

GUARANTEE OF XEROX CORPORATION

In consideration of the execution by the **Texas Health & Human Services Commission** ("Beneficiary") of the Medicaid/Children with Special Health Care Needs Services Program Claims Processing, Primary Care Case Management and Pharmacy Claims and Rebate Administration Agreement dated June 29, 2010 (the "Agreement") with **ACS State Healthcare, LLC**, an indirect, wholly-owned subsidiary of **Xerox Corporation** ("Parent"), Parent hereby unconditionally and irrevocably guarantees to Beneficiary, on the terms and conditions herein, the full and faithful performance by Subsidiary of all of the obligations undertaken by Subsidiary pursuant to the Agreement and as it may hereafter be amended, modified, or extended from time to time, by work authorizations or otherwise.

If Subsidiary fails or refuses to complete any of its obligations, Parent will complete, or cause to be completed, the obligation that Subsidiary failed or refused to complete, or be considered to be in breach of the Agreement to the same extent as Subsidiary, pursuant to the terms and conditions of the Agreement. The obligations of Parent under this Guarantee (i) are joint and several obligations made for the benefit of Beneficiary, and (ii) are direct and unconditional obligations to Beneficiary, independent of obligations of Subsidiary or any other guarantor, and may be the basis of a separate action by Beneficiary against any or all guarantors which may be asserted without first bringing an action against Subsidiary.

Parent authorizes Beneficiary, without notice or demand and without affecting its liability hereunder, from time to time to: (a) waive or delay the exercise of any rights or remedies of Beneficiary against Subsidiary and/or any surety or guarantor; (b) release or substitute any surety or guarantor; (c) renew, amend, extend, compromise or waive any obligation of any guarantor; and (d) renew, compromise, extend, waive, or amend any term of the Agreement.

Parent agrees that, until its obligations hereunder have been performed in full, Parent will not be released by or because of the taking, or failure to take, any action that might in any manner or to any extent vary the risks of Parent under this Guarantee or that, but for this paragraph, might discharge or otherwise reduce, limit, or modify Parent's obligations under this Guarantee. Parent waives and surrenders any defense to any liability under this Guarantee based upon any such action, including but not limited to any action of Beneficiary described in the immediately preceding paragraph of this Guarantee. It is the express intent of Parent that Parent's obligations under this Guarantee are and will be absolute, irrevocable and unconditional guarantees of performance of Subsidiary and are not merely guarantees of collection.

Parent waives:

- (a) the right to require Beneficiary to proceed against Subsidiary;
- (b) all requirements of presentment, protest or default and notices of presentment, protest or default;
- (c) any right to require Beneficiary to proceed against Subsidiary or to pursue any other remedy in Beneficiary's power whatsoever;

- (d) notice of acceptance of this Guarantee;
- (e) notice of any amendments, work authorizations, extensions of time for performance, changes in the work, or other acts by Beneficiary affecting Subsidiary's rights or obligations under the Agreement;
- (f) notice of any breach or claim of breach by Subsidiary;
- (g) any defense arising out of the exercise by Beneficiary of any right or remedy it may have with respect to the Agreement, including the right to amend or modify the Agreement and Subsidiary's obligations in any respect and the right to waive or delay the exercise of any rights it may otherwise have against Subsidiary;
- (h) notice of the settlement or compromise of any claim of Beneficiary against Subsidiary relating to any of Subsidiary's obligations under the Agreement;
- (i) the benefit of any statute of limitations affecting its own liability under this Guarantee; and
- (j) the benefit of suretyship defenses generally.

No provision or waiver in this Guarantee will be construed as limiting the generality of any other waiver contained in this Guarantee.

Parent hereby irrevocably waives all claims it has or may acquire against Subsidiary in respect of Parent's obligations under this Guarantee, including rights of exoneration, reimbursement and subrogation. Parent agrees to indemnify Beneficiary, and hold it harmless from and against all loss and expense, including legal fees, suffered or incurred by Beneficiary as a result of claims to avoid any payment received by Beneficiary from Parent, or for its account or from collateral, with respect to the obligations of Subsidiary guaranteed herein.

Parent represents and warrants that the execution and delivery of, and performance of the obligations contained in this Guarantee have been authorized by all appropriate action and will not constitute a breach of or contravene any agreement or instrument to which Parent is a party, and that this Guarantee is a valid and binding obligation of Parent enforceable against Parent in accordance with its terms.

Parent consents to all of the terms and conditions of the Agreement, which are incorporated by reference, except that all references to the parties will mean Beneficiary and Parent, all references to Subsidiary will mean Parent, all references to the Agreement will be to this Guarantee, and notices to Parent will be sent to the address set forth below instead of to the address set forth in the Agreement.

Parent may not directly or indirectly assign or otherwise transfer (whether by merger, consolidation or otherwise) or delegate any rights or obligations hereunder, including any claim

arising by subrogation, and any attempt by Parent to assign or delegate any of its rights or obligations hereunder will be void. This Guarantee will be binding on the successors and assigns of Parent, and will inure to the benefit of the successors and assigns of Beneficiary.

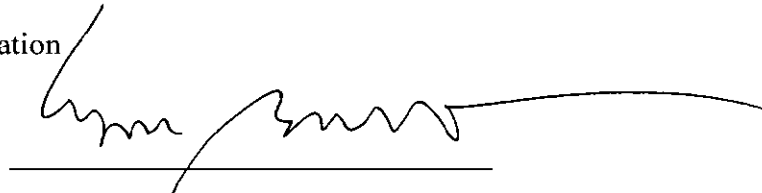
If any provision of this Guarantee should be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the fullest extent permitted by law:

- (a) all other provisions hereof will remain in full force and effect in such jurisdiction and will be liberally construed in favor of Beneficiary in order to carry out the intentions of the parties hereto as nearly as may be possible; and
- (b) such invalidity, illegality or unenforceability will not affect the validity or enforceability of such provision in any other jurisdiction.

This Guarantee will be governed by and interpreted in accordance with the laws of the State of Texas. Parent hereby irrevocably submits to the jurisdiction of any State district court sitting in Travis County, State of Texas, in any action or proceeding brought to enforce or otherwise arising out of or relating to this Guarantee and irrevocably waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith. Service of process by Beneficiary in connection with such action or proceeding will be binding on Parent if sent to Parent by registered or certified mail at its address specified below. Parent agrees to pay all expenses of Beneficiary in connection with the enforcement of this Guarantee, including, without limitation, fees and expenses of counsel and other costs of collection.

Xerox Corporation

By:



A handwritten signature in black ink, appearing to read 'Lynn Blodgett', is written over a horizontal line. The signature is fluid and cursive, extending to the right of the line.

Printed

Name: Lynn Blodgett

Title: Executive Vice President

Address: Affiliated Computer Systems, Inc., a Xerox Company
8911 South Sandy Parkway
Sandy, UT 84070

Date: June 18, 2010

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act in any sense as agents or representatives of HHSC or the State of Texas.

(c) CONTRACTOR's employees must be paid exclusively by CONTRACTOR for all services performed. CONTRACTOR is responsible for and must comply with all requirements and obligations related to such employees under local, state or federal law, including minimum wage, social security, unemployment insurance, state and federal income tax and workers' compensation obligations.

(d) CONTRACTOR assumes sole and full responsibility for its acts and the acts of its personnel and subcontractors.

(e) CONTRACTOR agrees that any claim on behalf of any person arising out of employment or alleged employment (including, but not limited to, claims of discrimination against CONTRACTOR, its officers, or its agents) are the sole responsibility of CONTRACTOR and are not the responsibility of HHSC, and that CONTRACTOR will indemnify and hold harmless the State from any and all such claims asserted against the State. CONTRACTOR understands that any person who alleges a claim arising out of employment or alleged employment by CONTRACTOR will not be entitled to any compensation, rights, or benefits from HHSC (including, but not limited to, tenure rights, medical and hospital care, sick and annual/vacation leave, severance pay, or retirement benefits).

Section 4.03 Cooperation with HHSC and state administrative agencies.

(a) *Cooperation with HHSC contractors.*

CONTRACTOR agrees to reasonably cooperate with and work with the State's contractors, subcontractors and third-party representatives as requested by HHSC. To the extent permitted by HHSC's financial and personnel resources, HHSC agrees to reasonably cooperate with CONTRACTOR and to use its best efforts to ensure that HHSC's other HHSC Programs contractors reasonably cooperate with CONTRACTOR.

(b) *Cooperation with state and federal administrative agencies.*

CONTRACTOR must ensure that CONTRACTOR personnel will cooperate with HHSC or other state or federal administrative agency personnel at no charge to HHSC for purposes relating to the administration of HHSC programs including, but not limited to the following purposes:

- (1) The investigation and prosecution of fraud, abuse, and waste in the HHSC programs;
- (2) Audit, inspection, or other investigative purposes; and

(3) Testimony in judicial or quasi-judicial proceedings relating to the Services under this Agreement or other delivery of information to HHSC or other agencies' investigators or legal staff.

Section 4.04 Conduct of and responsibility for CONTRACTOR personnel.

(a) While performing the Services, CONTRACTOR's personnel and subcontractors must:

- (1) Comply with applicable State rules, and regulations and HHSC's requests regarding personal and professional conduct generally applicable to the service locations; and
- (2) Otherwise conduct themselves in a businesslike and professional manner.

(b) If HHSC determines in good faith that a particular employee or subcontractor is not conducting himself or herself in accordance with this Section, HHSC may provide CONTRACTOR with notice and documentation concerning such conduct. Upon receipt of such notice, CONTRACTOR must promptly investigate the matter and take appropriate action that may include:

- (1) Removing the employee from the project;
- (2) Providing HHSC with written notice of such removal; and
- (3) Replacing the employee with a similarly qualified individual acceptable to HHSC.

(c) Nothing in the Agreement will prevent CONTRACTOR, at the request of HHSC, from replacing any personnel who are not adequately performing their assigned responsibilities or who, in the reasonable opinion of HHSC's Project Director, after consultation with CONTRACTOR, are unable to work effectively with the members of the HHSC's staff. In such event, CONTRACTOR will provide replacement personnel with equal or greater skills and qualifications as soon as reasonably practicable. Replacement of Key Personnel will be subject to HHSC review and approval. The Parties will work together in the event of any such required replacement so as not to disrupt the overall project schedule.

(d) CONTRACTOR agrees that anyone employed by CONTRACTOR to fulfill the terms of the Agreement is an employee of CONTRACTOR and remains under CONTRACTOR's sole direction and control.

(e) CONTRACTOR agrees to be responsible for the following in respect to its employees:

- (1) Any and all employment taxes and/or other payroll withholding;

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(2) Damages incurred by CONTRACTOR's employees within the scope of their duties under the Agreement; and

(3) Determination of the hours to be worked and the duties to be performed by CONTRACTOR's employees.

CONTRACTOR agrees and will inform its employees and subcontractor(s) that there is no right of action against HHSC for any duty owed by CONTRACTOR pursuant to this Agreement. CONTRACTOR understands that HHSC does not assume liability for the actions of, or judgments rendered against, the CONTRACTOR, its employees, agents or subcontractors. CONTRACTOR agrees that it has no right to indemnification or contribution from HHSC for any judgments rendered against CONTRACTOR or its subcontractors. HHSC's liability to the CONTRACTOR's employees, agents and subcontractors, if any, will be governed by the Texas Tort Claims Act, as amended or modified (TEX. CIV. PRACT. & REM. CODE §101.001 et seq.).

Section 4.05 Responsibility for subcontractors.

(a) CONTRACTOR remains fully responsible for obligations, services, and functions performed by its subcontractors to the same extent as if such obligations, services, and functions were performed by CONTRACTOR'S employees, and for purposes of this Agreement such work will be deemed work performed by CONTRACTOR. HHSC reserves the right to require the replacement of any subcontractor found by HHSC to be unacceptable.

(b) CONTRACTOR must not disclose Confidential Information of HHSC or the State of Texas to a subcontractor unless and until such subcontractor has agreed in writing to protect the confidentiality of such Confidential Information in the manner required of CONTRACTOR under this Agreement.

(c) CONTRACTOR must identify any subcontractor that is a newly-formed subsidiary or entity, whether or not an affiliate of CONTRACTOR, substantiate the proposed subcontractor's ability to perform the subcontracted Services, and certify to HHSC that no loss of service will occur as a result of the performance of such subcontractor. The CONTRACTOR will assume responsibility for all contractual responsibilities whether or not the CONTRACTOR performs them. Further, HHSC considers the CONTRACTOR to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the Agreement.

(d) At least 30 days prior to executing a subcontract or other agreement with a third party with a value greater than \$100,000.00, CONTRACTOR

must submit a copy of the agreement to HHSC. HHSC reserves the right to (1) reject the agreement or require changes to any provisions that do not comply with the requirements or duties and responsibilities of this Agreement or create significant barriers for HHSC in monitoring compliance with this Agreement, and (2) object to the selection of the subcontractor.

Section 4.06 HHSC's ability to contract with subcontractors.

The CONTRACTOR may not limit or restrict, through a covenant not to compete, employment agreement or other contractual arrangement, HHSC's ability to contract with subcontractors or former employees of the CONTRACTOR.

Article 5. Governing Law and Regulations

Section 5.01 Governing law and venue.

This Agreement is governed by the laws of the State of Texas and interpreted in accordance with Texas law. Provided CONTRACTOR first complies with the procedures set forth in Section 11.12, Dispute Resolution, proper venue claim arising from this Agreement will be in a court of competent jurisdiction in Travis County, Texas.

Section 5.02 CONTRACTOR responsibility for compliance with laws and regulations.

(a) CONTRACTOR is responsible for compliance with all laws, regulations, and administrative rules that govern the performance of the Services including, but not limited to, all State and Federal tax laws, State and Federal employment laws, State and Federal regulatory requirements, and licensing provisions.

(b) CONTRACTOR is responsible for ensuring each of its employees, agents or subcontractors who provide Services under the Agreement are properly licensed, certified, and/or have proper permits to perform any activity related to the Services.

(c) CONTRACTOR warrants that the Services comply with all applicable Federal, State, and County laws, regulations, codes, ordinances, guidelines, and policies. CONTRACTOR will indemnify HHSC from and against any losses, liability, claims, damages, penalties, costs, fees, or expenses arising from or in connection with CONTRACTOR's failure to comply with or violation of any such law, regulation, code, ordinance, or policy.

Section 5.03 Immigration Reform and Control Act of 1986.

CONTRACTOR shall comply with the requirements of the Immigration Reform and Control Act of 1986 and the Immigration Act of 1990 (8 U.S.C.

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specifically states that CONTRACTOR invokes the provisions of Chapter 2260, Subchapter B, Government Code. The notice must comply with the requirements of Title 1, Chapter 392, Subchapter B of the Texas Administrative Code.

(B) The Parties expressly agree that the CONTRACTOR's compliance with Chapter 2260, Subchapter B, Government Code, will be a condition precedent to the filing of a contested case proceeding under Chapter 2260, Subchapter C, of the Government Code.

(3) *Contested case proceedings.* The contested case process provided in Chapter 2260, Subchapter C, Government Code, will be CONTRACTOR's sole and exclusive process for seeking a remedy for any and all alleged breaches of contract by HHSC if the Parties are unable to resolve their disputes under Subsection (c)(2) of this Section.

(A) The Parties expressly agree that compliance with the contested case process provided in Chapter 2260, Subchapter C, Government Code, will be a condition precedent to seeking consent to sue from the Texas Legislature under Chapter 107, Civil Practices & Remedies Code. Neither the execution of this Agreement by HHSC nor any other conduct of any representative of HHSC relating to this Agreement shall be considered a waiver of the State's sovereign immunity to suit.

(4) *HHSC rules.* The submission, processing and resolution of CONTRACTOR's claim is governed by the rules adopted by HHSC pursuant to Chapter 2260, Government Code, found at Title 1, Chapter 392, Subchapter B of the Texas Administrative Code.

(5) *CONTRACTOR's duty to perform.* Neither the occurrence of an event constituting an alleged breach of contract nor the pending status of any claim for breach of contract is grounds for the suspension of performance, in whole or in part, by CONTRACTOR of any duty or obligation with respect to the performance of this Agreement. Any changes to the Agreement as a result of a Dispute Resolution will be implemented in accordance with Article 8, Amendments, Modifications and Change Orders.

Section 11.12 Liability of CONTRACTOR.

(a) CONTRACTOR bears all risk of loss or damage due to:

- (1) Defects in products, Services or Deliverables;
- (2) Unfitness or obsolescence of products, Services or Deliverables; or
- (3) The negligence or intentional misconduct of CONTRACTOR or its employees, agents, subcontractors, or representatives.

(b) CONTRACTOR must, at the CONTRACTOR's own expense, defend with counsel approved by the State, indemnify, and hold harmless the State and State employees, officers, directors, contractors and agents from and against any losses, liabilities, damages, penalties, costs, fees, including without limitation reasonable attorneys' fees, and expenses from any claim or action for property damage, bodily injury or death, to the extent caused by or arising from the negligence or intentional misconduct of the CONTRACTOR and its employees, officers, agents, or subcontractors.

(c) CONTRACTOR will not be liable to HHSC for any loss, damages or liabilities attributable to or arising from:

- (1) The failure of HHSC or any state agency or HHSC CONTRACTOR to perform a service or activity in connection with this Agreement; or
- (2) CONTRACTOR's prudent and diligent performance of the Services in compliance with instructions given by HHSC in accordance with Section 1.03 (relating to implied authority) and Section 3.03 (relating to delegation of authority) of this Agreement.

(d) CONTRACTOR will ship all Equipment and Software purchased and Third Party Software licensed pursuant to the Agreement, freight prepaid, FOB HHSC's destination. The method of shipment will be consistent with the nature of the Equipment and Software and hazards of transportation. Regardless of FOB point, CONTRACTOR agrees to bear all risks of loss, damage, or destruction of Deliverables, in whole or in part, ordered hereunder that occurs prior to Acceptance, except loss or damage attributable to HHSC's fault or negligence; and such loss, damage, or destruction will not release CONTRACTOR from any obligation hereunder. After Acceptance, the risk of loss or damage will be borne by HHSC, except loss or damage attributable to CONTRACTOR's fault or negligence.

Article 12. Assurances and Certifications

Section 12.01 Proposal certifications.

CONTRACTOR acknowledges its continuing obligation to comply with the requirements of the following certifications contained in its Proposal, and will immediately notify HHSC of any changes in circumstances affecting these certifications:

- (1) Federal lobbying;
- (2) Debarment and suspension;
- (3) Child support; and
- (4) Nondisclosure statement.

Vendor in the operation of the Medicaid Program and CSHCN Services Program, within timelines, with content and format approved by the State.

The parties agreed to modify MPC-25 by adding the following: ACS agrees to implement a dedicated quality assurance process for eOPM. The publications posted on the eOPM will remain current, complete, and accurate by ACS conducting regular reviews and cross-functional impacts of all medical and dental policies and Policy and Procedure documents. ACS will also create a production schedule that gives adequate time to review and revise materials properly. ACS will work with subject matter experts and health care professionals to research, recommend, and revise program information; coordinating the implementation of new and revised policies through the Document Research Team. ACS will review and edit all materials to ensure that the text is clear, concise, and meets all style guide and program standards. ACS will post materials to the eOPM immediately upon approval for publication.

Liquidated Damages: The State may assess up to \$100 for each business day for failure to maintain or provide accurate updates to the e-OPM and the supporting documentation used by the Vendor in the operation of the Medicaid Program and CSHCN Services Program, within timelines, with content and format approved by the State.

Medical/Dental Policy-Publications (MPC-27):

Performance Standard: Update the Medical/Dental policy guidelines in the e-OPM on the same date as the operational implementation of the State approved changes. Notify the State when policies are added to or updated in the e-OPM.

Liquidated Damages: Up to \$100 per business day per policy for not updating the e-OPM on the same date as the operational implementation of the State approved changes or for inaccurate updating of the e-OPM. Up to \$50 per business day per policy when the State is not notified that policies are added to the e-OPM.

Prior Authorization and Referral Management-Prior Authorization Processing (PAC-20)

Performance Standard: Receive, correctly disposition (i.e. approve, deny, modify, or determine incomplete), and enter into the PA system, prior authorization requests for all services, except for non-emergency ambulance requests, within three (3) business days of receipt. Any exceptions to this requirement will be determined by the State including but not limited to exceptions related to Alberto N. litigation, described above.

Liquidated Damages: Up to \$2,500 per occurrence may be assessed for any day in which the performance standards are not met.

Prior Authorization and Referral Management-Prior Authorization Processing (PAC-22):

Performance Standard: Receive, correctly disposition (approve, deny, modify, or determine incomplete), and enter into the PA system non-emergency ambulance requests within 48 hours of receipt, or immediately if the request is submitted with a valid physician certification.

Liquidated Damages: Up to \$2,500 per occurrence may be assessed for any day in which the performance standards are not met.