

**ANNEX S - EXIT MANAGEMENT  
To MCS /701578537**

**Definitions**

**Asset:** each or any (i) asset (including any spare part, reference set and special to type set) and (ii) right; in each case required to provide any of the Services and/or required in connection with the Contractor's provision and delivery of any Contractor Deliverable(s), including, without limitation, the Contractor's Equipment, but excluding:

(a) the Authority Equipment and the Government Furnished Assets; and

(b) any Contractor Deliverable(s), Article(s) and any other asset(s) which the Contractor is required to supply or shall have supplied to the Authority and any right(s) acquired or to be acquired by the Authority pursuant to or in connection with the terms of this Contract or otherwise, including any rights in any Deliverable Documentation; and

(c) (without limitation to (b) immediately above) (i) any right or rights granted or to be granted under paragraphs 7.2 and 7.3 to the Authority, any Authority Related Party and/or any Third-Party New Provider (and each or any of such provider's agents, employees, consultants and sub-contractors); and

(ii) any right to access and use Technical Information (where this Contract terminates early other than on the basis of one or more Relevant Fault Based Termination Event(s)) or expires) and to the extent that the Authority does not own or shall not otherwise have rights to the same on or prior to the Termination Date or (as the case may be) the expiry date (including where such information is or shall have been submitted as part of any Deliverable Documentation) or otherwise;

**Third-Party New Provider:** a New Provider other than the Authority;

**Exclusive Assets:** those Assets which are used by the Contractor and/or a Sub-Contractor exclusively in connection with the provision of the Services and/or the provision and delivery of any Contractor Deliverable(s);

**Exit Plan** (or Exit Management Plan): means the plan provided by the Contractor in accordance with Annex S (Exit Management)

**Non-Exclusive Assets:** those Assets used by the Contractor and/or any Sub-Contractor(s) in connection with the provision of the Services and the provision and delivery of any Contractor Deliverable(s), but which are also employed by the Contractor or that or those Sub-Contractor(s) for other purposes;

**1. BACKGROUND**

1.1 In the event of expiry or earlier termination of this Contract for any reason, the Contractor shall ensure:

1.1.1 an efficient and effective transition of the Services to the Authority or a Third-Party New Provider, whilst maintaining required Contract outputs; or

1.1.2 an efficient and effective rundown of the Services and closure of the Contract whilst maintaining any required Contract outputs during the exit period.

1.2 This Annex S sets out the principles of the exit arrangements that are intended to facilitate such transition or rundown.

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**2. EXIT PLAN**

2.1 Within 12 months of Contract Award (and every 12 months thereafter), the Parties shall agree an update to the Delivered Exit Management Plan. The Exit Management Plan, which is a Contractor Deliverable pursuant to clause 10 - Deliverable Documentation, shall include the Contractor's proposed methodology:

2.2.1 for achieving an efficient and effective transition of the Services to the Authority or a Third Party New Provider or rundown of the Services;

2.2.2 for the arrangements for the transfer, disposal or retention arrangements for all Government Furnished Assets held in connection with the Contract. All such Government Furnished Assets shall be reconciled with requirements set out in DEFCON 694 – Accounting of Government Property. (including all remaining spares, reference sets and special to type sets) and associated timescales for action. These arrangements shall include the identification and transfer of any remaining unused spares back to the Authority at no cost to the Authority;

2.2.3 for the arrangements for vacation of any Government Furnished Facilities;

2.2.4 for arrangements for the transfer to the Authority of the applicable information referred to in the following two sub-clauses;

2.2.4.1 (where this Contract is terminated pursuant to Clause 19.3) for:

- a) ensuring that on or as soon as reasonably practicable after the Termination Date and without prejudice to the rights of the Authority otherwise acquired and to the extent that the Authority does not own or shall not have otherwise acquired rights to the same on or prior to the Termination Date or (as the case may be) the Expiry Date (including where such information is or shall have been submitted as part of any Deliverable Documentation), the Contractor shall grant to the Authority, any Authority Related Party and any Third Party New Provider (and each or any of such provider's agents, employees, consultants and sub-contractors) a non-exclusive, perpetual, royalty-free licence (with (in the case of the Authority and any Third Party New Provider) a right to grant sub-licences on equivalent terms) to use, copy and modify any Management Information and/or Technical Information which is reasonably required for the purpose of performing the Replacement Services provided that:
  - 1. such licence shall be limited to a period that is the same as the remaining duration of the Contract had it not been terminated (or as the case may be) is the same as the remaining duration of the part of the Contract being terminated had such part of the Contract not been terminated;
  - 2. (to the extent only of any Technical Information which constitutes proprietary IP belonging to a third party to the Contract) the Authority and Contractor shall agree a separate licensing agreement that shall otherwise be consistent with this paragraph 2.2.4.1(a) save that it shall attract a reasonable licensing fee; and
  - 3. (where the Authority intends to place a contract with a Third Party New Provider for performance of the Replacement Services) the Authority shall provide the Contractor with a written assurance that such Technical Information shall be protected and not used by such Third Party New Provider other than for the purpose of performing the Replacement Services

2.2.4.2 In the case of expiry of the Contract or voluntary termination by the Authority pursuant to Defcon 656B, all Management Information. The Authority's right of use of the information

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provided pursuant to this sub-clause (on expiry or voluntary termination) shall be limited to 6 months after termination or expiry of the Contract.

2.2.5 Details of the major sub-contracts related to the Services and any exclusive suppliers or necessary licences and arrangements for the provision of any necessary information related to the supply chain;

2.2.6 Arrangements for the provision of any training to be provided to the Authority or any Third-Party New Provider to enable the efficient transition and operation of the Services and any Management Information; and

2.2.7 Details of those assets which would be required to support the operation of an alternative support solution for MSET, as advised by the Authority, or continuation of the extant solution, together with the timing and arrangements for their transfer. Such assets shall be categorised as Exclusive Assets or Non- Exclusive Assets.

2.4 The Authority and the Contractor shall appoint appropriately qualified and empowered representatives to manage the Exit Plan.

### **3 CONTRACT CLOSURE PLAN**

Where the Contract expires or is terminated in accordance with the provisions of the Contract and there is no continuing requirement for any of the Services, the Contractor shall support the Authority in generating a Contract Closure Plan.

### **4. NOTIFICATION OF REQUIREMENTS FOR EXIT SERVICES**

4.1 No later than 18 months prior to expiry of this Contract or in the case of termination, as soon as reasonably practicable after service of notice of Termination Notice, the Authority shall serve a written notice ("the Exit Notice") on the Contractor.

4.2 The exit notice shall specify:

4.2.2 the exit period, being the date from which any exit services are required to the date of contract expiry or termination; and

4.2.2 the exit services required from the Contractor during the exit period.

### **5. EXIT SERVICES**

5.1 During the exit period the Contractor shall:

5.1.1 continue to provide the Services (unless otherwise directed by the Authority) and comply with its obligations under the Contract;

5.1.2 provide the exit services as set out in the exit notice; and

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5.1.3 use reasonable endeavours to ensure continuity of its management team with responsibility for delivering the Services.

5.2 During the exit period, the Authority will be deemed to have overall responsibility for managing implementation of the Exit Plan and the exit services.

**6. PRICING & PAYMENT FOR EXIT SERVICES**

6.1 Where work is required to be undertaken in implementation of the Exit Plan which is in addition to the scope of the Contract or any other contracts between the Authority and Contractor or Government Furnished Asset provision, then the Contractor shall submit a costed proposal for providing the exit services to the Authority within 60 days of the Authority's exit notice for consideration and investigation. Such costed proposal to be evidenced as Allowable Costs as required by the Single Source Contract Regulations.

6.2 The price to be paid for the exit services will be agreed with the Authority. Such prices shall take account of the respective rights, remedies and liabilities of the Authority and the Contractor under the Contract. It shall also take account of the Authority's Intellectual Property user rights arising from the Contract or any other Contracts between the Authority and the Contractor. The Authority and the Contractor shall agree a price for the provision of any training on a fair and reasonable basis.

6.3 The Authority and Contractor shall agree a payment schedule for such agreed prices to be authorised through contract change procedure.

**7. CONTINUITY DURING TRANSITION**

7.1 In the event that the Authority transfers the provision of the Services to the Authority or a Third Party New Provider, the Contractor may be required to support an implementation handover period of up to 3 (three) months (or as otherwise agreed) after the date of contract expiry or termination to enable the smooth transition of business to the Authority or Third Party New Provider. The extent of support required of the Contractor will be agreed between the Contractor, the Authority and, where applicable, the Third-Party New Provider and will be subject to negotiation of a fair and reasonable price and payment provision.

7.2 Unless otherwise agreed with the Authority, the Contractor shall use reasonable endeavours to ensure that they keep the same team performing the Services throughout the transition period.