidential Information of the Disclosing Party with at least the same level of care as it protects its own confidential information, but not less than a commercially reasonable level of care.

19.02 Permitted Disclosure. The Receiving Party may disclose relevant aspects of the Disclosing Party's Confidential Information to the Receiving Party's officers, directors, employees, professional advisors (including accountants), contractors and other agents to the extent such disclosure is necessary for the current or future performance of their obligations or exercise of rights with respect to the Receiving Party under this Agreement; provided, however, that the Receiving Party shall cause such Confidential Information to be held in confidence by the recipient to the same extent and in the same manner as required under this Agreement. The Receiving Party may disclose Confidential Information of the Disclosing Party to the extent required to comply with any Law or any listing

agreement with, or rules of, any national securities exchange or interdealer quotation system; provided, however, that the Receiving Party shall (1) provide the Disclosing Party with prior notice of any such disclosure, (2) with the Disclosing Party's assistance, use commercially reasonable efforts to obtain confidential treatment of the disclosed Confidential Information by the party to whom it is disclosed, and (3) cooperate with the Disclosing Party to minimize the disclosure. [****].

19.03 Exclusions. The restrictions on use and disclosure in this Article shall not apply to: (1) Confidential Information already known to the Receiving Party, as demonstrated by prior existing records, when it was disclosed by the Disclosing Party; (2) Confidential Information that, at the time of its disclosure by the Disclosing Party, is known to the public (except Personal Data) through no fault of the Receiving Party or its employees, agents or contractors; (3) Confidential Information that is lawfully received by the Receiving Party from a third party where the third party has not required the Receiving Party to maintain the information in confidence; (4) Confidential Information developed by the Receiving Party independently of disclosure by or receipt from the Disclosing Party; or (5) Confidential Information disclosed by the Disclosing Party to a third party without imposing any obligation of confidentiality on such third party; provided, however, that with respect to clause (5) of this Section, if the Disclosing Party discloses its Confidential Information to a governmental authority (and does not otherwise publish such Confidential Information) to comply with any Law or any listing agreement with, or rules of, any national securities exchange or interdealer quotation system, then the restrictions on use and disclosure in this Article shall continue to apply.

19.04 Return of Materials. In addition to Section 25.12, upon the Disclosing Party's request and as directed by the Disclosing Party, the Receiving Party shall promptly return, or at the Disclosing Party's request Destroy or Erase, all Confidential Information and all written materials that contain, summarize or describe any Confidential Information of the Disclosing Party, except to the extent there is a license to such materials under this Agreement. Subject to this Article, the Receiving Party shall be entitled to retain an archival copy of such Confidential Information in order to enforce the terms and conditions of this Agreement.

19.05 Unauthorized Access.

- (1) Each Party shall notify the other of any unauthorized disclosure, access to or possession, use or knowledge of the other's Confidential Information of which such Party is aware, within [****].
- (2) MSDOs shall not attempt to access, or grant access to, any Customer Confidential Information without Customer's express approval. An MSDO's access to information systems containing Customer Confidential Information shall be subject to the Data Safeguards. If Supplier is aware of such access (or reasonably suspects such access), Supplier shall, within [****], report such incident to Customer, describe in detail the accessed Customer Confidential Information, and, if applicable, return to Customer any copied or removed Customer Confidential Information.

ARTICLE 20 COMPLIANCE WITH LAWS.

20.01 By Customer. Customer shall comply with all Laws to the extent applicable to Customer (collectively, the "Customer Laws").

20.02 By Supplier. Supplier shall comply with all Laws to the extent applicable to Supplier, including Supplier Operational Laws (collectively, the "Supplier Laws"). Supplier shall provide the Services to Customer in compliance with, and shall cause all Service Locations, Supplier Software, Developed Supplier Software and Supplier Hardware used to provide the Services to comply with (1) all Supplier Laws and (2) Customer's directions with respect to Customer Laws and any Laws that apply to Customer's clients. Customer Party shall direct Supplier in writing on the method of compliance with Customer Laws and Laws that apply to Customer's clients, and Supplier shall comply with all such directions (which Customer directions shall be implemented as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the implementation of such Customer directions in accordance with the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). If Supplier is not in compliance with any Supplier Operational Law (or any Customer instruction previously given with respect to Customer Laws or Laws that apply to Customer's clients), then Supplier shall, at Supplier's own cost and expense, immediately undertake such measures which are necessary to comply with such Supplier Operational Law or Customer instruction, as applicable. If Supplier fails to immediately undertake the measures set forth in the prior sentence in respect of any Supplier noncompliance with any Supplier Operational Law or Customer instruction, as applicable, Customer Party (or its designee) may, at Supplier's cost and expense, undertake such measures which are necessary to establish Supplier's compliance with such Supplier Operational Law or Customer instruction, as applicable. If any such noncompliance by Supplier with any Supplier Law or Customer instruction, as applicable, rises to the level of, or otherwise results in, a material breach of this Agreement, Customer Party may terminate this Agreement as of the date (including immediately) specified by Customer Party in a termination notice to Supplier Party. To the extent any Change pursuant to this Section is a Change which (1) Supplier provides to multiple Supplier clients and (2) is Customer's financial responsibility hereunder, Supplier shall allocate to Customer, on an equitable and pro rata basis, the charges to implement such Changes.

20.03 Interpretation of Laws. If Supplier reasonably determines that performance of the Services requires an interpretation of any Customer Law, Supplier Party shall present to Customer Party the issue for resolution, and Customer Party shall instruct Supplier Party in writing with respect to such issue. Supplier shall be authorized to act and rely on, and shall promptly implement such Customer Party instruction (which Customer Party instruction shall be implemented as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for such assistance pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) in the performance and delivery of the Services. Supplier shall not be responsible for a failure to comply with Customer Laws to the extent that Supplier relies on, and complies with, such instructions in accordance with Section 20.02. The Contracting Parties shall resolve questions of interpretation and shall implement the resulting Customer Party instructions on an expedited basis.

ARTICLE 21 REPRESENTATIONS, WARRANTIES AND COVENANTS.

21.01 By Customer Party. Customer Party represents, warrants and covenants that as of the Restated Date and continuing throughout the Term:

- (1) Customer Party is a corporation duly organized, validly existing and in good standing under the Laws of Delaware;

- (2) Customer Party has all requisite power and authority to execute, deliver and perform its obligations under this Agreement;
- (3) the execution, delivery and performance of this Agreement by Customer Party (a) has been duly authorized by Customer Party and, (b) except for the Customer Consents, does not conflict with, result in a breach of or constitute a default under any other agreement to which Customer Party or Customer is a party or by which Customer Party or Customer is bound;
- (4) Customer is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on Customer's ability to fulfill its obligations under this Agreement;
- (5) Customer is in compliance with all Customer Laws and has obtained all applicable governmental permits and licenses required of Customer in connection with its obligations under this Agreement;
- (6) Customer has not incurred any material fines, penalties, or similar amounts imposed by a governmental authority, with respect to the services, functions and responsibilities within the scope of the Services, since March 31, 2007; and
- (7) there is no outstanding litigation, arbitrated matter or other dispute to which Customer is a party which, if decided unfavorably to Customer, would reasonably be expected to have a material adverse effect on Supplier's or Customer's ability to fulfill their respective obligations under this Agreement.

21.02 By Supplier Party. Supplier Party represents, warrants and covenants that as of the Restated Date and continuing throughout the Term:

- (1) Supplier Party is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of New York;
- (2) Supplier Party has all requisite power and authority to execute, deliver and perform its obligations under this Agreement;
- (3) the execution, delivery and performance of this Agreement by Supplier Party (a) has been duly authorized by Supplier Party and (b) does not conflict with, result in a breach of or constitute a default under any other agreement to which Supplier Party or Supplier is a party or by which Supplier Party or Supplier is bound;
- (4) Supplier is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on Supplier's ability to fulfill its obligations under this Agreement;

- (5) Supplier is in compliance with all Supplier Laws and has obtained all applicable governmental permits and licenses required of Supplier in connection with its obligations under this Agreement;
- (6) there is no outstanding litigation, arbitrated matter or other dispute to which Supplier is a party which, if decided unfavorably to Supplier, would reasonably be expected to have a material adverse effect on Customer's or Supplier's ability to fulfill their respective obligations under this Agreement;
- (7) Supplier has sufficient right, title and interest (and has obtained the consents) to assign, transfer and convey the ownership rights, and to grant the licenses, set forth in Article 10;
- (8) the Supplier Software, Developed Supplier Software, Supplier Work Product, Deliverables, Services (and use thereof) or any other items provided by Supplier to Customer do not and shall not infringe or cause the infringement of, the copyright, trademark, patent, or other similar intellectual property rights of a third party, except to the extent such infringement is a result of: (a) Customer's use of the Supplier Software, Developed Supplier Software, Supplier Work Product, Deliverables or items in contravention of the Related Documentation; (b) modifications made by Customer or Customer Agents not made at the direction of Supplier Party; (c) Supplier complying with instructions or designs provided by Customer; or (d) any combination of the Supplier Software, Developed Supplier Software, Supplier Work Product, Deliverables, Services or items by Customer or Customer Agents with products or systems other than those provided by, or authorized by, Supplier;
- (9) the Services shall be performed (a) with adequate numbers of qualified Supplier personnel (as to training, skill and experience), (b) in a good and workmanlike manner and (c) consistent with industry standards and practice utilized by tier-one IT service providers;
- (10) subject to Section 3.08, Supplier shall maintain the Supplier Hardware (and the Customer Hardware to the extent that Supplier has maintenance responsibility for such Customer Hardware) so that they operate in accordance with their specifications, including: (a) maintaining equipment in good operating condition and (b) undertaking repairs and preventive maintenance on equipment in accordance with the applicable equipment manufacturer's recommendations;
- (11) at the time of its delivery, each Deliverable that is Developed Customer Software shall: (a) conform to and perform in accordance with the applicable Related Documentation and Acceptance Criteria; (b)(i) to the extent contemplated in the applicable Related Documentation and Acceptance Criteria, [****], (ii) function as designed and in accordance with Customer's specifications or the criteria agreed upon in a Statement of Work and (iii) [****]; and (c) [****];
- (12) Supplier shall use commercially reasonable efforts to identify and notify Customer of any negative impact that each Deliverable that is Developed Customer Software may have on Customer's normal operations or business processes;
- (13) Supplier shall provide Customer with all Related Documentation (and other documentation that is Work Product) that exists and relates to Customer's use of the Supplier Software, Developed

Customer Software, Developed Supplier Software, Restricted Third Party Software, and any other Software to be developed or otherwise provided by Supplier pursuant to this Agreement; provided, however, that with respect to Supplier Software which is commercially available, Supplier shall provide the Related Documentation customarily made available with such Supplier Software;

- (14) Related Documentation (and other documentation that is Work Product) provided by Supplier in accordance with this Section shall be current and, to the extent applicable, in accordance with the applicable Statement of Work;
- (15) Supplier shall (a) not introduce any Virus or Disabling Code in the Deliverables and Customer computer systems, and (b) use [****] designed to prevent a third party from introducing any Virus or Disabling Code into the Deliverables and Customer computer systems; and
- (16) Supplier shall not embed in any Software, any "open source" Software or any other Software that requires as a condition of its use, modification or distribution that such Software (or other Software incorporated into, derived from or distributed with such Software) be (a) disclosed or distributed in source code form, (b) licensed for the purpose of making derivative works or (c) redistributed at no charge; provided, however, that "open source" Software or any other Software with such conditions on its use, modification or distribution may be embedded in commercially available products to the extent (i) Supplier obtains Customer's approval of such embedding and (ii) such embedding does not affect Customer's rights in, or title to, any intellectual property.

21.03 Disclaimer. NEITHER CONTRACTING PARTY MAKES ANY REPRESENTATION OR WARRANTY OTHER THAN AS SET FORTH IN THIS AGREEMENT. EACH CONTRACTING PARTY EXPLICITLY DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

21.04 Repair and Re-performance. [****]. If the breach is not so corrected, Customer Party may:

- (1) [****]; or
- (2) [****].

If Customer Party selects the option set forth in Section 21.04(1), and the breach remains uncorrected within the extended time, Customer Party shall at the end of such time have the option set forth in Section 21.04(2). Any re-performed Service, or repaired or replaced Deliverable, shall be subject to the same representations and warranties and same remedies for a new warranty period that shall begin on the date the correction is completed.

ARTICLE 22 INDEMNIFICATION.

22.01 Indemnification by Customer Party. Customer Party shall defend, indemnify and hold harmless Supplier, its Affiliates, officers, directors, employees, successors and permitted assigns ("Supplier Indemnified Parties") from and against any loss, liability (including settlements, judgments,

finances and penalties) or costs (including reasonable attorney fees, court costs and other litigation expenses) awarded or otherwise paid to any third party (whether pursuant to a court order, or as part of a settlement approved by Customer Party), arising out of any action, suit, proceeding or other claim, or any threat thereof (whether civil, criminal, administrative, arbitral, investigative or otherwise) against Supplier Indemnified Parties (including by any governmental agency):

- (1) alleging that the Customer Software (and use thereof) or any other items provided by Customer infringes, or causes the infringement of, the copyright, trademark, patent, or other similar intellectual property rights of a third party, except to the extent such infringement is a result of: (a) Supplier's use of the Customer Software in contravention of the Related Documentation; (b) modifications made by Supplier not made in accordance with the specifications of Customer Party; (c) Supplier not complying with instructions or designs provided by Customer; or (d) any combination of the Customer Software by Supplier with products or systems other than (i) those provided by, or authorized by, Customer or Customer Agents or (ii) in a manner otherwise (A) proposed by Customer and specified in the applicable Statement of Work or (B) [****];
- (2) relating to any taxes, interest, penalties or other amounts assessed against Supplier that are the obligation of Customer pursuant to Article 14;
- (3) relating to breach of Article 19 by Customer;
- (4) relating to breach of Section 20.01 by Customer;
- (5) relating to the inaccuracy, untruthfulness or breach of any representation or warranty made by Customer in any of the following: Section 21.01(1), Section 21.01(2), Section 21.01(3) and Section 21.01(4);
- (6) relating to (a) bodily injury or death of any person (including employees of a Party) or (b) the loss of or damage to any real property or tangible personal property (including property of the employees of a Party), in each case, resulting from the tortious acts or omissions of Customer or Customer Agents; or
- (7) relating to any obligations of Customer to any Customer Agents.

The foregoing are the only third party claims for which Customer or Customer Party shall be liable to defend, indemnify and hold harmless Supplier Indemnified Parties; provided, however, that nothing in this sentence shall limit in any manner any other right of Supplier to bring a claim for breach of contract or to recover damages pursuant to this Agreement. Customer Party shall indemnify Supplier Party from any reasonable attorney fees, court costs and other litigation (or settlement-related) expenses incurred in connection with enforcing this Section.

22.02 Indemnification by Supplier Party. Supplier Party shall defend, indemnify and hold harmless Customer, its Affiliates, officers, directors, employees, successors and permitted assigns ("Customer Indemnified Parties") from and against any loss, liability (including settlements, judgments, fines and penalties) or costs (including reasonable attorney fees, court costs and other litigation expenses) awarded or otherwise paid to any third party (whether pursuant to a court order, or as part of a settlement approved by Customer Party), arising out of any action, suit, proceeding or other claim, or

any threat thereof (whether civil, criminal, administrative, arbitral, investigative or otherwise) against Customer Indemnified Parties (including by any governmental agency) ("Customer Losses"):

- (1) alleging that the Supplier Software, Supplier Work Product, Deliverables, Services (and use thereof) or any other items provided by Supplier to Customer infringe, or cause the infringement of, the copyright, trademark, patent, or other similar intellectual property rights of a third party, except to the extent such infringement is a result of: (a) Customer's or Customer's Agents' use of the Supplier Software, Supplier Work Product, Deliverables or items in contravention of the Related Documentation; (b) modifications made by Customer or Customer Agents not made in accordance with the specifications of Supplier Party; (c) Supplier complying with instructions or designs provided by Customer; or (d) any combination of the Supplier Software, Supplier Work Product, Deliverables, Services or other items provided by Supplier or Supplier Agents with products or systems other than (i) those provided by, or authorized by, Supplier or (ii) in a manner (A) proposed by Supplier and specified in the applicable Statement of Work or (B) [****];
- (2) relating to breach of Section 11.01, Section 11.03, Section 11.04, Section 11.05 or Section 11.06 by Supplier;
- (3) relating to any taxes, interest, penalties or other amounts assessed against Customer that are the obligation of Supplier pursuant to Article 14;
- (4) relating to breach of Article 19 by Supplier;
- (5) relating to (a) breach of any Supplier Law by Supplier or (b) failure by Supplier to comply with Customer's directions, given to Supplier in accordance with Section 20.02, with respect to compliance with Customer Laws and any Laws that apply to Customer's clients;
- (6) relating to the inaccuracy, untruthfulness or breach of any representation or warranty made by Supplier in Section 21.02(1), Section 21.02(2), Section 21.02(3), Section 21.02(4) and Section 21.02(7);
- (7) relating to (a) bodily injury or death of any person (including employees of a Party) or (b) the loss of or damage to any real property or tangible personal property (including property of the employees of a Party), in each case, resulting from the tortious acts or omissions of Supplier;
- (8) relating to any obligations of Supplier with respect to any Supplier Agent;
- (9) relating to any failure by Supplier to comply with its obligations under any Assigned Agreement;
- (10) relating to any failure by Supplier to manage, administer, or comply with its obligations (in each case, in accordance with this Agreement) relating to any Managed Agreement or Customer Third Party Contract;
- (11) relating to any claim by or on behalf of any Supplier personnel (including any Transitioned Employee): (a) in connection with their employment or engagement by Supplier or (b) alleging

co-employment by Customer, in each case, except to the extent such claim is based upon an affirmative statement or representation by a Customer Indemnified Party;

- (12) by any MSDO (including any Transitioned Employee), arising from or in connection with this Agreement; provided, however, that where such MSDO is a Transitioned Employee who transferred to Supplier from ADP, this indemnity will not apply to claims arising out of acts or omissions of ADP in connection with the employment of such MSDO prior to the date of transfer;
- (13) relating to any claim based upon any decision by Supplier not to offer employment to any Transitioned Employee, except to the extent such claim is based upon an affirmative statement or representation by ADP or by a Customer Indemnified Party; or
- (14) any failure by Supplier to comply with any of its obligations in respect of any of the Customer Third Party Contracts.

The foregoing are the only third party claims for which Supplier or Supplier Party shall be liable to defend, indemnify and hold harmless Customer Indemnified Parties; provided, however, that nothing in this sentence shall limit in any manner any other right of Customer to bring a claim for breach of contract or to recover damages pursuant to this Agreement. Supplier Party shall indemnify Customer Party from any reasonable attorney fees, court costs and other litigation (or settlement-related) expenses incurred in connection with enforcing this Section.

22.03 Indemnification Procedures. If any claim is commenced against a Party entitled to indemnification under Section 22.01 or Section 22.02 (the "Indemnified Party"), prompt notice thereof shall be given by the Indemnified Party to the other Contracting Party (the "Indemnifying Party"). At the Indemnifying Party's cost and expense (including the costs and expenses incurred by the Indemnified Party to cooperate with the Indemnifying Party): (1) the Indemnifying Party shall immediately take control of the defense of such claim and shall engage attorneys acceptable to the Indemnified Party to defend such claim; and (2) the Indemnified Party shall cooperate with the Indemnifying Party (and its attorneys) in the defense of such claim. The Indemnified Party may, at its own cost and expense, participate (through its attorneys or otherwise) in such defense. With respect to the Indemnifying Party's obligation under Section 22.01(1) and Section 22.02(1), the Indemnifying Party may, in each case, without increasing the Fees or any Customer costs or expenses: (a) secure the right to continue using the infringing item in a manner consistent with the terms and conditions of this Agreement; or (b) replace or modify such item to make it non-infringing, without adversely affecting Supplier's ability to provide the Services in accordance with this Agreement. No settlement of a claim that involves a remedy other than the payment of money by the Indemnifying Party shall be entered into without the consent of the Indemnified Party. If the Indemnifying Party does not assume control over the defense of a claim as provided in this Section, the Indemnified Party may defend the claim in such manner as it may deem appropriate, at the cost and expense of the Indemnifying Party.

22.04 Contribution. If any claim (whether brought against one or both Parties) entitles each Party to indemnification from the other under Section 22.01 or Section 22.02, then the Parties shall allocate between themselves any loss, liability or costs and expenses arising out of or relating to such claim according to each Party's relative share of the liability. Contributory negligence, or any

analogous principle, shall not be a defense to any allocation of loss, liability or costs pursuant to this Section.

ATICLE 23 DAMAGES.

23.01 Direct Damages.

- (1) Each of the Contracting Parties shall be liable to the other for any direct damages arising out of or relating to its performance or failure to perform under this Agreement; provided, however, that the liability of a Contracting Party to the other Contracting Party, whether based on an action or claim in contract, equity, negligence, tort or otherwise, for any event, act or omission shall not in the aggregate exceed an amount equal to [****] (1) [****] in respect of breaches occurring during transition and, after transition is complete, [****] in aggregate for all breaches and (2) the Fees paid or payable under this Agreement during the [****] prior to the date of the occurrence of the applicable event, act or omission giving rise to such liability (or if less than [****] have elapsed since the Effective Date, [****] the [****] Fees paid or payable, on average, since the Effective Date) (the "Damages Cap").
- (2) [****]:
 - (a) [****];
 - (b) [****];
 - (c) [****];
 - (d) [****];
 - (e) [****];
 - (f) [****]; and
 - (g) [****].[****].

23.02 Consequential Damages. Neither Contracting Party shall be liable to the other Contracting Party for, nor shall the measure of damages include, any special, indirect, incidental, consequential or exemplary damages (including lost profits) arising out of or relating to its performance or failure to perform under this Agreement, even if such damages are foreseeable or if either Party is advised in advance of the foregoing.

23.03 Liability of Customer.

- (1) The limitations or exculpations of liability set forth in Section 23.01 and Section 23.02 shall not apply, in the case of liability of Customer Party, to:
 - (a) any damages suffered by Supplier resulting from Customer's misappropriation of Supplier Confidential Information;

- (b) the indemnification obligations of Customer Party pursuant to Section 22.01 (except as limited below); and
 - (c) the obligations of Customer to pay Fees due in accordance with this Agreement.
- (2) The limitations or exculpations of liability set forth in Section 23.01 shall not apply, in the case of liability of Customer Party, to:
- (a) The [****] of Customer Party; and
 - (b) breach by Customer Party of its confidentiality and data security obligations under this Agreement that result in a third party's misappropriation of Supplier Confidential Information; provided, however, that for such breaches, including Customer's indemnity obligations under Section 22.01(3), Customer's liability shall be limited in the aggregate to [****].

23.04 Liability of Supplier.

- (1) The limitations or exculpations of liability set forth in Section 23.01 and Section 23.02 shall not apply, in the case of liability of Supplier Party, to:
- (a) any damages suffered by Customer resulting from Supplier's misappropriation of Customer Confidential Information;
 - (b) the indemnification obligations of Supplier pursuant to Section 22.02 (except as limited below); and
 - (c) the failure of Supplier to issue credits (including Performance Credits) or otherwise make payments due under this Agreement.
- (2) The limitations or exculpations of liability set forth in Section 23.01 shall not apply, in the case of liability of Supplier Party, to:
- (a) breach by Supplier of its confidentiality and data security obligations under this Agreement that result in a third party's misappropriation of Customer Confidential Information; provided, however, that:
 - (i) with respect to such Confidential Information which is Personal Data and is encrypted at the time of misappropriation, or which was not encrypted but Supplier had an obligation to encrypt hereunder, Supplier's liability, including Supplier's obligations to indemnify Customer Indemnified Parties hereunder with respect to loss of Personal Data, shall be limited in the aggregate to [****] (A) [****] and (B) the Fees paid or payable under this Agreement during the [****] prior to the date of the occurrence of the applicable event, act or omission giving rise to such liability (or if less than [****] have elapsed since the Effective Date, [****] the [****] Fees paid or payable, on average, since the Effective Date), and shall include direct damages, including the damages set forth in Section 23.01(2); and

(ii) with respect to (A) Personal Data which is not encrypted at the time of misappropriation and for which Supplier is not in breach of an obligation to encrypt hereunder, and (B) Confidential Information other than Personal Data, Supplier's liability shall be limited in the aggregate to [****], and shall include, with respect to each of the preceding clauses (A) and (B), as applicable, direct damages, including the damages set forth in Section 23.01(2).

(iii) [****].

(b) [****];

(c) [****]; and

(d) Supplier's failure to comply with Customer's directions with respect to compliance with Customer Laws and Laws that apply to Customer's clients; provided, however, that Supplier's liability (including for indemnity obligations) shall be limited to direct damages, including the damages set forth in Section 23.01(2), up to an aggregate amount of [****] (and any such amounts paid shall be considered damages subject to the Damages Cap).

23.05 Injunctive Relief. Supplier acknowledges and agrees that any breach (or threatened breach) of Section 3.01, Section 3.08, Section 3.10, Section 9.03, Article 11, Section 18.06, Article 19, Section 20.02, Section 21.02, Section 21.04, Section 25.12, Section 25.13, Section 25.14, Section 25.15, Article 26, Article 27 and Section 29.05 by Supplier may cause immediate and irreparable injury to Customer, and in the event of such breach (or threatened breach), Customer Party shall be entitled to seek injunctive relief.

23.06 [****]. [****].

ARTICLE 24 INSURANCE.

24.01 Insurance. During the Term, Supplier Party shall maintain the following insurance coverage in at least the following amounts:

- (1) workers' compensation with statutory limits required by each state exercising jurisdiction over Supplier personnel engaged in performing the Services under this Agreement;
- (2) employer's liability coverage with a minimum limit of \$1,000,000 for bodily injury by accident or disease;
- (3) commercial general liability coverage (including products and completed operations, broad form contractual, personal injury liability and broad form property damage) with minimum limits of \$10,000,000 per occurrence and in the aggregate for bodily injury and property damage and \$10,000,000 for personal injury and products and completed operations;
- (4) business automobile liability coverage (covering the use of all owned, non owned and hired vehicles) with minimum limits (combined single limit) of \$5,000,000 for bodily injury and property damage;

- (5) employee dishonesty (fidelity) and crime coverage (for loss of money, securities, and other tangible property belonging to Customer arising out of any fraudulent or dishonest acts committed by Supplier personnel, acting alone or in collusion with others) with a minimum limit of \$20,000,000; and
- (6) professional liability and technology errors and omissions insurance covering actual or alleged negligent acts, errors or omissions committed by Supplier, its agents or personnel, arising solely out of the performance of this Agreement, including damage to intangible property from the negligent performance of professional services, in an amount not less than \$20,000,000 per claim and in the aggregate.

24.02 Requirements Applicable to All Insurance Coverages. The applicable commercial general liability, business automobile liability and employer's liability insurance policies required to be carried by Supplier Party shall: (1) be primary and any insurance maintained by Customer Party is excess and noncontributory only with respect to liability arising out of this Agreement; (2) name Customer Party as an additional insured; and (3) be written on an occurrence or a claims-made basis by companies duly licensed to transact the prescribed coverages in each jurisdiction in which the Services or any portion thereof is to be performed and having an A.M. Best rating of "A- VII" (or any future equivalent) or better. As between the Contracting Parties, Supplier Party shall be responsible for all claims, expenses and loss payments within the policy deductibles.

24.03 Insurance Documentation. Supplier Party shall, upon Customer Party's request, furnish to Customer Party certificates of insurance evidencing all coverage referenced in Section 24.01 and, if and to the extent applicable, naming Customer Party as an additional insured. Such certificates shall include a provision whereby the insurers will endeavor to provide 30 days' notice to Customer Party prior to coverage cancellation by either Supplier Party or the applicable insurer. Such cancellation shall not relieve Supplier Party of its continuing obligation to maintain insurance coverage in accordance with this Article.

24.04 Risk of Loss. Supplier Party is responsible for the risk of loss of, or damage to, any tangible property of Customer located at a Service Location, unless such loss or damage was caused by the acts or omissions of Customer. Customer Party is responsible for the risk of loss of, or damage to, any property of Supplier located at a Customer Site, unless such loss or damage was caused by the acts or omissions of Supplier.

24.05 Visits By Insurance Providers. Upon reasonable notice, Supplier Party shall accommodate visits to the Service Locations by insurance providers or potential insurance providers to Customer Party.

ARTICLE 25 TERM AND TERMINATION

25.01 Term.

- (1) This Agreement shall commence on the Effective Date and shall expire at 24:00 (Eastern Time) on June 30, 2027 ("Initial Expiration Date"), unless terminated earlier as permitted under this Agreement or as extended for the Renewal Term (if any) and the Termination Assistance Period (the "Term").

- (2) Unless this Agreement is terminated earlier as permitted under this Agreement, Customer Party shall notify Supplier Party at least 90 days prior to the Initial Expiration Date as to whether Customer Party desires to renew this Agreement. If Customer Party provides Supplier Party such notice, then this Agreement shall be extended for a renewal term of up to 12 months, as designated by Customer Party (the "Renewal Term"), at the Fees, terms and conditions then in effect. Customer Party shall have the right to exercise such renewal option one time.
- (3) If the Contracting Parties agree to extend this Agreement beyond the Initial Expiration Date, the fees for the renewed Services shall be no greater than the Fees in effect at the end of the Initial Expiration Date.
- (4) Supplier shall commence the performance of the Services as of the applicable Commencement Date.

25.02 Termination for Convenience. Subject to Section 25.10, Customer Party shall be permitted to terminate this Agreement or any Tower at any time without cause, upon [****] days' notice to Supplier Party setting forth the Termination Date. If Customer Party terminates this Agreement or any Tower pursuant to this Section, Customer Party shall pay Termination Fees in accordance with Exhibit 4.

25.03 Termination for Cause.

- (1) If Supplier has materially breached this Agreement (or defaults in the performance of any of its obligations, which defaults in the aggregate are material), and fails to cure such breach within [****] after receipt of notice thereof from Customer Party, then Customer Party may terminate this Agreement upon notice to Supplier Party. The cure period in this Section 25.03(1) shall not apply to, and shall not prejudice, any specific right of Customer Party set forth in any other provision of this Agreement to terminate (including immediately) this Agreement with a shorter cure period or no cure period.
- (2) If Customer Party fails to make undisputed payments due to Supplier Party pursuant to this Agreement, or Customer Party fails to pay disputed amounts which Customer is obligated to pay to Supplier in accordance with Section 15.04, and fails to cure such breach within [****] after receipt of notice thereof from Supplier Party, then Supplier Party may terminate this Agreement as of the date (including immediately) specified by Supplier Party in a termination notice to Customer Party; provided, however, that if Supplier Party has sent a breach notice in accordance with this Section 25.03(2) with respect to an invoice issued in accordance with this Agreement in an earlier month in the then-current Contract Year, the cure period for subsequent termination notices shall be [****].

25.04 Termination for IBM Change in Control.

- (1) In the event that Supplier Party or IBM Global Services effects or undergoes an IBM Change in Control, Customer Party may terminate this Agreement upon [****] notice to Supplier Party, provided the right to terminate is exercised within [****] after the completion of each such IBM Change in Control. If Customer Party terminates this Agreement pursuant to this Section, Customer Party shall pay Termination Fees in accordance with Exhibit 4.

- (2) In the event that Supplier Party or IBM Global Services effects or undergoes an IBM Change in Control with, or otherwise acquires Control of or becomes an Affiliate of, a Customer Competitor (excluding SIS Canada) or any Top Twenty Broker-Dealer, Customer Party may terminate this Agreement upon [****] notice to Supplier Party. If Customer Party terminates this Agreement pursuant to this Section, Customer Party shall pay the Termination Fees in accordance with Exhibit 4.

25.05 Termination for [****]. Customer Party may terminate this Agreement upon notice to Supplier Party if a [****]; provided, however, that the right to terminate is exercised within [****].

25.06 Termination for [****]. [****].

25.07 Termination for [****]. [****].

25.08 Partial Termination. If Customer Party has the right to terminate this Agreement in its entirety, Customer Party may alternatively elect to terminate only the Towers or Services affected by the events, facts or circumstances giving rise to Customer Party's right to terminate; provided, however, that (1) any termination pursuant to Section 25.02 shall only be of this Agreement in its entirety or by the applicable Tower, (2) any termination pursuant to Section 25.04 or Section 25.06 shall only be of this Agreement in its entirety and (3) any termination of "mainframe" or "midrange" Services (as described in Exhibit 2) pursuant to Section 25.03, Section 25.05 or Section 25.07 shall only be of this Agreement in its entirety or by the applicable Tower. Any rights or obligations of the Contracting Parties applicable to a termination of this Agreement in its entirety, shall also apply to the termination, insource or resource of any Services. Nothing in this Section shall limit Customer's rights under Section 3.14.

25.09 Other Terminations. In addition to the provisions of this Article, the applicable Services or this Agreement may be terminated as provided in Section 4.05, Section 4.06(2), Section 4.06(3), Section 4.06(5), Section 4.07(1), Section 20.02 or Section 27.01(4).

25.10 Termination Fees. Supplier Party shall be entitled to receive Termination Fees only to the extent set forth in Exhibit 4. Any Termination Fees payable in accordance with this Section shall be calculated in accordance with Exhibit 4, and except as otherwise specifically set forth in Exhibit 4, no Termination Fees shall be payable by Customer Party in connection with the termination of this Agreement. If Customer Party terminates any portion of the Services, then the Fees shall be adjusted in accordance with Exhibit 4. Any Termination Fees payable by Customer hereunder shall be paid in accordance with the following:

- (1) To the extent Customer is responsible for Wind-Down Expenses under Exhibit 4, Supplier shall invoice Customer on a monthly basis, in arrears, in accordance with Article 15 for Wind-Down Expenses on the monthly invoice issued the month after Supplier has paid the applicable Wind-Down Expenses incurred in accordance with the Exit Plan. Subject to Section 15.04, Customer shall pay such Wind-Down Expenses in accordance with Article 15.
- (2) To the extent Customer is responsible for a Break Fee under Exhibit 4, Supplier shall invoice Customer in accordance with Article 15 for such Break Fee on the following schedule:

- (a) [****];
 - (b) [****];
 - (c) [****]; and
 - (d) [****].
- (3) [****].

Subject to Section 15.04 and the payment schedule set forth in this Section, Customer shall pay such Unrecovered Amortized Expenses and Break Fees, as applicable, in accordance with Article 15.

25.11 Effect of Termination. Any termination (or expiration) of this Agreement shall not relieve or release either Contracting Party from any rights, liabilities or obligations that may have accrued under applicable Law or this Agreement. In the event of any such termination (or expiration), subject to Section 25.14:

- (1) Supplier shall cease the provision of any specified Services upon notice from Customer Party as of the date requested by Customer Party in such notice. All other Services shall terminate at the later of the Termination Date and the date the applicable Termination Assistance Services are completed in accordance with the Termination Assistance plan described in Section 25.14.
- (2) Supplier Party shall be entitled to payment of Fees for Services (including Termination Assistance Services) performed prior to the end of the Term, apportioned according to any agreed deliverable payment milestones or fixed price arrangements if payment is other than (a) on a time and materials basis or (b) for steady state Services that are provided during the Termination Assistance Period, in accordance with the monthly billing methodology set forth in Exhibit 4. Supplier Party shall, except to the extent Customer Party uses such Deliverables, not be entitled to any payment for deliverable milestones if such deliverable milestones were not accepted by Customer Party due to termination by Customer Party for breach by Supplier (and, therefore, shall refund to Customer Party any Fees paid for any such deliverable milestones, along with Interest on such payments calculated from the date of payment).
- (3) The rights granted to Supplier in Section 10.01 shall terminate, and Supplier shall (a) deliver to Customer Party, at no cost to Customer Party, a current copy of the Customer Software and Customer Work Product in the form in use as of the date of termination or expiration of the applicable Services (and any Termination Assistance Services relating to such Services) and (b) in accordance with Customer Party's instructions, Destroy or Erase all other copies of the Customer Software and Customer Work Product in Supplier's possession. Supplier shall, upon Customer Party's request, certify to Customer Party that all such copies have been Destroyed or Erased.
- (4) To the extent Customer has a license to Supplier Software, Developed Supplier Software and Supplier Work Product after the Term, Supplier shall deliver to Customer Party a copy of Supplier Software, Developed Supplier Software and Supplier Work Product (other than any third party Software and Work Product that would be restricted from being delivered pursuant to the terms applicable to such third party Software and Work Product), in the form in use as of

the date of termination or expiration of the applicable Services (and any Termination Assistance Services relating to such Services), and Customer Party shall have the rights described in Section 10.02.

- (5) Supplier shall (a) deliver to Customer Party a copy of all Developed Customer Software and Developed Work Product, in the form in use as of the date of termination or expiration of the applicable Services (and any Termination Assistance Services relating to such Services) and (b) except to the extent otherwise set forth in Section 25.12, Destroy or Erase all other copies of Developed Software and Developed Work Product in Supplier's possession in accordance with Customer Party's instructions. Supplier shall, upon Customer Party's request, certify to Customer Party that all such copies have been Destroyed or Erased.
- (6) Subject to Section 12.02, upon Customer Party's request, with respect to (a) any agreements for maintenance, disaster recovery services or other third party services or any Supplier Hardware not owned by Supplier and being used by Supplier primarily for the benefit of Customer to provide the Services as of the effective date of expiration or termination of this Agreement and (b) Assigned Agreements not otherwise covered in Section 25.11(6)(a), in each case, Supplier shall exercise commercially reasonable efforts to transfer or assign such agreements to Customer Party or its designee, on terms and conditions acceptable to all applicable parties.
- (7) Upon Customer Party's request, Supplier shall sell to Customer Party or its designee Supplier Hardware used by Supplier primarily for the benefit of Customer to perform the Services as of the effective date of expiration or termination of the applicable Services (and any Termination Assistance Services relating to such Services) free and clear of all liens, security interests or other encumbrances at fair market value, as shall be determined by an agreed-upon appraisal paid for by Customer Party. With respect to Supplier Owned or Leased Assets, upon Customer Party's request, Supplier shall sell to Customer Party or its designee Supplier Hardware used by Supplier primarily for the benefit of Customer to perform the Services as of the effective date of expiration or termination of the applicable Services (and any Termination Assistance Services relating to such Services) free and clear of all liens, security interests or other encumbrances at fair market value, as shall be determined by an agreed-upon appraisal paid for by Customer Party.

25.12 Return of Materials. As of the date of the expiration or termination of the applicable Services (and any Termination Assistance Services relating to such Services), Supplier shall promptly tender or return to Customer all versions of any Deliverables (except to the extent Supplier shall be permitted to retain a copy pursuant to Section 10.03), all Confidential Information and all other information or materials provided by Customer with respect to the terminated Services. Such tender and return shall be in the format reasonably directed by Customer Party.

25.13 Hiring of Service Delivery Organization. As of the date a determination is made that there shall be an expiration or termination of this Agreement, with respect to the Key Individuals and the then-current MSDOs who spend more than 50 percent of their time working on the Customer account (each, an "Affected MSDO"), Supplier shall (1) except to the extent otherwise set forth in Section 5.03(1), not terminate, reassign or otherwise remove from the Service Delivery Organization any Affected MSDO without providing Customer Party at least 45 days prior notice of such

termination, reassignment or other removal and, (2) upon Customer Party's request, prior to the end of such 45 day period with respect to an Affected MSDO, and to the extent not prohibited by applicable Laws, (a) provide Customer Party with the name of each Affected MSDO's position and such Affected MSDO's description of job responsibilities, in accordance with Supplier's standard employment policies, (b) provide Customer Party and its designees reasonable access to such Affected MSDO and (c) allow Customer Party and its designees to meet with and extend offers of employment to such Affected MSDO. Supplier shall waive any restrictions that may prevent any Affected MSDO from being hired by Customer Party or its designees pursuant to this Section. Additionally, Supplier shall not make any other material change to the terms or conditions of its employment of the Affected MSDO other than such changes that are made in accordance with Supplier's normal personnel practices and cycles.

25.14 Termination Assistance. In connection with the termination or expiration of this Agreement for any reason (including, termination by Supplier Party due to breach by Customer Party, in which case Customer Party shall pay for the Termination Assistance Services monthly in advance), Supplier shall, upon Customer Party's request, for up to [****] after the applicable Termination Date or the expiration of this Agreement (as applicable, each the "Termination Assistance Period"): (1) continue to perform the terminated or expired Services (or portion thereof) at the rates set forth in Exhibit 4; and (2) perform any other services (which services shall be performed as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such services pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) requested by Customer Party to transition the provision of the terminated or expired Services to Customer Party or another provider including the services set forth in Exhibit 15 (the services in clause (1) and clause (2), the "Termination Assistance Services"). If there are no rates set forth in Exhibit 4 for the services in clause (2) of the definition of Termination Assistance Services, the Contracting Parties shall negotiate rates (hourly or otherwise) for such services consistent with the rates set forth in Exhibit 4 (e.g., comparable discounts). Customer Party may modify the Termination Assistance Services and the Termination Assistance Period upon 30 days' notice. During any Termination Assistance Period, the Termination Assistance Services shall be of the same quality, level of performance and scope as provided prior to termination, but not less than as required under this Agreement.

25.15 Exit Plan. No later than 180 days after the Commencement Date, Supplier shall deliver and thereafter shall update annually and maintain a detailed Exit Plan in accordance with Exhibit 15. Upon Customer Party's request, Supplier Party shall provide a copy of such Exit Plan to Customer Party for its review and comment.

ARTICLE 26 [****].

26.01 [****]. [****]. Subject to Article 23, [****]. Customer Party's exercise of its rights under this Section shall not constitute a waiver by Customer Party of any of the rights it may have (including Customer Party's rights to terminate this Agreement). [****].

26.02 [****]. [****].

ARTICLE 27 FORCE MAJEURE.

27.01 Force Majeure.

- (1) To the extent performance by a Party (the "Affected Party") of its obligations under this Agreement is prevented, hindered or delayed by fire, flood, earthquake, other elements of nature or acts of God, acts of war, terrorism, riots, rebellions or revolutions, civil disorders or third party labor strikes, disputes (excluding those involving the non-performing Party's agents or other contractors), or any other event considered a force majeure event under applicable Law (each a "Force Majeure Event"), the Affected Party shall be excused for such non-performance, hindrance or delay for as long as such Force Majeure Event continues; provided, however, that: (a) such Force Majeure Event is beyond the control of the Affected Party and could not be prevented by appropriate precautions; (b) the Affected Party uses commercially reasonable efforts to recommence performance (including through alternate means); and (c) Supplier, if it is the Affected Party, activates the Business Continuity Plan, as applicable. The Affected Party shall, as soon as reasonably possible, notify the other Party of the occurrence of the Force Majeure Event and describe the Force Majeure Event in sufficient detail.
- (2) The events giving rise to the activation of the Business Continuity Plan shall not excuse Supplier from performing the Services in accordance with this Agreement, or from achieving the Service Levels, except to the extent set forth in the Business Continuity Plan, this Section 27.01(2), and Section 3.16. To the extent Supplier's activation of the Business Continuity Plan in accordance with Article 28 is prevented, hindered or delayed by a Force Majeure Event, Supplier shall be excused for such non-performance, hindrance or delay for as long as such Force Majeure Event continues; provided, however, that: (a) such Force Majeure Event is beyond the control of Supplier and could not be prevented by appropriate precautions; and (b) Supplier uses commercially reasonable efforts to remove or work around the Force Majeure Event.
- (3) Supplier may, following a Force Majeure Event, propose a plan (in addition to the Business Continuity Plan) to recommence performance of the affected Services. If Customer Party, in its sole discretion, approves such plan, then (a) Supplier Party shall implement such plan and (b) Customer Party shall not exercise its right to terminate this Agreement in accordance with Section 27.01(4) so long as Supplier Party complies with such plan. If Customer Party, in its sole discretion, does not approve such plan, then Supplier Party shall continue to perform its obligations in this Article 27 and may propose additional plans, which plans shall include recovery time objectives, to recommence performance of the affected Services. If Customer Party, in its sole discretion, approves such additional plan, then (a) Supplier Party shall implement such additional plan and (b) Customer Party shall not exercise its right to terminate this Agreement in accordance with Section 27.01(4) so long as Supplier Party complies with such plan (including recovery time objectives set forth therein).
- (4) If (a) Supplier fails to remove or work around the Force Majeure Event within [****] after the applicable RTO time set forth in Exhibit 13 with respect to the affected Services and (b) Customer Party has not approved a plan proposed by Supplier Party in accordance with Section 27.01(3), then Customer Party may, upon notice to Supplier Party to be given within

[****] period, terminate the affected Tower at any time (including immediately) specified by Customer Party in a termination notice to the Supplier Party. If (a) Supplier fails to remove or work around the Force Majeure Event within [****] after the applicable RTO time set forth in Exhibit 13 with respect to the affected Services and (b) Customer Party has not approved a plan proposed by Supplier Party in accordance with Section 27.01(3), then Customer Party may, upon notice to Supplier Party to be given within [****] period, terminate this Agreement, in whole or in part, at any time (including immediately) specified by Customer Party in a termination notice to the Supplier Party. With respect to each termination right set forth in this Section 27.01(4), as applicable, the Termination Date shall be no later than [****] after the date Supplier shall have failed to remove or work around the Force Majeure Event within the applicable RTO time set forth in Exhibit 13 with respect to affected Services. If Customer Party terminates this Agreement pursuant to this Section, Customer Party shall pay the Termination Fees in accordance with Exhibit 4.

- (5) If Customer Party exercises any right in Section 27.01(4) to terminate this Agreement, Supplier shall have the option to limit the scope of such termination to only to the Services which have not been restored in accordance with this Section if (a) Supplier gives Customer Party notice of such limitation prior to the effective date of the termination and (b) [****].

27.02 Alternate Source. If any Force Majeure Event prevents, hinders or delays performance of the Services for more than [****] following the applicable RTO time set forth in Exhibit 13, or if the Business Continuity Plan is not activated as required under Section 28.01, (1) Supplier, at Customer Party's request, shall procure the affected Services from an alternate source from the date of such event until the earlier of the date Supplier resumes performance of the affected Services and the date [****] after the date an alternate source first provides services to replace affected Services in accordance with this Section and (2) until such time that Supplier restores the Services or procures Services from an alternate source in accordance with Section 27.02(1), Customer shall have the option to procure an alternate source. If either Party seeks to identify and procure Services from an alternate source, (a) the Party which identified the alternate source with the earliest planned Service restoration date shall procure the Services from the alternate source in accordance with such alternate source's planned Service restoration date and (b) if the alternate source which attempts to restore the services in accordance with clause (a) above fails to restore the Services in accordance with the applicable planned Service restoration date, the other Party shall procure the Services from an alternate source. Customer Party shall continue to pay the Fees to Supplier for Services not affected by the Force Majeure Event. Supplier shall invoice Customer for the Fees for the Services affected by the Force Majeure Event in accordance with Section 5.05 of Exhibit 4 while Supplier is seeking an alternate source in accordance with this Section. In the event Supplier has procured the affected Services from an alternate source, Customer shall pay Supplier the Fees for the Services being performed by the alternate source, as calculated in accordance with Exhibit 4, from the date the affected Services are restored until the date [****] after the date such alternate source first provides services to replace affected Services in accordance with this Section. [****].

27.03 No Payment for Unperformed Services. [****].

ARTICLE 28 BUSINESS CONTINUITY.

28.01 In General. If a Force Majeure Event or other business continuity related event affects Supplier's ability to provide the Services, then Supplier shall activate the business continuity plan set forth in Exhibit 13 (the "Business Continuity Plan") (and shall, as soon as reasonably possible given the urgency of the situation, notify Customer Party if notice has not already been provided pursuant to Section 27.01). If, after any such event, (a) the Services (including the systems, applications, and networks utilized to provide the Services) are successfully recovered to the target disaster recovery facility (in accordance with the Business Continuity Plan or otherwise), and (b) Supplier does not recover, or cannot reasonably be expected to recover, the affected Service Location within [****] after the commencement of such event (each such date, a "Service Interruption Date"), then (i) Supplier shall implement and test, within [****] after the applicable Service Interruption Date, the redundancy, heightened availability, platforms and network connections (in addition to, as applicable, the requirements set forth in the Business Continuity Plan) necessary to provide business continuity consistent with that set forth in the Business Continuity Plan and (ii) Supplier shall, within [****] after the Service Interruption Date, equip and test a new business continuity facility substantially similar to the business continuity facility contemplated in the Business Continuity Plan. Supplier shall use commercially reasonable efforts to complete its obligations set forth in clauses (i) and (ii) above as soon as reasonably possible.

28.02 BCP Testing. Supplier shall test the operability of the Business Continuity Plan at least five times per year, with dates to be determined and agreed upon with Customer Party at least six months prior to any such tests. If such dates are determined and agreed upon less than six months prior to any such tests, Supplier shall use commercially reasonable efforts to conduct such tests. Supplier shall, at Customer Party's request, perform any additional testing required by financial industry initiatives or upon Customer's client's request (which additional testing shall be performed as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for such additional testing pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). Supplier shall notify Customer Party of any deficiencies identified by any test of the Business Continuity Plan and of the remediation efforts being implemented by Supplier to correct such deficiencies. In case of a significant deficiency, Supplier shall remedy such deficiency and retest the Business Continuity Plan (and shall perform such remedy and retest as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such remedy and retest pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) (but if such deficiency was caused by Supplier, then at Supplier's cost and expense) no later than [****] after the identification of such deficiency. Testing dates must be agreed to in advance by Customer Party with respect to testing that will require involvement by Customer or any of its personnel or clients. Supplier shall consult with Customer Party with respect to the results of any such testing and provide relevant information related thereto.

28.03 BCP Review. Without limiting the foregoing, Supplier shall annually review the Business Continuity Plan with Customer. If, following such review, changes are required to the Business Continuity Plan, Supplier shall make such changes as a Non-Chargeable Change, to the extent applicable (otherwise Customer shall pay for such changes pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9), and shall provide Customer an updated version of the Business Continuity Plan.

ARTICLE 29 MISCELLANEOUS.

29.01 Amendment. No amendment of this Agreement shall be valid unless in writing and signed by an authorized representative of each Contracting Party (as designated by each Contracting Party from time to time).

29.02 Assignment. Neither Contracting Party shall assign this Agreement, or any amounts payable pursuant to this Agreement, without the prior consent of the other; provided, however, that Customer Party may assign this Agreement to: (1) an entity acquiring all or substantially all of the assets of Customer Party; (2) the successor in any merger involving Customer Party; or (3) an Affiliate of Customer Party; provided, however, that such assignment shall not relieve the Customer Party from its obligations under this Agreement. This Agreement shall be binding upon the successors and permitted assigns of the Contracting Parties.

29.03 Business Ethics. Supplier shall not pay any salaries, commissions or fees (or make any other payments or rebates) of more than minimal value to any employee, officer or director of Customer (or any designee of such employee, officer or director) or favor any such individual with lavish gifts, entertainment, services or goods in connection with this Agreement.

29.04 Dispute Resolution.

- (1) Subject to Section 23.05, Section 29.18 and Article 5 of Exhibit 9, any dispute arising out of this Agreement shall be considered by the Customer Executive and Supplier Executive no later than 10 business days after receipt of a notice from either Contracting Party specifying the nature of the dispute ("Dispute Notice"). If such individuals do not resolve such dispute within 10 business days after the date of receipt of a Dispute Notice, the Contracting Parties shall escalate the dispute to the Customer Senior Executive and Supplier Senior Executive (and any additional agreed-upon designees of the Contracting Parties). If such individuals do not resolve such dispute within 20 business days after the date of receipt of a Dispute Notice, then either Contracting Party may otherwise pursue its rights and remedies under this Agreement.
- (2) In the event of a dispute between Customer and Supplier, Supplier shall continue to perform its obligations in accordance with this Agreement in good faith during the resolution of such dispute and shall not for any reason disable any Hardware or Software used to provide the Services or perform any other action that prevents, impedes or reduces in any way the provision of the Services or Customer's ability to conduct its activities, unless and until (a) authority to do so is granted by Customer or conferred by a court of competent jurisdiction or (b) this Agreement is terminated and all Termination Assistance Services have been completed in accordance with this Agreement.

29.05 Divestiture and Acquisition.

- (1) If Customer divests an entity or business unit, in whole or in part, Customer Party may elect either to (a) discontinue receipt of that part of the Services that was provided to the divested entity or business unit, subject to the provisions of Exhibit 4 or (b) have Supplier continue to provide the Services to such divested entity or business unit in accordance with the then-existing terms and charging methodologies for the Services, for a period not to exceed the lesser

of (i) 18 months from the effective date of such divestiture (provided, however, that Supplier shall extend such period for an additional six months upon Customer Party's request) and (ii) the remainder of the Term; provided, however, that such divested entity or business unit continues to be bound by the terms and conditions of this Agreement. Any divested entity or business unit of Customer receiving Services pursuant to this Section shall be deemed a Service Recipient and, subject to Section 29.18, shall receive the same rights Customer has under this Agreement, and Customer Party shall remain the Contracting Party for all purposes under this Agreement. If any divested entity or business unit of Customer desires to be a customer of Supplier and to have all rights afforded to Customer under this Agreement relating to those Services it continues to receive after its divestiture, Supplier shall negotiate with such divested entity or business unit in good faith to enter into a mutually agreeable services agreement. If transition services are required in order to commence providing Services to a divested entity or business unit, the Contracting Parties shall negotiate in good faith the terms and conditions (including scope and price) under which Supplier shall provide such transition services, and Supplier shall complete such transition services within the applicable timeframes. Supplier shall perform such transition services as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such transition services pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9.

- (2) In the event that Customer acquires an entity or business, Customer Party may elect to have Supplier provide some or all of the Services to such acquired entity or business in accordance with the then-existing terms and charging methodologies for such Services. If transition services are required in order to commence providing Services to the acquired entity or business, the Contracting Parties shall negotiate in good faith the terms and conditions (including scope and price) under which Supplier shall provide such transition services, and Supplier shall complete such transition services within the applicable timeframes. Supplier shall perform such transition services as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such transition services pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9.

29.06 Entire Agreement. This Agreement supersedes all prior discussions and agreements between the Contracting Parties with respect to the subject matter hereof and represents the entire agreement between the Contracting Parties with respect to that subject matter.

29.07 Export. Each Party shall comply with all export Laws, restrictions and national security controls of the United States and all other applicable international or foreign governments, agencies and authorities (the "Export Controls"). Prior to either Party exporting any technology or material (including data) or any other regulated item of Customer from the United States (or any other country) to perform the Services, Customer Party shall promptly (with cooperation and assistance from Supplier Party): (1) identify the Export Controls applicable to such technology and materials, including any required licenses, consents, authorizations or approvals; and (2) notify Supplier Party of such Export Controls. The Party exporting such data shall then (a) endeavor to obtain any such required licenses, consents, authorizations and approvals or, if and as requested by the other Party, cooperate with and assist the other Party in obtaining such licenses, consents, authorizations or approvals and (b) provide any documents requested by the other Party to demonstrate compliance with the Export Controls. In

addition, Supplier shall not access any Customer Data from a country embargoed by the United States, and Customer shall not engage in any business from or to a country embargoed by the United States.

29.08 Good Faith and Fair Dealing. Except where explicitly stated otherwise (*e.g.*, use of "sole discretion"), the performance of all obligations and exercise of all rights by each Party shall be governed by the principle of good faith and fair dealing and by a commercially reasonable standard. Neither Party shall unreasonably withhold any consents or approvals to be given under this Agreement.

29.09 Governing Law and Jurisdiction. This Agreement shall be governed by, and construed and enforced in accordance with, the Laws of the State of New York without giving effect to the principles of conflicts of law. This Agreement shall not be governed by the U.N. Convention on Contracts for the International Sale of Goods. Each Contracting Party consents to the exclusive jurisdiction of, and service of process by, the United States District Court for the Southern District of New York or the state courts of the State of New York, Borough of Manhattan with respect to any legal action, suit or proceeding by a Contracting Party arising out of this Agreement. Each Contracting Party waives its rights to trial by jury.

29.10 Independent Contractor. Supplier is an independent contractor of Customer. Officers, directors, employees, personnel, agents and contractors retained by or on behalf of Supplier to perform Supplier's obligations under this Agreement shall at all times be under Supplier's exclusive direction and control and shall in no way be deemed to be an employee, agent or contractor of Customer.

29.11 Notices. All notices, consents, approvals, agreements, authorizations, acceptances, rejections and waivers under this Agreement shall be in writing and shall be deemed given when: (1) delivered by hand to the applicable Contracting Party at the address specified; (2) received by that addressee at that address by certified mail, return receipt requested, with postage fully prepaid; or (3) for those items the Contracting Parties agree may be communicated via e-mail, the person specified at the e-mail address specified has acknowledged or confirmed receipt thereof. The Contracting Parties may change the address or person for notification upon 10 days' notice to the other. The initial notification information for each Contracting Party is:

For Supplier:

IBM Corporation
1 North Castle Drive
Armonk, New York 10504
Attention: VP – GTS, Financial Services

with a copy to:

IBM Corporation
1 North Castle Drive
Armonk, New York 10504
Attention: VP Assistant General Counsel, Global Technology Services

For Customer Party:

Broadridge Financial Solutions, Inc.
2 Gateway Center, 14th Floor
Newark, New Jersey 07102
Attention: President

with a copy to:

Broadridge Financial Solutions, Inc.
5 Dakota Drive, Suite 300
Lake Success, New York 11042
Attention: General Counsel

29.12 No Exclusive Agreement. Nothing in this Agreement shall be deemed to grant to Supplier an exclusive right or privilege to provide the Services to Customer.

29.13 Non-Solicitation. During the Term and for 12 months thereafter, Supplier shall not solicit or recruit any employee of Customer involved in Customer's receipt of the Services. In this Section, "solicit" does not include general advertising in newspapers, other periodicals or web postings which are not targeted at the employees of Customer, including where an employee of Customer responds to such general advertising.

29.14 Publicity. Neither Party shall, without the prior, proper and final approval of the other Party in each instance: (1) use the name, trade name, trademarks, service marks or logos of the other Party in any publicity releases, news releases, press releases, product packaging, signage, stationary, print literature, advertising or websites; or (2) represent (directly or indirectly) that any product or service offered by Supplier, or any Service received by Customer, has been approved or endorsed by Customer or Supplier, as applicable. Notwithstanding the foregoing, each Party may use the other Party's name and a factual description of the work performed for, or received from, the other Party in its annual reports to stockholders, internal documents, and in other public financial statements to the extent necessary for the applicable Party to comply with generally accepted accounting principles and applicable Law.

29.15 Remedies Cumulative. No specific remedy under this Agreement shall limit a Contracting Party's right to exercise all other remedies available to such Contracting Party under Law, in equity or under this Agreement, and all such remedies shall be cumulative.

29.16 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to Law or otherwise unenforceable, then the remaining provisions of this Agreement shall remain in full force and effect, except to the extent such remaining provisions are not capable of substantial performance as a result of such holding.

29.17 Survival. Section 7.04(2), Section 10.02, Section 10.03, Section 10.04, Section 11.01, Section 11.03, Section 11.04, Section 15.03, Article 18 (other than Section 18.02), Article 19, Article 21, Article 22, Section 25.10, Section 25.11, Section 25.12, Section 25.13, Section 25.14, Section 29.02, Section 29.05, Section 29.13, Section 29.14, this Section and Section 29.18 and any other provisions, Sections or Articles that by their nature should survive, shall survive the termination (or expiration) of this Agreement.

29.18 Third Party Beneficiaries. This Agreement is for the sole benefit of the Contracting Parties and their permitted assigns and each Contracting Party intends that this Agreement shall not benefit, or create any right or cause of action in or on behalf of, any person or entity other than the Contracting Parties and their permitted assigns. No Customer Affiliate or Service Recipient other than Customer Party may file a claim, bring a cause of action, or raise a dispute under this Agreement; provided, however, that a Customer Affiliate or Service Recipient may take any action available under Law or equity to enforce this Agreement if such claim, action or dispute may be brought, filed, raised or otherwise asserted only by such Customer Affiliate or Service Recipient. No Supplier Affiliate other than Supplier Party may file a claim, bring a cause of action, or raise a dispute under this Agreement; provided, however, that a Supplier Affiliate may take any action available under Law or equity to enforce this Agreement if such claim, action or dispute may be brought, filed, raised or otherwise asserted only by such Supplier Affiliate.

29.19 Waiver. No delay or omission by either Contracting Party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by any Contracting Party of any breach or obligation shall not be construed to be a waiver of any succeeding breach or any other obligation.

29.20 Customer Competitors. On a quarterly basis the Parties shall review Exhibit 21 to determine whether to modify the list of Customer Competitors set forth therein. Any addition, deletion

or other modification to Exhibit 21 shall be as agreed by the Parties; provided, however, that Customer shall have the right to add to Exhibit 21, without Supplier's agreement or approval, any entity (which entity may include any Affiliate or business division of Supplier Party) which (1) provides shareholder proxy services or (2) has 15 percent or more market share (measured by share of gross revenues) in any of the Customer Lines of Business.

29.21 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one single agreement between the Parties. Electronically transmitted signatures shall have the full force and effect of an original signature.

The remainder of this page intentionally left blank

IN WITNESS WHEREOF, the authorized representatives of the Contracting Parties have executed this Agreement as of the Restated Date.

**INTERNATIONAL BUSINESS MACHINES
CORPORATION**

By: /s/Rodrigo Kede Lima

Name: Rodrigo Kede Lima

Title: GM Global Tech. Services

Date: 12/31/19

BROADRIDGE FINANCIAL SOLUTIONS, INC

By: /s/Timothy C. Gokey

Name: Timothy C. Gokey

Title: President and CEO

Date: 12/31/2019

NOTE: Certain identified information IN THIS AGREEMENT has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed. SUCH PORTIONS HAVE BEEN REDACTED AND ARE MARKED WITH A “[**]” IN PLACE OF THE REDACTED LANGUAGE.**

2019 MASTER SERVICES AGREEMENT

between

INTERNATIONAL BUSINESS MACHINES CORPORATION

and

BROADRIDGE FINANCIAL SOLUTIONS, INC.

Dated as of December 31, 2019

TABLE OF CONTENTS

	Page
ARTICLE 1 DEFINITIONS AND INTERPRETATION.	<u>1</u>
1.01. Definitions	<u>1</u>
1.02. References	<u>12</u>
1.03. Headings	<u>13</u>
1.04. Precedence	<u>13</u>
ARTICLE 2 TRANSITION SERVICES.	<u>13</u>
2.01. T&T Services	<u>13</u>
2.02. Acceptance of Deliverables	<u>13</u>
ARTICLE 3 SERVICES.	<u>13</u>
3.01. Services	<u>13</u>
3.02. Acceptance of Deliverables	<u>14</u>
3.03. Customer Third Party Contracts	<u>14</u>
3.04. Labor and Materials	<u>14</u>
3.05. Customer Architecture	<u>14</u>
3.06. Knowledge Sharing	<u>15</u>
3.07. Technology and Process Enhancements	<u>15</u>
3.08. Technology Refresh and Standardization	<u>17</u>
3.09. Inspections and Monitoring	<u>17</u>
3.10. Directions	<u>17</u>
3.11. Instruction and Related Support	<u>18</u>
3.12. New Services	<u>18</u>
3.13. Assistance with Financial Matters and Planning	<u>19</u>
3.14. Insourcing and Resourcing.	<u>19</u>
3.15. Projects.	<u>19</u>
3.16. Savings Clause.	<u>20</u>
3.17. IBM Operational Model.	<u>20</u>
ARTICLE 4 CUSTOMER SATISFACTION AND BENCHMARKING.	<u>20</u>
4.01. Customer Satisfaction Survey	<u>20</u>
4.02. Customer Satisfaction Generally	<u>20</u>
4.03. Benchmarking	<u>20</u>
4.04. Benchmarking Process	<u>21</u>
4.05. Benchmark Results Review Period and Adjustments	<u>22</u>
4.06. Benchmarking for [****]	<u>23</u>
4.07. Benchmarking for [****]	<u>24</u>
ARTICLE 5 SERVICE DELIVERY ORGANIZATION.	<u>24</u>
5.01. Service Delivery Organization.	<u>24</u>
5.02. Key Individuals.	<u>26</u>
5.03. Replacement.	<u>27</u>

5.04. Conduct of Service Delivery Organization	<u>28</u>
5.05. Subcontracting and Supplier Agents	<u>28</u>
ARTICLE 6 HUMAN RESOURCES.	<u>28</u>
ARTICLE 7 SERVICE LOCATIONS.	<u>29</u>
7.01. Service Locations.	<u>29</u>
7.02. Safety, Health and Hazards	<u>29</u>
7.03. Security at Service Locations	<u>29</u>
7.04. Security Relating to Competitors	<u>29</u>
7.05. Supplier Furnished Space	<u>30</u>
7.06. Visits to Service Locations	<u>30</u>
7.07. Hardware Segregation	<u>30</u>
ARTICLE 8 SERVICE LEVELS.	<u>30</u>
ARTICLE 9 COOPERATION WITH CUSTOMER THIRD PARTY SUPPLIERS.	<u>31</u>
9.01. Cooperation with Customer Third Party Suppliers	<u>31</u>
9.02. Cooperation on Issues and Service Problems	<u>32</u>
9.03. Disputes Related to Cooperation.	<u>32</u>
9.04. Customer Responsibilities	<u>33</u>
ARTICLE 10 LICENSES AND PROPRIETARY RIGHTS.	<u>33</u>
10.01. Customer Software and Work Product	<u>33</u>
10.02. Supplier Software and Work Product	<u>34</u>
10.03. Developed Software and Work Product	<u>35</u>
10.04. Inventions	<u>36</u>
10.05. Third Party Restrictions	<u>37</u>
10.06. Software Maintenance	<u>37</u>
ARTICLE 11 DATA.	<u>37</u>
11.01. Ownership of Data	<u>37</u>
11.02. Correction of Errors	<u>37</u>
11.03. Provision and Return of Data	<u>37</u>
11.04. Data Security and Computer Access	<u>38</u>
11.05. Records Management	<u>38</u>
11.06. Privacy and Personal Data	<u>38</u>
11.07. Data Protection Agreement.	<u>40</u>
11.08. HIPAA Compliance	<u>40</u>
ARTICLE 12 CONSENTS.	<u>40</u>
12.01. Supplier Consents	<u>40</u>
12.02. Customer Consents	<u>40</u>
12.03. Cooperation	<u>41</u>
ARTICLE 13 FEES.	<u>41</u>
13.01. Fees	<u>41</u>
13.02. Expenses	<u>41</u>
13.03. Intentionally Left Blank	<u>41</u>

13.04. Certain Changes in Control	<u>41</u>
ARTICLE 14 TAXES.	<u>41</u>
14.01. Sales Taxes	<u>41</u>
14.02. Invoice Details	<u>42</u>
14.03. Tax Cooperation.	<u>42</u>
ARTICLE 15 INVOICE AND PAYMENT.	<u>42</u>
15.01. Invoices Generally	<u>42</u>
15.02. Invoice Timing	<u>42</u>
15.03. Payment	<u>43</u>
15.04. Withholding; Rights of Set-Off.	<u>43</u>
15.05. Currency	<u>44</u>
ARTICLE 16 GOVERNANCE AND CHANGE CONTROL.	<u>44</u>
16.01. Governance	<u>44</u>
16.02. Service Requests and Changes of Scope	<u>44</u>
ARTICLE 17 REPORTS, DATA AND REAL TIME DATA ACCESS.	<u>45</u>
ARTICLE 18 AUDITS.	<u>45</u>
18.01. Services Audits	<u>45</u>
18.02. Audit Controls	<u>45</u>
18.03. Fees Audits	<u>46</u>
18.04. SSAE 18 and Sarbanes-Oxley	<u>46</u>
18.05. Facilities	<u>48</u>
18.06. Regulatory Information	<u>48</u>
18.07. Availability	<u>49</u>
18.08. ISO 9001 and ISO 27001	<u>49</u>
18.09. Data Center Designation	<u>49</u>
18.10. Disclosure of Supplier's Costs	<u>49</u>
18.11. [****] Service Location SSAE 18	<u>49</u>
18.12. Distribution	<u>49</u>
ARTICLE 19 CONFIDENTIAL INFORMATION.	<u>49</u>
19.01. Generally	<u>49</u>
19.02. Permitted Disclosure	<u>50</u>
19.03. Exclusions	<u>50</u>
19.04. Return of Materials	<u>51</u>
19.05. Unauthorized Access	<u>51</u>
ARTICLE 20 COMPLIANCE WITH LAWS.	<u>51</u>
20.01. By Customer	<u>51</u>
20.02. By Supplier	<u>51</u>
20.03. Interpretation of Laws	<u>52</u>
ARTICLE 21 REPRESENTATIONS, WARRANTIES AND COVENANTS.	<u>52</u>
21.01. By Customer Party	<u>52</u>
21.02. By Supplier Party	<u>53</u>

21.03. Disclaimer	<u>55</u>
21.04. Repair and Re-performance	<u>55</u>
ARTICLE 22 INDEMNIFICATION.	<u>56</u>
22.01. Indemnification by Customer Party	<u>56</u>
22.02. Indemnification by Supplier Party	<u>57</u>
22.03. Indemnification Procedures	<u>58</u>
22.04. Contribution	<u>59</u>
ARTICLE 23 DAMAGES.	<u>59</u>
23.01. Direct Damages.	<u>59</u>
23.02. Consequential Damages	<u>60</u>
23.03. Liability of Customer.	<u>60</u>
23.04. Liability of Supplier.	<u>61</u>
23.05. Injunctive Relief	<u>62</u>
23.06. [****]	<u>62</u>
ARTICLE 24 INSURANCE.	<u>62</u>
24.01. Insurance	<u>62</u>
24.02. Requirements Applicable to All Insurance Coverages	<u>63</u>
24.03. Insurance Documentation	<u>63</u>
24.04. Risk of Loss	<u>63</u>
24.05. Visits By Insurance Providers	<u>64</u>
ARTICLE 25 TERM AND TERMINATION.	<u>64</u>
25.01. Term.	<u>64</u>
25.02. Termination for Convenience	<u>64</u>
25.03. Termination for Cause	<u>64</u>
25.04. Termination for IBM Change in Control	<u>65</u>
25.05. Termination for [****]	<u>65</u>
25.06. Termination for [****]	<u>65</u>
25.07. Termination for [****]	<u>65</u>
25.08. Partial Termination	<u>65</u>
25.09. Other Terminations	<u>66</u>
25.10. Termination Fees	<u>66</u>
25.11. Effect of Termination	<u>67</u>
25.12. Return of Materials	<u>68</u>
25.13. Hiring of Service Delivery Organization	<u>68</u>
25.14. Termination Assistance	<u>69</u>
25.15. Exit Plan	<u>69</u>
ARTICLE 26 [****].	<u>69</u>
26.01. [****]	<u>69</u>
26.02. [****]	<u>70</u>
ARTICLE 27 FORCE MAJEURE.	<u>70</u>
27.01. Force Majeure.	<u>70</u>

27.02. Alternate Source	<u>72</u>
27.03. No Payment for Unperformed Services	<u>73</u>
ARTICLE 28 BUSINESS CONTINUITY.	<u>73</u>
28.01. In General	<u>73</u>
28.02. BCP Testing	<u>73</u>
28.03. BCP Review	<u>74</u>
ARTICLE 29 MISCELLANEOUS.	<u>74</u>
29.01. Amendment	<u>74</u>
29.02. Assignment	<u>74</u>
29.03. Business Ethics	<u>74</u>
29.04. Dispute Resolution	<u>74</u>
29.05. Divestiture and Acquisition	<u>75</u>
29.06. Entire Agreement	<u>75</u>
29.07. Export	<u>76</u>
29.08. Good Faith and Fair Dealing	<u>76</u>
29.09. Governing Law and Jurisdiction	<u>76</u>
29.10. Independent Contractor	<u>76</u>
29.11. Notices	<u>76</u>
29.12. No Exclusive Agreement	<u>77</u>
29.13. Non-Solicitation	<u>77</u>
29.14. Publicity	<u>77</u>
29.15. Remedies Cumulative	<u>78</u>
29.16. Severability	<u>78</u>
29.17. Survival	<u>78</u>
29.18. Third Party Beneficiaries	<u>78</u>
29.19. Waiver	<u>78</u>
29.20. Customer Competitors	<u>78</u>
29.21. Counterparts	<u>78</u>

TABLE OF EXHIBITS

Exhibit 1 T&T Plan

Exhibit 2 Statement of Work

- Attachment 2-A Servers and Storage Services
- Attachment 2-B Managed Network Services
- Attachment 2-C Cross-Functional – Other Services
- Attachment 2-D Cross-Functional – Hardware and Software Services
- Attachment 2-E Cross-Functional – Service Support Services
- Attachment 2-F Cross-Functional – Service Delivery Services
- Attachment 2-G Enterprise Security Services
- Attachment 2-H Cross-Functional – Skytap Private Cloud Services
- Attachment 2-I Managed Services for Public Cloud
- Attachment 2-J Form of Statement of Work

Exhibit 3 Service Level Management

- Attachment 3-A Critical Service Levels and Key Measurements
- Attachment 3-B Service Level Matrix
- Attachment 3-C Measuring Tools and Methodologies
- Attachment 3-D Post Mortem Document

Exhibit 4 Fees

- Attachment 4-A1 Base Fees
- Attachment 4-A2 Resource Unit [****]
- Attachment 4-A3 Resource Unit Baselines
- Attachment 4-A4 Project Rate Card
- Attachment 4-A5 Termination Fees
- Attachment 4-A6 Maximum Adjustment Band and MRC
- Attachment 4-A7 Adjustment Band and Adjustment Band Resource Units
- Attachment 4-B Financial Responsibility Matrix
- Attachment 4-C Resource Units
- Attachment 4-D Form of Invoice

Exhibit 5 Customer Third Party Contracts

Exhibit 6 Customer Software and Hardware

Exhibit 7 Supplier Software and Hardware

Exhibit 8 Service Locations

Exhibit 9 Governance

Attachment 9-A Committee Members
Attachment 9-B Procedures Manual
Attachment 9-C Severity Levels
Exhibit 10 Reports
Exhibit 11 Customer Architecture
Exhibit 12 Customer Policies
Attachment 12-A Information Security Requirements
Attachment 12-B Drug Testing Requirements
Exhibit 13 Business Continuity Plan
Attachment 13-A Customer Disaster Recovery Plan
Attachment 13-B Test Acceptance Criteria Checklist
Exhibit 14 Form of Non-Disclosure and Assignment Agreement
Attachment 14-A Business Conduct Guidelines
Attachment 14-B IBM Confidentiality Agreement
Exhibit 15 Termination Assistance
Exhibit 16 Human Resources Provisions
Exhibit 17 Planned Projects
Exhibit 18 Customer Satisfaction Survey
Attachment 18-A Sample SET/MET Discussion Document
Exhibit 19 *Intentionally Left Blank*
Exhibit 20 Facilities Use Terms
Exhibit 21 Customer Competitors
Exhibit 22 [****]
Exhibit 23 Supplier Service Location Security Policies
Attachment 23-A Data Center Security Policies
Attachment 23-B Facilities Infrastructure Tour Process
Exhibit 24 [****] Criteria
Exhibit 25 [****]
Exhibit 26 Supplier Competitors
Exhibit 27 Form of Auditor Update Letter
Exhibit 28 Supplier Confidential Information Pre-Approved for Disclosure
Exhibit 29 Top Twenty Broker-Dealers
Exhibit 30 Supplier Employee Screening Policies and Procedures
Exhibit 31 Restricted Roles
Exhibit 32 [****]

Exhibit 33 [****]

Exhibit 34 [****]

2019 MASTER SERVICES AGREEMENT

This 2019 Master Services Agreement (the "Agreement") is made and entered into as of December 31, 2019 (the "Effective Date") by and between INTERNATIONAL BUSINESS MACHINES CORPORATION, with offices at New Orchard Road, Armonk, New York 10504 ("Supplier Party"), and BROADRIDGE FINANCIAL SOLUTIONS, INC., with offices at 2 Gateway Center, 14th Floor, Newark, New Jersey 07102 ("Customer Party").

WHEREAS, the Contracting Parties have engaged in extensive negotiations that have culminated in the formation of the relationship described in this Agreement;

WHEREAS, certain services previously provided internally by Customer to itself, will as of the Effective Date, be provided by Supplier to Customer under this Agreement;

WHEREAS, Supplier desires to provide to Customer, and Customer desires to obtain from Supplier, the services described in this Agreement on the terms and conditions set forth in this Agreement; and

WHEREAS, the Contracting Parties are simultaneously with the execution of this Agreement, executing a separate amended and restated information technology services agreement with respect to mainframe services and services related thereto (referred to as the Amended and Restated 2019 Information Technology Services Agreement) as of the Effective Date, which services shall be governed exclusively by such separate information technology services agreement, and not this Agreement.

NOW, THEREFORE, for and in consideration of the agreements set forth below, the Contracting Parties agree as follows:

ARTICLE 1. DEFINITIONS AND INTERPRETATION.

1.01 Definitions. The following terms have the following meanings:

"[****]" means [****].

"Acceptance" has the meaning set forth in Exhibit 9.

"Acceptance Criteria" means the criteria developed by the Parties with respect to a Deliverable or Milestone, as applicable, used to determine whether a Deliverable or Milestone conforms to its specifications and meets or exceeds its functionality and performance requirements.

"Access" means the ability to view any applicable data in an unencrypted form, regardless of the means by which such data is transmitted or stored.

"Affected Associate" has the meaning set forth in Exhibit 16.

"Affected MSDO" has the meaning set forth in Section 25.13.

"Affected Party" has the meaning set forth in Section 27.01(1).

"Affiliate" means any partnership, joint venture, corporation or other entity that, as to a Contracting Party, Controls, is Controlled by or is under the common Control with such Contracting Party.

"Agreement" has the meaning set forth in the preamble and as further described in Section 1.02.

"Assigned Agreements" means the third party agreements of Customer Party that are assigned, in whole or in part, to Supplier in accordance with Section 3.03 and that are identified as "Assigned Agreements" in Exhibit 5.

"At-Risk Amount" has the meaning set forth in Exhibit 3.

"[****] Benchmark Target Price" has the meaning set forth in Section 4.06(1)(ii).

"[****] Fees" has the meaning set forth in Section 4.06(1).

"[****] Service Locations" means the Service Locations set forth in Section 4.02 of Exhibit 8.

"[****] Services" has the meaning set forth in Section 4.06.

"Base Fees" has the meaning set forth in Exhibit 4.

"Benchmark Fees" has the meaning set forth in Section 4.04(3).

"Benchmark Results" means the final results of the Benchmarking Process delivered by the Benchmarker in a written report to each of the Parties, including any supporting documentation requested by Customer or Supplier to analyze the results of the Benchmarking Process.

"Benchmarker" means any one of the following entities (or their successors) designated by Customer from time to time to conduct the Benchmarking Process: Gartner, Inc.; Maturity Consulting GmbH; Interactive Data Corporation (IDC); or such other entity as the Parties may agree upon.

"Benchmarking Fee Schedule" means the fee schedule to be used in the Benchmarking Process, as identified in Exhibit 4, [****].

"Benchmarking Plan" has the meaning set forth in Section 4.05.

"Benchmarking Process" means the objective measurement and comparison process (utilizing baselines and industry standards) utilized by the Benchmarker to conduct an objective measurement and analysis of the pricing for the Services and compare such pricing to the pricing for similar services (e.g., a "like-for-like" comparison) provided by third parties in order to validate whether the Fees are competitive.

"Break Fee" has the meaning set forth in Exhibit 4.

"Business Continuity Plan" has the meaning set forth in Section 28.01.

"Change" has the meaning set forth in Exhibit 9.

"Change Control Procedures" means the procedures for implementing all Changes, whether chargeable Changes or Non-Chargeable Changes, as set forth in Exhibit 9.

"Commencement Date" means, with respect to a Service set forth in each Statement of Work, the applicable date of the commencement of the delivery of such Service, as set forth in the T&T Plan.

"Confidential Information" of a Party means information (and documentation) which (1) is identified in writing as confidential, restricted, proprietary or in any similar manner or (2) based upon the nature of the information (or documentation) or the circumstances under which it was disclosed, accessed, or learned, a reasonable person would understand is confidential; provided, however, that, in the case of either Party, any information (and documentation) disclosed to, accessed by or otherwise learned by the other Party that is in any of the following categories shall be considered confidential whether or not it satisfies any other criterion set forth in this definition: (a) all intellectual property, in each case, of a Party, its Affiliates or its customers, suppliers (including contractors) and other third parties doing business with such Party; (b) with respect to Customer, Customer Data, Customer Software, Developed Customer Software, and Developed Work Product; (c) this Agreement; (d) financial and business plans and data; (e) Personal Data, information (and documentation) relating to human resource operations, policies and procedures; (f) statistical information; (g) marketing plans (including marketing data, strategic plans, and client information); (h) product plans (including technical data, service specifications, product specifications, and computer programs); (i) either Party's client or customer data and client business information (including client names and client lists); and (j) anything developed by reference to the information described in this definition.

"Consents" means the Supplier Consents and Customer Consents.

"Contract Year" means each 12-month period during the Term commencing on April 1st and ending on the last day of March in the following year; provided, however, that the first Contract Year means the period commencing on the Commencement Date and ending on March 31, 2021 and the last Contract Year means the period commencing on April 1st of such Contract Year and ending on the final day of the Term.

"Contracting Parties" means Customer Party and Supplier Party.

"Contracting Party" means either Customer Party or Supplier Party, as applicable.

"Control" means, with respect to any entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities (or other ownership interest), by contract or otherwise.

"Crime" has the meaning set forth in Section 5.01(2).

"Critical Milestone" means those milestones, and the completion criteria associated with such milestones, designated as "critical" in Exhibit 1.

"Customer" means Customer Party and any current or future Affiliates of Customer Party receiving the Services.

"Customer Agent" means the agents, subcontractors, Customer Third Party Suppliers and representatives of Customer.

"Customer Architecture" has the meaning set forth in Section 3.05(1).

"Customer Auditors" has the meaning set forth in Section 18.01.

"Customer Competitor" means (1) any entity, and any Affiliate or successor thereof, which is set forth in Exhibit 21, as such Exhibit is updated from time to time in accordance with Section 29.20 and (2) any Top Twenty Broker-Dealer, which Supplier acquires, or with which Supplier effects or undergoes an IBM Change in Control.

"Customer Consents" means all licenses, consents, permits, approvals, authorizations and fee arrangements that are necessary to allow (1) Supplier to use (a) any assets owned or leased by Customer, including the Customer Hardware, (b) the services provided for the benefit of Customer under Customer's third party services contracts and (c) the Customer Software, in each case, as necessary to provide the Services and (2) (a) the Assigned Agreements to be assigned to Supplier and (b) Supplier to (i) manage, administer and maintain or (ii) accept assignment or novate, in each case, the Customer Third Party Contracts pursuant to Section 3.03.

"Customer Data" means all data or information (including reports and Personal Data), whether or not owned by, or relating to, Customer or any third party, including the suppliers and clients of Customer: (1) submitted to Supplier (or to which access is permitted) by Customer or (2) created, developed or produced by Supplier (other than Supplier intellectual property or data internal to Supplier (e.g., Supplier personnel data, cost data, or internal reviews)) for Customer in connection with this Agreement.

"Customer Executive" has the meaning set forth in Exhibit 9.

"Customer Hardware" means the Hardware leased or owned by Customer that are used by Supplier to provide the Services, including the Hardware set forth in Exhibit 6, and any modification or enhancement of the foregoing.

"Customer Indemnified Parties" has the meaning set forth in Section 22.02.

"Customer Laws" has the meaning set forth in Section 20.01.

"Customer Lines of Business" means (a) securities trade processing solutions for all clearance and custody functions (including international and domestic equities, mutual funds, options, futures, fixed income and mortgage backed securities), which solutions include back-office operations outsourcing, business process management, data aggregation, tax processing,

reference data management, order execution; SWIFT processing, support and application solutions for private banking and wealth management, investor websites, broker desktops, performance reporting and portfolio management and (b) investor communications services, which services include global proxy processing, distribution of meeting materials and agendas, proxy solicitation (for mutual funds) and vote tabulation, corporate actions and reorganization services, electronic document archival and delivery, stock transfer agency, client on-boarding (including new accounts processing), pre- and post-sale prospectus delivery, statement and confirmation printing, marketing communications, document management, print and mail, document archival, tax information reporting, investor internet services, Investor Mailbox™, Advisor Mailbox™, Investor Network™ and Virtual Shareholder™.

"Customer Losses" has the meaning set forth in Section 22.02.

"Customer Party" has the meaning set forth in the preamble.

"Customer Senior Executive" has the meaning set forth in Exhibit 9.

"Customer Site" means any premises owned or leased by Customer.

"Customer Software" means the Software owned or licensed by Customer (other than the Supplier Software) that is used in connection with the Services, including the Software set forth in Exhibit 6, and any modification, enhancement or derivative work of the foregoing.

"Customer Third Party Contracts" means the agreements set forth in Exhibit 5.

"Customer Third Party Supplier" has the meaning set forth in Section 9.01.

"Customer Work Product" means the Work Product owned or licensed by Customer (other than the Supplier Work Product) that is used in connection with the Services.

"Damages Cap" has the meaning set forth in Section 23.01(1).

"Data Protection Laws" means all Laws relating to processing and security of Personal Data in respect of Customer and its clients, including the Canadian Personal Information Protection and Electronic Documents Act (and any applicable provincial legislation, such as the Laws in Quebec, British Columbia and Alberta), Directive 95/46/EC of the European Parliament (and any applicable national legislation in any European Union member state implementing Directive 95/46/EC) and Laws of the United States on privacy, data security and security breach notification (including the Gramm-Leach-Bliley Act and the Massachusetts General Laws c. 93H codified at 201 CMR 17.00: Standards for the Protection of Personal Information of Residents of the Commonwealth).

"Data Safeguards" has the meaning set forth in Section 11.04.

"Data Security Event" has the meaning set forth in Section 11.06(6).

"Data Subject" means any natural person about whom data may be processed by Supplier in connection with the Services.

"Deliverables" means the Developed Customer Software, Developed Supplier Software, Developed Work Product and any other Software, Work Product, products, documentation or other items to be developed or otherwise provided by Supplier pursuant to this Agreement.

"Destroy or Erase" means to either (1) convert a medium into a form from which the information cannot be recreated or read, (2) overwrite the information on a medium in a manner that meets or exceeds the data destruction standards of the U.S. Department of Defense, such that the information cannot be restored using current computer forensics methods or (3) physically destroy the medium in a manner such that the information is no longer accessible.

"Developed Customer Software" means any Software developed by Supplier that is (1) a modification, enhancement or derivative of Customer Software or (2) an original non-derivative work developed specifically for Customer pursuant to this Agreement.

"Developed Supplier Software" means any Software developed by Supplier that is implemented to operate, or is integrated into, Customer's information technology environment, other than Developed Customer Software.

"Developed Work Product" means any Work Product developed by Supplier: (1) that is a modification, enhancement or derivative of Customer Work Product; or (2) specifically for Customer pursuant to this Agreement that is an original non-derivative work.

"Disclosing Party" means the Party making a disclosure of Confidential Information to the Receiving Party.

"Dispute Notice" has the meaning set forth in Section 29.04(1).

"Disputing Parties" has the meaning set forth in Section 9.03(1).

"Effective Date" has the meaning set forth in the preamble.

"Enhanced Screening Process" has the meaning set forth in Section 5.01(2).

"E.U. Data Protection Laws and Regulations" means the Directive 95/46/EC of the European Parliament, and any applicable national legislation in any European Union member state implementing Directive 95/46/EC.

"Excess Operational Capacity" has the meaning set forth in Exhibit 4.

"Excused Event" has the meaning set forth in Section 3.16.

"Exit Plan" has the meaning set forth in Exhibit 15.

"Export Controls" has the meaning set forth in Section 29.07.

"[****]" has the meaning set forth in Exhibit 25.

"Fees" has the meaning set forth in Exhibit 4.

"Force Majeure Event" has the meaning set forth in Section 27.01(1).

"[****]" has the meaning set forth in Section 3.07(4).

"Hardware" means the equipment, including computers and related equipment, such as servers, central processing units and other processors, controllers, modems, communications and telecommunications equipment (voice, data and video), cables, storage devices, printers, terminals, other peripherals and input and output devices, and other tangible mechanical and electronic equipment intended for the processing, input, output, storage, manipulation, communication, transmission and retrieval of information and data.

"HIPAA" means (1) the Health Insurance Portability and Accountability Act of 1996, Public Law No. 104-191, and regulations promulgated thereunder by the U.S. Department of Health and Human Services and (2) Subtitle D of the Health Information Technology for Economic and Clinical Health Act, also known as Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009, Public Law No. 111-005.

"IBM Change in Control" means the (1) consolidation or merger of Supplier Party or IBM Global Services with or into any entity that, giving effect to any such transaction, results in the beneficial owners of the outstanding voting securities or other ownership interests of Supplier Party or IBM Global Services immediately prior to such transaction owning less than 50 percent of such securities or interests after such transaction; (2) sale, transfer or other disposition of all or substantially all of the assets of Supplier Party or IBM Global Services; or (3) acquisition by any entity, or group of entities acting in concert, of beneficial ownership of 50 percent or more of the outstanding voting securities or other ownership interests of Supplier Party or IBM Global Services.

"IBM Global Services" means the division of Supplier Party commonly referred to as "IBM Global Services", which generally conducts Supplier Party's outsourcing business and is the primary provider of services pursuant to this Agreement.

"Indemnified Party" has the meaning set forth in Section 22.03.

"Indemnifying Party" has the meaning set forth in Section 22.03.

"Initial Expiration Date" has the meaning set forth in Section 25.01(1).

"Interest" means the rate per annum equal to the "Prime Rate" (as published in the Wall Street Journal) for the applicable period during which interest may be payable under this Agreement.

"Inventions" means any inventions or improvements made or conceived by Supplier in connection with the Services, excluding modifications, enhancements or improvements to (1) Supplier Software, Developed Supplier Software or Supplier Work Product; or (2) inventions of Supplier existing prior to the Effective Date.

"Key Individual" has the meaning set forth in Section 5.02(1).

"Key Measurement" has the meaning set forth in Exhibit 3.

"Laws" means all laws, ordinances, rules, regulations and court (or other governmental or administrative) orders, whether international, federal, state or local.

"Logically Segregated" means, with respect to any Hardware, that measures have been taken with respect to such Hardware to ensure that such Hardware is (1) not accessible by systems of any third party and (2) logically separated at all times from the data of any third party.

"Managed Agreements" means the third party agreements of Customer Party that are managed, in whole or in part, by Supplier in accordance with Section 3.03 and that are identified as "Managed Agreements" in Exhibit 5.

"Milestone" has the meaning set forth in Exhibit 1.

"Milestone Credit" means the credit payable to Supplier for its achievement of the applicable Critical Milestone, as set forth in Exhibit 1.

"Milestone Completion Date" means the date for completion of each Milestone, as set forth in Exhibit 1.

"MSDO" means a member of the Service Delivery Organization.

"New Service" means any service that is different than, and outside the scope of the Services.

"Non-Chargeable Change" means any Change to the extent such Change or applicable portion thereof meets any of the following criteria: (1) such Change [****]; (2) such Change [****]; (3) such Change [****]; (4) such Change is required for Supplier to meet its obligations under this Agreement; (5) such Change is [****]; (6) such Change is a [****]; and (7) such Change is one which the Parties otherwise agree will be provided or made without payment of any additional Fees.

"Overcharge Interest" means interest at a rate of [****] percent per month or the highest lawful rate.

"Parties" means Customer and Supplier.

"Party" means either Customer or Supplier, as applicable.

"Pass-Through Expenses" has the meaning set forth in Exhibit 4.

"Payment Date" has the meaning set forth in Section 15.03.

"Performance Credit" has the meaning set forth in Exhibit 3.

"Personal Data" means data that identifies, could be used to identify, locate or contact, or relates to an individual person, including the following: name, contact information (e.g., address, telephone number or e-mail address), social security number, biometric records, date of birth, place of birth, mother's maiden name, state identification number, driver's license number, financial account number, credit or debit card number, health information, and information relating to physical, physiological, mental, economic, cultural or social identity,

or any other information included in the definitions of "personal information", "personally identifiable information" or similar definitions under any Data Protection Laws.

"Physically Segregated" means, with respect to any Hardware, that measures have been taken with respect to such Hardware to ensure that such Hardware is not networked with, electronically linked to or otherwise accessible by (1) any Hardware that is not leased or owned by Supplier to perform the Services, other than Hardware leased or owned by Customer or (2) any Hardware leased or owned by Supplier to provide services to a third party.

"Planned Projects" means the ongoing and planned Projects set forth in Exhibit 17.

"Procedures Manual" has the meaning set forth in Exhibit 9.

"Project" means a discrete unit of discretionary and non-recurring work that is not an inherent, necessary or customary part of the day-to-day recurring Services and is not otherwise required for proper performance or provision of the Services in accordance with this Agreement.

"[****]" has the meaning set forth in Exhibit 4.

"[****]" has the meaning set forth in Exhibit 4.

"Receiving Party" means the Party receiving Confidential Information from the Disclosing Party.

"Recovery Time Objective" or "RTO" has the meaning set forth in Exhibit 13.

"Related Documentation" means all materials, documentation, specifications, technical manuals, user manuals, flow diagrams, file descriptions and other written information that describes the function and use of related Software.

"Restricted Third Party Software" means third party Software with respect to which Supplier has, prior to using such third party Software to provide the Services, (1) notified Customer of Supplier's inability to transfer, assign or sublicense such third party Software in accordance with Section 10.02(2)(a) and (2) obtained Customer's approval of such third party Software.

"Sales Taxes" has the meaning set forth in Section 14.01.

"Services" means (1) the services, functions, responsibilities and projects of Supplier described in this Agreement (including the services, functions, responsibilities and projects described in the Statement of Work and the Planned Projects), (2) during any Termination Assistance Period, the Termination Assistance Services, (3) during any transition, the T&T Services; and (4) any services, functions, responsibilities or projects not specifically described in this Agreement, but which are required for the proper performance and delivery of the services, functions, responsibilities and projects described in clause (1) through clause (3).

"Service Delivery Organization" means the personnel of Supplier who perform any of Supplier's obligations under this Agreement.

"Service Interruption Date" has the meaning set forth in Section 28.01.

"Service Level Default" has the meaning set forth in Exhibit 3.

"Service Levels" has the meaning set forth in Exhibit 3.

"Service Location" has the meaning set forth in Section 7.01.

"Service Problem" has the meaning set forth in Section 9.02.

"Service Recipient" means any divested entity or business unit of Customer designated by Customer Party from time to time to receive the Services pursuant to this Agreement.

"SIS Canada" has the meaning set forth in Section 7.04(2).

"Software" means the Source Code and object code versions of any software applications programs, operating system software, computer software languages, utilities, tools and other computer programs, in whatever form or media (including the tangible media upon which such are recorded or printed), together with all corrections, enhancements, modifications, derivatives, improvements, updates and releases thereof.

"Source Code" means the human readable form of a Software program in computer programming code or language (e.g., "ABAP" or "Java").

"Statement of Work" means the statement of work set forth in Exhibit 2 and any other statement of work entered into by the Parties under this Agreement for the provision of the Services.

"[****] Date" has the meaning set forth in Section 26.02.

"[****] Notice" has the meaning set forth in Section 26.02.

"[****] Plan" has the meaning set forth in Section 26.02.

"Supplier" means Supplier Party, any Affiliates of Supplier Party and any Supplier Agents performing any of Supplier's obligations under this Agreement.

"Supplier Agents" means the agents, subcontractors and representatives of Supplier Party, or of the Affiliates of Supplier Party, performing any of Supplier's obligations under this Agreement.

"[****].

"Supplier Competitor" means any entity set forth in Exhibit 26.

"Supplier Consents" means all licenses, consents, permits, approvals, authorizations and fee arrangements that are necessary to allow (1) Supplier to use (a) the Supplier Software and the Developed Supplier Software, (b) any assets owned or leased by Supplier, including the Supplier Hardware, and (c) any third party services retained by Supplier to provide the Services during the Term, in each case to the extent necessary to provide the Services,

(2) Supplier to assign to Customer the Developed Customer Software and Developed Work Product as required by this Agreement and (3) Customer to use the Supplier Software, Developed Supplier Software and Supplier Work Product in accordance with [Section 10.02](#)

"[Supplier Controls](#)" has the meaning set forth in [Section 18.02\(2\)](#).

"[Supplier Dispute](#)" has the meaning set forth in [Section 9.03\(1\)](#).

"[Supplier Executive](#)" has the meaning set forth in [Exhibit 9](#).

"[Supplier Hardware](#)" means the Hardware leased or owned by Supplier that are used by Supplier to provide the Services, including the Hardware set forth in [Exhibit 7](#), and any modification or enhancement of the foregoing.

"[Supplier Indemnified Parties](#)" has the meaning set forth in [Section 22.01](#).

"[Supplier Laws](#)" has the meaning set forth in [Section 20.02](#).

"[Supplier Operational Law](#)" means, as applicable, (1) any Law regulating Supplier in its capacity as a provider of information technology services, (2) any Law applicable to Supplier's performance of the Services and (3) any obligation of Supplier with respect to Data Protection Laws set forth in [Section 11.06](#) and [Section 11.07](#).

"[Supplier-Owned or Leased Assets](#)" has the meaning set forth in [Section 3.05\(2\)](#).

"[Supplier Party](#)" has the meaning set forth in the preamble.

"[Supplier Security Policies](#)" has the meaning set forth in [Section 3.06](#).

"[Supplier Senior Executive](#)" has the meaning set forth in [Exhibit 9](#).

"[Supplier Software](#)" means the Software owned or licensed by Supplier that is used to provide the Services, including the Software set forth in [Exhibit 7](#), and any modification, enhancement or derivative work of the foregoing (in each case, to the extent used to provide the Services).

"[Supplier Work Product](#)" means the Work Product owned or licensed by Supplier (other than the Customer Work Product) that is used to provide the Services.

"[T&T Plan](#)" means the transition plan set forth in [Exhibit 1](#), as may be modified by Customer in accordance with [Section 2.01](#).

"[T&T Services](#)" has the meaning set forth in [Section 2.01](#).

"[Target Price](#)" has the meaning set forth in [Section 4.05](#).

"[Term](#)" has the meaning set forth in [Section 25.01\(1\)](#).

"[Termination Assistance Period](#)" has the meaning set forth in [Section 25.14](#).

"[Termination Assistance Services](#)" has the meaning set forth in [Section 25.14](#).

"Termination Date" means the effective date of any termination of this Agreement, in whole or in part, as specified in the notice of termination provided by the terminating Party in accordance with the terms of this Agreement.

"Termination Fees" has the meaning set forth in Exhibit 4.

"[****]" has the meaning set forth in Exhibit 3.

"Top Twenty Broker-Dealer" means any broker-dealer, or any successor thereof, set forth in Exhibit 29, as such Exhibit is updated from time to time by Customer upon notice to Supplier; provided that the list of broker-dealers set forth in such Exhibit shall be limited to broker-dealers that (1) are registered with the Securities and Exchange Commission, (2) provide brokerage or related services to institutional investors or high net worth individuals and (3) are one of the 20 largest such broker-dealers, as measured by reference to the amount of capital reserves held by each such broker-dealer.

"Tower" means each of the applicable categories of Services described in the applicable Statement of Work; provided, however, that in the event such Statement of Work does not describe categories of Services, all Services described in such Statement of Work shall be deemed to comprise a single Tower.

"Transitioned Employee" has the meaning set forth in Exhibit 16.

"Unrecovered Amortized Expenses" has the meaning set forth in Exhibit 4.

"Variable Charges" has the meaning set forth in Exhibit 4.

"[****]" has the meaning set forth in Section 4.07.

"Virus or Disabling Code" means any defect, device, computer virus, "lockout", self-help code or other Software code or routine (e.g., back door, time bomb, Trojan horse or worm) that may: (1) disable, restrict use of, lock, erase or otherwise harm Software, Hardware or data (other than (a) passwords and codes which have been provided by one Party to the other Party to permit the use of the applicable Software to provide, or to receive, the Services and (b) code that functions to ensure Software license compliance to the extent Supplier notifies Customer of the specific disabling function of such code, and Customer approves such code prior to its implementation); (2) permit unauthorized monitoring of user behavior (e.g., spyware); or (3) permit any other unauthorized use of Software, Hardware or Customer Data (e.g., allow zombie use of Hardware).

"Wind-Down Expenses" has the meaning set forth in Exhibit 4.

"Withholding Cap" has the meaning set forth in Section 15.04(1).

"Work Product" means any literary works (other than Software), including manuals, training materials, documentation, diagrams, schemes, formats, layouts, reports, specifications and Related Documentation.

1.02 References.

- (1) All references to this Agreement include the Exhibits; all references to the Exhibits include any Attachments thereto. Except where otherwise indicated: (a) all references in this Agreement (exclusive of the Exhibits) to Articles or Sections are to Articles or Sections in this Agreement (exclusive of the Exhibits); and (b) all references in this Agreement to Exhibits are to Exhibits to this Agreement.
- (2) All references in this Agreement to and mentions of the word "include", "including" or the phrases "e.g." or "such as" shall mean "including, without limitation."
- (3) All references to "day", "week", "month", "quarter" or "year" refer to a calendar day, week, month, quarter or year, respectively, unless otherwise indicated.
- (4) All references in this Agreement to any Law shall include such Law in changed, supplemented or newly adopted form.

1.03 Headings. The Article and Section headings, Table of Contents and Table of Exhibits are for reference and convenience only and shall not be considered in the interpretation of this Agreement.

1.04 Precedence. This Agreement (exclusive of the Exhibits) shall control in the event of any conflict with any Exhibit.

ARTICLE 2 TRANSITION SERVICES.

2.01 T&T Services. Customer Party shall have the right to modify the T&T Plan (including the Critical Milestones and the Milestone Completion Dates) upon prior notice to Supplier Party. Any such modification to the T&T Plan proposed by Customer Party must be reasonable and the overall objectives of the original T&T Plan and Supplier shall perform such modification as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for such modification pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9. Supplier shall perform all services, functions, responsibilities and projects described in the T&T Plan to accomplish the transition of the services, functions, responsibilities and projects described in Exhibit 2 to Supplier, and any other transition-related services, functions, responsibilities and projects that are (1) reasonably requested by Customer on or before the Commencement Date and (2) implicitly or inherently related to the services, functions, responsibilities and projects described in the T&T Plan (the "T&T Services"). To the extent the Parties agree to transfer to Supplier certain Hardware owned or leased by Customer, the T&T Services shall include Supplier's assistance in the transfer of such Hardware and third party agreements as described in the T&T Plan. Supplier shall use commercially reasonable efforts to assist Customer to mitigate the costs and expenses incurred by Customer, including any such costs and expenses payable to Customer's clients or any other third party by Customer, in connection with the transactions contemplated by the T&T Services. Except where an interruption or disruption in Services is contemplated in the T&T Plan or is a consequence of the implementation of the T&T Plan (and not from Supplier's breach of its obligations under this Agreement), the T&T

Services shall be performed by Supplier without adversely affecting Customer's ability to provide services to Customer's clients and without causing a material interruption or disruption to Customer's business.

2.02 Acceptance of Deliverables. Each Deliverable developed or otherwise provided by Supplier as part of the T&T Services shall be subject to acceptance in accordance with Exhibit 1.

ARTICLE 3 SERVICES

3.01 Services. Supplier shall provide the Services to Customer and the Service Recipients in accordance with this Agreement.

3.02 Acceptance of Deliverables. Each Deliverable developed or otherwise provided by Supplier as part of the Services shall be subject to acceptance in accordance with Exhibit 9.

3.03 Customer Third Party Contracts. Exhibit 5 sets forth the Customer Third Party Contracts, and specifies for each such agreement whether Supplier Party shall (1) manage, administer and maintain such agreement, but shall not be financially responsible for fees payable to counterparties under the terms and conditions of such agreement, (2) accept assignment, accept financial responsibility for, or novate such agreement or (3) comply with the usage, access or other rights under such agreement in support of Customer.

3.04 Labor and Materials. Supplier shall perform all work necessary to provide the Services in accordance with this Agreement. Supplier shall furnish and pay for all labor, materials, services, facilities, Software, Hardware and computer and other resources necessary to provide the Services and meet its obligations under this Agreement (including the Supplier Software, Developed Supplier Software and Supplier Hardware), excluding (1) Customer's responsibilities set forth in this Agreement (such as the Customer Software and the Customer Hardware identified in Exhibit 6 to be furnished by Customer) and (2) any facilities for which Customer is financially responsible in accordance with Section 7.01. Supplier shall keep the Customer Sites and Customer assets under the control of Supplier free of any liens resulting from Supplier's acts or omissions.

3.05 Customer Architecture.

- (1) Except to the extent set forth in Section 3.05(2), Supplier shall comply with Customer's information technology architecture rules and policies as set forth in Exhibit 11 (the "Customer Architecture"). Supplier shall modify (and perform such modification as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for such modification pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) the Services to comply with any changes in the Customer Architecture that are communicated to Supplier, and such modification, in each case, shall be subject to Customer's approval. If Customer requests Supplier to perform the Services in a manner that does not comply with the Customer Architecture, Supplier shall not do so until Supplier

receives a written variance approved by the appropriate person designated by Customer Party. If Supplier discovers or is notified of a failure to comply with the Customer Architecture, Supplier shall notify Customer Party as soon as reasonably possible after such discovery or notification. Supplier shall, with Customer's reasonable cooperation, investigate and propose a plan and, upon Customer approval, implement such plan to cure such failure (a) as soon as reasonably possible, if such failure affects the Service Levels and (b) in all other cases, no later than 10 days after Supplier first discovers or is notified of such failure.

- (2) *Architecture of Supplier-Owned or Leased Assets.* Notwithstanding anything to the contrary in this Agreement, Supplier hereby has the authority and control to make architectural decisions (including modifications) for Supplier-owned or Supplier-leased assets, including mid-range, managed network and network LAN assets used to render the Services (the "Supplier-Owned or Leased Assets"); provided that the Services (for which Supplier Party makes such architectural decisions) are no less performant, resilient, protective or stringent than the controls and requirements set forth in this Agreement. For the avoidance of doubt: (a) Supplier has the right to direct the use of each individual Supplier-Owned or Leased Asset to deliver the Services in accordance with their corresponding Service Levels; provided that: (i) such direction does not materially disrupt or adversely impact the Customer's operations, and (ii) the Services are not dependent on any single such asset; and (b) Supplier's authority and control to make architectural decisions for such assets includes the right to substitute such owned or leased assets with like-kind assets to manage the Services and fulfill the Service Levels under this Agreement.

3.06 Knowledge Sharing. Supplier shall: (1) explain and review the procedures set forth in the Procedures Manual with Customer upon Customer request, up to twice each Contract Year; (2) assist Customer, Customer Agents and Customer client subject matter experts in understanding the performance of the Services and the operation of the Services including attending meetings with Customer or Customer's designees upon Customer's request; (3) in compliance with the data center security policies set forth in Exhibit 23 (as may be updated by Supplier from time to time upon notice to Customer; provided that such updated security standards shall not adversely affect Customer (unless required by Law)) (the "Supplier Security Policies"), permit Customer's and Customer Agent's personnel to visit the Service Locations to observe performance upon reasonable prior notice from Customer; and (4) provide (and perform such action as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) such explanations, demonstrations and documentation as Customer may request from time to time for Customer to (a) understand the systems used to provide the Services and (b) understand and provide the Services after expiration or termination of this Agreement.

3.07 Technology and Process Enhancements.

- (1) Supplier shall, at least once each Contract Year, provide for Customer Party's review (a) an assessment of the methodologies, technology and processes then being used to

provide the Services and (b) an assessment of the effect of implementing the least cost/highest benefit methods to implement proven methodologies, processes and technology changes. Upon agreement by the Parties to further investigate an assessment pursuant to this Section 3.07(1), Supplier shall (with the reasonable support of Customer) develop and provide to Customer a business case that explicitly covers investment requirements, risk and reward assessments, and disposal costs. Upon Customer Party's approval of such business case and execution of an applicable Statement of Work, Supplier shall implement such methodologies, processes and changes in accordance with Section 3.07(3).

- (2) Supplier shall assist Customer Party to assess leading technology. At least once each Contract Year, Supplier shall meet (a) with the Customer Senior Executive to review Supplier's performance and discuss technology service, process and industry developments and (b) meet with the Customer Senior Executive to inform Customer Party of any new commercially available methodologies, processes and technical changes Supplier is developing (or methodologies, processes or technology trends and directions of which Supplier is otherwise generally aware) that could reasonably be expected to have an impact on Customer's business. Upon agreement by the Parties to further investigate an assessment pursuant to this Section 3.07(2), Supplier shall (with the reasonable support of Customer) develop and provide to Customer a business case that explicitly covers requirements, risk and reward assessments, and disposal costs with respect to such technology. Upon Customer Party's approval of such business case and execution of an applicable Statement of Work, Supplier shall implement such technologies in accordance with Section 3.07(3).
- (3) Any implementation of technology and process enhancements or any other new methodologies, processes or technology changes by Supplier shall be subject to Customer Party's prior review and approval in accordance with Section 3.08, and upon Customer's approval, Supplier shall perform such implementation (which shall be performed as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). With respect to Supplier-Owned or Leased Assets, any implementation of technology and process enhancements or any other new methodologies, processes or technology changes by Supplier shall be in accordance with the Change Control Procedures. [****].
- (4) To the extent set forth in the refresh and currency requirements set forth in Exhibit 4, Supplier shall maintain methodologies, processes and a level of technology that allows Customer to take advantage of technological and other advances in order to remain competitive in the markets in which Customer competes. In addition, Customer or Supplier shall propose, from time to time, for joint review and approval by the Parties, [****]. The [****] shall enable Customer to take advantage of (a) developments in information technology, (b) improvements made available to other Supplier clients, and (c) other developments that would enable Customer to achieve the foregoing objectives. In preparing the [****], the Parties shall actively review Customer's information technology and systems, and marketplace trends and developments, to

identify opportunities that could comprise [****]. Upon identifying such an opportunity, the Parties shall jointly develop a cost-benefit analysis and business case in order to jointly decide on the implementation of the [****]. As part of such [****], Customer or Supplier may recommend that the Contracting Parties finance, in amounts and in relative proportions between the Contracting Parties to be agreed, Changes to the Services. [****]. To the extent identified in the applicable business case, any Project required to implement an agreed-upon [****] shall be implemented as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9.

- (5) If, in the event of a new technology development or advancement related to the Services which causes equipment or technology then being utilized to perform the Services to reduce in price by at least [****] (as compared with the prices for such equipment or technology prior to the time when such change in technology or equipment became commercially available), then the Parties shall, at either Party's request, meet and mutually determine in accordance with the Change Control Procedures [****] applicable to new or additional resources related to such equipment or technology consistent with the reduction in price referred to above.

3.08 Technology Refresh and Standardization.

- (1) Supplier shall be responsible, at its cost and expense, for refresh of technology used to provide the Services as necessary to meet the refresh requirements set forth in Exhibit 4. Customer Party shall have the right to modify or grant waivers from the requirement to refresh any technology within the control of Customer.
- (2) Supplier shall install and maintain (and shall perform such actions as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such actions pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) additional third party Software as Customer may designate from time to time.
- (3) Except to the extent set forth in Section 3.05(2), the approval of Customer Party shall be required as specified in the Change Control Procedures for changes in technology used to provide or receive the Services, including changes that may (a) adversely affect the performance or receipt of the Services or (b) affect the Fees or costs incurred by Customer.

3.09 Inspections and Monitoring. Subject to the Supplier Security Policies, Customer shall have the right to [****] upon reasonable prior notice, all Service Locations (except the [****] Service Locations and [****], unless otherwise required by Law) and to observe, in a manner which does not materially adversely affect Supplier's performance of the Services, any MSDOs while performing the Services. In addition, Customer shall have the right to [****].

3.10 Directions.

- (1) Except to the extent set forth in Section 3.10(2), Customer Party may provide direction to Supplier with respect to any aspect of the Services. Supplier shall comply with Customer Party's directions (and shall implement such directions as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such implementation pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). If such direction could impact the Service Levels, Supplier shall first advise Customer Party of any potential impact thereon. Any modifications to the Service Levels as a result of such directions shall be implemented in accordance with Exhibit 3.
- (2) With respect to Supplier-Owned or Leased Assets, Customer Party may provide direction to Supplier with respect to any aspect of the Services (subject to Supplier's right to direct use of Supplier-Owned or Leased Assets). Supplier may, at its discretion, comply with Customer Party's directions (and shall implement such directions [****]). If such direction could impact the Service Levels, Supplier shall first advise Customer Party of any potential impact thereon. Any modifications to the Service Levels as a result of such directions shall be implemented in accordance with Exhibit 3.

3.11 Instruction and Related Support. Upon the request of Customer Party, Supplier shall provide to Customer explanations, demonstrations and instruction (and shall provide such explanations, demonstrations and instruction as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the provision of such explanations, demonstrations and instruction pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) via experienced, duly qualified instructors designed to provide Customer with sufficient capability to (1) operate and utilize the Deliverables and (2) utilize the Services, in each case, in its business environment and operations (except with respect to the AT&T Service Locations).

3.12 New Services.

- (1) Customer may from time to time during the Term request that Supplier perform a New Service under this Agreement. Upon receipt of such a request from Customer, Supplier shall provide Customer with a written proposal for such New Service, which shall include: (a) a description of the services, functions, responsibilities and projects Supplier anticipates performing in connection with such New Service; (b) a schedule for commencing and completing such New Service; (c) Supplier's prospective Fees for such New Service, including a detailed breakdown of such Fees; (d) the categories of costs to be avoided as a result of such New Service or the substitution of the New Service for the Service then being provided; (e) a description of any Software or Hardware to be provided by Supplier or Customer in connection with such New Service; (f) a description of the human resources necessary to provide the New Service; (g) a list of any existing Software or Hardware included, or to be used in connection with, such New Service; (h) acceptance test criteria and procedures for any

new Software or any products, packages or services; and (i) such other information reasonably requested by Customer. Supplier shall not begin performing any New Service until Customer has provided Supplier with authorization to perform the New Service from the Customer Senior Executive and the Contracting Parties have executed the applicable Statement of Work. Upon execution of such Statement of Work, the New Service shall be a Service under this Agreement. All new Statements of Work shall be substantially in the form of the Statement of Work as set forth in Attachment 2-J to Exhibit 2, unless otherwise agreed by the Parties.

Execution of a Statement of Work (or amendment thereto) may be made via any of the following methods of authorization by the Parties: (a) physical signature by both Parties; or (b) electronically via e-mail approval by both Parties; or (c) combination of a physical signature by one Party and e-mail approval by the other Party. The email approval shall be transmitted by and between the designated focal person or persons for each Party by using the below e-mail approval template and by attaching the applicable Statement of Work (or amendment thereto) in its final version within the same email:

I, _____ (name of the Customer or Supplier approver), am authorized to provide approval for, and hereby approve as of the date and time of this e-mail, the Statement of Work (or amendment) Number that is attached in this e-mail in its final version, *i.e.*, without any edit, condition, or modification.

- (2) If Supplier provides Customer with any Deliverable in connection with this Section and if Customer does not retain Supplier to perform the applicable New Service, Customer shall, at its option, either (a) destroy or return such Deliverable to Supplier or (b) pay Supplier an amount for the Deliverable as agreed by the Parties.

3.13 Assistance with Financial Matters and Planning. Supplier shall, in accordance with the Statement of Work, provide: (1) assistance to Customer in connection with financial aspects of using the Services and (2) budgeting, forecasting and strategy planning assistance as it pertains to capacity requirements in the data center (including utilization measurements annually used by Customer to determine the proper cost allocations within and among Customer's business units and products and providing estimated computer processing resource utilizations for large prospective clients of Customer).

3.14 Insourcing and Resourcing. Upon at least 60 days' notice to Supplier, Customer may insource, resource or obtain from a Customer Third Party Supplier any portion of the Services; provided, however, that without limiting any other rights of Customer under this Agreement (including Customer's rights with respect to extraordinary events, as described in Exhibit 4), no such action shall reduce the aggregate Fees to an amount less than [****] of the aggregate Base Fees. If Customer insources or resources all of the Services in a Tower in accordance with this Section, such insourcing or resourcing of the entire Tower shall be deemed to be a termination for convenience of such Tower pursuant to Section 25.02.

3.15 Projects. Supplier shall perform the Planned Projects. Customer shall update the Planned Projects on a monthly basis prior to the Commencement Date for the related Services. All Projects or changes to Projects are subject to the Change Control Procedures. New Projects shall be memorialized by the Parties using a Statement of Work. Unless otherwise specified in a Statement of Work, the Fees (if any) for a Project shall be determined in accordance with Exhibit 4, and any Deliverables in connection with such Project shall be subject to the Acceptance procedures of Exhibit 9.

3.16 Savings Clause. Supplier shall be relieved of its obligation to perform the affected Services to the extent Supplier's failure to perform the applicable obligation is (x) directly attributable to any of the following events (each, an "Excused Event") and (y) not caused by Supplier's failure to provide any Service in accordance with this Agreement:

- (1) breaches of this Agreement by Customer or Customer Agents;
- (2) delays by Customer or Customer Agents in performing any of Customer's obligations under this Agreement;
- (3) Service or resource reductions requested or approved by Customer, provided Supplier has previously notified Customer in writing the extent to which the implementation of such request could result in such failure to perform the applicable Service; or
- (4) a reprioritization of resources by Customer impairs Supplier's ability to meet the applicable Service Levels, only to the extent Supplier (a) has notified Customer in advance that such reprioritization may affect Supplier's achievement of such Service Levels and (b) has obtained Customer's approval prior to implementing such reprioritization;

provided, however, in each case, Supplier shall use commercially reasonable efforts to perform the Services in accordance with this Agreement notwithstanding the applicable Excused Event. Supplier shall promptly inform Customer when, in each case, (i) an Excused Event occurs or (ii) Supplier becomes aware that any Excused Event has impacted, or could impact, Supplier's performance of the Services.

3.17 IBM Operational Model. Supplier shall perform the Services in accordance with Supplier's operational model set forth in Article 10 of Exhibit 9.

ARTICLE 4 CUSTOMER SATISFACTION AND BENCHMARKING.

4.01 Customer Satisfaction Survey. Supplier shall, upon Customer's request and at Supplier's cost and expense, perform customer satisfaction surveys of Customer pursuant to Exhibit 18 and provide support and assistance to Customer with respect to customer satisfaction surveys of Customer's clients.

4.02 Customer Satisfaction Generally. Supplier agrees that (1) increased measured customer satisfaction pursuant to the surveys conducted in accordance with Section 4.01 shall be [****] and (2) [****].

4.03 Benchmarking. Upon Customer Party's request, a Benchmarking Process shall be conducted by the Benchmarker in accordance with Section 4.04. Customer Party shall select, and the Parties shall jointly contract with, the Benchmarker. [****]. In no event shall any Benchmarker be (1) paid on a contingency fee basis or (2) a Supplier Competitor.

4.04 Benchmarking Process. By providing prior notice to Supplier Party of at least 30 days, with a copy to the selected Benchmarker, Customer Party may [****] initiate a benchmark of the Services in accordance with the terms set forth herein.

- (1) At the commencement of each benchmark, the Parties shall conduct a benchmark kick-off meeting which shall be attended by Customer Party, Supplier Party and the Benchmarker. At such kick-off meeting, the specific Benchmarking Process for the benchmark shall be described by the Benchmarker for approval by each Party. Any deviations from the pre-agreed Benchmarking Process and normalization process described herein shall be subject to the prior written agreement of the Parties. The Benchmarking Process agreed to at the kick-off meeting shall specify the data to be gathered, identify the personnel roles and responsibilities, and review the rules of engagement and actions to be undertaken upon receipt of the Benchmark Results as described herein. Customer Party shall be permitted to disclose price and Customer cost information in respect of this Agreement to the Benchmarker; provided, however, that such Benchmarker shall be bound by confidentiality obligations to both Parties similar to those of Customer hereunder. Supplier Party shall not be obligated to disclose to the Benchmarker data or cost information with respect to any other customer of Supplier Party or any Supplier Party underlying cost information (with the sole exception of pass-through costs, if any, that are reimbursed by Customer hereunder). The Benchmarking Process shall be a collaborative process between the Parties, all meetings with the Benchmarker shall be conducted with both Parties, and all information provided to and obtained from the Benchmarker shall be provided to both Parties. Such information shall be deemed to be the Confidential Information of (a) the Disclosing Party or (b) if such information is disclosed by the Benchmarker, both Parties.
- (2) The expected duration of each benchmark shall be determined at the benchmark kickoff meeting. Given the different scope, scale, and complexity of benchmarking the Towers, the duration of certain benchmarks may be longer than others.
- (3) The Benchmarker shall perform the benchmarking in accordance with the Benchmarking Process. The Benchmarker shall compare the Fees set forth in the Benchmarking Fee Schedule (the "Benchmark Fees") for the Services being benchmarked to the charges applicable to a representative sample of tier-one outsourced information technology operations of other entities. The Benchmarker shall select an appropriate number of services agreements (but, in any event, not less than five services agreements) to form such representative sample against which to compare Customer's information technology operations and applicable Fees and shall describe (though shall not be required to name) its selections in writing to the Parties for their approval.

- (4) The Benchmarker shall commence and complete the benchmarking as promptly as is prudent in the circumstances. In conducting the benchmarking, the Benchmarker shall normalize the data concerning Customer's outsourced information technology environment and the data gathered from the representatives used to perform the benchmarking to accommodate, as appropriate, differences in size, volume of services (scale), scope and nature of services, quality standards and service levels, investments, financing or payment streams, geographic distribution of performance and receipt of the overall services (including restrictions placed on global and off-shore sourcing due to Customer requirements that Services be performed within the United States), terms and conditions and other pertinent factors. The data used by the Benchmarker to perform the Benchmarking Process shall be reasonably current (*i.e.*, based on services provided to Customer and the representative sample no more than 18 months prior to the start of the Benchmarking Process). The Benchmarker shall fully explain its normalization method to the Parties (including both pre and post normalization data).

4.05 Benchmark Results Review Period and Adjustments.

- (1) Intentionally left blank.
- (2) For any Benchmarking Process:
- (a) if the final Benchmark Results reveal that the Benchmark Fees (as of the date the Benchmarking Process is initiated) for any Tower benchmarked (in the case of a benchmark of a single Tower) or in the aggregate (in the case of a benchmark of multiple Towers) for any applicable Contract Year exceed the normalized fees for such Services as set forth in the Benchmark Results by:
- (i) less than [****] percent, Supplier Party shall have no obligation to adjust the Fees; or
- (ii) [****] percent or more, Supplier Party shall automatically reduce the Fees for such Contract Year, including the unit rates (including [****]), for the benchmarked Services, retroactive to the date the final Benchmark Results were issued, by an amount equal to the amount that the Benchmark Fees exceed [****] percent of such normalized fees for such Services (and shall issue a refund to Customer as appropriate).
- (b) in no event shall any reduction to the Fees pursuant to this Section 4.05(2) exceed an amount greater than [****] percent of the applicable Benchmark Fees and other applicable rates for the applicable Contract Year as set forth in this Agreement as of the Effective Date.

If, after giving effect to clause (2) of this Section, the Benchmark Fees still exceed [****] percent (the "Target Price"), Supplier shall provide Customer Party with a plan to further adjust the Fees to the Target Price within six months after the date of the Benchmark Results

(the "Benchmarking Plan"). [****]. Each Party may dispute the Benchmark Results in good faith in accordance with the dispute resolution procedures set forth in Section 29.04.

4.06 Benchmarking for [****] Services. With respect to the Services provided by [****], excluding Services provided by [****] (the "[****] Services"), Customer Party may initiate a benchmark of the [****] Services, and any subsequent benchmark of such [****] Services no sooner than [****] months following the date of the preceding benchmark, in accordance with Section 4.04(1), Section 4.04(2), Section 4.04(3) and Section 4.04(4). Benchmarking shall not be performed during the Termination Assistance Period as applicable.

- (1) If the final Benchmark Results for the [****] Services reveal that the Fees for such [****] Services (the "[****] Fees") (as of the date the Benchmarking Process is initiated) for any applicable Contract Year exceed the normalized fees for such Services as set forth in the Benchmark Results by:
 - (i) less than [****] percent, Supplier Party shall have no obligation to adjust the [****] Fees.
 - (ii) [****] percent or more, Supplier Party shall automatically reduce the [****] Fees for such Contract Year, including the unit rates (including [****]), for the benchmarked [****] Services, retroactive to the date the final Benchmark Results were issued, to an amount equal to such normalized fees for such [****] Services plus [****] percent of such amount (the "[****] Benchmark Target Price") and shall issue a refund to Customer as appropriate.
- (2) In no event shall any automatic reduction to the [****] Fees pursuant to Section 4.06(1) exceed an amount greater than [****] percent of the applicable [****] Fees, including unit rates, for the applicable Contract Year as set forth in this Agreement as of the Effective Date. The [****] percent automatic adjustment shall not be cumulative (*i.e.*, the adjustment shall apply to the current Contract Year and subsequent Contract Years). If the Final Benchmark Results reveal that the [****] Fees exceed the normalized [****] Fees by more than [****] percent, Customer Party shall have the right to terminate this Agreement if [****] chooses not to drop the [****] Fees further.
- (3) If, after giving effect to Section 4.06(1), the [****] Fees still exceed the [****] Benchmark Target Price, Supplier shall provide Customer Party with a Benchmarking Plan to further adjust the [****] Fees within [****] after the date of the Benchmark Results. [****].
- (4) As of the date [****] years after the Commencement Date for the [****] Services, if benchmarking of the [****] Services has not resulted in at least an aggregate reduction of [****] percent of the [****] Fees, then, commencing in year six after such Commencement Date, Supplier shall, except in the event Customer has terminated the [****] Services, at the end of each remaining year of the Term provide Customer a credit in the amount equal to the difference between the aggregate reduction of the [****] Fees as a result of benchmarking and an amount equal to [****] percent of the [****] Fees.

- (5) After the [****] anniversary of the Commencement Date, if Customer reasonably believes that the [****] Fees (as adjusted pursuant to this Section) are not competitive, Customer shall have a one-time right upon notice to Supplier to [****].

4.07 Benchmarking for [****]. The Services provided by [****] (the "[****]") are exempt from benchmarking, but are subject to the following provisions:

- (1) After the [****] anniversary of the Commencement Date, Supplier Party shall propose new Fees for the [****]. [****]. If Customer Party [****] terminates this Agreement, or any part thereof that includes the [****], Customer Party shall pay the associated Termination Fees in accordance with Exhibit 4 including any such fees associated with the termination of the [****].
- (2) Customer Party may request that Supplier Party seek revised pricing [****] (via [****]) for any New Services requiring additional [****] and to propose a corresponding adjustment to the Fees. If the proposed Fees based on such revised pricing are not acceptable to Customer Party, Customer Party may negotiate and enter into a [****] for the additional [****] required for the New Services. Supplier shall manage such directly contracted [****] without markup on the [****] costs, or any additional management fees.

ARTICLE 5 SERVICE DELIVERY ORGANIZATION.

5.01 Service Delivery Organization.

- (1) All MSDOs shall possess the training, skills and qualifications agreed upon by the Parties and otherwise necessary to properly perform the Services.
- (2) [****] assigning any individual to, or replacing any individual on, the Service Delivery Organization on or after the Effective Date, Supplier shall: (a) conduct, in compliance with all applicable Laws, an educational, credit and prior work experience background check on each such individual (subject to applicable Laws), the criteria for such background checks shall also include, at a minimum, (i) the individual's licenses, certificates and registrations, (ii) if the individual resides in the United States, a validation of his or her U.S. Social Security number and (iii) [****], a negative result in a screening drug test of the individual for the substances set forth in Exhibit 12; (b) verify that each such individual has a current and valid passport if such individual is not a U.S. citizen; and (c) have a third party conduct, in compliance with all applicable Laws, a criminal background check on each such individual, which criminal background check shall include an investigation by such third party (i) of records with respect to each such individual in (A) the country in which such individual is a permanent resident, (B) the country which is the primary work location for such individual, if different than the country of permanent residence and (C) in the event such individual has been assigned a U.S. Social Security number, the United States, (ii) without limiting clause (i), of such individual's record of federal, state and county felonies and misdemeanors (or the applicable equivalent, if any), in the immediately prior [****], with respect to each place in which such individual resided or was employed and (iii) that, in the immediately prior [****], such individual has not been

(A) convicted of any crime involving violence, fraud, theft, dishonesty or breach of trust, gambling, assault or any physical crimes against other persons or property, or the possession or trafficking of drugs or weapons under any Laws applicable to such individual, which was reported in the databases checked during Supplier's standard background checks (a "Crime") and (B) on any list published and maintained by the government of the United States of persons or entities with whom any United States person or entity is prohibited from conducting business (including the lists of such persons or entities found at <http://www.bxa.doc.gov/dpl/Default.shtm> and <http://www.ustreas.gov/offices/enforcement/ofac/sdn/index.html>). Supplier shall maintain a copy of such background checks and certifications during the Term. Supplier's obligation set forth in this Section (the "Enhanced Screening Process") shall apply to MSDOs that have at any time Access to any Personal Data or Customer client's information. With respect to all other MSDOs, prior to assigning any individual to, or replacing any such MSDO on, the Service Delivery Organization, Supplier shall conduct employee screening in accordance with Supplier's then-current standard employment policies and procedures which as of the Effective Date are set forth in Exhibit 30, [****]. Notwithstanding the foregoing, [****].

- (3) After assigning an individual to the Service Delivery Organization, Supplier shall (a) ensure that all MSDOs performing Services in the United States are legally authorized to work in the United States, (b) use commercially reasonable efforts to comply with any additional background checks, certifications or other security related programs that may be required by Customer during the Term, at Customer's expense, and (c) use commercially reasonable efforts to verify that all MSDOs performing the Services or supporting Supplier's duties and obligations to Customer, regardless of their location, have not been convicted of any Crime and have not been on any list as described in Section 5.01(2). If either Party becomes aware that any MSDO has been convicted of a Crime or is included on any such list, then Supplier shall promptly remove such MSDO from performing any Services in connection with this Agreement and shall prohibit such MSDO from entering any Customer Site or Service Location at which the Services are provided. In addition, if there is reason to believe that an MSDO is being impaired by a substance abuse problem, Customer may require Supplier to conduct a drug screening test on such MSDO in order to retain such individual as an MSDO. If Supplier does not perform a drug screening test with respect to the MSDO, or if the MSDO refuses to cooperate in a drug screening test, then, subject to applicable Law, Supplier shall in each case remove such MSDO from performing any of the Services.
- (4) Supplier shall use commercially reasonable efforts to keep the turnover rate of the Service Delivery Organization to a minimum and at a level comparable or better than the industry average for large, well-managed similarly situated services companies. If Customer Party believes that Supplier's turnover rate of the Service Delivery Organization is excessive and is affecting the performance or receipt of the Services, Supplier shall provide data to Customer Party concerning the turnover rate, discuss the

reasons for the turnover rate, submit its proposals for reducing the turnover rate, and agree on a program to reduce the rate at no cost to Customer.

- (5) Supplier shall provide Customer Party, monthly and as otherwise requested by Customer Party, with (a) a list of all MSDOs whose normal work location is at a Customer Site, who spend 50 percent or more of their time working on the Customer account, or who otherwise have any significant interaction with Customer, and (b) an organizational chart regarding such MSDOs. Before an MSDO accesses a Customer Site, Supplier shall update the list to include such MSDOs.
- (6) Except as otherwise approved by Customer Party (in its sole discretion), those Supplier personnel located on Customer Sites may only provide services on such Customer Sites that support Customer's operations. If a Supplier personnel whose normal work location is at a Customer Site, who spends 50 percent or more of his or her time working on the Customer account, or who otherwise has any significant interaction with Customer is voluntarily or involuntarily terminated, or redeployed from the Customer account, (a) the Supplier manager responsible for such termination or redeployment shall, as soon as reasonably possible thereafter, inform the Supplier Executive of such termination or redeployment and (b) the Supplier Executive shall notify Customer Party of such termination or redeployment as soon as reasonably possible after being informed by the Supplier manager (provided, however, that in each case, such information shall be provided to the Supplier Executive and Customer Party no later than the end of the day on which such termination or redeployment occurred).

5.02 Key Individuals.

- (1) After the [****], Customer may designate [****] of the then-current staffing that provide the Services as "key" individuals (each such individual, a "Key Individual"). Supplier shall provide such Key Individuals to provide the Services. If such individuals are specified by service category (e.g., job title), Supplier shall provide individuals in such category; if such individuals are specified by name, Supplier shall provide such individuals. Customer Party may, upon agreement with Supplier Party, modify the service categories of the Key Individuals from time to time; provided that the aggregate number of Key Individuals does not increase as a result thereof. Key Individuals shall be dedicated to performing the Services on a full-time basis, except as otherwise indicated in Exhibit 1 and Exhibit 9. Before assigning any Key Individual, whether as an initial assignment or as a replacement, Supplier shall, to the extent practicable under the circumstances: (a) notify Customer Party of the proposed assignment; (b) introduce the individual to appropriate representatives of Customer Party, and permit Customer Party to conduct interviews with such individual as deemed reasonably necessary in Customer Party's sole discretion; (c) provide Customer Party with a resume and any other qualifications available to Supplier regarding the individual that may be reasonably requested by Customer Party; and (d) obtain Customer Party's approval for such assignment. If Customer Party does not approve such individual, Supplier shall promptly propose a replacement to Customer

Party in accordance with this Section. Supplier shall provide Customer Party with a list of all Key Individuals at least quarterly after the Effective Date and as otherwise requested by Customer Party.

- (2) Supplier shall not assign any Key Individual to the account of any Customer Competitor without Customer Party's prior approval while such Key Individual is assigned to the Customer account.

5.03 Replacement.

- (1) Supplier shall not replace or reassign any Key Individual for at least 24 months after the date the applicable Key Individual first commenced providing the Services, unless: (a) an individual with equal or better qualifications to perform the Services is identified by Supplier prior to any replacement or reassignment, and Customer Party consents to such reassignment or replacement; or (b) such individual (i) voluntarily resigns from, or is dismissed by, Supplier, (ii) requests the reassignment; provided that prior to such reassignment, Supplier shall have (A) consulted with Customer regarding such reassignment, (B) considered and reflected, as appropriate, Customer's concerns and (C) completed a knowledge transfer and responsibility handoff procedure with respect to such individual in an appropriate timeframe agreed upon by the Parties in due consideration of such individual's responsibilities, (iii) fails to perform his or her duties and responsibilities pursuant to this Agreement, (iv) in Supplier's discretion, fails to comply with Supplier's employment policies and requirements or (v) dies or is unable to work due to his or her long-term illness, disability, or leave of absence.
- (2) Upon notice from Customer Party, for any reasonable business reason (other than a reason prohibited by applicable Laws) regarding any MSDO, Supplier shall promptly (a) investigate the matter and take appropriate action which may include (i) removing an MSDO and providing Customer with prompt notice of such removal and (ii) replacing such individual with a similarly qualified individual or (b) take other appropriate disciplinary action to prevent a recurrence. In the event there are repeated such notices from Customer Party in connection with any MSDO, Supplier shall promptly remove such MSDO from the Service Delivery Organization. Supplier shall promptly replace any MSDO who is terminated, resigns or otherwise ceases to perform the Services with an individual with equal or better qualifications to perform the Services.
- (3) In each case of clause (1) and clause (2), Supplier shall maintain backup and replacement procedures for the Service Delivery Organization to maintain continuity of the Services, ensure appropriate knowledge transfer, and document that knowledge transfer has been successfully completed.

5.04 Conduct of Service Delivery Organization. The Service Delivery Organization shall maintain and enforce the confidentiality provisions of this Agreement, during and after their assignment to provide the Services, and shall comply with Article 7. Prior to assigning an individual to the Service Delivery Organization, Supplier shall cause such individual to enter into a non-disclosure agreement required for all similarly situated employees, which will

commit to protect the confidential information of Supplier and its customers and shall include an assignment of rights clause consistent with the form set forth in Exhibit 14. In the event Customer determines that a particular MSDO is not conducting himself or herself in accordance with this Section, Supplier shall promptly (1) investigate the matter and take appropriate action, which may include (a) removing the MSDO and providing Customer with prompt notice of such removal and (b) replacing such individual with a similarly qualified individual or (2) take other appropriate disciplinary action to prevent a recurrence. In the event there are repeated violations of this Section by an MSDO, Supplier shall promptly remove the individual from the Service Delivery Organization and terminate such individual's access to Customer Data, Customer Software and Customer Hardware, in accordance with this Section. Once per calendar year, Supplier shall send an e-mail to each MSDO who spends more than 50 percent of his or her time providing Services reminding such MSDO of his or her specific obligations under this Agreement regarding Customer's intellectual property and the confidentiality of Customer Data. Supplier shall cause each such MSDO to respond with an acknowledgement that he or she has read the e-mail and understands the obligations set forth in such email. Supplier shall retain such MSDOs' acknowledgements pursuant to Section 11.05 of this Agreement.

5.05 Subcontracting and Supplier Agents. Subject to the other provisions of this Section, the obligations of Supplier under this Agreement shall be performed by Supplier Party. Supplier Party shall not subcontract or delegate performance of any of Supplier's obligations under this Agreement without Customer Party's prior written consent for each subcontractor or delegate, as applicable; provided, however, that Customer Party's prior consent shall not be required to the extent any such subcontract or delegation (1) is to any entity other than a Customer Competitor and (2) does not result in (a) Supplier paying [****] or more per year to the applicable subcontractor or delegate and (b) any subcontractor or delegate having access to (i) Customer Confidential Information comprised of Personal Data, (ii) any Customer client's information or (iii) any Customer Site or other such premises, Customer Software or Customer network. [****]. Supplier Party shall cause the Supplier Agents and Affiliates of Supplier Party to comply with the obligations of Supplier, including the obligations with respect to MSDOs, under this Agreement. Supplier Party shall be responsible for such compliance and all other acts and failures to act of the Supplier Agents and such Affiliates. Supplier Party shall be responsible for all payments to the Supplier Agents.

ARTICLE 6 HUMAN RESOURCES.

Supplier Party agrees that it shall offer employment and transition certain employees of Customer [****] to Supplier in accordance with the terms and conditions set forth in Exhibit 16.

ARTICLE 7 SERVICE LOCATIONS.

7.01 Service Locations.

The Services shall be provided from the service locations set forth in Exhibit 8 (the "Service Locations"). Customer shall grant Supplier access rights to certain Customer facilities and in connection with such access, Supplier shall comply with the facilities use

terms set forth in Exhibit 20. Supplier shall use Customer facilities solely to the extent permitted in this Agreement and solely for the provision of the Services to Customer. [****]. Provision of any Services from any other service location (including from a service location outside the United States) must be approved in advance by Customer Party in accordance with the governance procedures set forth in Exhibit 1 and Exhibit 9 and the Change Control Procedures, and Customer may, as a condition of such approval, require that any incremental expense incurred by Customer Party or its clients as a result of relocation to, or use of, another service location shall be reimbursed by Supplier Party to Customer Party.

7.02 Safety, Health and Hazards. Supplier shall provide the Service Delivery Organization with a safe and healthy workplace and shall provide the Services in a careful and safe manner. If Customer Party notifies Supplier Party of any non-compliance by Supplier with the provisions of this Section, Supplier shall (promptly, if so directed, or otherwise no later than 48 hours after receipt of such notice) implement a Customer-approved plan to correct such non-compliance. If Supplier fails to correct such non-compliance, then Customer Party may at its sole discretion: (1) suspend all or any part of the affected Services under this Agreement immediately upon notice thereof to Supplier Party; or (2) activate the Business Continuity Plan. If the Services are suspended, Supplier may commence performing the suspended Services when corrective action has been taken successfully by Supplier.

7.03 Security at Service Locations.

- (1) The Service Locations shall have, in each case, as set forth in the Supplier Security Policies: (a) physical access security that is at least as stringent as such measures required of an "[****]" data center (or with respect to the "[****]" Service Locations or [****], substantially equivalent security in all material respects); and (b) electronic access security (e.g., badged access, biometric or cipher-lock) and logical security.
- (2) Supplier shall require that all MSDOs comply with the Supplier Security Policies.

7.04 Security Relating to Competitors.

- (1) If Supplier intends to provide the Services from a Service Location that is shared with or used to provide services to a Customer Competitor, then, prior to providing any of the Services from such Service Location, Supplier shall develop a process, subject to Customer Party's approval, to restrict access (electronically or physically, as applicable) in any such shared environment to Customer Confidential Information so that Supplier's personnel providing services to such Customer Competitor do not have access to Customer Confidential Information.
- (2) [****].
- (3) In the event that Supplier Party or IBM Global Services effects or undergoes an IBM Change in Control with, or otherwise acquires or becomes an Affiliate of, a Customer Competitor, Supplier shall, upon Customer's request, demonstrate to Customer's reasonable satisfaction that Supplier is, with respect to such Customer Competitor,

complying with the security processes set forth in Section 7.04 as such process relates to Customer Competitors.

7.05 Supplier Furnished Space. Upon Customer's request, for the purpose of performing audits and inspections, and making site visits, in accordance with this Agreement, Supplier shall furnish reasonable office space for Customer's or Customer Agent's personnel at each Service Location (except the [****] Service Locations and [****], unless otherwise required by Law), including associated services (e.g., telephone), supplies and equipment in accordance with Exhibit 8.

7.06 Visits to Service Locations. Customer, [****]. Such tours shall be conducted in accordance with the facilities infrastructure tour process set forth in Exhibit 23 and in the presence of Customer Party's authorized representative. Customer Party shall use commercially reasonable efforts to minimize the scope and frequency of such tours.

7.07 Hardware Segregation. Supplier shall ensure that: (1) all Hardware in which Customer Data is stored is dedicated to Customer and Physically Segregated [****] and (2) all other Hardware used to provide the Services is Logically Segregated.

ARTICLE 8 SERVICE LEVELS.

Supplier shall perform the Services in accordance with the Service Levels in a manner such that Supplier achieves the applicable Service Levels. Supplier's performance against the Service Levels (including any credits resulting from such performance) shall be measured and assessed in accordance with the methodology set forth in Exhibit 3. Performance Credits shall not limit Customer Party's right to recover, in accordance with this Agreement, any damages incurred by Customer as a result of Supplier's failure to perform the Services in accordance with, or to achieve, the Service Levels (but shall offset any such damages payable by Supplier in connection with the failure which resulted in the applicable Performance Credit).

ARTICLE 9 COOPERATION WITH CUSTOMER THIRD PARTY SUPPLIERS.

9.01 Cooperation with Customer Third Party Suppliers. Notwithstanding any other provision in this Agreement, but subject to Section 3.14, [****], to the extent applicable, otherwise Customer shall pay for the provision of such assistance pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9), including assisting Customer in connection with any requests for proposal for Customer Third Party Suppliers to provide services to Customer (such as, by providing to Customer information related to such services in order to enable Customer to draft a request for proposal relating to such services). Supplier shall assist and cooperate (and shall perform such actions as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such actions pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) in good faith with Customer and the Customer Third Party Suppliers (which cooperation shall include providing information related to Customer's receipt of the Services that is reasonably requested by Customer), to the extent reasonably required by Customer and provided that such Customer Third Party Suppliers are bound by confidentiality provisions no less stringent than those of Customer in

this Agreement, to coordinate Supplier's provision of the Services and the performance by Customer and the Customer Third Party Suppliers of services that are related to, or otherwise interface or are integrated with, the Services. Such assistance and cooperation shall include:

- (1) provision of requested and applicable written information concerning the Services, data and technology used in providing the Services, including information regarding the operating environment, system constraints and operating parameters, and other reasonably requested non-Confidential Information;
- (2) logical access to Customer's systems and architecture configurations to the extent reasonably requested by Customer Third Party Suppliers and authorized by Customer; provided, however, that Section 3.16 shall apply to the extent Supplier's failure to provide the Services in accordance with the Service Levels is directly attributable to such access obligations;
- (3) access to the Service Locations, subject to the Supplier Security Policies; provided, however, that (a) Supplier shall provide such access, on a one-time basis, only to the extent required to cooperate with a Customer Third Party Supplier, (b) Supplier shall not be required to provide such access to Service Locations leased or owned by Supplier to any Supplier Competitor that is a successor to, or replacement of, Supplier Party and (c) the Service Locations shall not be used to perform any portion of the Services that are insourced or resourced pursuant to Section 3.14; and
- (4) access to the Supplier Software, Developed Supplier Software and Supplier Hardware to the extent reasonably requested by Customer Third Party Suppliers and agreed by the Parties; provided, however, that (a) Supplier shall not be required pursuant to this Section to provide such access to any Supplier Competitor that is a successor to, or replacement of, Supplier Party and (b) such Supplier Software, Developed Supplier Software and Supplier Hardware shall not be used pursuant to this Section to perform any portion of the Services that are insourced or resourced pursuant to Section 3.14.

Supplier shall provide such additional assistance and support (and shall provide such additional assistance and support as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the provision of such additional assistance and support pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) to Customer as Customer may request from time to time. To the extent Customer requests Supplier to act as project manager with respect to any Customer Third Party Supplier, Supplier shall provide any such assistance and support in accordance with the Change Control Procedures (and shall provide such support as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the provision of such support pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9).

9.02 Cooperation on Issues and Service Problems. Supplier shall cooperate with Customer and the Customer Third Party Suppliers to establish the root cause of any failure: (1) by Supplier to perform its obligations under this Agreement and (2) by any Customer

Third Party Supplier to perform its obligations relating to Customer (each such failure, a "Service Problem"). If the root cause of a Service Problem falls within the responsibility of Supplier, Supplier shall promptly resolve the Service Problem in accordance with the terms of this Agreement.

9.03 Disputes Related to Cooperation.

- (1) If there is a dispute between Supplier and any Customer Third Party Supplier (any such combination of Supplier and Customer Third Party Supplier disputing parties, the "Disputing Parties"), or between Customer and Supplier, regarding the allocation of responsibility for an issue or Service Problem between Supplier and such Customer Third Party Supplier (each such dispute, a "Supplier Dispute"), at the request of Customer Party, Supplier shall use commercially reasonable efforts to resolve such Supplier Dispute without Customer's intervention no later than five business days after such request. If the Disputing Parties are not able to resolve such Supplier Dispute within such time period, Supplier shall (a) advise Customer Party in writing of the Supplier Dispute as soon as reasonably possible, (b) provide information to Customer Party concerning the Supplier Dispute and (c) provide Supplier's recommendation for remedying the Supplier Dispute. Customer Party may require (x) additional information concerning the Supplier Dispute and (y) the Disputing Parties to attend meetings to determine the appropriate resolution of the Supplier Dispute.
- (2) [****]. Notwithstanding the Supplier Dispute, Customer Party shall after such date pay Supplier Party for such services performed after such date using the applicable hourly rates set forth in Exhibit 4. If Supplier Party wishes to pursue further the resolution of the Supplier Dispute, Supplier Party shall submit the issue to Customer Party for an expedited dispute resolution process within five business days of Customer Party's direction to commence the applicable services. The Contracting Parties shall consider the Supplier Dispute in accordance with the dispute resolution procedures set forth in Section 29.04; provided, however, that such dispute resolution process shall be completed as between the Contracting Parties within 15 days of its submittal. If, after such 15 day period, the Contracting Parties remain in disagreement, either Contracting Party may submit the dispute to a court of competent jurisdiction, subject to Section 29.09. Pending final adjudication of the dispute by such court, Supplier shall continue to perform such services in accordance with the terms of this Agreement. If it is determined, either through the dispute resolution procedures set forth in Section 29.04 or final adjudication of such dispute by a court, that Supplier is not responsible under this Agreement for curing the disputed Service Problem, Customer Party shall pay Supplier Party (using the applicable hourly rates set forth in Exhibit 4) for any additional costs and expenses incurred (that were not otherwise reimbursed by Customer Party pursuant to this Section 9.03(2)) as a result of Supplier's efforts to correct such disputed Service Problem, along with Interest on such payments calculated from the date payment should have been made. If it is so determined that Supplier is responsible under this Agreement for curing the disputed Service Problem, Supplier Party shall refund any amounts paid by Customer Party to Supplier Party for

Supplier's efforts to correct the disputed Service Problem, along with Interest on such payments calculated from the date of payment.

9.04 Customer Responsibilities. Customer Party's responsibility pursuant to this Article with respect to any Customer Third Party Supplier shall be limited to using commercially reasonable efforts to cause such Customer Third Party Suppliers to perform as specified in this Article. Supplier Party shall advise Customer Party of any failure by any Customer Third Party Supplier to so cooperate, and to the extent adversely affected, Supplier's performance shall be excused and this Agreement shall be appropriately adjusted in accordance with the Change Control Procedures.

ARTICLE 10 LICENSES AND PROPRIETARY RIGHTS.

10.01 Customer Software and Work Product. Customer shall retain all of its right, title and interest in and to the Customer Software and Customer Work Product. To the extent Supplier will use the Customer Software or Customer Work Product in connection with providing the Services, Customer grants Supplier and Supplier Agents (provided that such Supplier Agents are bound by confidentiality obligations similar to those of Supplier hereunder), during the Term, a global, royalty-free, non-exclusive, non-transferable license to access, use and copy the Customer Software and Customer Work Product (but only to the extent permitted by any applicable third party license agreement), in each case, to the extent necessary for Supplier to perform its obligations hereunder; provided, however, that the license granted to Supplier (and to the extent set forth in this Section, to Supplier Agents) in this Section with respect to Customer Software which Customer licenses from a third party shall be limited to the object code format of such third-party Customer Software. Subject to the license granted to Supplier (and to the extent set forth in this Section, to Supplier Agents) pursuant to this Section, to the extent Supplier or any Supplier Agent obtains any rights in Customer Software or Customer Work Product, Supplier and any applicable Supplier Agent hereby irrevocably and perpetually assigns, transfers and conveys to Customer Party (or the Affiliate of Customer designated by Customer Party) without further consideration all of its right, title and interest in and to the Customer Software and Customer Work Product. Upon Customer's request, Supplier and any applicable Supplier Agent shall execute any documents (or take any other actions) as may reasonably be necessary, or as Customer may request, to perfect Customer's (or Customer's designee's) ownership in and to the Customer Software and Customer Work Product.

10.02 Supplier Software and Work Product.

- (1) Supplier shall retain all of its right, title and interest in and to the Supplier Software and Supplier Work Product. To the extent Customer will use Supplier Software or Supplier Work Product in connection with the Services, Supplier grants Customer and the Service Recipients, during the Term, a global, royalty-free, irrevocable during the Term, non-exclusive license to access, use and copy the object code versions of Supplier Software and Supplier Work Product, in each case, to the extent necessary for (a) Customer and the Service Recipients to receive the Services and (b) the Customer Software to be operable using ordinary course methodologies and work efforts. Such

license shall extend to third parties providing services to Customer to the extent necessary for Customer to receive the Services and provided such third parties are bound by confidentiality obligations similar to those of Customer hereunder. Supplier shall be responsible for obtaining any consents necessary to provide the license granted to Customer and the Service Recipients under this Section. Subject to the license granted to Customer and the Service Recipients pursuant to this Section, to the extent Customer or any Service Recipient obtains any rights in Supplier Software or Supplier Work Product, Customer and any applicable Service Recipient hereby irrevocably and perpetually assigns, transfers and conveys to Supplier Party (or the Affiliate of Supplier designated by Supplier Party) without further consideration all of its right, title and interest in and to the Supplier Software and Supplier Work Product. Upon Supplier's request, Customer and any applicable Service Recipient shall execute any documents (or take any other actions) as may reasonably be necessary, or as Supplier may request, to perfect Supplier's (or Supplier's designee's) ownership in and to the Supplier Software and Supplier Work Product. Supplier shall notify Customer prior to Supplier's use of any Supplier Software to provide the Services, which notification shall include information as to whether such Supplier Software is commercially available on a subscription basis. [****].

- (2) With respect to any third party Software that Supplier is using to provide the Services at the end of the Term, Supplier shall, with respect to each such Software item, (a) transfer, assign or sublicense such third party Software to Customer or its designee at no additional cost or expense to Customer (including any fees in connection with such transfer, assignment or sublicense, except for any ongoing license fees and maintenance fees associated with such third party Software licenses) and (b) with respect to Restricted Third Party Software, assist Customer or its designee in obtaining a license to (i) such Restricted Third Party Software or (ii) a functionally equivalent substitute Software product, as approved by Customer, for such Restricted Third Party Software.
- (3) With respect to Supplier Software that is proprietary to Supplier, commercially available on a subscription basis, and is being used by Supplier to provide (or Customer to receive) the Services at the end of the Term (and for which Customer does not already have an existing license agreement), upon Customer's request, Supplier shall license the object code version of requested Supplier Software to Customer after the Term, and Customer shall pay applicable subscription fees for such Supplier Software, under terms, conditions and pricing [****]. Customer shall bear the ongoing support and maintenance charges and other applicable charges [****].
- (4) Notwithstanding Section 10.02(1), with respect to Supplier Software that is proprietary to Supplier, not commercially available on a subscription basis as notified to Customer pursuant to Section 10.02(1), and is being used by Supplier to provide (or Customer to receive) the Services at the end of the Term (and for which Customer does not already have an existing license agreement), (a) [****].

10.03 Developed Software and Work Product.

- (1) Customer Party shall own and have all right, title and interest in and to the Developed Customer Software and Developed Work Product. Supplier Party irrevocably assigns, transfers and conveys to Customer Party all of its right, title and interest (including ownership of copyright) in and to the Developed Customer Software and Developed Work Product. Supplier Party shall execute any documents (or take any other actions) as may be necessary, or as Customer Party may request, to perfect the ownership of Customer Party in the Developed Customer Software and Developed Work Product. Customer Party may designate any Affiliate of Customer to be the owner of such Developed Customer Software or Developed Work Product for purposes of this Section, in which case the references to Customer Party in this Section shall be to such Affiliate. Customer Party grants Supplier Party a global, royalty-free, irrevocable, perpetual, non-exclusive license to access, use, copy, maintain and modify (and except to the extent set forth in the applicable Statement of Work, also to make, sell and sublicense, and, in each case, to authorize others to do the same) the Developed Customer Software that is: (a) implemented to manage, or is integrated into, Customer's information technology environment; (b) of the type used by service providers to manage information technology environments and data centers generally, (c) not specific to the Customer Lines of Business or Customer's business, and (d) a work that is not a modification, enhancement or derivative of Customer Software.
- (2) Supplier Party shall own and have all right, title and interest in and to the Developed Supplier Software. Customer Party irrevocably assigns, transfers and conveys to Supplier Party all of its right, title and interest (including ownership of copyright) in and to the Developed Supplier Software. Customer Party shall execute any documents (or take any other actions) as may be necessary, or as Supplier Party may request, to perfect the ownership of Supplier Party in the Developed Supplier Software. Supplier Party may designate any Affiliate of Supplier to be the owner of such Developed Supplier Software for purposes of this Section, in which case the references to Supplier Party in this Section shall be to such Affiliate. To the extent agreed in a Statement of Work in respect of the applicable Developed Supplier Software, Supplier Party grants Customer Party a global, royalty-free, irrevocable, perpetual, non-exclusive license to access, use, copy, maintain, modify, make (and, in each case, to authorize others to do the same) the object code versions (or, to the extent set forth in the applicable Statement of Work, source code versions) of Developed Supplier Software solely to provide Services to the Customer and to allow Customer to provide services to its clients. [****].

10.04 Inventions. Except to the extent otherwise set forth in the applicable Statement of Work, with respect to Inventions embodied in, or otherwise incorporated into, Developed Customer Software, Customer Party shall own such Inventions and only Customer Party may seek patent protection for the Inventions. Supplier irrevocably assigns, transfers and conveys to Customer Party all of its right, title and interest in such Inventions. Supplier shall execute any documents (or take any other actions) as may be required to file applications and to obtain patents in the name of Customer Party in any countries covering the Inventions. Customer Party may designate any Affiliate of Customer to be the owner of such invention for purposes

of this Section, in which case the references to Customer Party in this Section shall be to such Affiliate. Except to the extent otherwise set forth in the applicable Statement of Work, with respect to any other Invention, the Contracting Parties shall own such Inventions jointly, with no accounting.

10.05 Third Party Restrictions. Customer shall notify Supplier of any third party restrictions on Supplier's use of the Customer Software and Customer Work Product provided hereunder and Supplier shall comply with any such restrictions. Supplier shall notify Customer of any third party restrictions on Customer's use of the Supplier Software, Developed Supplier Software and Supplier Work Product provided hereunder and Customer shall comply with any such restrictions; provided, however, that, (1) no such third party restriction shall relieve Supplier of its obligation to provide the Services in accordance with this Agreement and (2) upon Customer's request, Supplier shall propose workarounds to any such restriction.

10.06 Software Maintenance. With respect to Supplier proprietary Software that is part of the Supplier Software or Developed Supplier Software licensed to Customer under this Agreement and that is commercially available, Supplier shall provide maintenance support to Customer with respect to such Software upon expiration or termination of this Agreement, subject to the execution by the Parties of a separate maintenance agreement and the payment by Customer of maintenance fees [****].

ARTICLE 11 DATA.

11.01 Ownership of Data. Customer shall retain all of its right, title and interest in and to the Customer Data. Supplier shall not use (except as necessary to perform the Services), disclose, transfer or provide any Customer Data without Customer Party's prior approval. Supplier shall not access Customer Data (including Personal Data) from outside the United States without the prior written approval of Customer Party; provided, however, that such approval shall not be required by Supplier to access Customer Data (other than Personal Data) from outside the United States using Supplier's proprietary "G Smart" services, solely for the purposes of generating reports detailing Services performance and network monitoring. To the extent Supplier has any rights in Customer Data, Supplier hereby irrevocably and perpetually assigns, transfers and conveys to Customer Party (or the Affiliate of Customer designated by Customer Party) without further consideration, all of its right, title and interest in and to the Customer Data. Upon Customer Party's request, Supplier shall execute any documents (or take any other actions) as may be necessary, or as Customer Party may request, to enforce these rights of Customer in Customer Data. Supplier shall limit the disclosure of any Customer Data to only those Supplier personnel who have been subject to background screening as provided in Article 5 and who have been advised of the confidential and proprietary nature of such Customer Data and who have acknowledged the obligation to maintain the confidentiality of Customer Data in accordance with the terms of this Agreement. Additionally, Supplier shall only disclose to such Supplier personnel Customer Data that is required for such personnel to provide the Services.

11.02 Correction of Errors. Supplier shall promptly correct any errors or inaccuracies in Customer Data that are created by Supplier, at no additional cost or expense to Customer except to the extent that such errors or inaccuracies were created by Supplier working under the direction of Customer or Customer's Agent and the efforts to correct such errors or inaccuracies could not be performed as a Non-Chargeable Change. Supplier shall inform Customer Party or its designee of any such corrections.

11.03 Provision and Return of Data. Upon Customer Party's request and as directed by Customer Party, Supplier shall promptly: (1) provide or return Customer Data, or requested portion thereof, to Customer; and (2) Destroy or Erase the Customer Data, or requested portion thereof, in Supplier's possession. Any archival tapes containing Customer Data shall be used by Supplier solely for back-up purposes and shall remain subject to the confidentiality and security provisions of this Agreement.

11.04 Data Security and Computer Access. The roles and responsibilities of the Parties with respect to the security and control of Customer Data shall be set forth in Attachment 2-G to Exhibit 2. Supplier shall comply with Customer's information security policies, standards and procedures as set forth in Exhibit 12 (collectively, the "Data Safeguards"). Supplier shall modify the Services to comply with any changes in the Data Safeguards communicated to Supplier Party by Customer Party. Supplier shall perform such modification (and shall perform such modification as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such modification pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). If Supplier discovers or is notified of a failure to comply with the Data Safeguards, or of a breach or attempted breach of Customer's information security, Supplier Party shall promptly (but, in any event, within 24 hours): (1) notify Customer Party; and (2) if Supplier was responsible for the failure, breach or attempted breach, (a) investigate and cure such failure, breach or attempted breach and (b) provide satisfactory assurance to Customer Party that such failure, breach or attempted breach will not recur. Information relating to any such failure, breach or attempted breach shall be deemed the Confidential Information of Customer and shall not be disclosed by Supplier other than in accordance with this Agreement.

11.05 Records Management. Supplier shall maintain, in secure locations (to prevent destruction and unauthorized access) and in accordance with Generally Accepted Accounting Principles and Practices, records sufficient to document the Services and Fees. Supplier shall retain records relating to the Services and its performance pursuant to this Agreement (including records relating to Change management, problem management, [****], and all operational and system documentation) for at least five years, unless a longer period is required by Law. Upon Customer's request, such records shall be made available for Customer's review.

11.06 Privacy and Personal Data. Supplier acknowledges that in providing the Services Supplier will process Customer Data (including Personal Data) that is subject to the Data Protection Laws. Accordingly, with respect to any Personal Data, Supplier shall:

- (1) Supplier shall only process Personal Data in accordance with the documented instructions that Supplier receives from Customer, including [****];
- (2) not use, disclose, transfer or process such Personal Data for any other purpose, including for its own commercial benefit, unless agreed to by Customer Party;
- (3) treat all Personal Data as the Confidential Information of Customer;
- (4) not permit the alteration or deletion of any Personal Data created by Supplier on behalf of Customer unless expressly authorized by Customer;
- (5) implement reasonable technical and organizational measures designed to protect Personal Data against accidental or unlawful destruction or accidental loss or alteration, or unauthorized disclosure or access and against all other unlawful forms of processing. In particular, "reasonable technical and organizational measures" must meet or exceed the requirements of the Data Safeguards, Supplier Laws, [****], and Customer's instructions with respect to Customer Laws and Laws applicable to Customer's clients; provided, however, that should such [****] or Customer instructions require legal interpretation, Customer shall provide such legal interpretation in writing to Supplier, and Supplier shall have no responsibility for the accuracy of such legal interpretation by Customer. Supplier shall use good faith efforts to assist Customer in determining whether such [****] and Customer Laws and Laws applicable to Customer's clients require changes in Supplier's security configurations, and in determining the most effective manner in which such changes can be implemented;
- (6) notify Customer Party within [****] upon learning of any breach or potential breach of the security of the Personal Data, or any unlawful or unauthorized uses or disclosures of Personal Data (collectively, a "Data Security Event") and investigate and cure such Data Security Event (including, by complying with any Customer instructions in connection with such Data Security Event); provided, however, that to the extent such Data Security Event is not a result of Supplier's breach of its obligations under this Agreement and such investigation and cure cannot be performed as a Non-Chargeable Change, Customer Party shall, in accordance with the Change Control Procedures, pay for such investigation and cure;
- (7) notify Customer Party prior to any change that is made with respect to Supplier's organizational or technical measures taken to protect Personal Data that could affect the controls or standards of protection previously specified or approved;
- (8) notify Customer Party promptly in writing (and in any event no later than two days after receipt) of any communication received from a Data Subject relating to the Data Subject's rights to access, modify or correct his or her Personal Data, and shall comply with all reasonable instructions of Customer Party before responding to such communications;
- (9) notify Customer Party promptly in writing (and in any event no later than two days after receipt) of any communication received from a data protection authority or other

regulatory agency relating to the processing of Personal Data, and shall comply with all reasonable instructions of Customer Party before responding to such communications;

- (10) notify Customer Party promptly in writing (and in any event no later than two days after learning) if Supplier becomes unable to perform its obligations with respect to the processing of Personal Data hereunder;
- (11) comply with the provisions of this Agreement and the reasonable instructions of Customer Party to return, store or Destroy or Erase the Personal Data;
- (12) (a) comply with the Data Protection Laws applicable to Supplier in connection with the performance of the Services; (b) not take, or omit to take, any action that Supplier knows would cause Customer to contravene any Data Protection Law, unless directed to do so by Customer notwithstanding Supplier's notification to Customer of a potential breach of the Data Protection Laws; and (c) take any additional steps reasonably requested by Customer Party to comply with any notification or other obligations under such Laws (including, in response to any request made by any data protection regulator or any Data Subject); and
- (13) limit access to and possession of Personal Data only to MSDOs whose responsibilities under this Agreement reasonably require such access or possession.

11.07 Data Protection Agreement. If requested by Customer's clients, or if Supplier is not registered with respect to the handling and processing of Customer's Personal Data under the safe harbor framework developed by the U.S. Department of Commerce in coordination with the European Commission, the Parties agree to execute the model contract promulgated by the European Commission and in accordance with Regulation (EU) 2016/679, the General Data Protection Regulation, together with any additional implementing legislation, rules or regulations that are issued by applicable supervisory authorities together with any applicable national legislation implementing or replacing GDPR from time to time. Any model contract entered into pursuant to the above shall be entered into solely for the purpose of complying with the relevant E.U. Data Protection Laws and Regulations and will in no event modify or affect, directly or indirectly, the regime on liability agreed between the Parties under this Agreement, or otherwise modify this Agreement. Customer shall remain solely responsible for determining the purposes for, and means of, processing Customer Data by Supplier under this Agreement.

11.08 HIPAA Compliance. [****].

ARTICLE 12 CONSENTS.

12.01 Supplier Consents. Supplier shall, at its cost and expense, obtain, maintain and comply with the Supplier Consents. In the event Supplier is unable to obtain a Supplier Consent, Supplier shall implement (at its own cost and expense), subject to Customer's prior approval, alternative approaches as reasonably necessary to provide the Services without such Supplier Consent.

12.02 Customer Consents. Customer shall, at its cost and expense, obtain and maintain the Customer Consents. Customer shall comply with the Customer Consents. In the event that Customer has not obtained all Customer Consents as of the Effective Date, Supplier shall implement, at Customer's cost and expense and subject to Customer's prior approval, alternative approaches as reasonably necessary to provide the Services without such Customer Consent. Supplier shall comply with the Customer Consents.

12.03 Cooperation. Each Party shall reasonably cooperate with the other in obtaining the Consents, including by executing reasonable confidentiality agreements if required by the applicable third party.

ARTICLE 13 FEES.

13.01 Fees. Subject to Section 15.04, in consideration of Supplier providing the Services (including Services procured from an alternate source by Supplier in accordance with Section 27.02), Customer Party shall pay Supplier Party the Fees in accordance with Exhibit 4. Without limiting Customer's obligation to pay (1) undisputed Fees in accordance with Section 15.03 and (2) disputed Fees which the Parties agree shall be paid to Supplier in accordance with Section 15.04, Customer Party shall be under no obligation to pay any Fees for Services not provided by Supplier to Customer.

13.02 Expenses. Except as expressly set forth in this Agreement, all expenses are included in the Fees and there shall be no charges, expenses, costs or other amounts (including for Software, Hardware, facilities, telecommunications, transition or export) to be paid by Customer Party for the performance of Supplier's obligations pursuant to this Agreement. If any expenses are expressly set forth to be reimbursed by Customer Party, such expenses shall be reimbursed pursuant to Article 15 but only if such expense is: (1) reasonable and customary; (2) approved by the Customer Party in accordance with the governance procedures set forth in Exhibit 9; and (3) itemized on the applicable invoice with receipts supporting each expense over \$75.

13.03 Intentionally Left Blank.

13.04 Certain Changes in Control. [****].

ARTICLE 14 TAXES.

14.01 Sales Taxes. Customer Party shall pay all sales or use taxes ("Sales Taxes") due with respect to the receipt of the Services. Supplier Party shall pay all other taxes imposed on Supplier with respect to its internal operations and costs related to its provision of the Services and [****]. Each Contracting Party shall bear sole responsibility for its taxes on its own net income, employees and real property or leased real property.

14.02 Invoice Details. Supplier Party shall provide Customer Party the details relating to the applicable Sales Tax as a separate line item on each invoice from Supplier Party.

14.03 Tax Cooperation.

- (1) The Contracting Parties shall reasonably cooperate with each other to more accurately determine each of Customer's and Supplier's tax liability and to minimize such liability, to the extent legally permissible and in accordance with the other terms of this Agreement, including Section 7.01.
- (2) In the event of a change in applicable Law or administrative pronouncement or practice that will result in an increase in a Sales Tax for which Customer Party is responsible, Supplier Party shall (a) notify Customer Party of such change in Law or administrative pronouncement or practice and (b) cooperate with Customer Party (including with any employees, professional advisors (including accountants), contractors and other agents of Customer Party) to review and mitigate Customer Party's relevant tax liabilities.
- (3) In the event of an audit or contest by a relevant taxing authority of Sales Taxes that such taxing authority expressly indicates is payable by Customer Party, Supplier Party shall, as promptly as practicable, (a) notify Customer Party of the pendency of such audit or contest and (b) inform Customer Party to the extent that Customer is expressly identified in the audit, of the progress of such audit or contest at reasonable intervals. Supplier shall demonstrate good faith in defending its tax position as such position relates to Customer. To the extent permissible under Law, Supplier shall provide Customer timely opportunity to review and contest any assessment applicable to Customer.

ARTICLE 15 INVOICE AND PAYMENT.

15.01 Invoices Generally. Supplier Party's invoices shall be accompanied by such records or other written proof as Customer Party deems adequate to verify the amounts billed and shall be in the form required by Customer Party. A properly prepared and correct invoice is an original document received at the proper Customer Party address, as indicated in Exhibit 4, that is in the form set forth in Exhibit 4. If an invoice is not provided substantially in accordance with Exhibit 4, or is otherwise incomplete or incorrect due to clerical error or any other manifest error (*e.g.*, an incorrect amount or an item for which Customer Party is not responsible for payment), (1) Supplier Party shall issue a corrected invoice no later than [****] business days after Customer's notice and (2) Customer Party shall pay in accordance with Section 15.03 and Section 15.04 the amount of Fees which should have been invoiced in a correct invoice as though Customer Party received such correct invoice on the [****] day of the applicable month.

15.02 Invoice Timing. Supplier Party shall submit invoices to Customer Party for the Fees applicable to the Services as described herein and as further described in Exhibit 4. [****]. Services are considered received in the month in which such Service is: (1) performed, if such Service is provided on a time and materials basis or monthly fee basis; or (2) completed, based on any applicable milestones. Supplier Party shall not invoice Customer Party, and Customer Party shall have no obligation to pay Supplier Party, any amounts (other than amounts relating to Pass-Through Expenses, Managed Agreements, Assigned Agreements

and, without limiting each Party's indemnity obligations relating to taxes hereunder, taxes) that are not invoiced within [****] after performance of the applicable Service.

15.03 Payment. Subject to Section 15.04, Customer Party shall pay Supplier Party the Fees for the Services invoiced in accordance with Section 15.02 as follows: (a) [****] (the "Payment Date"); provided, however, that if Supplier Party fails to issue an invoice in accordance with the timing requirements set forth in Section 15.02, or if Supplier Party fails to correct an invoice in accordance with the timing requirements set forth in Section 15.01, then Customer Party shall pay such invoice within [****] after Customer Party's receipt of such invoice. At Customer Party's option, payment shall be made by electronic funds transfer, wire or check. Payment by electronic funds (or wire) shall be considered made when released from Customer Party's account. Payment by check shall be considered made when post-marked by the U.S. Postal Service. If Customer Party fails to pay the undisputed invoiced Fees within five days after the Payment Date in any Contract Year, Customer Party shall pay interest on the unpaid invoiced Fees as follows: [****].

15.04 Withholding; Rights of Set-Off.

- (1) Customer Party may, at any time on or before the Payment Date, withhold amounts that it disputes in good faith by providing Supplier Party a notice that describes the dispute in reasonable detail. The aggregate amounts withheld by Customer Party for all then-current disputes shall not exceed the [****] (the "Withholding Cap"); provided, however, that with respect to any month in which no Fees were paid or payable (in the aggregate) under this Agreement in the month prior to the month in which the dispute is raised, the Withholding Cap shall be [****]. If Customer Party disputes amounts in the aggregate that are (a) [****]. If Customer Party disputes in good faith any amounts subsequent to payment thereof, [****]. In the event Supplier Party disputes the withholding of amounts by Customer Party, Supplier Party may notify Customer Party and such dispute shall be handled in accordance with the dispute resolution procedures set forth in Section 29.04. Upon resolution of such dispute, the amount, if any, payable to Supplier Party will be paid by Customer Party to Supplier Party with Interest, calculated from the date payment should have been made.
- (2) With respect to any amount that the Contracting Parties agree should be reimbursed to Customer Party by Supplier Party or is otherwise payable to Customer Party by Supplier Party, and any Interest thereon calculated from the date of payment or the date reimbursement was due, Customer Party may, in accordance with the Contracting Parties' agreement, deduct the entire or prorated amount owed to Customer Party against the Fees or, at the request of Customer Party, Supplier Party shall pay such amounts to Customer Party at or after the end of the Term.

15.05 Currency. Except as otherwise agreed upon by the Contracting Parties, each invoice submitted to Customer Party shall be denominated and paid in United States Dollars.

ARTICLE 16 GOVERNANCE AND CHANGE CONTROL.

16.01 Governance. The Parties shall comply with the governance procedures set forth in Exhibit 9.

16.02 Service Requests and Changes of Scope.

- (1) Any changes to the Services not otherwise contemplated in Exhibit 1 shall be made in accordance with the Change Control Procedures set forth in Exhibit 9.
- (2) No Fees or other amount shall be payable by Customer in connection with a Change to the extent the applicable portion of such Change is a Non-Chargeable Change. With respect to any portion of a Change which is not otherwise a Non-Chargeable Change, Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9; provided, however, that with respect to any portion of a Change which (a) is not otherwise a Non-Chargeable Change and (b) is implemented by Supplier as a change to benefit multiple Supplier clients, the Fees payable by Customer in respect of such Change shall be an amount no greater than that which reflects an equitable allocation of the costs and expenses associated with such Change among Customer and any such other Supplier clients based on the number of Supplier clients, including Customer, who benefit from such change.

ARTICLE 17 REPORTS, DATA AND REAL TIME DATA ACCESS.

Supplier shall provide to Customer the reports and data identified in Exhibit 10. Supplier shall provide Customer (1) upon Customer's request, access to the Customer Data held by Supplier in real time (to the extent the systems and Customer Data are configured for real time access pursuant to the Customer Architecture) and (2) upon Customer's request, access to all training materials, job aids and other materials agreed upon by the Parties that are used by Supplier in the performance of the Services. In each case, Supplier shall provide such access to the extent required for Customer to receive the Services.

ARTICLE 18 AUDITS.

18.01 Services Audits. Upon [****], Supplier shall provide to Customer and any of its clients, and any of Customer's or Customer's client's regulators, accountants and auditors (collectively, the "Customer Auditors") with (1) [****] and (2) any assistance requested by Customer with respect to access described in the preceding clause (1) [****]. Audits performed pursuant to this Section 18.01 shall not be performed by a Supplier Competitor. [****].

18.02 Audit Controls.

- (1) Supplier shall comply with, shall provide the Services to satisfy and shall otherwise not cause the in-scope Customer computer systems to fail to satisfy the internal audit controls of Customer as provided to Supplier by Customer (including any corrective recommendations or other Customer Party instructions). In addition, Supplier shall assist Customer in addressing its audit control requirements, such as: (a) participating

in any reviews by Customer as to compliance with such requirements; and (b) including Customer in any reviews by Supplier as to compliance with such requirements.

- (2) Supplier shall, at its cost and expense, maintain controls and procedures ("Supplier Controls") in the facilities under its control from which the Services are provided in accordance with [****].

18.03 Fees Audits. Twice in each Contract Year (or more frequently if required by any governmental or regulatory authority), upon 10 days' notice from Customer Party (unless exigent circumstances require a shorter notice period), and in accordance with the procedures established by Customer Party and made available to Supplier Party, Supplier shall provide [****]. If such audit reveals that Supplier Party has overcharged Customer Party, upon notice from Customer Party of the amount of such overcharge: (1) Supplier Party shall promptly pay to or credit Customer Party, as Customer Party requests, the amount of the overcharge [****], calculated from the date of payment; and (2) [****]. Supplier Party may dispute the results of such audit in good faith in accordance with the dispute resolution procedures set forth in Section 29.04, and until it is determined that Supplier has overcharged Customer Party, Supplier Party shall have no obligation to pay or credit Customer Party the disputed amount and Overcharge Interest.

18.04 SSAE 18 and Sarbanes-Oxley.

- (1) Supplier Party shall at its cost and expense have an independent third party auditor conduct a SSAE 18 Type II review (or an equivalent successor audit approved by a commission, professional association or other entity which reviews and comments on audit industry practices, such as the Public Company Accounting Oversight Board) [****] of the Services at each Service Location owned or leased by Supplier (except the [****] Service Locations) for the periods from [****] during the Term. [****] if: (a) Supplier generally conducts a [****] of services provided to all its customers, (b) such [****] is consistent with industry standards and practices utilized by [****], and (c) Supplier Party provides Customer Party auditor update letters with respect to each of the above [****] ending after the end of the most recent applicable [****] period, in form and substance as set forth in Exhibit 27.
- (2) Supplier Party shall, as soon as the report of the audits set forth in Section 18.04(1) is available [****], Supplier Party shall (a) inform Customer Party of the reason for the delay, (b) meet as soon as reasonably practicable with Customer and Customer Auditors to explain such delay and any ongoing related remediation, and (c) upon Customer's reasonable request, provide Customer Party with updates to address (and to the extent commercially reasonable, to alleviate) Customer's reasonable concerns relating to such audit.
- (3) Supplier Party shall, at its cost and expense, promptly notify Customer Party of the action plan to be used to remediate, and shall thereafter remediate as soon as possible, any weakness or deficiency that has resulted in a qualified SSAE 18 Type II report, or

that could reasonably be expected to result in a qualified SSAE 18 Type II report, in respect of Supplier Controls identified in such SSAE 18 Type II reports. Any testing to verify such remediation shall be completed no later than [****] days after identification of a material weakness or deficiency. Supplier Party shall cause its auditors to provide updates no later than [****] days following remediation in an agreed upon procedures report regarding when such weaknesses or deficiencies have been corrected and that the Supplier Controls are functioning effectively.

- (4) At the request and option of Customer Party, Supplier Party shall deliver to Customer Party, within [****] days after such request, an auditor's update letter or a certificate from an appropriate officer or representative of Supplier, in form and substance as set forth in Exhibit 27, updating the most recent SSAE 18 Type II report of the applicable Contract Year by certifying that Supplier is in compliance in all material respects with its obligations with respect to the Supplier Controls, including a certification that no changes have been made to the Supplier Controls without the approval of Customer Party. [****].
- (5) Supplier Party shall be responsible for the costs and expenses associated with the preparation of each SSAE 18 Type II report described above in accordance with this Section and any agreed upon procedures report agreed upon by the Contracting Parties.
- (6) Supplier Party shall promptly respond to inquiries from Customer Party and, upon [****].
- (7) If Customer Party determines that a form of independently audited quality certification other than a SSAE 18 Type II report or the successor audit described in Section 18.04(1), as applicable, is sufficient to satisfy Customer's obligations under applicable Laws, Supplier Party shall, at Customer Party's request, perform its obligations relating to the issuance of an unqualified SSAE 18 Type II report or the successor audit described in Section 18.04(1), as applicable, with respect to such new quality certification. The costs and expenses associated with the preparation of such new quality certification shall be borne by Customer Party to the extent such certification is provided specifically to or for Customer Party; provided, however, that in the event Supplier provides such certification to any other Supplier client, such costs and expenses borne by Customer Party shall be an amount no higher than that which reflects an equitable allocation of the costs and expenses associated with such Change among Customer and any such other Supplier client based on the number of Supplier clients, including Customer, who benefit from such change.
- (8) Supplier shall provide Customer-requested support (which support shall be provided as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for the performance of such action pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) to Customer for Customer's procedures related to the Sarbanes-Oxley Act of 2002 on a quarterly basis.

- (9) If Customer desires that Supplier's chosen SSAE 18 Type II public accounting provider perform additional procedures outside the scope of the multi-client SSAE 18 Type II report provided by Supplier, then at the request of Customer, Supplier shall retain its then-current provider to perform an "agreed upon procedures review" at Customer's cost and expense. At the request of Customer, Supplier shall, at Customer's cost and expense, also engage its chosen SSAE 18 Type II public accounting provider to perform an additional standard SSAE 18 Type II report dated a different date than specified above.
- (10) Upon Customer's request, Supplier shall provide support (which support shall be provided as a Non-Chargeable Change, to the extent applicable) to the applicable [****].

18.05 Facilities. Supplier shall provide [****] may require to perform the audits and inspections described in this Article.

18.06 Regulatory Information. Supplier Party shall promptly provide to Customer Party any information or records maintained by Supplier that are requested by any governmental or regulatory authority or otherwise required to answer any inquiries from such governmental or regulatory authority. Customer Party, in consultation with Supplier Party, shall use commercially reasonable efforts to obtain confidential treatment of such information or records by such governmental or regulatory authority.

18.07 Availability. Supplier shall make available promptly to Customer [****]; provided, however, that Supplier shall not be required to provide a copy of the results nor any confidential information of a third party that may be contained in such results.

18.08 ISO 9001 and ISO 27001. Supplier shall maintain ISO 9001 and ISO 27001 and other quality management certification and security programs with respect to the Services, Service Delivery Organization and the Customer-dedicated environment at the Service Locations (except the [****] Service Locations). Supplier shall assist Customer in its ISO 9001 and ISO 27001 certification processes. Supplier shall also assist in other quality management certification and security programs of Customer as requested by Customer.

18.09 Data Center Designation. Supplier shall maintain an "[****]" data center designation. The criteria for such designation shall be at least as stringent as those set forth in Exhibit 24.

18.10 Disclosure of Supplier's Costs. Customer and Customer Agents shall not have access to Supplier's costs to provide the Services, except to the extent that the methodology to calculate the Fees or any Pass-Through Expenses utilizes such Supplier costs (e.g., Fees calculated on a "cost plus" basis).

18.11 [****] Service Location SSAE 18. Supplier Party shall at its cost and expense cause [****] to provide to Customer a multi-client SSAE 18 Type II review (or an equivalent successor audit approved by a commission, professional association or other entity which reviews and comments on audit industry practices, such as the Public Company Accounting

Oversight Board) at least [****] of the [****] Service Locations. Upon Customer request and upon execution of [****] standard SSAE 18 Non-Disclosure Agreement, Supplier shall cause [****] to provide to Customer a copy of [****] written [****] SSAE 18 Type II reports. Reports will cover both [****]. As of the Effective Date, such audit is conducted by [****].

18.12 Distribution. Customer Party shall be permitted to [****].

ARTICLE 19 CONFIDENTIAL INFORMATION.

19.01 Generally. The Receiving Party shall not: (1) access or use the Confidential Information of the Disclosing Party except as necessary to perform its obligations or exercise its rights hereunder; or (2) disclose or otherwise allow access to the Confidential Information of the Disclosing Party to any individuals or third parties except as provided in Section 19.02. In addition, the Receiving Party shall protect the Confidential Information of the Disclosing Party with at least the same level of care as it protects its own confidential information, but not less than a commercially reasonable level of care.

19.02 Permitted Disclosure. The Receiving Party may disclose relevant aspects of the Disclosing Party's Confidential Information to the Receiving Party's officers, directors, employees, professional advisors (including accountants), contractors and other agents to the extent such disclosure is necessary for the current or future performance of their obligations or exercise of rights with respect to the Receiving Party under this Agreement; provided, however, that the Receiving Party shall cause such Confidential Information to be held in confidence by the recipient to the same extent and in the same manner as required under this Agreement. The Receiving Party may disclose Confidential Information of the Disclosing Party to the extent required to comply with any Law or any listing agreement with, or rules of, any national securities exchange or interdealer quotation system; provided, however, that the Receiving Party shall (1) provide the Disclosing Party with prior notice of any such disclosure, (2) with the Disclosing Party's assistance, use commercially reasonable efforts to obtain confidential treatment of the disclosed Confidential Information by the party to whom it is disclosed, and (3) cooperate with the Disclosing Party to minimize the disclosure. [****].

19.03 Exclusions. The restrictions on use and disclosure in this Article shall not apply to: (1) Confidential Information already known to the Receiving Party, as demonstrated by prior existing records, when it was disclosed by the Disclosing Party; (2) Confidential Information that, at the time of its disclosure by the Disclosing Party, is known to the public (except Personal Data) through no fault of the Receiving Party or its employees, agents or contractors; (3) Confidential Information that is lawfully received by the Receiving Party from a third party where the third party has not required the Receiving Party to maintain the information in confidence; (4) Confidential Information developed by the Receiving Party independently of disclosure by or receipt from the Disclosing Party; or (5) Confidential Information disclosed by the Disclosing Party to a third party without imposing any obligation of confidentiality on such third party; provided, however, that with respect to clause (5) of this Section, if the Disclosing Party discloses its Confidential Information to a governmental authority (and does not otherwise publish such Confidential Information) to comply with any Law or any listing agreement with, or rules of, any national securities exchange or interdealer

quotation system, then the restrictions on use and disclosure in this Article shall continue to apply.

19.04 Return of Materials. In addition to Section 25.12, upon the Disclosing Party's request and as directed by the Disclosing Party, the Receiving Party shall promptly return, or at the Disclosing Party's request Destroy or Erase, all Confidential Information and all written materials that contain, summarize or describe any Confidential Information of the Disclosing Party, except to the extent there is a license to such materials under this Agreement. Subject to this Article, the Receiving Party shall be entitled to retain an archival copy of such Confidential Information in order to enforce the terms and conditions of this Agreement.

19.05 Unauthorized Access.

- (1) Each Party shall notify the other of any unauthorized disclosure, access to or possession, use or knowledge of the other's Confidential Information of which such Party is aware, within [****].
- (2) MSDOs shall not attempt to access, or grant access to, any Customer Confidential Information without Customer's express approval. An MSDO's access to information systems containing Customer Confidential Information shall be subject to the Data Safeguards. If Supplier is aware of such access (or reasonably suspects such access), Supplier shall, within [****], report such incident to Customer, describe in detail the accessed Customer Confidential Information, and, if applicable, return to Customer any copied or removed Customer Confidential Information.

ARTICLE 20 COMPLIANCE WITH LAWS.

20.01 By Customer. Customer shall comply with all Laws to the extent applicable to Customer (collectively, the "Customer Laws").

20.02 By Supplier. Supplier shall comply with all Laws to the extent applicable to Supplier, including Supplier Operational Laws (collectively, the "Supplier Laws"). Supplier shall provide the Services to Customer in compliance with, and shall cause all Service Locations, Supplier Software, Developed Supplier Software and Supplier Hardware used to provide the Services to comply with (1) all Supplier Laws and (2) Customer's directions with respect to Customer Laws and any Laws that apply to Customer's clients. Customer Party shall direct Supplier in writing on the method of compliance with Customer Laws and Laws that apply to Customer's clients, and Supplier shall comply with all such directions (which Customer directions shall be implemented as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the implementation of such Customer directions in accordance with the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). If Supplier is not in compliance with any Supplier Operational Law (or any Customer instruction previously given with respect to Customer Laws or Laws that apply to Customer's clients), then Supplier shall, at Supplier's own cost and expense, immediately undertake such measures which are necessary to comply with such Supplier Operational Law or Customer instruction, as applicable. If Supplier fails to immediately undertake the measures set forth in the prior sentence in respect of any Supplier

noncompliance with any Supplier Operational Law or Customer instruction, as applicable, Customer Party (or its designee) may, at Supplier's cost and expense, undertake such measures which are necessary to establish Supplier's compliance with such Supplier Operational Law or Customer instruction, as applicable. If any such noncompliance by Supplier with any Supplier Law or Customer instruction, as applicable, rises to the level of, or otherwise results in, a material breach of this Agreement, Customer Party may terminate this Agreement as of the date (including immediately) specified by Customer Party in a termination notice to Supplier Party. To the extent any Change pursuant to this Section is a Change which (1) Supplier provides to multiple Supplier clients and (2) is Customer's financial responsibility hereunder, Supplier shall allocate to Customer, on an equitable and pro rata basis, the charges to implement such Changes.

20.03 Interpretation of Laws. If Supplier reasonably determines that performance of the Services requires an interpretation of any Customer Law, Supplier Party shall present to Customer Party the issue for resolution, and Customer Party shall instruct Supplier Party in writing with respect to such issue. Supplier shall be authorized to act and rely on, and shall promptly implement such Customer Party instruction (which Customer Party instruction shall be implemented as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for such assistance pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) in the performance and delivery of the Services. Supplier shall not be responsible for a failure to comply with Customer Laws to the extent that Supplier relies on, and complies with, such instructions in accordance with Section 20.02. The Contracting Parties shall resolve questions of interpretation and shall implement the resulting Customer Party instructions on an expedited basis.

ARTICLE 21 REPRESENTATIONS, WARRANTIES AND COVENANTS.

21.01 By Customer Party. Customer Party represents, warrants and covenants that as of the Effective Date and continuing throughout the Term:

- (1) Customer Party is a corporation duly organized, validly existing and in good standing under the Laws of Delaware;
- (2) Customer Party has all requisite power and authority to execute, deliver and perform its obligations under this Agreement;
- (3) the execution, delivery and performance of this Agreement by Customer Party (a) has been duly authorized by Customer Party and, (b) except for the Customer Consents, does not conflict with, result in a breach of or constitute a default under any other agreement to which Customer Party or Customer is a party or by which Customer Party or Customer is bound;
- (4) Customer is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or

qualified would not have a material adverse effect on Customer's ability to fulfill its obligations under this Agreement;

- (5) Customer is in compliance with all Customer Laws and has obtained all applicable governmental permits and licenses required of Customer in connection with its obligations under this Agreement;
- (6) Customer has not incurred any material fines, penalties, or similar amounts imposed by a governmental authority, with respect to the services, functions and responsibilities within the scope of the Services, since March 31, 2007; and
- (7) there is no outstanding litigation, arbitrated matter or other dispute to which Customer is a party which, if decided unfavorably to Customer, would reasonably be expected to have a material adverse effect on Supplier's or Customer's ability to fulfill their respective obligations under this Agreement.

21.02 By Supplier Party. Supplier Party represents, warrants and covenants that as of the Effective Date and continuing throughout the Term:

- (1) Supplier Party is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of New York;
- (2) Supplier Party has all requisite power and authority to execute, deliver and perform its obligations under this Agreement;
- (3) the execution, delivery and performance of this Agreement by Supplier Party (a) has been duly authorized by Supplier Party and (b) does not conflict with, result in a breach of or constitute a default under any other agreement to which Supplier Party or Supplier is a party or by which Supplier Party or Supplier is bound;
- (4) Supplier is duly licensed, authorized or qualified to do business and is in good standing in every jurisdiction in which a license, authorization or qualification is required for the ownership or leasing of its assets or the transaction of business of the character transacted by it, except where the failure to be so licensed, authorized or qualified would not have a material adverse effect on Supplier's ability to fulfill its obligations under this Agreement;
- (5) Supplier is in compliance with all Supplier Laws and has obtained all applicable governmental permits and licenses required of Supplier in connection with its obligations under this Agreement;
- (6) there is no outstanding litigation, arbitrated matter or other dispute to which Supplier is a party which, if decided unfavorably to Supplier, would reasonably be expected to have a material adverse effect on Customer's or Supplier's ability to fulfill their respective obligations under this Agreement;

- (7) Supplier has sufficient right, title and interest (and has obtained the consents) to assign, transfer and convey the ownership rights, and to grant the licenses, set forth in Article 10;
- (8) the Supplier Software, Developed Supplier Software, Supplier Work Product, Deliverables, Services (and use thereof) or any other items provided by Supplier to Customer do not and shall not infringe or cause the infringement of, the copyright, trademark, patent, or other similar intellectual property rights of a third party, except to the extent such infringement is a result of: (a) Customer's use of the Supplier Software, Developed Supplier Software, Supplier Work Product, Deliverables or items in contravention of the Related Documentation; (b) modifications made by Customer or Customer Agents not made at the direction of Supplier Party; (c) Supplier complying with instructions or designs provided by Customer; or (d) any combination of the Supplier Software, Developed Supplier Software, Supplier Work Product, Deliverables, Services or items by Customer or Customer Agents with products or systems other than those provided by, or authorized by, Supplier;
- (9) the Services shall be performed (a) with adequate numbers of qualified Supplier personnel (as to training, skill and experience), (b) in a good and workmanlike manner and (c) consistent with industry standards and practice utilized by tier-one IT service providers;
- (10) subject to Section 3.08, Supplier shall maintain the Supplier Hardware (and the Customer Hardware to the extent that Supplier has maintenance responsibility for such Customer Hardware) so that they operate in accordance with their specifications, including: (a) maintaining equipment in good operating condition and (b) undertaking repairs and preventive maintenance on equipment in accordance with the applicable equipment manufacturer's recommendations;
- (11) at the time of its delivery, each Deliverable that is Developed Customer Software shall: (a) conform to and perform in accordance with the applicable Related Documentation and Acceptance Criteria; (b)(i) to the extent contemplated in the applicable Related Documentation and Acceptance Criteria, [****], (ii) function as designed and in accordance with Customer's specifications or the criteria agreed upon in a Statement of Work and (iii) [****]; and (c) [****];
- (12) Supplier shall use commercially reasonable efforts to identify and notify Customer of any negative impact that each Deliverable that is Developed Customer Software may have on Customer's normal operations or business processes;
- (13) Supplier shall provide Customer with all Related Documentation (and other documentation that is Work Product) that exists and relates to Customer's use of the Supplier Software, Developed Customer Software, Developed Supplier Software, Restricted Third Party Software, and any other Software to be developed or otherwise provided by Supplier pursuant to this Agreement; provided, however, that with respect to Supplier Software which is commercially available, Supplier shall provide the Related Documentation customarily made available with such Supplier Software;

- (14) Related Documentation (and other documentation that is Work Product) provided by Supplier in accordance with this Section shall be current and, to the extent applicable, in accordance with the applicable Statement of Work;
- (15) Supplier shall (a) not introduce any Virus or Disabling Code in the Deliverables and Customer computer systems, and (b) use [****] designed to prevent a third party from introducing any Virus or Disabling Code into the Deliverables and Customer computer systems; and
- (16) Supplier shall not embed in any Software, any "open source" Software or any other Software that requires as a condition of its use, modification or distribution that such Software (or other Software incorporated into, derived from or distributed with such Software) be (a) disclosed or distributed in source code form, (b) licensed for the purpose of making derivative works or (c) redistributed at no charge; provided, however, that "open source" Software or any other Software with such conditions on its use, modification or distribution may be embedded in commercially available products to the extent (i) Supplier obtains Customer's approval of such embedding and (ii) such embedding does not affect Customer's rights in, or title to, any intellectual property.

21.03 Disclaimer. NEITHER CONTRACTING PARTY MAKES ANY REPRESENTATION OR WARRANTY OTHER THAN AS SET FORTH IN THIS AGREEMENT. EACH CONTRACTING PARTY EXPLICITLY DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

21.04 Repair and Re-performance. [****]. If the breach is not so corrected, Customer Party may:

- (1) [****]; or
- (2) [****].

If Customer Party selects the option set forth in Section 21.04(1), and the breach remains uncorrected within the extended time, Customer Party shall at the end of such time have the option set forth in Section 21.04(2). Any re-performed Service, or repaired or replaced Deliverable, shall be subject to the same representations and warranties and same remedies for a new warranty period that shall begin on the date the correction is completed.

ARTICLE 22 INDEMNIFICATION.

22.01 Indemnification by Customer Party. Customer Party shall defend, indemnify and hold harmless Supplier, its Affiliates, officers, directors, employees, successors and permitted assigns ("Supplier Indemnified Parties") from and against any loss, liability (including settlements, judgments, fines and penalties) or costs (including reasonable attorney fees, court costs and other litigation expenses) awarded or otherwise paid to any third party (whether pursuant to a court order,

or as part of a settlement approved by Customer Party), arising out of any action, suit, proceeding or other claim, or any threat thereof (whether civil, criminal, administrative, arbitral, investigative or otherwise) against Supplier Indemnified Parties (including by any governmental agency):

- (1) alleging that the Customer Software (and use thereof) or any other items provided by Customer infringes, or causes the infringement of, the copyright, trademark, patent, or other similar intellectual property rights of a third party, except to the extent such infringement is a result of: (a) Supplier's use of the Customer Software in contravention of the Related Documentation; (b) modifications made by Supplier not made in accordance with the specifications of Customer Party; (c) Supplier not complying with instructions or designs provided by Customer; or (d) any combination of the Customer Software by Supplier with products or systems other than (i) those provided by, or authorized by, Customer or Customer Agents or (ii) in a manner otherwise (A) proposed by Customer and specified in the applicable Statement of Work or (B) [****];
- (2) relating to any taxes, interest, penalties or other amounts assessed against Supplier that are the obligation of Customer pursuant to Article 14;
- (3) relating to breach of Article 19 by Customer;
- (4) relating to breach of Section 20.01 by Customer;
- (5) relating to the inaccuracy, untruthfulness or breach of any representation or warranty made by Customer in any of the following: Section 21.01(1), Section 21.01(2), Section 21.01(3) and Section 21.01(4);
- (6) relating to (a) bodily injury or death of any person (including employees of a Party) or (b) the loss of or damage to any real property or tangible personal property (including property of the employees of a Party), in each case, resulting from the tortious acts or omissions of Customer or Customer Agents; or
- (7) relating to any obligations of Customer to any Customer Agents.

The foregoing are the only third party claims for which Customer or Customer Party shall be liable to defend, indemnify and hold harmless Supplier Indemnified Parties; provided, however, that nothing in this sentence shall limit in any manner any other right of Supplier to bring a claim for breach of contract or to recover damages pursuant to this Agreement. Customer Party shall indemnify Supplier Party from any reasonable attorney fees, court costs and other litigation (or settlement-related) expenses incurred in connection with enforcing this Section.

22.02 Indemnification by Supplier Party. Supplier Party shall defend, indemnify and hold harmless Customer, its Affiliates, officers, directors, employees, successors and permitted assigns ("Customer Indemnified Parties") from and against any loss, liability (including settlements, judgments, fines and penalties) or costs (including reasonable attorney fees, court costs and other litigation expenses) awarded or otherwise paid to any third party

(whether pursuant to a court order, or as part of a settlement approved by Customer Party), arising out of any action, suit, proceeding or other claim, or any threat thereof (whether civil, criminal, administrative, arbitral, investigative or otherwise) against Customer Indemnified Parties (including by any governmental agency) ("Customer Losses"):

- (1) alleging that the Supplier Software, Supplier Work Product, Deliverables, Services (and use thereof) or any other items provided by Supplier to Customer infringe, or cause the infringement of, the copyright, trademark, patent, or other similar intellectual property rights of a third party, except to the extent such infringement is a result of: (a) Customer's or Customer's Agents' use of the Supplier Software, Supplier Work Product, Deliverables or items in contravention of the Related Documentation; (b) modifications made by Customer or Customer Agents not made in accordance with the specifications of Supplier Party; (c) Supplier complying with instructions or designs provided by Customer; or (d) any combination of the Supplier Software, Supplier Work Product, Deliverables, Services or other items provided by Supplier or Supplier Agents with products or systems other than (i) those provided by, or authorized by, Supplier or (ii) in a manner (A) proposed by Supplier and specified in the applicable Statement of Work or (B) [****];
- (2) relating to breach of Section 11.01, Section 11.03, Section 11.04, Section 11.05 or Section 11.06 by Supplier;
- (3) relating to any taxes, interest, penalties or other amounts assessed against Customer that are the obligation of Supplier pursuant to Article 14;
- (4) relating to breach of Article 19 by Supplier;
- (5) relating to (a) breach of any Supplier Law by Supplier or (b) failure by Supplier to comply with Customer's directions, given to Supplier in accordance with Section 20.02, with respect to compliance with Customer Laws and any Laws that apply to Customer's clients;
- (6) relating to the inaccuracy, untruthfulness or breach of any representation or warranty made by Supplier in Section 21.02(1), Section 21.02(2), Section 21.02(3), Section 21.02(4) and Section 21.02(7);
- (7) relating to (a) bodily injury or death of any person (including employees of a Party) or (b) the loss of or damage to any real property or tangible personal property (including property of the employees of a Party), in each case, resulting from the tortious acts or omissions of Supplier;
- (8) relating to any obligations of Supplier with respect to any Supplier Agent;
- (9) relating to any failure by Supplier to comply with its obligations under any Assigned Agreement;

- (10) relating to any failure by Supplier to manage, administer, or comply with its obligations (in each case, in accordance with this Agreement) relating to any Managed Agreement or Customer Third Party Contract;
- (11) relating to any claim by or on behalf of any Supplier personnel (including any Transitioned Employee): (a) in connection with their employment or engagement by Supplier or (b) alleging co-employment by Customer, in each case, except to the extent such claim is based upon an affirmative statement or representation by a Customer Indemnified Party;
- (12) by any MSDO (including any Transitioned Employee), arising from or in connection with this Agreement;
- (13) relating to any claim based upon any decision by Supplier not to offer employment to any Transitioned Employee, except to the extent such claim is based upon an affirmative statement or representation by a Customer Indemnified Party; or
- (14) any failure by Supplier to comply with any of its obligations in respect of any of the Customer Third Party Contracts.

The foregoing are the only third party claims for which Supplier or Supplier Party shall be liable to defend, indemnify and hold harmless Customer Indemnified Parties; provided, however, that nothing in this sentence shall limit in any manner any other right of Customer to bring a claim for breach of contract or to recover damages pursuant to this Agreement. Supplier Party shall indemnify Customer Party from any reasonable attorney fees, court costs and other litigation (or settlement-related) expenses incurred in connection with enforcing this Section.

22.03 Indemnification Procedures. If any claim is commenced against a Party entitled to indemnification under Section 22.01 or Section 22.02 (the "Indemnified Party"), prompt notice thereof shall be given by the Indemnified Party to the other Contracting Party (the "Indemnifying Party"). At the Indemnifying Party's cost and expense (including the costs and expenses incurred by the Indemnified Party to cooperate with the Indemnifying Party): (1) the Indemnifying Party shall immediately take control of the defense of such claim and shall engage attorneys acceptable to the Indemnified Party to defend such claim; and (2) the Indemnified Party shall cooperate with the Indemnifying Party (and its attorneys) in the defense of such claim. The Indemnified Party may, at its own cost and expense, participate (through its attorneys or otherwise) in such defense. With respect to the Indemnifying Party's obligation under Section 22.01(1) and Section 22.02(1), the Indemnifying Party may, in each case, without increasing the Fees or any Customer costs or expenses: (a) secure the right to continue using the infringing item in a manner consistent with the terms and conditions of this Agreement; or (b) replace or modify such item to make it non-infringing, without adversely affecting Supplier's ability to provide the Services in accordance with this Agreement. No settlement of a claim that involves a remedy other than the payment of money by the Indemnifying Party shall be entered into without the consent of the Indemnified Party. If the Indemnifying Party does not assume control over the defense of a claim as provided in this

Section, the Indemnified Party may defend the claim in such manner as it may deem appropriate, at the cost and expense of the Indemnifying Party.

22.04 Contribution. If any claim (whether brought against one or both Parties) entitles each Party to indemnification from the other under Section 22.01 or Section 22.02, then the Parties shall allocate between themselves any loss, liability or costs and expenses arising out of or relating to such claim according to each Party's relative share of the liability. Contributory negligence, or any analogous principle, shall not be a defense to any allocation of loss, liability or costs pursuant to this Section.

ARTICLE 23 DAMAGES.

23.01 Direct Damages.

- (1) Each of the Contracting Parties shall be liable to the other for any direct damages arising out of or relating to its performance or failure to perform under this Agreement; provided, however, that the liability of a Contracting Party to the other Contracting Party, whether based on an action or claim in contract, equity, negligence, tort or otherwise, for any event, act or omission shall not in the aggregate exceed an amount equal to [****] (1) [****] and (2) the Fees paid or payable under this Agreement during the [****] prior to the date of the occurrence of the applicable event, act or omission giving rise to such liability (or if less than [****] have elapsed since the Effective Date, [****] the [****] Fees paid or payable, on average, since the Effective Date) (the "Damages Cap").
- (2) [****]:
 - (a) [****];
 - (b) [****];
 - (c) [****];
 - (d) [****];
 - (e) [****];
 - (f) [****]; and
 - (g) [****].[****].

23.02 Consequential Damages. Neither Contracting Party shall be liable to the other Contracting Party for, nor shall the measure of damages include, any special, indirect, incidental, consequential or exemplary damages (including lost profits) arising out of or relating to its performance or failure to perform under this Agreement, even if such damages are foreseeable or if either Party is advised in advance of the foregoing.

23.03 Liability of Customer.

- (1) The limitations or exculpations of liability set forth in Section 23.01 and Section 23.02 shall not apply, in the case of liability of Customer Party, to:
 - (a) any damages suffered by Supplier resulting from Customer's misappropriation of Supplier Confidential Information;
 - (b) the indemnification obligations of Customer Party pursuant to Section 22.01 (except as limited below); and
 - (c) the obligations of Customer to pay Fees due in accordance with this Agreement.
- (2) The limitations or exculpations of liability set forth in Section 23.01 shall not apply, in the case of liability of Customer Party, to:
 - (a) the [****] of Customer Party; and
 - (b) breach by Customer Party of its confidentiality and data security obligations under this Agreement that result in a third party's misappropriation of Supplier Confidential Information; provided, however, that for such breaches, including Customer's indemnity obligations under Section 22.01(3), Customer's liability shall be limited in the aggregate to [****].

23.04 Liability of Supplier.

- (1) The limitations or exculpations of liability set forth in Section 23.01 and Section 23.02 shall not apply, in the case of liability of Supplier Party, to:
 - (a) any damages suffered by Customer resulting from Supplier's misappropriation of Customer Confidential Information;
 - (b) the indemnification obligations of Supplier pursuant to Section 22.02 (except as limited below); and
 - (c) the failure of Supplier to issue credits (including Performance Credits) or otherwise make payments due under this Agreement.
- (2) The limitations or exculpations of liability set forth in Section 23.01 shall not apply, in the case of liability of Supplier Party, to:
 - (a) breach by Supplier of its confidentiality and data security obligations under this Agreement that result in a third party's misappropriation of Customer Confidential Information; provided, however, that:
 - (i) with respect to such Confidential Information which is Personal Data and is encrypted at the time of misappropriation, or which was not encrypted but Supplier had an obligation to encrypt hereunder,

Supplier's liability, including Supplier's obligations to indemnify Customer Indemnified Parties hereunder with respect to loss of Personal Data, shall be limited in the aggregate to [****] (A) [****] and (B) the Fees paid or payable under this Agreement during the [****] prior to the date of the occurrence of the applicable event, act or omission giving rise to such liability (or if less than [****] have elapsed since the Effective Date, [****] the [****] Fees paid or payable, on average, since the Effective Date), and shall include direct damages, including the damages set forth in Section 23.01(2); and

(ii) with respect to (A) Personal Data which is not encrypted at the time of misappropriation and for which Supplier is not in breach of an obligation to encrypt hereunder, and (B) Confidential Information other than Personal Data, Supplier's liability shall be limited in the aggregate to [****], and shall include, with respect to each of the preceding clauses (A) and (B), as applicable, direct damages, including the damages set forth in Section 23.01(2).

(iii) [****].

(b) [****];

(c) [****]; and

(d) Supplier's failure to comply with Customer's directions with respect to compliance with Customer Laws and Laws that apply to Customer's clients; provided, however, that Supplier's liability (including for indemnity obligations) shall be limited to direct damages, including the damages set forth in Section 23.01(2), up to an aggregate amount of [****] (and any such amounts paid shall be considered damages subject to the Damages Cap).

23.05 Injunctive Relief. Supplier acknowledges and agrees that any breach (or threatened breach) of Section 3.01, Section 3.08, Section 3.10, Section 9.03, Article 11, Section 18.06, Article 19, Section 20.02, Section 21.02, Section 21.04, Section 25.12, Section 25.13, Section 25.14, Section 25.15, Article 26, Article 27 and Section 29.05 by Supplier may cause immediate and irreparable injury to Customer, and in the event of such breach (or threatened breach), Customer Party shall be entitled to seek injunctive relief.

23.06 [****]. [****].

ARTICLE 24 INSURANCE.

24.01 Insurance. During the Term, Supplier Party shall maintain the following insurance coverage in at least the following amounts:

(1) workers' compensation with statutory limits required by each state exercising jurisdiction over Supplier personnel engaged in performing the Services under this Agreement;

- (2) employer's liability coverage with a minimum limit of \$1,000,000 for bodily injury by accident or disease;
- (3) commercial general liability coverage (including products and completed operations, broad form contractual, personal injury liability and broad form property damage) with minimum limits of \$10,000,000 per occurrence and in the aggregate for bodily injury and property damage and \$10,000,000 for personal injury and products and completed operations;
- (4) business automobile liability coverage (covering the use of all owned, non owned and hired vehicles) with minimum limits (combined single limit) of \$5,000,000 for bodily injury and property damage;
- (5) employee dishonesty (fidelity) and crime coverage (for loss of money, securities, and other tangible property belonging to Customer arising out of any fraudulent or dishonest acts committed by Supplier personnel, acting alone or in collusion with others) with a minimum limit of \$20,000,000; and
- (6) professional liability and technology errors and omissions insurance covering actual or alleged negligent acts, errors or omissions committed by Supplier, its agents or personnel, arising solely out of the performance of this Agreement, including damage to intangible property from the negligent performance of professional services, in an amount not less than \$20,000,000 per claim and in the aggregate.

24.02 Requirements Applicable to All Insurance Coverages. The applicable commercial general liability, business automobile liability and employer's liability insurance policies required to be carried by Supplier Party shall: (1) be primary and any insurance maintained by Customer Party is excess and noncontributory only with respect to liability arising out of this Agreement; (2) name Customer Party as an additional insured; and (3) be written on an occurrence or a claims-made basis by companies duly licensed to transact the prescribed coverages in each jurisdiction in which the Services or any portion thereof is to be performed and having an A.M. Best rating of "A- VII" (or any future equivalent) or better. As between the Contracting Parties, Supplier Party shall be responsible for all claims, expenses and loss payments within the policy deductibles.

24.03 Insurance Documentation. Supplier Party shall, upon Customer Party's request, furnish to Customer Party certificates of insurance evidencing all coverage referenced in Section 24.01 and, if and to the extent applicable, naming Customer Party as an additional insured. Such certificates shall include a provision whereby the insurers will endeavor to provide 30 days' notice to Customer Party prior to coverage cancellation by either Supplier Party or the applicable insurer. Such cancellation shall not relieve Supplier Party of its continuing obligation to maintain insurance coverage in accordance with this Article.

24.04 Risk of Loss. Supplier Party is responsible for the risk of loss of, or damage to, any tangible property of Customer located at a Service Location, unless such loss or damage was caused by the acts or omissions of Customer. Customer Party is responsible for the risk

of loss of, or damage to, any property of Supplier located at a Customer Site, unless such loss or damage was caused by the acts or omissions of Supplier.

24.05 Visits By Insurance Providers. Upon reasonable notice, Supplier Party shall accommodate visits to the Service Locations by insurance providers or potential insurance providers to Customer Party.

ARTICLE 25 TERM AND TERMINATION

25.01 Term.

- (1) This Agreement shall commence on the Effective Date and shall expire at 24:00 (Eastern Time) on March 31, 2030 ("Initial Expiration Date"), unless terminated earlier as permitted under this Agreement or as extended for the Termination Assistance Period (the "Term").
- (2) If the Contracting Parties agree to extend this Agreement beyond the Initial Expiration Date, the fees for the renewed Services shall be no greater than the Fees in effect at the end of the Initial Expiration Date.
- (3) Supplier shall commence the performance of the Services as of the Commencement Date.

25.02 Termination for Convenience. Subject to Section 25.10, Customer Party shall be permitted to terminate this Agreement or any Tower at any time without cause, upon [****] days' notice to Supplier Party setting forth the Termination Date. If Customer Party terminates this Agreement or any Tower pursuant to this Section, Customer Party shall pay Termination Fees in accordance with Exhibit 4.

25.03 Termination for Cause.

- (1) If Supplier has materially breached this Agreement (or defaults in the performance of any of its obligations, which defaults in the aggregate are material), and fails to cure such breach within [****] after receipt of notice thereof from Customer Party, then Customer Party may terminate this Agreement upon notice to Supplier Party. The cure period in this Section 25.03(1) shall not apply to, and shall not prejudice, any specific right of Customer Party set forth in any other provision of this Agreement to terminate (including immediately) this Agreement with a shorter cure period or no cure period.
- (2) If Customer Party fails to make undisputed payments due to Supplier Party pursuant to this Agreement, or Customer Party fails to pay disputed amounts which Customer is obligated to pay to Supplier in accordance with Section 15.04, and fails to cure such breach within [****] after receipt of notice thereof from Supplier Party, then Supplier Party may terminate this Agreement as of the date (including immediately) specified by Supplier Party in a termination notice to Customer Party; provided, however, that if Supplier Party has sent a breach notice in accordance with this Section 25.03(2) with respect to an invoice issued in accordance with this Agreement in an earlier month in

the then-current Contract Year, the cure period for subsequent termination notices shall be [***].

25.04 Termination for IBM Change in Control.

- (1) In the event that Supplier Party or IBM Global Services effects or undergoes an IBM Change in Control, Customer Party may terminate this Agreement upon [****] notice to Supplier Party, provided the right to terminate is exercised within [****] after the completion of each such IBM Change in Control. If Customer Party terminates this Agreement pursuant to this Section, Customer Party shall pay Termination Fees in accordance with Exhibit 4.
- (2) In the event that Supplier Party or IBM Global Services effects or undergoes an IBM Change in Control with, or otherwise acquires Control of or becomes an Affiliate of, a Customer Competitor (excluding SIS Canada) or any Top Twenty Broker-Dealer, Customer Party may terminate this Agreement upon [****] notice to Supplier Party. If Customer Party terminates this Agreement pursuant to this Section, Customer Party shall pay the Termination Fees in accordance with Exhibit 4.

25.05 Termination for [****]. Customer Party may terminate this Agreement upon notice to Supplier Party if a [****]; provided, however, that the right to terminate is exercised within [****].

25.06 Termination for [****]. [****].

25.07 Termination for [****]. [****].

25.08 Partial Termination. If Customer Party has the right to terminate this Agreement in its entirety, Customer Party may alternatively elect to terminate only the Towers or Services affected by the events, facts or circumstances giving rise to Customer Party's right to terminate; provided, however, that (1) any termination pursuant to Section 25.02 shall only be of this Agreement in its entirety or by the applicable Tower, (2) any termination pursuant to Section 25.04 or Section 25.06 shall only be of this Agreement in its entirety and (3) any termination of "midrange" Services (as described in Exhibit 2) pursuant to Section 25.03, Section 25.05 or Section 25.07 shall only be of this Agreement in its entirety or by the applicable Tower. Any rights or obligations of the Contracting Parties applicable to a termination of this Agreement in its entirety, shall also apply to the termination, insource or resource of any Services. Nothing in this Section shall limit Customer's rights under Section 3.14.

25.09 Other Terminations. In addition to the provisions of this Article, the applicable Services or this Agreement may be terminated as provided in Section 4.05, Section 4.06(2), Section 4.06(3), Section 4.06(5), Section 4.07(1), Section 20.02 or Section 27.01(4).

25.10 Termination Fees. Supplier Party shall be entitled to receive Termination Fees only to the extent set forth in Exhibit 4. Any Termination Fees payable in accordance with this Section shall be calculated in accordance with Exhibit 4, and except as otherwise specifically set forth in Exhibit 4, no Termination Fees shall be payable by Customer Party in connection with the termination of this Agreement. If Customer Party terminates any portion of the Services, then the Fees shall be adjusted in accordance with Exhibit 4. Any

Termination Fees payable by Customer hereunder shall be paid in accordance with the following:

- (1) To the extent Customer is responsible for Wind-Down Expenses under Exhibit 4, Supplier shall invoice Customer on a monthly basis, in arrears, in accordance with Article 15 for Wind-Down Expenses on the monthly invoice issued the month after Supplier has paid the applicable Wind-Down Expenses incurred in accordance with the Exit Plan. Subject to Section 15.04, Customer shall pay such Wind-Down Expenses in accordance with Article 15.
- (2) To the extent Customer is responsible for a Break Fee under Exhibit 4, Supplier shall invoice Customer in accordance with Article 15 for such Break Fee on the following schedule:
 - (a) [****];
 - (b) [****];
 - (c) [****].
- (3) [****].

Subject to Section 15.04 and the payment schedule set forth in this Section, Customer shall pay such Unrecovered Amortized Expenses and Break Fees, as applicable, in accordance with Article 15.

25.11 Effect of Termination. Any termination (or expiration) of this Agreement shall not relieve or release either Contracting Party from any rights, liabilities or obligations that may have accrued under applicable Law or this Agreement. In the event of any such termination (or expiration), subject to Section 25.14:

- (1) Supplier shall cease the provision of any specified Services upon notice from Customer Party as of the date requested by Customer Party in such notice. All other Services shall terminate at the later of the Termination Date and the date the applicable Termination Assistance Services are completed in accordance with the Termination Assistance plan described in Section 25.14.
- (2) Supplier Party shall be entitled to payment of Fees for Services (including Termination Assistance Services) performed prior to the end of the Term, apportioned according to any agreed deliverable payment milestones or fixed price arrangements if payment is other than (a) on a time and materials basis or (b) for steady state Services that are provided during the Termination Assistance Period, in accordance with the monthly billing methodology set forth in Exhibit 4. Supplier Party shall, except to the extent Customer Party uses such Deliverables, not be entitled to any payment for deliverable milestones if such deliverable milestones were not accepted by Customer Party due to termination by Customer Party for breach by Supplier (and, therefore, shall refund to Customer Party any Fees paid for any such deliverable milestones, along with Interest on such payments calculated from the date of payment).

- (3) The rights granted to Supplier in Section 10.01 shall terminate, and Supplier shall (a) deliver to Customer Party, at no cost to Customer Party, a current copy of the Customer Software and Customer Work Product in the form in use as of the date of termination or expiration of the applicable Services (and any Termination Assistance Services relating to such Services) and (b) in accordance with Customer Party's instructions, Destroy or Erase all other copies of the Customer Software and Customer Work Product in Supplier's possession. Supplier shall, upon Customer Party's request, certify to Customer Party that all such copies have been Destroyed or Erased.
- (4) To the extent Customer has a license to Supplier Software, Developed Supplier Software and Supplier Work Product after the Term, Supplier shall deliver to Customer Party a copy of Supplier Software, Developed Supplier Software and Supplier Work Product (other than any third party Software and Work Product that would be restricted from being delivered pursuant to the terms applicable to such third party Software and Work Product), in the form in use as of the date of termination or expiration of the applicable Services (and any Termination Assistance Services relating to such Services), and Customer Party shall have the rights described in Section 10.02.
- (5) Supplier shall (a) deliver to Customer Party a copy of all Developed Customer Software and Developed Work Product, in the form in use as of the date of termination or expiration of the applicable Services (and any Termination Assistance Services relating to such Services) and (b) except to the extent otherwise set forth in Section 25.12, Destroy or Erase all other copies of Developed Software and Developed Work Product in Supplier's possession in accordance with Customer Party's instructions. Supplier shall, upon Customer Party's request, certify to Customer Party that all such copies have been Destroyed or Erased.
- (6) Subject to Section 12.02, upon Customer Party's request, with respect to (a) any agreements for maintenance, disaster recovery services or other third party services or any Supplier Hardware not owned by Supplier and being used by Supplier primarily for the benefit of Customer to provide the Services as of the effective date of expiration or termination of this Agreement and (b) Assigned Agreements not otherwise covered in Section 25.11(6)(a), in each case, Supplier shall exercise commercially reasonable efforts to transfer or assign such agreements to Customer Party or its designee, on terms and conditions acceptable to all applicable parties.
- (7) Upon Customer Party's request, Supplier shall sell to Customer Party or its designee Supplier Hardware used by Supplier primarily for the benefit of Customer to perform the Services as of the effective date of expiration or termination of the applicable Services (and any Termination Assistance Services relating to such Services) free and clear of all liens, security interests or other encumbrances at fair market value, as shall be determined by an agreed-upon appraisal paid for by Customer Party. With respect to Supplier-Owned or Leased Assets, upon Customer Party's request, Supplier shall sell to Customer Party or its designee Supplier Hardware used by Supplier primarily for the benefit of Customer to perform the Services as of the effective date of

expiration or termination of the applicable Services (and any Termination Assistance Services relating to such Services) free and clear of all liens, security interests or other encumbrances.

25.12 Return of Materials. As of the date of the expiration or termination of the applicable Services (and any Termination Assistance Services relating to such Services), Supplier shall promptly tender or return to Customer all versions of any Deliverables (except to the extent Supplier shall be permitted to retain a copy pursuant to Section 10.03), all Confidential Information and all other information or materials provided by Customer with respect to the terminated Services. Such tender and return shall be in the format reasonably directed by Customer Party.

25.13 Hiring of Service Delivery Organization. As of the date a determination is made that there shall be an expiration or termination of this Agreement, with respect to the Key Individuals and the then-current MSDOs who spend more than 50 percent of their time working on the Customer account (each, an "Affected MSDO"), Supplier shall (1) except to the extent otherwise set forth in Section 5.03(1), not terminate, reassign or otherwise remove from the Service Delivery Organization any Affected MSDO without providing Customer Party at least 45 days prior notice of such termination, reassignment or other removal and, (2) upon Customer Party's request, prior to the end of such 45 day period with respect to an Affected MSDO, and to the extent not prohibited by applicable Laws, (a) provide Customer Party with the name of each Affected MSDO's position and such Affected MSDO's description of job responsibilities, in accordance with Supplier's standard employment policies, (b) provide Customer Party and its designees reasonable access to such Affected MSDO and (c) allow Customer Party and its designees to meet with and extend offers of employment to such Affected MSDO. Supplier shall waive any restrictions that may prevent any Affected MSDO from being hired by Customer Party or its designees pursuant to this Section. Additionally, Supplier shall not make any other material change to the terms or conditions of its employment of the Affected MSDO other than such changes that are made in accordance with Supplier's normal personnel practices and cycles.

25.14 Termination Assistance. In connection with the termination or expiration of this Agreement for any reason (including, termination by Supplier Party due to breach by Customer Party, in which case Customer Party shall pay for the Termination Assistance Services monthly in advance), Supplier shall, upon Customer Party's request, for up to [****] after the applicable Termination Date or the expiration of this Agreement (as applicable, each the "Termination Assistance Period"): (1) continue to perform the terminated or expired Services (or portion thereof) at the rates set forth in Exhibit 4; and (2) perform any other services (which services shall be performed as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such services pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) requested by Customer Party to transition the provision of the terminated or expired Services to Customer Party or another provider including the services set forth in Exhibit 15 (the services in clause (1) and clause (2), the "Termination Assistance Services"). If there are no rates set forth in Exhibit 4 for the services in clause (2) of the definition of Termination Assistance Services, the Contracting Parties shall negotiate rates (hourly or otherwise) for such services

consistent with the rates set forth in Exhibit 4 (e.g., comparable discounts). Customer Party may modify the Termination Assistance Services and the Termination Assistance Period upon 30 days' notice. During any Termination Assistance Period, the Termination Assistance Services shall be of the same quality, level of performance and scope as provided prior to termination, but not less than as required under this Agreement.

25.15 Exit Plan. No later than 180 days after the Commencement Date, Supplier shall deliver and thereafter shall update annually and maintain a detailed Exit Plan in accordance with Exhibit 15. Upon Customer Party's request, Supplier Party shall provide a copy of such Exit Plan to Customer Party for its review and comment.

ARTICLE 26 [****].

26.01 [****]. [****]. Subject to Article 23, [****]. Customer Party's exercise of its rights under this Section shall not constitute a waiver by Customer Party of any of the rights it may have (including Customer Party's rights to terminate this Agreement). [****].

26.02 [****]. [****].

ARTICLE 27 FORCE MAJEURE.

27.01 Force Majeure.

- (1) To the extent performance by a Party (the "Affected Party") of its obligations under this Agreement is prevented, hindered or delayed by fire, flood, earthquake, other elements of nature or acts of God, acts of war, terrorism, riots, rebellions or revolutions, civil disorders or third party labor strikes, disputes (excluding those involving the non-performing Party's agents or other contractors), or any other event considered a force majeure event under applicable Law (each a "Force Majeure Event"), the Affected Party shall be excused for such non-performance, hindrance or delay for as long as such Force Majeure Event continues; provided, however, that: (a) such Force Majeure Event is beyond the control of the Affected Party and could not be prevented by appropriate precautions; (b) the Affected Party uses commercially reasonable efforts to recommence performance (including through alternate means); and (c) Supplier, if it is the Affected Party, activates the Business Continuity Plan, as applicable. The Affected Party shall, as soon as reasonably possible, notify the other Party of the occurrence of the Force Majeure Event and describe the Force Majeure Event in sufficient detail.
- (2) The events giving rise to the activation of the Business Continuity Plan shall not excuse Supplier from performing the Services in accordance with this Agreement, or from achieving the Service Levels, except to the extent set forth in the Business Continuity Plan, this Section 27.01(2), and Section 3.16. To the extent Supplier's activation of the Business Continuity Plan in accordance with Article 28 is prevented, hindered or delayed by a Force Majeure Event, Supplier shall be excused for such non-performance, hindrance or delay for as long as such Force Majeure Event continues;

provided, however, that: (a) such Force Majeure Event is beyond the control of Supplier and could not be prevented by appropriate precautions; and (b) Supplier uses commercially reasonable efforts to remove or work around the Force Majeure Event.

- (3) Supplier may, following a Force Majeure Event, propose a plan (in addition to the Business Continuity Plan) to recommence performance of the affected Services. If Customer Party, in its sole discretion, approves such plan, then (a) Supplier Party shall implement such plan and (b) Customer Party shall not exercise its right to terminate this Agreement in accordance with Section 27.01(4) so long as Supplier Party complies with such plan. If Customer Party, in its sole discretion, does not approve such plan, then Supplier Party shall continue to perform its obligations in this Article 27 and may propose additional plans, which plans shall include recovery time objectives, to recommence performance of the affected Services. If Customer Party, in its sole discretion, approves such additional plan, then (a) Supplier Party shall implement such additional plan and (b) Customer Party shall not exercise its right to terminate this Agreement in accordance with Section 27.01(4) so long as Supplier Party complies with such plan (including recovery time objectives set forth therein).
- (4) If (a) Supplier fails to remove or work around the Force Majeure Event within [****] after the applicable RTO time set forth in Exhibit 13 with respect to the affected Services and (b) Customer Party has not approved a plan proposed by Supplier Party in accordance with Section 27.01(3), then Customer Party may, upon notice to Supplier Party to be given within [****] period, terminate the affected Tower at any time (including immediately) specified by Customer Party in a termination notice to the Supplier Party. If (a) Supplier fails to remove or work around the Force Majeure Event within [****] after the applicable RTO time set forth in Exhibit 13 with respect to the affected Services and (b) Customer Party has not approved a plan proposed by Supplier Party in accordance with Section 27.01(3), then Customer Party may, upon notice to Supplier Party to be given within [****] period, terminate this Agreement, in whole or in part, at any time (including immediately) specified by Customer Party in a termination notice to the Supplier Party. With respect to each termination right set forth in this Section 27.01(4), as applicable, the Termination Date shall be no later than [****] after the date Supplier shall have failed to remove or work around the Force Majeure Event within the applicable RTO time set forth in Exhibit 13 with respect to affected Services. If Customer Party terminates this Agreement pursuant to this Section, Customer Party shall pay the Termination Fees in accordance with Exhibit 4.
- (5) If Customer Party exercises any right in Section 27.01(4) to terminate this Agreement, Supplier shall have the option to limit the scope of such termination to only to the Services which have not been restored in accordance with this Section if (a) Supplier gives Customer Party notice of such limitation prior to the effective date of the termination and (b) [****].

27.02 Alternate Source. If any Force Majeure Event prevents, hinders or delays performance of the Services for more than [****] following the applicable RTO time set forth in Exhibit 13, or if the Business Continuity Plan is not activated as required under Section 28.01,

(1) Supplier, at Customer Party's request, shall procure the affected Services from an alternate source from the date of such event until the earlier of the date Supplier resumes performance of the affected Services and the date [****] after the date an alternate source first provides services to replace affected Services in accordance with this Section and (2) until such time that Supplier restores the Services or procures Services from an alternate source in accordance with Section 27.02(1), Customer shall have the option to procure an alternate source. If either Party seeks to identify and procure Services from an alternate source, (a) the Party which identified the alternate source with the earliest planned Service restoration date shall procure the Services from the alternate source in accordance with such alternate source's planned Service restoration date and (b) if the alternate source which attempts to restore the services in accordance with clause (a) above fails to restore the Services in accordance with the applicable planned Service restoration date, the other Party shall procure the Services from an alternate source. Customer Party shall continue to pay the Fees to Supplier for Services not affected by the Force Majeure Event. Supplier shall invoice Customer for the Fees for the Services affected by the Force Majeure Event in accordance with Section 5.05 of Exhibit 4 while Supplier is seeking an alternate source in accordance with this Section. In the event Supplier has procured the affected Services from an alternate source, Customer shall pay Supplier the Fees for the Services being performed by the alternate source, as calculated in accordance with Exhibit 4, from the date the affected Services are restored until the date [****] after the date such alternate source first provides services to replace affected Services in accordance with this Section. [****].

27.03 No Payment for Unperformed Services. [****].

ARTICLE 28 BUSINESS CONTINUITY.

28.01 In General. If a Force Majeure Event or other business continuity related event affects Supplier's ability to provide the Services, then Supplier shall activate the business continuity plan set forth in Exhibit 13 (the "Business Continuity Plan") (and shall, as soon as reasonably possible given the urgency of the situation, notify Customer Party if notice has not already been provided pursuant to Section 27.01). If, after any such event, (a) the Services (including the systems, applications, and networks utilized to provide the Services) are successfully recovered to the target disaster recovery facility (in accordance with the Business Continuity Plan or otherwise), and (b) Supplier does not recover, or cannot reasonably be expected to recover, the affected Service Location within [****] after the commencement of such event (each such date, a "Service Interruption Date"), then (i) Supplier shall implement and test, within [****] after the applicable Service Interruption Date, the redundancy, heightened availability, platforms and network connections (in addition to, as applicable, the requirements set forth in the Business Continuity Plan) necessary to provide business continuity consistent with that set forth in the Business Continuity Plan and (ii) Supplier shall, within [****] after the Service Interruption Date, equip and test a new business continuity facility substantially similar to the business continuity facility contemplated in the Business Continuity Plan. Supplier shall use commercially reasonable efforts to complete its obligations set forth in clauses (i) and (ii) above as soon as reasonably possible.

28.02 BCP Testing. Supplier shall test the operability of the Business Continuity Plan as set forth herein and in accordance with Exhibit 13. If such dates are determined and agreed upon less than six months prior to any such tests, Supplier shall use commercially reasonable efforts to conduct such tests. Supplier shall, at Customer Party's request, perform any additional testing required by financial industry initiatives or upon Customer's client's request (which additional testing shall be performed as a Non-Chargeable Change, to the extent applicable, otherwise Customer shall pay for such additional testing pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9). Supplier shall notify Customer Party of any deficiencies identified by any test of the Business Continuity Plan and of the remediation efforts being implemented by Supplier to correct such deficiencies. In case of a significant deficiency, Supplier shall remedy such deficiency and retest the Business Continuity Plan (and shall perform such remedy and retest as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for the performance of such remedy and retest pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9) (but if such deficiency was caused by Supplier, then at Supplier's cost and expense) no later than [****] after the identification of such deficiency. Testing dates must be agreed to in advance by Customer Party with respect to testing that will require involvement by Customer or any of its personnel or clients. Supplier shall consult with Customer Party with respect to the results of any such testing and provide relevant information related thereto.

28.03 BCP Review. Without limiting the foregoing, Supplier shall annually review the Business Continuity Plan with Customer. If, following such review, changes are required to the Business Continuity Plan, Supplier shall make such changes as a Non-Chargeable Change, to the extent applicable (otherwise Customer shall pay for such changes pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9), and shall provide Customer an updated version of the Business Continuity Plan.

ARTICLE 29 MISCELLANEOUS.

29.01 Amendment. No amendment of this Agreement shall be valid unless in writing and signed by an authorized representative of each Contracting Party (as designated by each Contracting Party from time to time).

29.02 Assignment. Neither Contracting Party shall assign this Agreement, or any amounts payable pursuant to this Agreement, without the prior consent of the other; provided, however, that Customer Party may assign this Agreement to: (1) an entity acquiring all or substantially all of the assets of Customer Party; (2) the successor in any merger involving Customer Party; or (3) an Affiliate of Customer Party; provided, however, that such assignment shall not relieve the Customer Party from its obligations under this Agreement. This Agreement shall be binding upon the successors and permitted assigns of the Contracting Parties.

29.03 Business Ethics. Supplier shall not pay any salaries, commissions or fees (or make any other payments or rebates) of more than minimal value to any employee, officer or director of Customer (or any designee of such employee, officer or director) or favor any such

individual with lavish gifts, entertainment, services or goods in connection with this Agreement.

29.04 Dispute Resolution.

- (1) Subject to Section 23.05, Section 29.18 and Article 5 of Exhibit 9, any dispute arising out of this Agreement shall be considered by the Customer Executive and Supplier Executive no later than 10 business days after receipt of a notice from either Contracting Party specifying the nature of the dispute ("Dispute Notice"). If such individuals do not resolve such dispute within 10 business days after the date of receipt of a Dispute Notice, the Contracting Parties shall escalate the dispute to the Customer Senior Executive and Supplier Senior Executive (and any additional agreed-upon designees of the Contracting Parties). If such individuals do not resolve such dispute within 20 business days after the date of receipt of a Dispute Notice, then either Contracting Party may otherwise pursue its rights and remedies under this Agreement.
- (2) In the event of a dispute between Customer and Supplier, Supplier shall continue to perform its obligations in accordance with this Agreement in good faith during the resolution of such dispute and shall not for any reason disable any Hardware or Software used to provide the Services or perform any other action that prevents, impedes or reduces in any way the provision of the Services or Customer's ability to conduct its activities, unless and until (a) authority to do so is granted by Customer or conferred by a court of competent jurisdiction or (b) this Agreement is terminated and all Termination Assistance Services have been completed in accordance with this Agreement.

29.05 Divestiture and Acquisition.

- (1) If Customer divests an entity or business unit, in whole or in part, Customer Party may elect either to (a) discontinue receipt of that part of the Services that was provided to the divested entity or business unit, subject to the provisions of Exhibit 4 or (b) have Supplier continue to provide the Services to such divested entity or business unit in accordance with the then-existing terms and charging methodologies for the Services, for a period not to exceed the lesser of (i) 18 months from the effective date of such divestiture (provided, however, that Supplier shall extend such period for an additional six months upon Customer Party's request) and (ii) the remainder of the Term; provided, however, that such divested entity or business unit continues to be bound by the terms and conditions of this Agreement. Any divested entity or business unit of Customer receiving Services pursuant to this Section shall be deemed a Service Recipient and, subject to Section 29.18, shall receive the same rights Customer has under this Agreement, and Customer Party shall remain the Contracting Party for all purposes under this Agreement. If any divested entity or business unit of Customer desires to be a customer of Supplier and to have all rights afforded to Customer under this Agreement relating to those Services it continues to receive after its divestiture, Supplier shall negotiate with such divested entity or business unit in good faith to enter into a mutually agreeable services agreement. If transition services are required in

order to commence providing Services to a divested entity or business unit, the Contracting Parties shall negotiate in good faith the terms and conditions (including scope and price) under which Supplier shall provide such transition services, and Supplier shall complete such transition services within the applicable timeframes. Supplier shall perform such transition services as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such transition services pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9.

- (2) In the event that Customer acquires an entity or business, Customer Party may elect to have Supplier provide some or all of the Services to such acquired entity or business in accordance with the then-existing terms and charging methodologies for such Services. If transition services are required in order to commence providing Services to the acquired entity or business, the Contracting Parties shall negotiate in good faith the terms and conditions (including scope and price) under which Supplier shall provide such transition services, and Supplier shall complete such transition services within the applicable timeframes. Supplier shall perform such transition services as Non-Chargeable Changes, to the extent applicable, otherwise Customer shall pay for such transition services pursuant to the Change Control Procedures and the issue escalation procedures set forth in Article 5 of Exhibit 9.

29.06 Entire Agreement. This Agreement supersedes all prior discussions and agreements between the Contracting Parties with respect to the subject matter hereof and represents the entire agreement between the Contracting Parties with respect to that subject matter.

29.07 Export. Each Party shall comply with all export Laws, restrictions and national security controls of the United States and all other applicable international or foreign governments, agencies and authorities (the "Export Controls"). Prior to either Party exporting any technology or material (including data) or any other regulated item of Customer from the United States (or any other country) to perform the Services, Customer Party shall promptly (with cooperation and assistance from Supplier Party): (1) identify the Export Controls applicable to such technology and materials, including any required licenses, consents, authorizations or approvals; and (2) notify Supplier Party of such Export Controls. The Party exporting such data shall then (a) endeavor to obtain any such required licenses, consents, authorizations and approvals or, if and as requested by the other Party, cooperate with and assist the other Party in obtaining such licenses, consents, authorizations or approvals and (b) provide any documents requested by the other Party to demonstrate compliance with the Export Controls. In addition, Supplier shall not access any Customer Data from a country embargoed by the United States, and Customer shall not engage in any business from or to a country embargoed by the United States.

29.08 Good Faith and Fair Dealing. Except where explicitly stated otherwise (*e.g.*, use of "sole discretion"), the performance of all obligations and exercise of all rights by each Party shall be governed by the principle of good faith and fair dealing and by a commercially

reasonable standard. Neither Party shall unreasonably withhold any consents or approvals to be given under this Agreement.

29.09 Governing Law and Jurisdiction. This Agreement shall be governed by, and construed and enforced in accordance with, the Laws of the State of New York without giving effect to the principles of conflicts of law. This Agreement shall not be governed by the U.N. Convention on Contracts for the International Sale of Goods. Each Contracting Party consents to the exclusive jurisdiction of, and service of process by, the United States District Court for the Southern District of New York or the state courts of the State of New York, Borough of Manhattan with respect to any legal action, suit or proceeding by a Contracting Party arising out of this Agreement. Each Contracting Party waives its rights to trial by jury.

29.10 Independent Contractor. Supplier is an independent contractor of Customer. Officers, directors, employees, personnel, agents and contractors retained by or on behalf of Supplier to perform Supplier's obligations under this Agreement shall at all times be under Supplier's exclusive direction and control and shall in no way be deemed to be an employee, agent or contractor of Customer.

29.11 Notices. All notices, consents, approvals, agreements, authorizations, acceptances, rejections and waivers under this Agreement shall be in writing and shall be deemed given when: (1) delivered by hand to the applicable Contracting Party at the address specified; (2) received by that addressee at that address by certified mail, return receipt requested, with postage fully prepaid; or (3) for those items the Contracting Parties agree may be communicated via e-mail, the person specified at the e-mail address specified has acknowledged or confirmed receipt thereof. The Contracting Parties may change the address or person for notification upon 10 days' notice to the other. The initial notification information for each Contracting Party is:

For Supplier:

IBM Corporation
1 North Castle Drive
Armonk, New York 10504
Attention: VP – GTS, Financial Services

with a copy to:

IBM Corporation
1 North Castle Drive
Armonk, New York 10504
Attention: VP Assistant General Counsel, Global Technology Services

For Customer Party:

Broadridge Financial Solutions, Inc.
2 Gateway Center, 14th Floor
Newark, New Jersey 07102

Attention: President

with a copy to:

Broadridge Financial Solutions, Inc.
5 Dakota Drive, Suite 300
Lake Success, New York 11042
Attention: General Counsel

29.12 No Exclusive Agreement. Nothing in this Agreement shall be deemed to grant to Supplier an exclusive right or privilege to provide the Services to Customer.

29.13 Non-Solicitation. During the Term and for 12 months thereafter, Supplier shall not solicit or recruit any employee of Customer involved in Customer's receipt of the Services. In this Section, "solicit" does not include general advertising in newspapers, other periodicals or web postings which are not targeted at the employees of Customer, including where an employee of Customer responds to such general advertising.

29.14 Publicity. Neither Party shall, without the prior, proper and final approval of the other Party in each instance: (1) use the name, trade name, trademarks, service marks or logos of the other Party in any publicity releases, news releases, press releases, product packaging, signage, stationary, print literature, advertising or websites; or (2) represent (directly or indirectly) that any product or service offered by Supplier, or any Service received by Customer, has been approved or endorsed by Customer or Supplier, as applicable. Notwithstanding the foregoing, each Party may use the other Party's name and a factual description of the work performed for, or received from, the other Party in its annual reports to stockholders, internal documents, and in other public financial statements to the extent necessary for the applicable Party to comply with generally accepted accounting principles and applicable Law.

29.15 Remedies Cumulative. No specific remedy under this Agreement shall limit a Contracting Party's right to exercise all other remedies available to such Contracting Party under Law, in equity or under this Agreement, and all such remedies shall be cumulative.

29.16 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to Law or otherwise unenforceable, then the remaining provisions of this Agreement shall remain in full force and effect, except to the extent such remaining provisions are not capable of substantial performance as a result of such holding.

29.17 Survival. Section 7.04(2), Section 10.02, Section 10.03, Section 10.04, Section 11.01, Section 11.03, Section 11.04, Section 15.03, Article 18 (other than Section 18.02), Article 19, Article 21, Article 22, Section 25.10, Section 25.11, Section 25.12, Section 25.13, Section 25.14, Section 29.02, Section 29.05, Section 29.13, Section 29.14, this Section and Section 29.18 and any other provisions, Sections or Articles that by their nature should survive, shall survive the termination (or expiration) of this Agreement.

29.18 Third Party Beneficiaries. This Agreement is for the sole benefit of the Contracting Parties and their permitted assigns and each Contracting Party intends that this Agreement shall not benefit, or create any right or cause of action in or on behalf of, any person or entity other than the Contracting Parties and their permitted assigns. No Customer Affiliate or Service Recipient other than Customer Party may file a claim, bring a cause of action, or raise a dispute under this Agreement; provided, however, that a Customer Affiliate or Service Recipient may take any action available under Law or equity to enforce this Agreement if such claim, action or dispute may be brought, filed, raised or otherwise asserted only by such Customer Affiliate or Service Recipient. No Supplier Affiliate other than Supplier Party may file a claim, bring a cause of action, or raise a dispute under this Agreement; provided, however, that a Supplier Affiliate may take any action available under Law or equity to enforce this Agreement if such claim, action or dispute may be brought, filed, raised or otherwise asserted only by such Supplier Affiliate.

29.19 Waiver. No delay or omission by either Contracting Party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by any Contracting Party of any breach or obligation shall not be construed to be a waiver of any succeeding breach or any other obligation.

29.20 Customer Competitors. On a quarterly basis the Parties shall review Exhibit 21 to determine whether to modify the list of Customer Competitors set forth therein. Any addition, deletion or other modification to Exhibit 21 shall be as agreed by the Parties; provided, however, that Customer shall have the right to add to Exhibit 21, without Supplier's agreement or approval, any entity (which entity may include any Affiliate or business division of Supplier Party) which (1) provides shareholder proxy services or (2) has 15 percent or more market share (measured by share of gross revenues) in any of the Customer Lines of Business.

29.21 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one single agreement between the Parties. Electronically transmitted signatures shall have the full force and effect of an original signature.

The remainder of this page intentionally left blank

IN WITNESS WHEREOF, the authorized representatives of the Contracting Parties have executed this Agreement as of the Effective Date.

**INTERNATIONAL BUSINESS MACHINES
CORPORATION**

By: /s/Rodrigo Kede Lima

Name: Rodrigo Kede Lima

Title: GM Global Tech. Services

Date: 12/31/19

BROADRIDGE FINANCIAL SOLUTIONS, INC

By: /s/Timothy C. Gokey

Name: Timothy C. Gokey

Title: President and CEO

Date: 12/31/2019

SECTION 302 CERTIFICATION

I, Timothy C. Gokey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadridge Financial Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 31, 2020

/s/ Timothy C. Gokey

Timothy C. Gokey

President and Chief Executive Officer

SECTION 302 CERTIFICATION

I, James M. Young, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadridge Financial Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 31, 2020

/s/ James M. Young

James M. Young

Senior Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Broadridge Financial Solutions, Inc. (the “Company”) on Form 10-Q for the three months ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Timothy C. Gokey, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Timothy C. Gokey

Timothy C. Gokey

President and Chief Executive Officer

January 31, 2020

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Broadridge Financial Solutions, Inc. (the “Company”) on Form 10-Q for the three months ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James M. Young, Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James M. Young

James M. Young

Senior Vice President, Chief Financial Officer

January 31, 2020

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.