



**Exhibit to Managed Security Services
Service Component Provider
Master Services Agreement**

DIR Contract No. DIR-MSS-SCP-001

Between

**The State of Texas, acting by and through
the Texas Department of Information Resources**

and

AT&T Corp.

**Exhibit 3
Service Levels**

October 26, 2017

TABLE OF CONTENTS

1. GENERAL.....	1
2. SERVICE LEVEL ATTAINMENT.....	1
3. REPORTING	2
4. NOTICE REQUIREMENTS FOR ADDITIONS, DELETIONS & MODIFICATIONS	2
5. SERVICE LEVEL CREDITS.....	2
6. EARNBACK.....	4
7. ADDITIONS AND DELETIONS OF PERFORMANCE CATEGORIES	4
8. ADDITIONS, MODIFICATIONS AND DELETIONS OF SERVICE LEVELS.....	4
9. SERVICE DELIVERY FAILURE; CORRECTIVE ACTION PLAN (CAP) FAILURE EVENT.....	7
10. RECURRING DELIVERABLES.....	7
11. ONE TIME DELIVERABLES – AFTER EFFECTIVE DATE.....	8
12. COMMENCEMENT OF OBLIGATIONS	8
13. IMPROVEMENT PLAN FOR KEY MEASUREMENTS	8
14. COORDINATION WITH THE MSI.....	8
15. MEASURING TOOLS.....	9
16. TIMES.....	9
17. SINGLE INCIDENT/MULTIPLE DEFAULTS.....	9
18. EXCEPTIONS.....	10
19. EXCLUSIONS.....	10
20. SERVICE LEVEL ESCALATION EVENT	10
21. PERCENTAGE OBJECTIVES.....	10
22. LOW VOLUME.....	11
23. OPERATIONAL MEASUREMENTS.....	12

EXHIBIT 3
SERVICE LEVELS

Update Methodologies and Attachments to Exhibit 3

The following update methodologies and attachments are incorporated as part of **Exhibit 3**:

Title	Methodology for Updating Associated Exhibit Attachments
<u>Exhibit 3</u> Service Levels	<u>Exhibit 3</u> may only be modified by formal amendment, in accordance with <u>Section 21.7</u> of the MSA.
<u>Attachment 3-A</u> Service Levels Matrix	<u>Attachment 3-A</u> may be updated in accordance with the provisions in <u>Exhibit 3</u> . Any changes not provided for in <u>Exhibit 3</u> shall be modified by formal amendment, in accordance with <u>Section 21.7</u> of the MSA.
<u>Attachment 3-B</u> SLA Definitions, Tools, Methodologies	<u>Attachment 3-B</u> may be updated in accordance with the provisions in <u>Exhibit 3</u> . Any changes not provided for in <u>Exhibit 3</u> shall be modified by formal amendment, in accordance with <u>Section 21.7</u> of the MSA.
<u>Attachment 3-C</u> Critical Deliverables	<u>Attachment 3-C</u> may be updated in accordance with the provisions in <u>Exhibit 3</u> . Any changes not provided for in <u>Exhibit 3</u> shall be modified by formal amendment, in accordance with <u>Section 21.7</u> of the MSA.
<u>Attachment 3-D</u>	<u>RESERVED</u>
<u>Attachment 3-E</u>	<u>RESERVED</u>

1. GENERAL

The methodology set out in this Exhibit 3 will support the Service Level Management cycle of monitoring, reporting and improving the delivery of the Services to DIR and State Technology Center (STC) Customers.

Performance Categories, Critical Service Levels, Key Measurements, and Recurring Deliverables may be added or substituted by DIR as specified in this Exhibit 3 during the Term. For example, such additions or substitutions may occur in conjunction with changes to the environment and the introduction of new Equipment or Software or means of Service delivery – provided, however, that where such Equipment or Software or such means of Service delivery is a replacement or upgrade of existing technology, there shall be a presumption of equivalent or improved performance.

The achievement of the Service Levels by the Service Provider requires the coordinated, collaborative effort of the Service Provider with Third Parties, including the other MSS Service Providers and the Multi-Sourcing Integrator (MSI). The Service Provider will provide a single point of contact for the prompt resolution of all Service Level Defaults and all failures to provide high quality Services to DIR, regardless of whether the reason for such Service Level Defaults, or failure to provide high quality Services to DIR, was caused by the Service Provider.

As part of its delivery of the Services, the MSI has overall responsibility for communication, coordination, reporting, and process across the enterprise. Each Service Component Provider is obligated to provide Services in its designated functional area and coordinate, as required to deliver Services, with other Service Component Providers and the MSI.

2. SERVICE LEVEL ATTAINMENT

Service Level Attainment (SLAs) will be reported at the individual Customer level, and for all Customers collectively, constituting the enterprise of services for which the Service Component Provider is responsible.

Failure to meet the Minimum Service Level for all Customers collectively constitutes a Service Level Default. When the Service Provider has failed to meet the Minimum Service Level for any one Customer, DIR or the Customer can request the Service Provider to develop a service level improvement plan for that Customer.

Repetitive failures to achieve Minimum Service Levels may constitute a Service Delivery Failure for which Service Provider is required to comply with the Corrective Action Plan requirements contained in Section 9 of this Exhibit 3.

Service levels will be measured and applied to each Managed Security Service Component Provider, separately reporting service level attainment by Service Provider and by Customer. Failure to meet the minimum service level for any one Service Component and all Customers is considered a default. For example, timeliness of service request fulfillment will be measured separately between each of the three Managed Security Service Components, and separately by Customer and collectively for all Customers. A service level default occurs when one Service Provider fails to meet the minimum target for any one service level for all Customers collectively. Enterprise service level attainment will also be measured and reported.

3. REPORTING

Unless otherwise specified in this Exhibit 3, each Critical Service Level, Key Measurement, Recurring Deliverable and One Time Deliverable shall be measured and reported on a monthly basis. The format, layout and content of such monthly reports shall be agreed between DIR and Service Provider. The Service Provider's monthly performance reports are due by the 20th day of each month and shall include a set of soft-copy reports such that DIR is able to verify the Service Provider's performance and compliance with the Critical Service Levels, Key Measurements, Recurring Deliverables and One Time Deliverables (for purposes of clarity, with respect to One Time Deliverables, such reporting is only required until all One Time Deliverables are received and approved by DIR). The monthly reports shall describe any failure to meet Critical Service Levels and Key Measurements for the month.

In addition to the reports described above, the Service Provider shall also provide detailed supporting information for each report to DIR in machine-readable form suitable for use on a personal computer. The data and detailed supporting information shall include sufficient detail such that DIR is able to reproduce the calculations made by Service Provider and validate the results reported in the monthly Service Level performance reports. The methodology used by Service Provider to calculate the service level performance shall be documented and maintained in the Service Management Manual. All detailed supporting information shall be DIR's Confidential Information, and DIR may access such information online and in real-time, where feasible, at any time during the Term. In addition, Service Provider shall provide DIR with direct, unaltered access to review and audit all raw data collection related to Service Levels.

The Service Provider will create and maintain detailed procedure documentation of its SLA measurement process used to collect SLA data and calculate SLA attainment. The process documentation must include quality assurance reviews and verification procedures. The measurement process must be automated to the extent possible, and any manual data collection steps must be clearly documented, verified and auditable. All methods, codes and automated programs must be documented and provided to DIR for validation and approval. The Service Provider must ensure it tests and validates the accuracy and currency of the documentation and measurement process on a quarterly basis.

4. NOTICE REQUIREMENTS FOR ADDITIONS, DELETIONS & MODIFICATIONS

DIR will send notice to the Service Provider at least ninety (90) days prior to the date that additions or deletions to Performance Categories, or additions or deletions to Service Levels, or additions or deletions to Recurring Deliverables are to be effective, provided that DIR may send only one such notice (which notice may contain multiple changes) each calendar quarter.

5. SERVICE LEVEL CREDITS

In the event of a Service Level Default, the Service Provider shall provide DIR credits as defined below:

1. **Attachment 3-A**, Service Level Matrix, sets forth the information required to calculate the Service Level Credit in the event of a Service Level Default. For each Service Level Default, the

Service Provider shall pay to DIR, subject to Section 6 below, a Service Level Credit that will be computed in accordance with the following formula:

$$\text{Service Level Credit} = A \times B \times C$$

Where:

- A** = The Allocation of the Pool Percentage specified for the Performance Category in which the Service Level Default occurred as shown in Attachment 3-A.
- B** = The Service Level Credit Allocation Percentage for which the Service Level Default occurred as shown in Attachment 3-A.
- C** = The At-Risk Amount

For example, assume that the Service Provider fails to meet the Service Level for a Critical Service Level, the Service Provider's Service Level Invoice Amount for the month in which the Service Level Default occurred was \$100,000 and that the At Risk Amount is 10% of these charges.

Additionally, assume that the Allocation of Pool Percentage for the Performance Category of such Critical Service Level is 50% and that its Service Level Credit Allocation Percentage is 40%.

The Service Level Credit due to DIR for such Service Level Default would be computed as follows:

- A** = 50% (the Allocation of Pool Percentage) multiplied by
 - B** = 40% (the Service Level Credit Allocation Percentage) multiplied by
 - C** = \$10,000 (ten percent (10%)) of \$100,000, the Service Provider's corresponding Service Level Invoice Amount)
 - = \$2,000 (the amount of the Service Level Credit)
2. Subject to Item 3, if more than one Service Level Default has occurred in a single month, the sum of the corresponding Service Level Credits shall be credited to DIR.
 3. In no event shall the amount of Service Level Credits credited to DIR with respect to all Service Level Defaults occurring in a single month exceed, in total, the At-Risk Amount.
 4. The Service Provider shall notify DIR in writing if DIR becomes entitled to a Service Level Credit, which notice shall be included in the standard monthly reporting for Critical Service Levels and Key Measurements.
 5. The total amount of Service Level Credits that the Service Provider will be obligated to pay to DIR, with respect to Service Level Defaults occurring each month, shall be credited on the invoice for the month following the month during which the Service Level Default(s) giving rise to such credit(s) occurred. For example, the amount of Service Level Credits payable with respect to Service Level Defaults occurring in August shall be set forth in the Monthly Invoice for September issued in October.
 6. The Service Provider acknowledges and agrees that the Service Level Credits shall not be deemed or construed to be liquidated damages or a sole and exclusive remedy or in derogation of any other rights and remedies DIR has hereunder or under the Agreement.

6. EARNBACK

The Service Provider shall have Earnback opportunities with respect to Service Level Credits as follows:

1. Within thirty (30) days after the first anniversary of the month in which any Service Level Default occurs, the Service Provider shall provide a report to DIR that will include, with respect to each Critical Service Level for which there was a Service Level Default, the following:
 - 1.1. Statistics on the Service Provider's average monthly performance during the preceding twelve (12) months
 - 1.2. The amount of Service Level Credit imposed for each Service Level Default
 - 1.3. The total amount of Service Level Credits imposed for Service Level Defaults
2. If, for the rolling twelve (12) month period immediately following a Service Level Default (the "12-Month Review Period"), Service Provider achieved, on average, a monthly performance in the corresponding Critical Service Level that was greater than, or equal to, the Service Level in effect for such Critical Service Level and there was no recurrence of a Service Level Default during such rolling 12-Month Review Period, DIR will refund Service Provider the Service Level Credits that were credited for that Service Level Default for such Critical Service Level. Service Provider will invoice DIR for the Earnback Credit in the monthly invoice following such rolling 12-Month Review Period.
3. If, during the 12-Month Review Period, DIR deletes the Critical Service Level (including demotion of a Critical Service Level to a Key Measurement) that corresponds to the Service Level Default giving rise to such 12-Month Review Period, Service Provider shall continue to track its performance for such former Critical Service Level and shall be entitled to an Earnback if and to the extent, and at the time, it would have otherwise been entitled to such Earnback in accordance with the procedures described in Item 2 of Section 6 above had the Critical Service Level not been so deleted or demoted to a Key Measurement during such 12-Month Review Period.

If the Agreement is terminated prior to the end of the Term, the foregoing process shall be undertaken with respect to the months of the applicable outstanding 12-Month Review Period(s) (if any) during which the Agreement was in effect.

7. ADDITIONS AND DELETIONS OF PERFORMANCE CATEGORIES

DIR may add or delete Performance Categories by sending notice as described in Section 4 herein. Such change notice shall include changes necessary to accommodate the addition of new Performance Categories made pursuant to Section 1 above. In no event may the sum of the Service Level Credit Allocation Percentages for all Critical Service Levels exceed the Pool Percentage Available for Allocation.

8. ADDITIONS, MODIFICATIONS AND DELETIONS OF SERVICE LEVELS

DIR may add, modify or delete Critical Service Levels or Key Measurements as described below by sending written notice in accordance with Section 4 above.

8.1 Additions

DIR may add Service Levels in accordance with this Section 8.1 and by providing written notice in accordance with Section 4. Service Level commitments associated with added Service Levels will be computed as follows:

1. The Parties shall attempt in good faith to agree on a Service Level commitment using industry standard measures or third party advisory services (for example, Gartner Group, Yankee Group, etc.),
2. If the Parties fail to agree on an Expected Service Level and Minimum Service Level commitment as described in Item 1, the following will apply:
3. Where at least nine (9) consecutive months of verifiable service measurements exist for a particular Service that is being provided by the Service Provider (the "Nine-Month Measurement Window"), the Parties agree that the Expected Service Level shall be defined as the average of such service measurements for the Nine-Month Measurement Window and that the Minimum Service Level shall be defined as the lowest service measurement achieved during the Nine-Month Measurement Window, unless the lowest measurement is more than the equivalent of one standard deviation for the data set of measurements below the second lowest service measurement achieved in which case the Minimum Service Level shall be defined as the second lowest service measurement.
4. Where less than nine (9) months or no measurements exist for a particular Service that is being provided by the Service Provider, the Parties shall do the following:
 - 4.1. The Service Provider shall begin providing monthly measurements within ninety (90) days after the Service Provider's receipt of DIR's written request.
 - 4.2. After nine (9) or more actual service level attainments have been measured (or should have been measured per Item 4.1 of Section 8.1 of this Exhibit 3 and if not so measured, constructed as described in Item 4.2.1 of Section 8.1 of this Exhibit 3), DIR may at any time in writing request that Item 3 of Section 6.1 above be used to establish the Service Level commitments.
 - 4.2.1. If the Service Provider is responsible for measuring actual service level attainments for nine (9) consecutive months and fails to provide one (1) or more measurements during the nine-month period such that nine (9) consecutive measurements are not available, the missing measurement(s) shall be constructed according to the following: (i) if one measurement is missing, the missing measurement shall be constructed by using the highest of the eight (8) actual measurements, or (ii) if two (2) or more measurements are missing, the first missing measurement shall be constructed by using the highest of the actual measurements and adding to that measurement twenty percent (20%) of the difference between that measurement and one hundred percent (100%) and each of the remaining missing measurements shall be constructed by using the highest of the actual measurements and adding to that measurement thirty-five percent (35%) of the difference between that measurement and one hundred percent (100%).

For example, if there were four measurements for a particular Service, and the highest of the four measurements was 95%, then the measurements for the missing five months

would be deemed to be 96.00% (representing 95.00% plus (20% of 5%)) for one month and 96.75% (representing 95.00% plus (35% of 5%)) for the remaining four months.

4.2.2. If the Service Provider has provided twenty-four (24) actual service level attainment measurements for any particular Service provided by the Service Provider, and DIR has not used Item 3 of Section 8.1 of this Exhibit to establish Service Level commitments, then continued provision of actual service level attainment measurements shall be subject to the Parties' mutual agreement in accordance with the Change Control Procedures.

8.2 Modification

DIR may modify Service Level commitments or measurements methodology in accordance with this Section 8.2 and by providing written in accordance with Section 4.

The Service Provider may propose modifications to Service Level measurement methodology for DIR approval, Service level measurement methodology may be modified by updating **Attachment 3-B**, Service Level Definitions-Tools-Methodologies.

For any Service Level commitments associated with modified Service Levels, the Parties shall attempt in good faith to agree on a modification to current Service Level commitments using industry standard measures or third party advisory services. In the event the Parties cannot agree on proposed modifications, **Section 19**, Dispute Resolution, of the MSA and **Exhibit 6**, Governance Model, **Section 2.3.1** apply.

8.3 Deletions

DIR may delete Critical Service Levels or Key Measurements by sending written notice in accordance with Section 4 herein.

8.4 Impact of Additions and Deletions of Critical Service Levels on Service Level Credit Allocation Percentages

When adding or deleting a Critical Service Level, DIR shall modify the Service Level Credit Allocation Percentages for the Critical Service Levels such that the total Service Level Credit Allocation Percentages for all Critical Service Levels within the Performance Category sums to less than or equal to one hundred percent (100%)

If DIR adds a Critical Service Level in accordance with Section 8.1 above, but does not modify the Service Level Credit Allocation Percentages for the Critical Service Levels under this Section 8.4, then, until such time as DIR so modifies such Service Level Credit Allocation Percentages, the Service Level Credit Allocation Percentage for such added Critical Service Level shall be zero.

8.5 Modifications of Service Level Credit Allocation Percentages for Critical Service Levels

DIR may modify the Service Level Credit Allocation Percentages for any Critical Service Levels within the Performance Category by sending written notice in accordance with Section 4. DIR shall modify the Service Level Credit Allocation Percentages for two or more of the Critical Service Levels within the Performance Category such that the sum of the Service Level Credit Allocation Percentages for all Critical Service Levels is less than or equal to one hundred percent (100%).

The Pool Percentage Available for Allocation in any Service Component area, as specified in **Attachment 3-A**, Service Level Matrix, may only be modified by formal amendment, in accordance with **Section 21.7** of the MSA.

9. SERVICE DELIVERY FAILURE; CORRECTIVE ACTION PLAN (CAP) FAILURE EVENT

1. If three (3) Service Level Defaults for the same Service Level occur in any six (6) month period, then upon such third occurrence, this shall be deemed a Service Delivery Failure. Within thirty (30) days of the occurrence of a Service Delivery Failure, Service Provider will provide DIR with a written plan (the "Service Delivery (SD) Corrective Action Plan") for improving the Service Provider's performance to address the Service Delivery Failure, which plan will include a specific implementation timetable and measurable success criteria. Within 30 days of plan submission, or such other timeframe agreed to by DIR, Service Provider will implement the SD Corrective Action Plan (CAP), which will include making timely and appropriate investments in people, processes and technology. In addition, the Service Provider will demonstrate to DIR's reasonable satisfaction that the changes implemented by Service Provider have been made in normal operational processes to sustain compliant performance results in the future.
2. Upon the occurrence of (i) a CAP Failure Event, or (ii) if Service Provider fails to implement the SD Corrective Action Plan in the specified timetable or if after the implementation of the SD Corrective Action Plan performance has not consistently improved, then Service Provider will be liable for a Service Level Credit in an amount equal to one percent (1 %) of the then-current Service Level Invoice Amount (the "CAP Failure Credit"). The CAP Failure Credit will be applied to the monthly invoice until such time as Service Provider has demonstrated effective Service delivery, as evidenced by either (i) no reoccurrence of the Service Level Defaults which triggered the applicable Service Delivery Failure or (ii) in DIR's reasonable judgment, Service Provider has remedied the failure which is the subject of the CAP Notice. If the CAP Failure Event or Service Delivery Failure reoccurs within three (3) months, the CAP Failure Credit will be reapplied to the then-current and each subsequent monthly invoice until the CAP Failure Event or Service Delivery Failure has been resolved. The CAP Failure Credit cannot be earned back. The Service Provider acknowledges and agrees that the CAP Failure Credit shall not be deemed or construed to be liquidated damages or a sole and exclusive remedy or in derogation of any other rights and remedies DIR has hereunder or under the Agreement. In no event shall the sum of the CAP Failure Credit occurring in a single month exceed, in total, the At-Risk Amount. The Service Provider will not be liable for a CAP Failure Credit any earlier than ninety (90) days after the Commencement Date.

10. RECURRING DELIVERABLES

Certain of the Service Provider's obligations under the Agreement are periodic obligations to deliver key Recurring Deliverables (e.g. Customer Satisfaction Improvement Plan).

DIR may add, modify or delete Recurring Deliverables by sending written notice in accordance with Section 4 of this Exhibit 3.

11. ONE TIME DELIVERABLES – AFTER EFFECTIVE DATE

Certain of the Service Provider's obligations under the Agreement are one-time or periodic obligations to deliver One Time Deliverables. **Attachment 3-A** sets forth the Deliverable Credits that shall be payable by the Service Provider to DIR in the event the Service Provider fails to deliver any of the One Time Deliverables within the required time period specified in **Attachment 3-A**. Imposition of Deliverable Credits for failure to meet the One Time Deliverables obligations shall not be subject to or included in the At-Risk Amount. The total amount of Deliverable Credits that the Service Provider will be obligated to pay to DIR shall be reflected on the invoice that contains charges for the month following which the Deliverable Credits accrued (for example, the amount of Deliverable Credits payable for failure to deliver any One Time Deliverable(s) in August shall be set forth in the invoice for September charges issued in October). Unlike Service Level Credits, Deliverable Credits shall not be subject to Earnback.

12. COMMENCEMENT OF OBLIGATIONS

The obligations set forth herein shall commence on the Effective Date or as otherwise specified in **Attachment 3-A**, Service Level Matrix. The obligations set forth herein shall commence on the Commencement Date or as otherwise specified in **Attachment 3-A** referencing the column "Comm + mos**". The numbers used in the column "Comm +mos**" are in the format X where "X" represents the number of months after the Commencement Date when the Service Provider will be responsible to provide measurement data in support of the Critical Service Level or Key Measurement.

13. IMPROVEMENT PLAN FOR KEY MEASUREMENTS

If the Service Provider fails to meet the Minimum Service Level for the same Key Measurement for three (3) months in any rolling six (6) month period, the Service Provider shall provide DIR with a written plan for improving the Service Provider's performance to satisfy the Key Measurement within thirty (30) days of the third (3rd) failure to meet the Service Level for the Key Measurement. At Service Provider's sole cost and expense, the Service Provider shall promptly implement such plan. If Service Provider fails to implement the plan in the specified timetable, or if after ninety (90) days after any such implementation of the plan, the Key Measurement has not consistently improved, then DIR may at its option declare that such failure will constitute a Service Delivery Failure and Service Provider will comply with the requirements of Section 9 above.

14. COORDINATION WITH THE MSI

Service Providers must coordinate the submission and format of monthly SLA data with the MSI, who is responsible for reporting SLA outcomes to DIR and Customers. Service Providers will work collaboratively to define procedures that ensure the timely and accurate submission of data between the parties.

The MSI is responsible for notifying the Service Providers of any Service Level Default and for requiring Service Level Improvement plans.

15. MEASURING TOOLS

As of the Effective Date, the measuring tools and methodologies set forth in Attachment 3-B, Service Level Definitions-Tools-Methodologies, represent acceptable measuring tools and methodologies for the Critical Service Levels and Key Measurements designated.

If there are any Key Measurements for which the measuring tools and methodologies have not been agreed upon by DIR and the Service Provider and for which measuring tools are not included in Attachment 3-B, and the Service Provider fails to propose a measuring tool that is acceptable to DIR prior to the date upon which the Service Provider shall be responsible for Service Level performance, such failure shall be deemed a Service Level Default until the Service Provider proposes and implements such acceptable measuring tool. DIR will not unreasonably withhold approval for the Service Provider's recommendation for an alternate tool.

Tools for new Key Measurements will be implemented according to the Change Control Procedures. Upon DIR's written notice approving a proposed alternate or new measurement tool, such tool shall be deemed automatically incorporated into Attachment 3-B as of the date for completion of implementation set forth in DIR's notification without requirement for an additional written amendment of this Agreement.

If, after the Effective Date or the implementation of tools for new Key Measurements, the Service Provider desires to use a different measuring tool, the Service Provider shall provide written notice to DIR, in which event the Parties will reasonably adjust the measurements as necessary to account for any increased or decreased sensitivity in the new measuring tools; provided that, if the Parties cannot agree on the required adjustment, the Service Provider will continue to use the measuring tool that had been initially agreed to by the Parties.

It is not anticipated that changes in the measuring tools will drive changes in Service Levels; rather, the need to collect and accurately reflect the performance data should drive the development or change in performance monitoring tools. Service Provider will configure all measuring tools to create an auditable record of each user access to the tool and any actions taken with respect to the data measured by or residing within the tool. All proposed measuring tools must include functionality enabling such creation of an auditable record for all accesses to the tool.

16. TIMES

Unless otherwise set forth herein, all references in this Exhibit 3 to times shall refer to Central Time.

17. SINGLE INCIDENT/MULTIPLE DEFAULTS

If a single incident results in the failure of the Service Provider to meet more than one Service Level, DIR shall have the right to select any one of such multiple Service Level Defaults for which it will be by notifying the Service Provider of the selection within five (5) business days. DIR shall not be entitled to a Service Level Credit for each of such Service Level Defaults.

18. EXCEPTIONS

The Service Provider shall not be responsible for a failure to meet any Service Level solely to the extent that such failure is directly attributable to any of the following:

1. Any circumstances that excuse Service Provider's performance in accordance with **Section 10.2**, Savings Clause, of the Master Services Agreement.

19. EXCLUSIONS

Any incidents or requests opened prior to Effective Date are excluded from SLA measurements. Additional exclusions are indicated in **Attachment 3-B**, Service Level Definitions-Tools-Methodologies.

20. SERVICE LEVEL ESCALATION EVENT

A Service Level Escalation Event occurs, if (a) the Service Provider asserts that it has been unable to perform all or a portion of the Service Level solely as a result of the failure by another Service Provider with whom it shares obligations as specified in that STC Service Provider agreement with DIR, including its SOWs the Service Management Manual and the applicable OLA, (b) the Service Provider has performed its own obligations as set forth in the Agreement, including the SOWs, Service Management Manual and the applicable OLA, which actions shall include (i) immediately notifying STC Service Provider that such failure may result in a Service Level Default, (ii) provides the STC Service Provider with reasonable opportunity to correct such failure to perform and thereby avoid the Service Provider non-performance, (iii) documents that it has performed its obligations under the Agreement notwithstanding another STC Service Provider's failure to perform (iv) has notified DIR that a corrective action has commenced, and (v) has otherwise performed its obligations to cause the STC Service Provider to perform. Upon the occurrence of a Service Level Escalation Event, the Service Provider may escalate the other STC Service Provider failure through the appropriate governance structure for resolution in accordance with **Exhibit 6**, Governance Model. If the applicable governance committee has determined that Service Provider has satisfied each of the requirements and obligations set forth above, such resolution shall include excusing Service Provider's performance related to such failure and may include other actions as reasonably determined by DIR including appropriate changes to the Service Management Manual and the applicable OLA.

21. PERCENTAGE OBJECTIVES

Both parties understand that certain Service Levels may not be measured against an objective of one hundred percent (100%), for example, Time (days, hours, etc.), defects, etc. where zero (0) hours/days and zero percent (0%), respectively, are the appropriate objectives. The calculations described in this Section will be modified when appropriate to reflect these objectives. For example, if the Service Level involved defects in lines of code where zero percent (0%) is the objective, lowest would be changed to highest in Item 3 of Section 8.1 herein, and highest would be changed to lowest in Item 4.2.1 of Section 8.1 herein.

22. LOW VOLUME

Some Service Levels are expressed in terms of achievement of a level of performance over a percentage of items occurring during a Measurement Period. In these instances, if the number of items occurring during a given Measurement Period is less than or equal to one hundred (100), the following algorithm will be used to determine the number of compliant items that Service Provider must successfully complete to achieve the Service Level concerned (Minimum Compliant Items).

1. The number of items occurring during such Measurement Period shall be multiplied by the Expected Service Level; and
2. If the product of that multiplication is not a whole number, then such product shall be truncated to a whole number.
3. For example, assume that a Service Level states that the Successful Respondent must complete ninety-five percent (95%) of incidents within four (4) hours to achieve this Service Level.
4. For example, the following sample calculations illustrate how the above algorithm would function to determine the Minimum Compliant Items (incidents completed within four (4) hours) to achieve this Service Level, in each case given a different number of total incidents occurring during the corresponding Measurement Period:
 - 4.1. If the number of incidents is 100, the Minimum Compliant Items is 95 incidents (100 incidents x 95 percent = 95 incidents).
 - 4.2. If the number of incidents is 99, the Minimum Compliant Items is 94 incidents (99 incidents x 95 percent = 94.05 incidents, truncated to 94).
 - 4.3. If the number of incidents is nine (9), the Minimum Compliant Items is eight (8) incidents (9 incidents x 95 percent = 8.55 incidents, truncated to 8).
 - 4.4. This algorithm will be used for both the Expected Service Level and the Minimum Service Level, except that the Minimum Compliant Items for the Minimum Service Level must be at least one (1) less than the Minimum Compliant Items for the Expected Service Level.

Target	Required 95%	Minimum 90%
Number of Items	Minimum Compliant Items	
100	95	90
90	85	81
80	76	72
70	66	63
60	57	54
50	47	45
40	38	36
30	28	27
20	19	18
10	9	8

23. OPERATIONAL MEASUREMENTS

This Section sets forth qualitative descriptions of the Operational Measurements (OMs). The business objectives and commencement of obligations associated with such Operational Measurements are set forth in **Attachment 3-A** (Service Level Matrix) and shall be documented and updated in the Service Management Manual.

The MSI and Service Provider will acknowledge and agree that the MSI will assist and coordinate the delivery of Services to DIR and Customers. Similarly, the MSI will report the Operational Measures defined below based on information collected by the MSI through the MSI provided systems and processes as defined in the Service Management Manual (SMM) and through data provided by the Successful Respondent to the MSI for reporting purposes.

23.1 Notification to Customer of Malware Infections

The following measure pertains to the Security Monitoring & Device Management SCP. The purpose of this measure is to track how long it takes to notify the Customer of a malware infection on a managed device.

The calculation for “Notification to Customer of Malware Infections” is, for a given Measurement Period, the total number of resolved incident tickets for Malware Infections opened within one hour of infection alert, divided by the total number of resolved incident tickets for Malware Infections during such Measurement Period, with the result expressed as a percentage.

23.2 SMDM Security Incident Response Notification

The following measure pertains to the Security Monitoring & Device Management SCP. The purpose of this measure is to track how long it takes to contact the Customer of a Security Incident on a managed device.

The calculation for “SMDM Security Incident Response Notification” is, for a given Measurement Period, the total number of resolved Incident tickets for MDM Security Incident Response Notification where SMDM SCP contacts via telephone the Customer within 15 minutes of Sev 1 Security Incident or within the timeframe as otherwise defined in the SMM, divided by the total number of resolved SMDM Security Incident tickets for SMDM Security Incident Response Notification during such Measurement Period, with the result expressed as a percentage.