



AMENDMENT NO. 3
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. Section 3.28 is replaced in its entirety with the following:

GTECH, at its expense, shall conduct 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. **GTECH shall conduct all appropriate intellectual property searches before making any proposals to the Texas Lottery.** GTECH holds the Texas Lottery harmless from the infringement of such Works, as set forth above. The Texas Lottery retains the right and option to obtain or secure registration of the Works in its own name, and on its own behalf, without the substantive involvement of GTECH. The Texas Lottery will withhold indemnified losses from payments to GTECH, or, if no payments are made, the Texas Lottery will make demand

of payment of indemnified losses. GTECH must make payment within thirty (30) Days of the Texas Lottery's demand.

2. Section 6.8, Table 23, Detail Requirements 15 and 17 are replaced in their entirety with the following:

15. The Successful Proposer must provide new Retailer training before the Retailer can sell Texas Lottery Products. **New Retailer training must be completed within 14 Working Days from the Retailer approval date.** The Successful Proposer shall develop and provide all training materials.

17. The Successful Proposer shall develop and provide ongoing training to ensure that Retailers understand all facets of terminal operation and lottery policies and procedures. Ongoing training must be performed within seven (7) **Working** Days from written notice from the Texas Lottery.

3. Section 7.11, Table 63, System Supported Terminal Functions Service Levels is replaced in its entirety with the following:

SLR #	SLR Name
3.60.40	Inability of the Lottery Gaming System to Confirm or Activate Instant Ticket Packs (All Retailers)
3.60.41	Inability of a Texas Lottery Retailer to Confirm or Activate Instant Ticket Packs (Single Retailer)
3.60.42	Inability of the Lottery Gaming System to Produce Accurate Terminal Reports or Make Terminal Reports Available
Liquidated Damages	
3.61.9	Inability of the Lottery Gaming System to Confirm or Activate Instant Ticket Packs

4. Section 7.12.1, Table 66, Detail Requirement 13 is replaced in its entirety with the following:

13. **The Successful Proposer shall install sales/validation and non-sales lottery equipment in new Retailer locations within three (3) Working Days from the training completion date. Exceptions to this requirement must be approved by the Texas Lottery.** The Successful Proposer shall **install**, relocate or remove sales/validation and non-sales lottery equipment in **existing** Retailer locations within three (3) Working Days of notification by the Texas Lottery, unless the Texas Lottery, in its sole discretion, shortens or extends the time requirement under certain circumstances (e.g., specified removal date, retailer out of business, etc.).

5. Section 8.4, Table 82, Detail Requirement 28 is replaced in its entirety with the following:

28. GTECH must provide LSR support to service the Texas Lottery's Retailer base. GTECH must support growth in the Retailer base with an appropriate increase in

GTECH's LSR staffing. **The Texas Lottery must approve any new LSR or Sales Merchandising & Business Development (SMBD) positions.** GTECH must maintain the average staff-to-Retailer ratio of 1:143 (~~Measured twice annually - September through February and March through August~~) in any State fiscal year **ratios detailed herein. The ratios will be measured twice annually - September through February and March through August - in any State fiscal year.** The average staff-to-Retailer ~~ratio~~ ratios will be calculated using LSR and SMBD positions to active Retailers and ~~does~~ do not include swing representatives or promotional and training representatives. GTECH shall provide the Texas Lottery a quarterly report of all LSR and SMBD positions which shall be due the fifth Day following the end of each State fiscal quarter. The report shall include each LSR/SMBD position title, name and location and the active number of Retailers as of the last day of the State fiscal quarter.

Through August 31, 2012, GTECH must maintain an average staff-to-Retailer ratio of 1:143; beginning September 1, 2012, through February 28, 2013, GTECH must maintain an average staff-to-Retailer ratio of 1:139; from March 1, 2013, through August 31, 2013, GTECH must maintain an average staff-to-Retailer ratio of 1:137. Beginning September 1, 2013, GTECH must maintain an average staff-to-Retailer ratio of 1:133.

6. Section 9.3, Table 105, ~~Detailed~~ Requirement 6 is replaced in its entirety with the following:

6. The Successful Proposer must process (process means issuance of the Instant Ticket order to the central distribution warehouse) all **Instant Ticket initial distribution and replenishment ~~daily ticket~~ orders** within the next Working Day to ensure ticket deliveries are not delayed. **All Instant Ticket initial distribution and replenishment orders received for processing at the central distribution warehouse ~~Monday through Thursday~~ must be delivered to the Retailer location within ~~36 hours~~ three (3) Working Days of such receipt; ~~orders received for processing at the central distribution warehouse on Friday must be delivered to the Retailer location within 72 hours~~ four (4) Days of order receipt.** All emergency and special orders received for processing at the central distribution warehouse must be delivered to the Retailer location within two (2) Working Days of such receipt.

7. In consideration for the Texas Lottery's agreeing to waive the initial implementation/conversion requirement for GTECH to provide the Gemini Slimline Instant and On-Line Game Lottery Vending Machine bid in Section 7.12 of its Proposal, GTECH, at no additional expense to the Texas Lottery, shall instead provide a minimum of 2,000 new Small Footprint Jackpot Signs (3-panel) ("Small Jackpot Signs") as further described herein. These signs are in addition to the Jackpot Signs required in Section 8.7, Detail Requirement 4d ("Large Jackpot Signs"). GTECH shall deploy a combination of Large and Small Jackpot Signs up to a quantity of signs that is equal to 80% of the retailer base. GTECH shall only be responsible for providing jackpot signs (Large and/or Small) to those retailers willing to accept such signs. The specifications for Small Jackpot Signs are attached as Exhibit A to this Amendment No. 3. Exhibit A is incorporated into this

Amendment No. 3 for all purposes. GTECH shall order Small Jackpot Signs upon receipt of an approved design from the Texas Lottery. Once received, GTECH shall install Large and/or Small Jackpot Signs in accordance with a delivery and installation schedule which shall be mutually agreed to by the Parties. Small Jackpot Signs are considered non-sales lottery equipment and subject to the same installation, relocation, removal, and liquidated damages and sanction requirements in the Contract. Title to all jackpot signs referenced in this Section 7 shall remain with GTECH at all times and shall not transfer to the Lottery unless mutually agreed to by the Parties in writing.

8. The Texas Lottery, at its sole discretion, may issue Change Requests (CR's) in the form attached hereto as Exhibit B to the Statement of Work (Parts 6 through 10 of the RFP and the Additional Requirements in Part 4 of the Contract) to meet certain agency business needs. Exhibit B is incorporated into this Amendment No. 3 for all purposes. Change Requests will be used to modify, revise or clarify the Statement of Work, but shall not materially amend or modify the Contract or any sanction or liquidated damages provision. CR's may include, but not be limited to, changes to due dates for designated reports, realignment of GTECH staffing and organizational structure, minor changes to business processes, etc. The Texas Lottery and GTECH will jointly develop and agree in writing to all CR's, which, at minimum, will include a summary of the detail requirement/ role and responsibility/service level requirement provision to be changed, the Contract section reference, a CR tracking number and implementation date. Change Requests are limited in scope and are in addition to, and not in lieu of, amendments to the Contract pursuant to Section 3.4. A Change Request will not be deemed effective unless signed by authorized representatives of the Texas Lottery and GTECH.

9. Attachment 1 – Sanctions Schedule and Attachment 2 – Liquidated Damages Schedule of the Contract are replaced in their entirety with the Sanctions and Liquidated Damages Schedules attached to this Amendment No. 3, which are incorporated in and expressly made a part of the Contract for all purposes. The following sanctions and liquidated damages are amended/added:

3.60.14	Failure to Report Significant Incidents and Anomalies
3.60.15	Failure to Timely Notify the TLC of a Change in Financial Condition, Change in Key Management, or Change of Ownership
3.60.17	Failure to Correct Audit and/or Compliance Finding
3.60.21	Failure to Perform Retailer Training
3.60.22	Failure to Perform Retailer Retraining
3.60.37	Inability of the Internal Control System to update Lottery Applications
3.60.39	Failure to Load Debit, Credit and/or New Retailer Files From the Texas Lottery into the Lottery Gaming System
3.60.40	Inability of the Lottery Gaming System to Confirm or Activate Instant Ticket Packs (All Retailers) DELETED – Refer to 3.61.9
3.60.41	Inability of a Texas Lottery Retailer to Confirm or Activate Instant Ticket Packs (Single Retailer) DELETED – Refer to 3.61.9
3.60.43	Failure to Install, Relocate or Remove Lottery Sales and/or Validation Equipment
3.60.44	Failure to Install, Relocate or Remove Lottery Non-Sales Equipment

3.60.59	Instant Ticket Packs not Delivered to Texas Lottery Retailers
3.60.67	Failure to Maintain LSR Staff-to-Retailer Ratio
3.61.7	Failure to Resolve Terminal and Related Sales Equipment Problems
3.61.8	Unassigned Packs of Instant Tickets Missing from the Warehouse
3.61.9	Inability of the Lottery Gaming System to Confirm or Activate Instant Ticket Packs NEW

10. 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.
11. This Amendment shall be effective upon execution by both Parties.

TEXAS LOTTERY COMMISSION

By:

Gary Grief
GARY GRIEF
EXECUTIVE DIRECTOR

9/19/12
(Date)

GTECH CORPORATION

By:

Alan Eland
(Signature)

Alan Eland
(Printed Name)

SVP + COO N. America
(Title)

9/17/2012
(Date)

EXHIBIT A SMALL FOOTPRINT JACKPOT SIGN



DIMENSIONS
±13.78" w x 5.30" h
FEATURES
• White LED Illumination
• Single Sided
• Digitally printed acrylic front plate
• Red LED Digital Inserts
• Black Powder Coated Housing



Replaceable backlit illuminated digitally printed acrylic plate.



White LED illuminated digitally printed acrylic plate.



Protective back plate.



Remotely updateable Red LED digital insert.

EXHIBIT B
CHANGE REQUESTS
to the
CONTRACT FOR LOTTERY OPERATIONS AND SERVICES
between the
TEXAS LOTTERY COMMISSION
and
GTECH CORPORATION

CR No.	Contract Site Reference	Detail Requirement and/or Business Process to be Modified	Implementation Date
Section 4 – Additional Requirements			
Section 6 – Account Management and Administration			
Section 7 – Lottery Gaming System			
Section 8 – Sales and Marketing			
Section 9 – Warehouse and Distribution			
Section 10 – Conversion			

1. This Change Request shall be effective upon execution by both Parties.

TEXAS LOTTERY COMMISSION

By: _____
GARY GRIEF
EXECUTIVE DIRECTOR

(Date)

GTECH CORPORATION

By: _____
(Signature)

(Printed Name)

(Title)

(Date)