



AMENDMENT NO. 4
to the
CONTRACT FOR LOTTERY OPERATIONS AND SERVICES
between the
TEXAS LOTTERY COMMISSION
and
GTECH CORPORATION

WHEREAS, the Texas Lottery Commission (the "Commission" or "Texas Lottery") and GTECH Corporation ("GTECH") (collectively, "the Parties") entered into a contract for Lottery Operations and Services with an effective date of December 14, 2010 (the "Contract"); and

WHEREAS, Section 3.4 of the Contract states the Contract may be amended only by a written agreement signed by both Parties, and only written agreements signed by the Executive Director of the Texas Lottery shall be binding on the Texas Lottery, and only written agreements signed by an officer of GTECH shall be binding on GTECH; and

WHEREAS, the Parties desire to amend the Contract as more specifically set forth below.

NOW, THEREFORE, pursuant to Section 3.4 of the Contract, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the Contract as follows:

1. **Interactive Voice Response System.** The Texas Lottery provides various services to the public via a toll-free phone number. Those services include but are not limited to: accessing the Texas Lottery Job Line; obtaining Lottery Results for Texas Lottery Draw Games (via results that have been posted to a database); and routing incoming calls for Customer Service to the Texas Lottery's private branch exchange (PBX) system. Pursuant to Amendment No. 2 of the Contract, and in lieu of sanctions and liquidated damages previously assessed by the Texas Lottery against GTECH in a letter from the Texas Lottery to GTECH dated February 6, 2012 (the "February Liquidated Damages Letter"), GTECH shall be required to provide an interactive voice response system and services as further described in this Amendment No. 4.

A. System Specifications.

- (1) GTECH shall provide an Interactive Voice Response System (IVR), including but not limited to a 1-800 number, all required toll-free circuits, equipment, software, licensing fees, IVR application development and system programming (herein referred to as the System) to support the Texas Lottery's toll-free hotline. GTECH shall be responsible for all costs associated with the procurement, installation, maintenance and ongoing operation of the System.
- (2) GTECH shall transfer and utilize the Texas Lottery's existing toll-free numbers in the IVR System, which must offer interstate and intrastate service.
- (3) The System shall provide the ability to answer 100 concurrent calls.
- (4) The System must be available 24 hours a day, 7 days a week.
- (5) The System shall provide voice responses in both English and Spanish.
- (6) The System shall recognize touchtone technology. If upgrades to the System include voice recognition technology, GTECH shall make the technology available to the Texas Lottery.
- (7) The System shall be compatible with and be able to transfer calls to the Texas Lottery's PBX system. If the Texas Lottery upgrades or replaces its PBX system, the Texas Lottery will work with GTECH to ensure new PBX equipment and software are compatible with the IVR system. GTECH shall be responsible for all IVR programming services, enhancements and changes to accommodate changes to the Texas Lottery's PBX system.
- (8) Upon written request from the Texas Lottery, GTECH shall create, edit and administer voice response scripts. Scripts will only be published to the live system after written approval from the Texas Lottery is received.
- (9) The System will provide the Texas Lottery the ability to update Job Listings on the IVR System.
- (10) The System shall provide current jackpot amounts for all Texas Lottery Draw Games. GTECH shall update the System with the new estimated jackpot for each Draw Game within four (4) hours after the draw break process has been completed or within ten (10) minutes of the data being provided to GTECH for multi-jurisdictional games.
- (11) The System shall provide winning numbers for all Texas Lottery Draw Games for the previous 180 days. GTECH shall update the System with the winning numbers for each Draw Game as soon as possible, but no later than ten (10) minutes after the draw break process has been completed or within ten (10) minutes of the data being provided to GTECH for multi-jurisdictional games.
- (12) The System shall accommodate additional Draw Games and functionality. GTECH shall complete System changes for the introduction of a new game within two (2) weeks of the request from the Texas Lottery. When the Texas

Lottery requires multiple game updates simultaneously, GTECH will work with the Texas Lottery to define an acceptable schedule.

- (13) GTECH shall complete System and script changes for emergency fixes and time-sensitive or promotional front end messages within one (1) hour of the request from the Texas Lottery. All other System or script changes must be completed within 1 week of the request.

B. Reporting.

- (1) GTECH shall provide the Texas Lottery bi-weekly reports concerning call volume and call length, together with the capability to produce reports showing the number of calls in each Menu Option category for a certain time period. Bi-weekly is defined as a fourteen (14) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Bi-weekly periods will be considered an independent event; "rolling" bi-weekly periods will not be utilized.
- (2) GTECH also must provide reports current as of the previous calendar day if requested by the Texas Lottery.
- (3) Bi-weekly reports shall include, but not be limited to:
 - 1) Number of Calls Received
 - 2) Average Length of Calls
 - 3) Number of Calls Transferred to the Texas Lottery's PBX system

C. System Changes and Maintenance.

- (1) GTECH shall provide all IVR programming services and must make any required changes to the menu options and/or software application. All changes to the menu options and/or software application must be pre-approved in writing by the Texas Lottery.
- (2) GTECH shall provide all non-routine maintenance, enhancements and changes for the System. GTECH shall notify the Texas Lottery, and must receive written approval from the Texas Lottery, before proceeding with any non-routine system maintenance, enhancement or change.
- (3) GTECH shall perform all routine maintenance during off-peak hours (12am – 4:30am central).
- (4) GTECH shall immediately notify the Texas Lottery in the event of a service outage and identify the cause of the outage and provide the expected return-to-service time.

D. Conversion/Installation.

- (1) The Texas Lottery will provide GTECH current IVR functionality and flow charts identifying current Menu Options.

- (2) GTECH shall work with the Texas Lottery to develop an IVR implementation plan and timeline, which must be approved in writing by the Texas Lottery before GTECH begins work on the System.
- (3) GTECH shall work with the Texas Lottery to develop detailed software requirements and the application call flow/script for the System. All software requirements and call flow/scripts must be approved in writing by the Texas Lottery.

E. Termination. GTECH immediately shall relinquish all interest in the Texas Lottery's toll-free numbers (TFNs) and return the TFNs to the Texas Lottery at no cost to the TLC on the earlier of:

- (1) The date that the Texas Lottery requests that the TFNs be returned to it, or
- (2) The date that GTECH no longer provides IVR services to the TLC in connection with the TFN.

F. Sanctions. The following Contract Sanctions will apply to the IVR System:

3.60.25 Failure to Update Jackpot Amount Throughout the Lottery Gaming System. The failure of GTECH to enter the new estimated jackpot(s) into the Lottery Gaming System and/or IVR System within four (4) hours after the draw break process has been completed may result in GTECH being assessed sanctions.

3.60.46 Call Center Answer Time. The failure of GTECH to answer 95% of all calls (answered or abandoned) in forty-five (45) seconds or less during any bi-weekly period may result in GTECH being assessed sanctions. "Bi-weekly" is defined as a fourteen (14) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Bi-weekly periods will be considered an independent event; "rolling" bi-weekly periods will not be utilized.

3.60.47 Call Center Busy Signal Time. The failure of GTECH to support 99% of all calls without a busy signal during any bi-weekly period may result in GTECH being assessed sanctions. "Bi-weekly" is defined as a fourteen (14) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Bi-weekly periods will be considered an independent event; "rolling" bi-weekly periods will not be utilized.

3.60.50 Call Center Availability. Any service interruption of the service desk and/or IVR System that exceeds fifteen (15) minutes per week may result in GTECH being assessed sanctions. "Weekly" is defined as a seven (7) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Weekly periods will be considered an independent event; "rolling" weekly periods will not be utilized.

3.60.68 Failure to Provide IVR System Changes and/or Enhancements. The failure of GTECH to provide System changes and/or enhancements as required in

sections (A) and (C) of this Amendment No. 4 may result in GTECH being assessed sanctions in the amount of \$1,000 per Day, or part of a Day, until the change and/or enhancement is made and accepted by the Texas Lottery.

3.60.69 Failure to Update Winning Numbers for Each Draw Game in the IVR System. The failure of GTECH to update the winning numbers for each draw game in the IVR System as required in section (A)(11) of this Amendment No. 4 may result in GTECH being assessed sanctions in the amount of \$1,000 per incident and \$100 per hour, or part of an hour, until the winning numbers are updated.

2. Except as amended hereby, all of the terms of the Contract remain in full force and effect. All capitalized terms not specifically defined herein shall have the meaning assigned to such terms in the Contract.
3. This Amendment shall be effective upon execution by both Parties.

TEXAS LOTTERY COMMISSION

By: _____

Gary Grief
GARY GRIEF
EXECUTIVE DIRECTOR

3/8/13

(Date)

GTECH CORPORATION

By: _____

Alan Eland
(Signature)

Alan Eland

(Printed Name)

SVP + COO N. America

(Title)

3/5/2013

(Date)

Attachment 1 - Sanctions Schedule
to Contract for Lottery Operations and Services
Between the Texas Lottery Commission and GTECH Corporation*

Version 1
3/11/2013
Amendment No. 4

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.6 Failure to Permit an Audit or Examination	Multiple	The failure of GTECH to permit financial or operational audits or examinations, to produce requested records, to provide information, or to provide a timely answer for an audit as required in Contract Sections 3.30, 3.31 and elsewhere in the Contract, may result in GTECH being assessed sanctions for each Day the audit/examination is not permitted, the records are not produced, information is not provided and/or the answer is not provided.	\$5,000 per Day or any part of a Day	Request by Auditor or Texas Lottery	Elapsed Time	100% Responsiveness to Auditor's Request	<p>Responsiveness</p> <p>Days Past Due = Compliance Date - Request Date</p> <p>Total Sanction = Number of Days Past Due x Daily Sanction</p>	None	None	Per Incident	None	Auditor's dated requests
3.60.7 Failure to Produce Accurate Records or Provide Accurate Information	Multiple	The failure of GTECH to produce accurate records or information may result in GTECH being assessed sanctions.	\$500 per incident	Notification by Texas Lottery	Accuracy	100% Accuracy of Records and Information	<p>Accuracy</p> <p>Total Sanction = Inaccurate Records/Information x Daily Sanction</p>	\$500 per Day	None	Per Incident	None	Records/Information Received
3.60.8 Failure to Produce Timely Records and/or Information	Multiple	The failure of GTECH to provide timely records and/or information may result in GTECH being assessed sanctions for each Day that the records and/or information are not provided after the requested due date.	\$5,000 per Day or any part of a Day	Notification by Texas Lottery	Elapsed Time	100% Responsive to Texas Lottery	<p>Responsiveness</p> <p>Days Past Due = Compliance Date - Notification Date</p> <p>Total Sanction = Number of Days Past Due x Daily Sanction</p>	None	None	Per Incident	None	Lottery's dated requests
3.60.9 Failure to Disclose Litigation	Multiple	The failure of GTECH to disclose any material civil or criminal litigation or indictment either threatened or pending as part of a monthly report as required in Contract Section 3.43 may result in GTECH being assessed sanctions.	\$1,000 per incident	Failure to Timely Disclose Litigation/Indictment	Complete and Accurate Report	100% of all Litigation Declared in Monthly Litigation Reports	Total Sanction = Inaccurate Monthly Reports x Sanction Amount	None	None	Per Incident	Monthly	Receipt of Monthly Litigation Report
3.60.10 Failure to Obtain Prior Written Approval Before Issuing News Release	Multiple	The failure of GTECH to receive prior written approval from the Texas Lottery before issuing any news releases or publishing information to the public related to the Texas Lottery, as required in Contract Section 3.48 may result in GTECH being assessed sanctions.	\$100,000 per incident	News Release Published Without Approval	# of Unapproved News Releases	100% of Releases are Texas Lottery Approved	Total Sanction = Unapproved News Release x Sanction Amount	None	None	Per Incident	None	News Releases, Written Approvals of News Releases
3.60.11 Failure to Notify the Texas Lottery of Changes of Lobbyist, Consultant and/or Advisor Information	Multiple	The failure of GTECH to inform the Texas Lottery of any change of lobbyist, consultant or advisor information as required under Contract Section 3.51 may result in GTECH being assessed sanctions.	\$10,000 per incident	Annual Review of Texas Ethics Commission Records	# of Incidents Where Lobbyist, Consultant and/or Advisor Changes Were Not Disclosed	100% Full Disclosure of Lobbyist, Consultant and/or Advisor Information	Total Sanction = Non-Disclosure of Lobbyist, Consultant and/or Advisor Changes x Sanction Amount	None	None	Yearly	None	Texas Ethics Commission Records, GTECH Employee Records
3.60.12 Failure to Comply with Non-Disclosure Terms	Multiple	The failure of GTECH, its agents and/or employees to comply with the terms of the non-disclosure requirements in Contract Section 3.53 may result in GTECH being assessed sanctions.	\$5,000 per incident	Discovery of Unauthorized Disclosure	# of Unauthorized Disclosures	100% Compliance with Non-Disclosure Statement	Total Sanction = Detected Disclosure x Sanction Amount	None	None	Per Incident	None	Media, RFP, Presentations, Other Lottery Related Documents

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3.60.13 Unauthorized Purchase of Texas Lottery Tickets	Multiple	Any failure of GTECH to comply with the prohibition set forth in Contract Section 3.55 against the purchase or claiming of a prize in any Texas Lottery game by any member, officer or employee of GTECH, or that member's, officer's or employee's spouse, child, brother, sister or parent who resides in the same household in the principal place of residence of such member, officer or employee may result in GTECH being assessed sanctions.	\$5,000 per incident	System Logs Attempt of GTECH Personnel to Claim Winnings at Claim Center	GTECH Employees and/or their Family Members Attempting to Claim Lottery Winnings	100% Compliance with Tex. Gov't Code Section 466.254	Total Sanction = Detected Violation x Sanction Amount	None	None	Per Incident	None	Claim Center Database including GTECH employees' information
3.60.14 Failure to Report Significant Incidents and Anomalies	Multiple	The failure of GTECH to immediately report, as set forth in Contract Section 3.73, all significant incidents and anomalies to the Executive Director or designee may result in GTECH being assessed sanctions.	\$1,000 per occurrence per Day or part of a Day	Lottery Gaming System Incidents, Retailer Terminal Incidents, Terminal Availability Monitoring, Terminal Performance Monitoring (Transaction & Throughput)	Notification	100% Immediate Notification of all Incidents and Anomalies	Total Sanction = Days (or Part of Days) Past Due x Daily Sanction	None	None	Per Incident	None	Retailer Terminal Incident Report, Timestamps from Availability / Performance Monitoring Software, Call Center Log, Incident Management System
3.60.15 Failure to Timely Notify the TLC of a Change in Financial Condition, Change in Key Management, or Change of Ownership	Multiple	If GTECH fails to timely notify the Texas Lottery of a change in financial condition as described in RFP Section 4.7.2 and elsewhere in the Contract, or change of ownership or control, or change in Key Management as described in Contract Section 3.12.2 and elsewhere in the RFP, GTECH may be assessed sanctions.	\$1,000 per Day or part of a Day	Failure to Provide Timely Notice	# of Days Late on Reporting Changes in Financial Condition, Key Management Changes, or Ownership Changes	100% Timely Notice of Key Financial, Key Management, and Key Ownership Data	Total Sanction = Number of Days Late x Sanction Per Day	None	None	Per Incident	None	Financial and Management Reports
3.60.16 Failure to Provide Information and/or Cooperate Fully with Contract Compliance Review	6.5 Compliance Review	The failure of GTECH to provide information and/or to cooperate fully with any Contract compliance review may result in GTECH being assessed sanctions.	\$1,000 per Day or any part of a Day	Notification by Texas Lottery	Elapsed Time	100% Cooperation with Contract Compliance Reviews	Days Past Due = Compliance Date - Request Date Total Sanction = Number of Days Past Due x Daily Sanction	None	None	Per Incident	None	Notification from Auditors/Compliance Reviewers of Responsiveness
3.60.17 Failure to Correct Audit and/or Compliance Finding	6.5 Compliance Review	The failure of GTECH to take prompt corrective action in response to any Lottery audit finding may result in GTECH being assessed sanctions.	\$10,000 per incident	Incomplete Resolutions to Audit or Compliance Findings	Incomplete Resolutions to Audit or Compliance Findings	100% Prompt Resolution to Audit or Compliance Findings	Total Sanction = (# of Incidences of Delayed Resolution) x \$10,000	None	Texas Lottery Written Approval	Per Audit/Compliance Review	None	Audit/ Compliance Review Findings & Resolution Tracking

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Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.18 Failure to Receive TLC Written Approval At Least Twenty Four (24) Hours in Advance for Visitors to the Central Distribution Warehouse	6.6 - Facilities Support Services	The failure of GTECH to give written notice to and get written approval from the Texas Lottery at least twenty-four (24) hours prior to access by any visitors to the central distribution warehouse may result in GTECH being assessed sanctions.	\$1,000 per incident	Reports from Warehouse Employees, Review of Security Camera Footage or Warehouse Sign-in Logs	Unauthorized Warehouse Visits	100% of Warehouse Visitors Approved by the Texas Lottery at Least 24 Hours in Advance of Visit	Number of Incidents = Visitors Not Approved by the Texas Lottery at Least 24 Hours in Advance Total Sanction = Incidents of Visitors Not Approved x Sanction per Incident	None	None	Per Incident	None	Warehouse sign-in sheets, Visitor Approval Records
3.60.19 Failure to Comply with Title 1 TAC 202 Information Security Standards	6.7 - Business Continuity and Disaster Recovery and 7.8 System Security	The failure of GTECH to take corrective action in response to any Lottery audit or compliance finding related to Texas Administrative Code ch. 202 - Information Security Standards, in the timeframe listed in the management response and agreed to by the Texas Lottery may result in GTECH being assessed sanctions.	\$10,000 per incident plus an additional \$10,000 per week (prorated) until the problem noted in the audit/compliance finding is corrected.	Incomplete Resolutions to Audit or Compliance Findings	Incomplete Resolutions to Audit and/or Compliance Findings	100% Resolution to Audit or Compliance Findings within by agreed deadline	Number of Days of Delayed Resolution = Resolution Date - Resolution Due Date Total Sanction = [(# of Incidences of Delayed Resolution) x \$10,000] + [(Number of Days of Delayed Resolution / 7) x \$10,000]	None	Texas Lottery Written Approval	Per Audit/Compliance Review	None	Audit/Compliance Review Findings & Resolution Tracking
3.60.20 Failure to Backup and Restore Data in a Manner and/or Format for Business Processing	6.7 - Business Continuity and Disaster Recovery	The failure of GTECH to backup and restore data in a manner and/or format for business processing may result in GTECH being assessed sanctions.	\$10,000 per incident	Incomplete or Unavailable Data to Restore	Incomplete Data Backups or Restore	100% Data Backup and Restore	Total Sanction = Incident of Failed Backup and Restore x Sanction per Incident	None	None	Per Incident	None	Availability of Backup Data
3.60.21 Failure to Perform Retailer Training	6.8 - Training	The failure of GTECH to provide training for a retailer within 14 Working Days of approval may result in GTECH being assessed sanctions.	\$200 per incident and \$100 per Day or part of a Day	Missed Milestones	Elapsed Time	100% of Training Complete On time	Number of Days Past Due = Training Date - Required Training Date Total Sanction = Sanction per Incident + [Number of Working Days Past Due x Sanction Per Day]	None	Texas Lottery Written Approval	Per Incident	Monthly	Training Logs & Schedules
3.60.22 Failure to Perform Retailer Retraining	6.8 - Training	The failure of GTECH to perform retraining for a retailer within seven (7) Working Days of written notice from the Texas Lottery may result in GTECH being assessed sanctions.	\$200 per incident and \$100 per Day or part of a Day	Missed Milestones	Elapsed Time	100% of Re-Training Complete on Time	Number of Days Past Due = Training Date - Required Training Date Total Sanction = Sanction per Incident + [Number of Working Days Past Due x Sanction Per Day]	None	Texas Lottery Written Approval	Per Incident	Monthly	Training Logs & Schedules
3.60.23 Failure to Implement New On-Line Games	7.2.1 - On-Line Game Development	The failure of GTECH to implement any new On-Line games as scheduled may result in GTECH being assessed sanctions.	\$100,000 per Day or part of a Day	Missed Deadline for New On-Line Game	Elapsed Time	100% On Time Delivery of New Games	Number of Days Late = On-Line Game Implementation Date - On-Line Game Due Date Total Sanction = Number of Days Late x Sanction Per Day	None	Texas Lottery Written Approval	Per Incident	None	Monitoring of On-Line Game Project Schedule
3.60.24 Failure to Conduct Intellectual Property Search	7.2.1 - On-Line Game Development	The failure of GTECH to conduct, as required by Contract Section 3.28, all appropriate intellectual property searches (e.g., full copyright, trademark or service mark or patent searches) for all proposed Works, to ensure that the proposed Works are protectable by the Texas Lottery and do not infringe the Intellectual Property Rights of any third person or entity may result in GTECH being assessed sanctions.	\$10,000 per incident	Alleged Infringement	Completion of intellectual property Searches	100% of Intellectual Property Searches Completed	Total Sanction = Number of Incidents x Sanction Per Incident	None	None	Per Incident	None	Infringement Notification

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.25 Failure to Update Jackpot Amount Throughout the Lottery Gaming System	7.2.3 - Drawings	The failure of GTECH to enter the new estimated jackpot(s) into the Lottery Gaming System and/or IVR System within four (4) hours after the draw break process has been completed may result in GTECH being assessed sanctions.	\$10,000 per incident and \$1,000 per hour after the first hour	Retailer and Player Complaints	Elapsed Time	100% Jackpots Updated On time	Sanction Hours = Jackpot Actual Update Time - Completion of Draw – 4 Hours Total Sanction = Incident Sanction + [Sanction Hours x Sanction Per Hour]	None	Texas Lottery Written Approval for high sales Days; for multi-jurisdiction games, any extraordinary events outside of GTECH's control.	Daily	None	Retailer & Player Complaints
3.60.26 Lottery Gaming System Inability to Cash Winning Tickets at a Retailer Location (All On-Line Games or All Instant Ticket Games)	7.4 - Claims and Validation	If the Lottery Gaming System will not cash any tickets for all On-Line games or any tickets for all of the available instant games due to a Lottery Gaming System problem, GTECH may be assessed sanctions after the first two (2) minutes such circumstance exists (referred to as "grace time"); provided, however, GTECH will be allowed a maximum of five (5) two-minute periods of grace time per week. This calculation will be made for all On-Line games affected or when all available instant games are affected.	\$1,000 per minute or part of a minute after two (2) minutes (maximum of five (5) 2 minute grace periods per week)	Retailer Complaints, Downtime Notification, Application Availability and Performance Monitoring Alerts, Retailer Hotline	Availability	100% Availability with up to five (5) two-minute grace periods per week	Calculated based on application availability time stamp in log file or monitoring program Downtime = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp – Grace Time Total Sanction = Downtime x Sanction per Minute	\$250,000 per Day	Texas Lottery Approved Scheduled Downtime	Per Incident	Monthly	Application Availability and Performance Monitoring Logs, Incident Management System
3.60.27 Lottery Gaming System Inability to Cash Winning Tickets at a Retailer Location (Specific On-Line Game or One or More Instant Ticket Games)	7.4 - Claims and Validation	If the Lottery Gaming System will not cash a ticket for a specific On-Line game or one or more instant game(s) due to a Lottery Gaming System problem, GTECH may be assessed sanctions. This sanction will be separately calculated and assessed for each On-Line game affected and/or instant games as a whole, but not each instant game affected.	\$5,000 for first four (4) hours; \$10,000 per hour or part of an hour thereafter	Retailer Complaints, Downtime Notification, Application Availability and Performance Monitoring Alerts, Retailer Hotline	Availability	100% Availability	Calculated based on application availability time stamp in log file or monitoring program Downtime = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp Total Sanction = Downtime x Sanction per Hour	None	Texas Lottery Approved Scheduled Downtime	Per Incident	Monthly	Application Availability and Performance Monitoring Logs, Incident Management System
3.60.28 Lottery Gaming System Inability to Cash Winning Tickets at a Texas Lottery Claim Center	7.4 - Claims and Validation	If any Texas Lottery claim center is open for business but unable to cash winning tickets and process a claim due to a Lottery Gaming System problem, GTECH may be assessed sanctions after the first two (2) minutes such circumstance exists (referred to as "grace time"); provided, however, that GTECH will be allowed a maximum of five (5) two-minute periods of grace time per week.	\$2,000 per minute or part of a minute after two (2) minutes (maximum of five (5) 2 minute grace periods per week)	Claim Center Downtime Notification, Application Availability and Performance Monitoring Alerts	Availability	100% Availability with five (5) two-minute grace periods per week	Calculated based on application availability time stamp in log file or monitoring program Downtime = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp - Grace Time Total Sanction = Downtime x Sanction per Minute	\$100,000 per Day	Texas Lottery Approved Scheduled Downtime	Per Incident	Monthly	Application Availability and Performance Monitoring Logs, Incident Management System, Check Printing Log Files
3.60.29 Inability of the Lottery Gaming System to Conduct Retailer, Licensing, Inventory, Accounting, or Other Management Functions	7.6.1 - System Configuration and Capacity	If any Lottery Management functions required by Texas Lottery staff to conduct business (as determined by the Texas Lottery in its sole discretion) are unavailable, GTECH may be assessed sanctions after the first hour such circumstance exists (referred to as "grace time"); provided, however, that GTECH will be allowed a maximum of one (1) one-hour period of grace time per week.	\$1,000 per hour (after the first hour) and then \$500 per additional hour or part of an hour	Unavailable Instant Ticket Inventories, Retailer Management Functions, Licensing Management, or other Management Function Failures	Availability	100% Availability With one 1 Hour Grace Period Per Week	Calculated based on application availability time stamp in log file or monitoring program Downtime = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp - 1 Hour Total Sanction = Downtime x Sanction per Hour	None	Texas Lottery Approved Scheduled Downtime	Per Incident	Monthly	Management System Logs, Incident Management System

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Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.30 Performance Degradation	7.6.1 - System Configuration and Capacity	The Lottery Gaming System's performance shall not be degraded during the daily operational sales period for more than two (2) cumulative minutes per Day or GTECH may be assessed sanctions. The Lottery Gaming System shall be deemed to be operating with degraded performance if one or more of the following conditions exist: a. 20% or more of single wager tickets are not produced within four (4) seconds of data entry. b. 20% or more of multi-wager tickets are not produced within six (6) seconds of data entry. c. 20% or more of other transactions are not processed within eight (8) seconds.	\$200 per minute or part of a minute that the Lottery Gaming System functions are degraded after a two (2) minute cumulative grace period per Day	Automated Performance Monitoring Alerts	Transactions Speeds	Over 80% of Transactions Processed On Time	Degraded Transaction = Transaction Complete Time - Transaction Start Time > Transaction Deadline Regular Transaction = Transaction Complete Time - Transaction Start Time <= Transaction Deadline Sanction Time = Degraded Performance Time End - Degraded Performance Time Begin - 2 Minute Grace Period Per Day Total Sanction = Sanction Time x Sanction Per Minute	None	None	Per Minute	Daily	Automated Performance Monitoring Software
3.60.31 Failure to Test Backup Lottery Gaming System	7.6.1 - System Configuration and Capacity	The failure of GTECH to test the backup Lottery Gaming System each month may result in GTECH being assessed sanctions.	\$10,000 per incident	Scheduled Test Date Missed	Completion of Testing of Backup Lottery Gaming System on Schedule	100% On Time Testing of Backup Lottery Gaming System	Total Sanction = # of Missed Tests of Backup System x Sanction Per Incident	None	None	Monthly	Monthly	Backup Testing Reports
3.60.32 Failure of the Lottery Gaming System to Execute Planned On-Line Promotion	7.6.3 - Sales and Marketing System General Requirements	If the Lottery Gaming System fails to execute a planned On-Line promotion as configured by GTECH and approved by the Texas Lottery, GTECH may be assessed sanctions.	\$25,000 per incident and GTECH must pay any additional costs incurred by the Texas Lottery from the incident (e.g., promotion runs in more areas than intended, resulting in higher prize liability borne by the Texas Lottery for more prizes being won)	Missed Milestones or Improper Execution	Elapsed Time	100% Planned Promotions Executed Successfully	Total Sanction = (Promotion Not Executed According to Plan x Sanction) + Additional Costs Incurred by Texas Lottery	None	Texas Lottery Written Approval	Per Incident	None	Promotion Go-Live Records
3.60.33 Failure to Provide Software Fixes and/or Enhancements	7.7 - Change and Release Management	If GTECH fails to provide software fixes and/or enhancements to the Lottery Gaming System per an agreed upon schedule, GTECH may be assessed sanctions.	\$1,000 per Day or part of a Day	Missed Milestones or Deliverables	Elapsed Time	100% On Time Delivery of Software Fixes and/or Enhancements	Days Late = Date Fix/Enhancement Delivered - Date Fix/Enhancement Due Total Sanction = Days Late x Sanction Per Day	None	None	Per Incident	None	Schedule of Fixes and/or Enhancements
3.60.34 Failure to Implement Change or Release Management as Required under RFP Section 7.7	7.7 - Change and Release Management	If GTECH fails to implement any change or release to the Lottery Gaming System as required under RFP Section 7.7, GTECH may be assessed sanctions.	\$25,000 per incident	Change or Release not implemented in accordance with RFP Section 7.7	Incidents	100% of Changes and Releases implemented as required in RFP Section 7.7	Total Sanction = Change or Release Not Implemented as Required x Sanction Per Incident	None	Texas Lottery Written Approval	Per Incident	None	Incidents attributable to a Change or Release
3.60.35 Failure to Comply with Title 1 TAC 202 Resulting in a Security Incident	7.8 - System Security	The failure of GTECH to comply with Texas Administrative Code Title 1 ch. 202 - Information Security Standards, resulting in a security incident may result in GTECH being assessed sanctions.	\$100,000 per incident	System Errors, Unauthorized Access, Release of Unauthorized Data	Compliance	No Security Incidents	Total Sanction = Security Incident x Sanction Per Incident	None	None	Per Incident	None	Incidents attributable to Title 1 TAC 202 non-compliance

Attachment 1 - Sanctions Schedule
to Contract for Lottery Operations and Services
Between the Texas Lottery Commission and GTECH Corporation*

Version 1
3/11/2013
Amendment No. 4

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.36 Failure to Provide New Reports and/or to Modify Existing Reports	7.9 - Reporting	If GTECH fails to provide new reports and/or to modify existing reports within thirty (30) Days of written request by the Texas Lottery, GTECH may be assessed sanctions.	\$1,000 per Day or part of a Day	Missed Deliverables	Elapsed Time	100% On Time Delivery of Reports	Days Late = Date Report Delivered - Date Report Requested – 30 Days Total Sanction = Days Late x Sanction Per Day	None	None	Per Incident	None	Requested Report List, List of Existing Reports
3.60.37 Inability of the Internal Control System to Update Lottery Applications	7.6.2 Electronic Data Exchange 7.10 - ICS System and Vendor Requirements	If the Internal Control System fails to update Texas Lottery downstream applications, by the date and time specified in the data exchange report, due to failure of the Lottery Gaming System, GTECH may be assessed sanctions.	\$1,000 per incident for up to 4 hours; After 4 hours, \$1,000 for each hour or part of an hour	Automated Alert	On Time Application Updates	100% On Time Updates	Downtime = Application Updated Time Stamp - Application Update Deadline - 4 Hours Total Sanction = Incident Sanction + (Downtime x Sanction per Hour)	None	This sanction shall not apply to a failure to update that occurs during implementation of a software download, enhancement or other modification, Lottery Gaming System hardware change and/or Lottery Network change for which prior written approval has been obtained from the Texas Lottery.	Per Incident	None	System Logs
3.60.38 Out-of-balance Condition Between ICS and Lottery Gaming Systems	7.10 - ICS System and Vendor Requirements	If an out-of-balance condition exists in transactions or amounts between ICS and the Lottery Gaming System during nightly transaction processing and is determined to be the result of the Lottery Gaming System processing, GTECH may be assessed sanctions.	\$1,000 per incident	Automated Alert	Accuracy	100% of Transactions and Amounts Between ICS & Lottery Gaming System Balance	Sanction amount for each incident when ICS balances do not equal GTECH balances	None	None	Per Incident	None	ICS Processing Report
3.60.39 Failure to Load Debit, Credit, and/or New Retailer Files From the Tx Lottery into the Lottery Gaming System	7.6.2 Electronic Data Exchange 7.10 - ICS System and Vendor Requirements	The failure of GTECH to load debit, credit and/or new Retailer files from the Texas Lottery into GTECH's Lottery Gaming System by the date and time specified in the Data Exchange Report may result in GTECH being assessed sanctions.	\$10,000 per incident and \$1,000 per hour after four (4) hours	System Errors	Elapsed Time	100% On Time Load of Debit, Credit, and New Retailer Files Into GTECH's Lottery Gaming System	Sanction Hours = File Load Time - Scheduled Load Time – 4 Hours Total Sanction = Incident Sanction + (Sanction Hours x Sanction Per Hour)	None	None	Daily	None	Retailer Complaints, ICS and Lottery Gaming Software
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Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.42 Inability of the Lottery Gaming System to Produce Accurate Terminal Reports or Make Terminal Reports Available	7.11 - System Supported Terminal Functions	If the Lottery Gaming System fails to produce accurate terminal reports, GTECH may be assessed sanctions upon identification such circumstance exists and for each additional hour that the issue is not resolved. If terminal reports are unavailable, GTECH may be assessed sanctions after the first ten (10) minutes such circumstance exists (referred to as "grace time") and for each additional hour that the issue is not resolved; provided, however, that GTECH will be allowed a maximum of five (5) ten-minute periods of grace time per week.	<u>Inaccurate Reports:</u> \$5,000 per hour for each hour or part of an hour thereafter; <u>Reports Unavailable:</u> \$5,000 per hour after 10 minutes (maximum of 5 grace periods per week) and \$5,000 per hour for each hour or part of an hour thereafter	Terminal Reports Not Received, Inaccuracies Detected in Reports	Accuracy, Elapsed Time	100% Available and Accurate Reports	Unavailable Report Sanction Hours = Time Report Received - Time Report Due - Grace Time Inaccurate Report Sanction Hours = Time Report Corrected - Time Report Inaccuracy Identified Total Sanction = Unavailable/Inaccurate Report Sanction Hours x Sanction Amount	\$50,000 per Day	<u>Inaccurate Reports-</u> In the Texas Lottery's sole discretion, sanctions may be assessed from the time the inaccurate report was posted if the inaccuracy causes harm to the agency's security or integrity. <u>Unavailable Reports-</u> Exception provided for start of day delay for designated terminal reports and associated reason for delay that are included on the TLC Approved Exceptions List	Per Incident	None	Terminal Reports Log
3.60.43 Failure to Install, Relocate or Remove Lottery Sales and/or Validation Equipment	7.12.1 - Installation, Relocation and Removal	The failure of GTECH to install, relocate, or remove lottery sales and/or validation equipment within three (3) Working Days of notification by the Texas Lottery for existing Retailers may result in GTECH being assessed sanctions. The failure of GTECH to install sales and/or validation equipment within three (3) Working Days of the training completion date for new Retailers may result in GTECH being assessed sanctions.	\$300 per Day or part of a Day per service request	Missed Milestones Training Completion Date	Elapsed Time	100% On Time Installation / Move / Removal of Lottery Sales and /or Validation Equipment	Number of Working Days Past Due = Installation, Relocation or Removal Date - Expected Install, Relocation or Removal Date Total Sanction = Number of Working Days Past Due x Sanction Per Working Day	None	Texas Lottery Written Approval	Per Incident	Monthly	Equipment Install Plans
3.60.44 Failure to Install, Relocate or Remove Lottery Non-Sales Equipment	7.12.1 - Installation, Relocation and Removal	The failure of GTECH to install, relocate, or remove lottery non-sales equipment within three (3) Working Days of notification by the Texas Lottery for existing Retailers may result in GTECH being assessed sanctions. The failure of GECH to install non-sales equipment within three (3) Working Days of the training completion date for new Retailers may result in GTECH being assessed sanctions.	\$100 per Day or part of a Day per service request	Missed Milestones Training Completion Date	Elapsed Time	100% On Time Installation / Move / Removal of Non-Sales Equipment	Number of Working Days Past Due = Installation, Relocation or Removal Date - Expected Install, Relocation or Removal Date Total Sanction = Number of Working Days Past Due x Sanction Per Working Day	None	Texas Lottery Written Approval	Per Incident	Monthly	Equipment Install Plans
3.60.45 Failure to Resolve a Lottery Non-Sales Equipment Problem within the Specified Timeframe	7.12.2 - Installation, Relocation and Removal 8.7 - Marketing Material and Related Equipment	The failure of GTECH to resolve all Lottery non-sales equipment problems and return the equipment to service within three (3) Days of notification may result in GTECH being assessed sanctions.	\$100 per Day or part of a Day until equipment is returned to service	Retailer Hotline, Automated Alert from Incident Management System	Response Time	100% Response and Resolution to Retailer Service Calls On Time	Number of Days Past Due = Date/Time of Return to Service - 3 Days (72 hours) Total Sanction = Number of Days Past Due x Sanction Per Day	None	Texas Lottery Written Approval	Per Incident	Monthly	Incident Reporting, Retailer Hotline

Attachment 1 - Sanctions Schedule
to Contract for Lottery Operations and Services
Between the Texas Lottery Commission and GTECH Corporation*

Version 1
3/11/2013
Amendment No. 4

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.46 Call Center Answer Time	7.13 - Call Center Support	The failure of GTECH to answer 95% of all calls (answered or abandoned) in forty-five (45) seconds or less during any bi-weekly period may result in GTECH being assessed sanctions. "Bi-weekly" is defined as a fourteen (14) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Bi-weekly periods will be considered an independent event; "rolling" bi-weekly periods will not be utilized.	\$25 per call	Review of Texas Lottery Retailer Call Center Reports, Automated Alerts	Answer Time	95% of inbound calls to be answered within forty-five (45) seconds	Answer Time = Call Answered Time - Time Reached Menu Destination Total Sanction = [(# of calls with answer time >45 seconds) - (5% x # of inbound calls)] x \$25	Maximum Combined Sanction for Sections 3.60.46, 3.60.47, 3.60.48, and 3.60.49 within any bi-weekly period, not to exceed \$25,000	None	Bi-weekly	Monthly	Automated Call Center Reporting
3.60.47 Call Center Busy Signal Time	7.13 - Call Center Support	The failure of GTECH to support 99% of all calls without a busy signal during any bi-weekly period may result in GTECH being assessed sanctions. "Bi-weekly" is defined as a fourteen (14) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Bi-weekly periods will be considered an independent event; "rolling" bi-weekly periods will not be utilized.	\$25 per call	Review of Texas Lottery Retailer Call Center Reports, Automated Alerts	Calls With Busy Signals	99% of all calls received without a busy signal	No Busy Signal Percent = # of Calls Without Busy Signal / Total Number of Calls Total Sanction = [(# of calls with busy signal) - (1% x # of inbound calls)] x \$25	Maximum Combined Sanction for Sections 3.60.46, 3.60.47, 3.60.48, and 3.60.49 within any bi-weekly period, not to exceed \$25,000	None	Bi-weekly	Monthly	Automated Call Center Reporting, Phone Carrier Service Reporting
3.60.48 Call Center Abandonment Rate	7.13 - Call Center Support	The failure of GTECH to maintain a call abandonment rate less than or equal to 5% during any bi-weekly period may result in GTECH being assessed sanctions. "Bi-weekly" is defined as a fourteen (14) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Bi-weekly periods will be considered an independent event; "rolling" bi-weekly periods will not be utilized.	\$25 per call	Review of Texas Lottery Retailer Call Center Reports, Automated Alerts	Abandonment Rate	Call Abandonment Rate not to exceed 5%	Abandonment Rate = Hang-ups After thirty (30) Seconds of Reaching Menu Destination / Total Calls Received Total Sanction = [(# of calls with hang-ups within 30 seconds of reaching menu destination) - (5% x # of inbound calls)] x \$25	Maximum Combined Sanction for Sections 3.60.46, 3.60.47, 3.60.48, and 3.60.49 within any bi-weekly period, not to exceed \$25,000	None	Bi-weekly	Monthly	Automated Call Center Reporting
3.60.49 Call Center Hold Time	7.13 - Call Center Support	The failure of GTECH to maintain a maximum hold time that does not exceed two (2) minutes per call may result in GTECH being assessed sanctions.	\$25 per call	Review of Texas Lottery Retailer Call Center Reports, Automated Alerts	Call Hold Time	Maximum hold time not to exceed two (2) minutes per call	Hold Time = Time Call Center Agent Takes Retailer Off Hold - Time Call Center Agent Placed Retailer On Hold Total Sanction = (# of calls with hold time >2 minutes) x \$25	Maximum Combined Sanction for Sections 3.60.46, 3.60.47, 3.60.48, and 3.60.49 within any bi-weekly period, not to exceed \$25,000	None	Bi-weekly	Monthly	Automated Call Center Reporting

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to Contract for Lottery Operations and Services
Between the Texas Lottery Commission and GTECH Corporation*

Version 1
3/11/2013
Amendment No. 4

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.50 Call Center Availability	7.13 - Call Center Support	Any service interruption of the service desk and/or IVR System that exceeds fifteen (15) minutes per week may result in GTECH being assessed sanctions. "Weekly" is defined as a seven (7) Day period beginning at 12 a.m. on Sunday and ending at 11:59 p.m. on Saturday. Weekly periods will be considered an independent event; "rolling" weekly periods will not be utilized.	\$10,000 per hour or part of an hour after one 15 minute grace period per week	Review of Texas Lottery Retailer Call Center Reports, Automated Alerts	Call Center Availability	100% Availability of Service Desk (with one 15 minute grace period per week)	Availability = System Available Timestamp - System Down Start Timestamp - 15 minutes Total Sanction = Availability x Sanction Per Hour	None	None	Weekly	Monthly	Automated Call Center Reporting
3.60.51 LSR Visits	8.4.1 - Retailer Visit	If GTECH's Lottery Sales Representatives fail to visit each Retailer at least once during each two (2) week sales cycle, GTECH may be assessed sanctions.	\$250 per incident	Retailer Complaints, Exception Reports	On Time Attendance	100% On Time Attendance At Each Retailer	Retailer Sanction Incident = LSR Card Scan Day - Last LSR Card Scan Day – 14 Days Total Sanction = Retailer Sanction Incident x Sanction Per Incident	None	Texas Lottery Written Approval	Monthly	Monthly	Retailer Visit Report or Log
3.60.52 This Section intentionally left blank.												
3.60.53 Failure to Properly Process or Assign On-Line Ticket Stock	8.4.1 - Retailer Visit	The failure of GTECH to properly process or assign On-Line Ticket stock for Retailers may result in GTECH being assessed sanctions.	\$100 per roll	Retailer Complaints	# of Rolls of Misprocessed On-Line Ticket Stock	100% Properly Processed On-Line Ticket Stock	Total Sanction = # of Rolls of On-Line Ticket Stock Misprocessed x Sanction Per Roll	None	None	Per Incident	Monthly	Retailer Inventory
3.60.54 Improperly Processed Packs of Instant Tickets	8.4.2 - LSR Ticket Retrieval, Transfers & Returns	If GTECH improperly processes packs of Instant Tickets, GTECH may be assessed sanctions.	\$100 per pack	Retailer Hotline, Warehouse Scanning	# of Improperly Packaged, Damaged, or Missing Tickets	100% Properly Processed Packs of Tickets	Total Sanction = Improperly Processed Packs x Sanction Per Pack	None	None	Per Incident	Monthly	Warehouse Records, Shipping Records, Retailer Hotline
3.60.55 Failure to Support a Promotional Event	8.6 - Promotional Events & Retailer Promotions	The failure of GTECH to support a scheduled promotional event as required under RFP section 8.6 may result in GTECH being assessed sanctions.	\$5,000 per Day prorated across 10 hour Day	Notification to Texas Lottery of Late or Missing GTECH Staff Assigned to the Event and/or Not Fully Prepared at the Promotional Event	On Time Attendance, Preparation, Equipment Availability & Usability	100% support based on Texas Lottery Promotional Event Schedule	Total Sanction = (CEILING[Number of Hours Late or Equipment Unusable / 10]) x \$5,000	None	None	Per Incident	None	Promotional Event Follow-Up Reports, Problem Notifications from Event Attendees
3.60.56 Inability to Program the Programmable Signs	8.7 - Marketing Materials & Related Equipment	If the Lottery's interface to update programmable sign messaging is unavailable or otherwise not able to be accessed by Texas Lottery staff, GTECH may be assessed sanctions.	\$1,000 per hour or part of an hour	Retailer Complaints, Application Error Reports	Ability to Program Signs	100% Ability to Program Signs	Number of Hours Downtime = Programmable Sign Interface Available Timestamp - Programmable Sign Interface Unavailable Timestamp Total Sanction = Number of Hours Downtime x Sanction Per Hour	None	None	Per Incident	None	Error Messages from Sign Programming Software
3.60.57 Inability of the Programmable Signs to Communicate	8.7 - Marketing Materials & Related Equipment	If GTECH's interface to update the programmable signs is not functioning, GTECH may be assessed sanctions.	\$1,000 per hour or part of an hour	Retailer Complaints, Application Error Reports	Ability for the Program Signs to Communicate	100% Ability to Update Signs	Number of Hours Downtime = Programmable Sign Communication Available Timestamp - Programmable Sign Communication Unavailable Timestamp Total Sanction = Number of Hours Downtime x Sanction Per Hour	None	None	Per Incident	None	Error Messages from Sign Communication Software

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.58 Failure to Load Instant Game Files within Specified Timeframe	9.2 - New Instant Ticket Delivery and Storage	In the event GTECH fails to load Instant Ticket game files within three (3) Days of notification by the Texas Lottery, GTECH may be assessed sanctions.	\$1,000 per Day or part of a Day	Missed Milestones	Elapsed Time	100% Instant Game Files Loaded On time	Number of Days Past Due = Actual Load Time - Texas Lottery Request Received Date - 3 Days Total Sanction = Number of Days Past Due x Sanction Per Day	None	None	Per Incident	None	Game Load Logs & Date of Texas Lottery Requests
3.60.59 Instant Ticket Packs not Delivered to Texas Lottery Retailers	9.3 - Instant Ticket Delivery	The failure of GTECH to timely deliver 99.8% of Instant Ticket orders each month may result in GTECH being assessed sanctions. If any initial distribution or replenishment orders for packs of Instant Tickets received for processing at the central distribution warehouse are not delivered to the Retailer location within three (3) Working Days of such receipt, or if any emergency or special orders for packs of Instant Tickets received for processing by the central distribution warehouse are not delivered to the Retailer location within two (2) Working Days of such receipt, GTECH may be assessed sanctions.	\$700 per Order	Carrier Delivery System, Retailer Complaints	# of Undelivered or Late Delivered Ticket Orders at Retailers	99.8% On-Time Delivery of Instant Tickets to Retailers Each Month	Number of Packs Not Delivered (Initial Distribution or Replenishment Orders) = Ticket Order Received Date - Ticket Order Delivered Date - 3 Working Days Number of Packs Not Delivered (Emergency or Special Orders) = Ticket Order Received Date - Ticket Order Delivered Date - 2 Working Days Total Sanction = Sanction Per Order x Number of Orders Not Delivered	None	None	Per Incident	Monthly	Retailer Inventory, Shipping Records, Ticket Status Database/Application
3.60.60 Instant Ticket Packs not Returned to the Warehouse	9.3.1 Warehouse Instant Ticket Return Verification	If GTECH fails to return Instant Ticket packs within thirty (30) days from Retailer pickup, GTECH may be assessed sanctions.	\$100 per pack	Order Scanning at Warehouse	# of Missing/Late Returned Ticket Packs to Warehouse	100% of Returned Packs Received On Time at Warehouse	Total Sanction = Number of Instant Ticket Packs Not Returned within the Timeframe Specified for Each Pack Status x Sanction Per Pack	None	None	Per Incident	Monthly	Warehouse Inventory, Shipping Records, Retailer Inventory, Ticket Status Database / Application
3.60.61 Warehouse Instant Ticket Return Verification	9.3.1 Warehouse Instant Ticket Return Verification	If an instant ticket pack is damaged or if any tickets are stolen while tickets are in GTECH's care or custody, GTECH may be assessed sanctions.	\$100 per pack	Retailer Call, Order Scanning at Warehouse	# of Damaged or Stolen Tickets and Ticket Packs	100% of Packs/Tickets Not Damaged or Stolen	Stolen Tickets From Warehouse = Warehouse Expected Inventory - Warehouse Inventory Stolen Tickets From Shipping = Shipping Expected Inventory - Shipping Inventory Total Sanction = Stolen Tickets (Warehouse or Shipping) x Sanction Per Pack Total Sanction = Damaged Tickets x Sanction Per Pack	None	None	Per Incident	Monthly	Warehouse Inventory, Shipping Records, Ticket Status Database Application
3.60.62 Failure to Timely Provide Accurate Annual Instant Ticket Inventory Report	9.7 Warehouse and Distribution General Requirements	The failure of GTECH to timely file, within two (2) Working Days of the Texas Lottery's August 31st fiscal year end, an accurate annual instant ticket inventory report, including the status of all inventory by game and by pack, may result in GTECH being assessed sanctions for each Day that the report is not timely filed or accurate.	\$1,000 per Day or part of a Day	Annual Inventory Reports Not Received, Inaccuracies Detected in Annual Inventory Report	Accuracy, Elapsed Time	100% Accurate & On Time Instant Ticket Inventory Report	<u>Timeliness:</u> Days Past Due = Date Accurate Reports Filed - August 31st - 2 Working Days Total Sanction = Days Past Due x Daily Sanction <u>Accuracy:</u> Total Sanction = Date Accurate Reports Filed - Date of Notification of Inaccuracies x Daily Sanction	None	None	Per Incident	Annually	Annual Inventory Report received by Texas Lottery and time stamped (physical) or Receive Date and Time (Texas Lottery Email)

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to Contract for Lottery Operations and Services
Between the Texas Lottery Commission and GTECH Corporation*

Version 1
3/11/2013
Amendment No. 4

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.63 Failure to Cooperate Fully and in Good Faith in the Conversion to any New System	10.6 - Conversion Plan	The failure of GTECH to cooperate fully, and in good faith, to assist to the extent reasonable and practical in the conversion to any new vendor's system (including, but not limited to, providing access to the telecommunications network as required, continuing Contract services at a consistently high level without interruption during the turnover period, sharing of liability files, cross-validation of winning tickets, providing critical documentation such as instant ticket inventories, terminal inventories, system specifications, data files, job control language, program designs, procedures and all other elements required by GTECH in order for a new vendor to install and operate the games and/or to otherwise perform the services may result in GTECH being assessed sanctions for each week, and pro rata for each Day of the week, that GTECH fails to perform the services and provide the resources required by this Contract where such failure is solely attributable to GTECH's actions, at the reasonable and sole discretion of the TLC.	\$500,000 per week and pro rata per Day	Missed Conversion Milestones or Deliverables	Elapsed Time	100% Cooperation and Participation in Conversion Schedule	Total Sanction = ((Date Issue Resolved - Date of Notification) / 7) x Sanction per Week	None	Approved Changes to Texas Lottery Approved Conversion Schedule	Per Incident	Weekly During Conversion to New System	Adherence to Conversion Schedule and Deliverables
3.60.64 Failure to Provide a Detailed Conversion Plan w/in 45 Days of Contract Execution	10.1 - Conversion Plan	The failure of GTECH to provide a detailed Conversion Plan within 45 days of Contract execution may result in GTECH being assessed sanctions for each Day that the detailed conversion plan is not provided.	\$1,000 per Day or part of a Day	Missed Deliverables	Elapsed Time	On-time submission of detailed Conversion Plan	Number of Days Overdue = Task Completion Day Total Sanction = Number of Days Overdue x Sanction per Day	None	None	Per Day	None	Receipt of Detailed Conversion Plan
3.60.65 Failure to Deliver According To The Final Approved Detailed Conversion Plan	10.1 - Conversion Plan	The failure of GTECH to deliver according to the final approved Detailed Conversion Plan, may result in GTECH being assessed sanctions for each Day that the detailed conversion plan is not completed.	\$10,000 per Day or part of a Day	Missed Milestones or Deliverables	Completion % According to Conversion Plan Schedule	100% On Time Delivery	Number of Days Overdue = Task Completion Day - Project Milestone Total Sanction = Number of Days Overdue x Sanction per Day	None	Written Approval by Texas Lottery, Delay Directly Caused by the Texas Lottery	Per Incident	Weekly During Conversion to New System	Project Management System
3.60.66 Failure to Update ES Multi-Media System Messages or Inaccurate ESMM Messages	8.7 – Marketing Materials and Related Equipment	The failure of GTECH to update or maintain the ES Multi-Media (ESMM) system messages, or if ESMM messages are inaccurate, may result in GTECH being assessed sanctions.	\$5,000 per incident	Retailer and/or Player Complaints	Elapsed Time	100% Timely Updates	Total Sanction = Message Not Updated / Inaccurate Message x Sanction Amount	None	None	Per Incident	None	Approved Messages

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.60.67 Failure to Maintain LSR Staff-to-Retailer Ratio	8.4 – Lottery Sales Representatives	<p>The failure of GTECH to maintain an average LSR and SMBD staff-to-Retailer ratio detailed herein (measured twice annually - September through February and March through August) may result in GTECH being assessed sanctions.</p> <p>Through August 31, 2012, GTECH must maintain an average ratio of 1:143; beginning September 1, 2012, through February 23, 2013, GTECH must maintain an average ratio of 1:139; from March 1, 2013, through August 31, 2013, GTECH must maintain an average ratio of 1:137. Beginning September 1, 2013, GTECH must maintain an average ratio of 1:133.</p>	\$50,000 per incident, the sanction shall increase by an additional \$50,000 for each consecutive measure interval, until the staff-to-retailer ratio is met	Required average ratio is not maintained at time of measurement.	Elapsed Time	Meets staff to Retailer Ratio	<p><u>Staff to Retailer Ratio</u></p> <p>Average Number of LSR and SMBD Positions for Period (September - February or March - August) / Average Active Retailers for Period (September - February or March - August)</p> <p>Average number of LSR and SMBD positions will be calculated by taking the number of current positions on the last day of each period month divided by the number of months in the period.</p> <p>Average number of Active Retailers will be calculated by taking the number of Active Retailers on the last day of each period month divided by the number of months in the period</p> <p>Staff to Retailer Ratio Greater than 1:133 x Sanction Amount</p> <p>e.g. staff to retailer ratio is greater than 1:133 (Sept. to Feb.) sanction amount is \$50,000; in the immediate following interval, staff to retailer ratio is greater than 1:133 (Mar. to Aug.), sanction amount is \$100,000; each successive interval of non-compliance thereafter increases sanction by an additional \$50,000</p>	None	None	Twice a Year	None	Filled LSR and SMBD Positions
3.60.68 Failure to Provide IVR System Changes and/or Enhancements	Contract Amendment No.4, Sections (A) and (C).	The failure of GTECH to provide IVR System changes and/or enhancements as required in Sections (A) and (C) of Contract Amendment No. 4, may result in GTECH being assessed sanctions.	\$1,000 per Day, or part of Day	Missed Milestones or Deliverables	Elapsed Time	100% On Time Delivery of IVR System Changes and/or Enhancements	<p><u>Days Late = Date Change/Enhancement Delivered - Date Change/Enhancement Due</u></p> <p><u>Total Sanction = Days Late x Sanction Per Day</u></p>	None	None	Per Incident	None	Schedule of Changes and/or Enhancements
3.60.69 Failure to Update Winning Numbers for Each Draw Game in the IVR System.	Contract Amendment No.4, Sections (A) (11).	The failure of GTECH to update the winning numbers for each draw game in the IVR System as required in section (A)(11) of Contract Amendment No. 4 may result in GTECH being assessed sanctions.	\$1,000 per incident and \$100 per hour, or part of an hour	Winning Numbers Not Updated on IVR System	Elapsed Time	100% Update of Winning Numbers on IVR System	<p><u>Sanction Hours = Winning Numbers Actual Update Time – Completion of Draw Break Process Time – 10 Minutes</u></p> <p><u>Total Sanction = Incident Sanction + [Sanction Hours x Sanction Per Hour]</u></p>	None	Multi-jurisdiction games, any extraordinary events outside of GTECH's control.	Daily	None	Player & Retailer Complaints

Attachment 2 - Liquidated Damages Schedule
to Contract for Lottery Operations and Services
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Version 2
3/11/2013
Amendment No. 4

Title	RFP Section	Description	Amount	Trigger Example	Measure	Performance Target	Formula	Maximum Sanction	Exceptions	Measure Interval	Reporting Period	Measurement Basis
3.61.5 On-Line Game Unavailability	7.6.1 – System Configuration and Capacity	If any On-Line Game is unavailable for sales due to a Lottery Gaming System problem, liquidated damages may be assessed. The first two (2) minutes of down time for sales will be grace time, up to a maximum of ten (10) minutes of grace time per week. Forty percent (40%) of the previous fourteen (14) Days average per minute sales for the same affected game, for the same time of Day corresponding to the period the game is unavailable, will be multiplied by the number of minutes of down time to compute liquidated damages. If the down time is within ten (10) hours of that game's drawing, a sixty percent (60%) factor will be used in lieu of forty percent (40%). This calculation will be made for each affected On-Line Game.	40% of an average "per minute" sales Day 60% of an average "per minute" sales Day within 10 hours of drawing Grace Time of 2 minutes; maximum of 5 grace periods per week	Retailer Complaints, Downtime Notification, Application Availability and Performance Monitoring Alerts, Retailer Terminal Hotline	On-Line Gaming System Availability	100% Availability of On-Line Games	Downtime for First 5 Instances Per Week = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp - 2 Minutes Downtime After First 5 Instances = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp Total Damages = Downtime x Damages	\$250,000 per Day	None	Per Incident	Monthly	Availability and Performance Monitoring Log Files for Applications
3.61.6 Inability of the Texas Lottery Retailer Terminals to Communicate with the Lottery Gaming System	7.6.1 – System Configuration and Capacity 7.14. Communications Network	If Texas Lottery Retailer terminals are unable to communicate with the Lottery Gaming System due to a problem with GTECH's hardware, software, communications network, or the Lottery Gaming System is down, liquidated damages may be assessed. The first two (2) minutes of down time for sales will be a grace period, up to a maximum of ten (10) minutes of grace time per week. Forty percent (40%) of the previous fourteen (14) Days average per minute sales for the same affected game, for the same time of Day corresponding to the period the game is unavailable, will be multiplied by the number of minutes of down time to compute liquidated damages. If the down time is within ten (10) hours of that game's drawing, a sixty percent (60%) factor will be used in lieu of forty percent (40%). This calculation will be made for each affected On-Line Game.	40% of an average "per minute" sales Day 60% of an average "per minute" sales Day within 10 hours of drawing Grace Time of 2 minutes; maximum of 5 grace periods per week	Retailer Complaints, Downtime Notification, Application Availability and Performance Monitoring Alerts, Retailer Terminal Hotline	Connectivity to On-Line Gaming System	100% Availability of Lottery Gaming System	Downtime for First 5 Instances = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp - 2 Minutes Downtime After First 5 Instances = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp Total Damages = Downtime x Damages	\$250,000 per Day	None	Per Incident	Monthly	Availability and Performance Monitoring Log Files for Applications and Communications Network
3.61.7 Failure to Resolve Terminal and Related Sales Equipment Problems.	7.12.2 – Maintenance and Repair	If GTECH fails to respond to Retailer calls for terminal maintenance and correct terminal problems that affect the ability to sell or validate tickets (including, but not limited to, inadequate On-Line Ticket stock, printer out of ink, terminal down time, service degradation, and communication problems), and return the equipment to service within four (4) hours of the time of the service call, liquidated damages may be assessed against GTECH equal to seventy-five percent (75%) of the Average Hourly Sales for the affected Terminal per Day calculated over the last ten (10) Days. Average Hourly Sales are calculated based on 23.5 hours Lottery Gaming System sales hours.	75% of Avg. Hourly Sales for Terminal in Last 10 Days	Self Reporting Terminals tied to GTECH's Incident Management System, Call from Retailer	Ability of Sales Terminals to Produce and Validate Tickets	100% Resolution within four (4) hours	Outage Hours = Time Stamp when the device is functional again - Time Stamp when the device stopped working Average Hourly Sales = Total Daily Sales/23.5 hours Damages = [75% x (Avg. Hourly Sales for Terminal During Last 10 Days)] x (Outage Hours - 4 Hour Grace Period)	None	30 minute maint. window; Retailer store hours; and 30 minute start of day exception for Self Service Terminals and Related Sales Equipment to allow auto-sign on	Per Incident	Monthly	Terminal Downtime Report, Terminal and Network Monitoring Logs, Incident Management System
3.61.8 Unassigned Packs of Instant Tickets Missing from the Warehouse	9.3 – Instant Ticket Delivery	GTECH may be assessed liquidated damages for unassigned Instant Tickets missing from the warehouse.	Face value of each pack	Order Scanning at Warehouse	# of Missing Unassigned Instant Tickets Packs from Warehouse	100% of Unassigned Ticket Packs in Warehouse	Total Damages = Unassigned Tickets Missing From the Warehouse x Damages	None	None	Per Incident	Monthly	Warehouse Inventory, Ticket Status Database / Application
3.61.9 Inability of the Lottery Gaming System to Confirm or Activate Instant Ticket Packs	7.11 - System Supported Terminal Functions	If Texas Lottery Retailers are unable to confirm or activate Instant Ticket packs due to a Lottery Gaming System issue, GTECH may be assessed liquidated damages after the first five (5) minutes such circumstance exists (referred to as "grace time") and for each additional minute that the issue is not resolved; provided, however, that GTECH will be allowed a maximum of five (5) five-minute periods of grace time per week. Twenty-five percent (25%) of average per minute Instant Ticket activation dollar amounts for the same time of day for previous (seven) 7 days for affected Retailers.	After five (5) minutes (maximum of 5 grace periods per week) and then 25% of average per minute Instant Ticket activation dollar amounts for the same time of day for previous (seven) 7 days for affected Retailers.	Retailer Complaints, Instant Ticket Warehouse Complaints, Downtime Notification, Application Availability and Performance Monitoring Alerts	Availability	100% Availability with five (5) five-minute grace periods per week	Calculated based on application availability time stamp in log file or monitoring program Downtime = Application Availability (After Outage) Time Stamp - Application Availability (Before Outage) Time Stamp - Grace Time Total Sanction = [(Avg Per Minute Instant Ticket Activation Dollar Amount) x (25%)] x Downtime	\$250,000 per Day	Texas Lottery Approved Scheduled Downtime	Per Incident	Monthly	Application Availability Monitoring Logs, Incident Management System