



AMENDMENT NO. 8
to the
CONTRACT FOR LOTTERY OPERATIONS AND SERVICES
between the
TEXAS LOTTERY COMMISSION
and
IGT GLOBAL SOLUTIONS CORPORATION

WHEREAS, the Texas Lottery Commission (the "Commission" or "Texas Lottery") and IGT Global Solutions Corporation, with an assumed name in the State of Texas of "IGT Solutions Corporation" (formerly known as GTECH Corporation) ("IGT") (collectively, "the Parties") entered into a contract for Lottery Operations and Services with an effective date of December 14, 2010, as amended by Amendment No. 1 effective August 10, 2011, Amendment No. 2 effective January 30, 2012, Amendment No. 3 effective September 19, 2012, Amendment No. 4 effective March 8, 2013, Amendment No. 5 effective April 4, 2013, Amendment No. 6 effective October 23, 2014, and Amendment No. 7 effective January 6, 2016 (collectively, the "Contract");

WHEREAS, Section 3.4 of the Contract states the Contract may be amended only by a written agreement signed by both Parties, and in accordance with Tex. Gov't Code Ann. §466.1005(b), only written agreements approved by the Commission and 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 IGT Global Solutions shall be binding on IGT;

WHEREAS, the Texas Lottery wishes to extend the Contract by exercising the three (3) additional two-year renewals, with the extension periods to begin September 1, 2020 and continue through August 31, 2026, at the agreed-upon rates in this Amendment No. 8; 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. In accordance with Section 3.15.2, the Texas Lottery hereby exercises its right to extend the Contract for the three (3) additional two-year periods (i.e., for a total of six (6) additional years) (the "Extension Period"). The six-year Extension Period will begin September 1, 2020 and continue through August 31, 2026. The current Base System and

Services Pricing rate of 2.2099% will continue through the end of the initial Contract period (i.e., until August 31, 2020). The Base System and Services Pricing rates for the Extension Period shall be as follows:

Base System and Services Pricing:

Contract Extension Period	Rate as a Percentage of Sales
September 1, 2020 – August 31, 2022	2.0773%
September 1, 2022 – August 31, 2024	2.0331%
September 1, 2024 – August 31, 2026	1.9889%

2. Section 3.76, NEW OR INNOVATIVE TECHNOLOGY, is added, to read as follows:

The Texas Lottery continually evaluates operations to identify innovations that 1) meet Texas Lottery requirements, 2) maximize revenue to the state of Texas, and 3) are clearly within the statutory authority of the Texas Lottery. Throughout the Contract term, IGT shall promptly notify the Texas Lottery of any such innovations not currently deployed or required under another Contract provision (including services, software, hardware and/or equipment) that could potentially increase revenue to the state of Texas. Should the Texas Lottery determine any such innovation is of potential value to the State and meets the aforementioned criteria, the Texas Lottery and IGT shall meet in good faith to mutually develop and agree on detailed specifications, terms, and conditions for the deployment of the innovation(s).

The Texas Lottery makes no commitment to quantity or timing for the deployment of any such innovations. The Texas Lottery, in its sole discretion, shall make all final decisions regarding lottery operations consistent with its statutory charge to generate revenue for the state. All proposed innovations must be authorized by Texas law, and do not include video lottery, casino gaming, internet-based lottery sales, fantasy sports, or any other activities not authorized by law.

This section 3.76 shall supersede any conflicting or contrary provision of the Contract.

3. Attachment H, Annual Credit (pp. 46-48 of the Contract) is replaced in its entirety with the following:

ANNUAL CREDIT

The Texas Lottery relies on marketing advice and expertise from **GTECH IGT** in making business decisions about Lottery Products. As **GTECH IGT** will be compensated under the Contract based on a percentage of Sales (see definition in the Glossary of Terms), it is important to the Texas Lottery that the interests of **GTECH IGT** and the Texas Lottery are generally aligned to ensure the greatest return to the State of Texas, consistent with the Lottery's objectives in RFP Section 1.3. The prize payout percentage from the sale of Lottery Products is a significant factor in determining net revenue and must be

considered by **GTECH IGT** when providing advice and expertise to the Texas Lottery. **GTECH IGT** shall provide credits to the Texas Lottery based on lottery sales and increases in the overall prize payout percentage for Texas Lottery games as follows:

Annual Credit Based on Increase in Overall Prize Payout Percentage. Effective upon successful conversion, and continuing through the Contract term (and any renewals thereof), **GTECH IGT** shall provide a yearly credit to the Texas Lottery equal to 12% of **GTECH's IGT's** annual incremental revenue from sales above those revenues from sales over the previous state fiscal year (September 1 through August 31) for every .1% increase (rounded to the nearest tenth) in the overall prize payout percentage for Texas Lottery ~~instant scratch ticket~~ and ~~on-line draw~~ games, using the prize payout percentage for the previous state fiscal year as the basis. Sales are defined as sold tickets processed by the Lottery Gaming System, less any tickets that have been canceled or returned, less any promotional tickets or promotional coupons and less any retailer adjustments. State Fiscal Year 2011 revenue and prize payout percentage will be the basis for the calculation for the state Fiscal Year beginning September 1, 2011. This credit calculation shall be conducted annually (in September) each state fiscal year and the Texas Lottery will withhold the credit, if any, from payments to **GTECH IGT**. Such credit will not exceed 50% of **GTECH's IGT's** incremental annual revenue in any state fiscal year.

Annual Credit Based on Declining or Flat Lottery Sales and Increase in Overall Prize Payout Percentage. Effective upon successful conversion, and continuing through the Contract term (and any renewals thereof), **GTECH IGT** shall provide a yearly credit to the Texas Lottery equal to 4.5% of the year-to-year decline (comparing current year dollar returns to the state to returns in the immediately preceding year), calculated on a modified accrual basis, in Texas Lottery monthly transfers to the state under Tex. Gov't Code Ann. § 466.355 (or as may be amended), excluding Texas Lottery transfers of any unspent administrative funds – provided, during the applicable period, (i) overall lottery sales are flat or decline and (ii) the overall prize payout percentage for Texas Lottery ~~instant scratch ticket~~ and ~~on-line draw~~ games increases by at least .1% (rounded to the nearest tenth). This credit calculation shall be conducted annually (in September) each state fiscal year and the Texas Lottery will withhold the credit, if any, from payments to **GTECH IGT**. This Annual Credit section will be rendered null and void and no additional credits will be due if Texas law mandates a reduction to the prize payout percentage.

Annual Rebate Based on Increase in Sales. Effective upon successful conversion, and continuing through the Contract term (and any renewals thereof), **GTECH IGT** shall provide a yearly rebate to the Texas Lottery based on exceeding sales thresholds with an annual growth rate of 1.10% as outlined in Attachment 3 of this Amendment No. 8, which supersedes and replaces the previous Attachment 3 and is incorporated into and expressly made a part of ~~this~~ the Contract. The rebates shall be calculated as follows:

REBATE

Rebate for exceeding Tier 1 Low Range Sales Threshold

GTECH IGT shall provide a yearly rebate to the Texas Lottery equal to 20% of GTECH's IGT's annual revenue from sales for those sales in excess of the Tier 1 Low Range Sales threshold designated on Attachment 3 up to Tier 1 High Range Sales.

Rebate for exceeding the Tier 1 High Range Sales

GTECH IGT shall provide a yearly rebate to the Texas Lottery equal to 25% of GTECH's IGT's annual revenue from sales for those sales in excess of the Tier 1 High Range Sales threshold designated on Attachment 3.

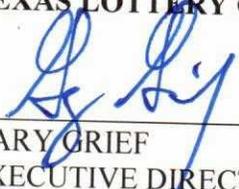
For the purpose of the rebate calculations, Sales are defined as sold tickets processed by the Lottery Gaming System, less any tickets that have been canceled or returned, less any promotional tickets or promotional coupons and less any retailer adjustments. This rebate calculation shall be conducted annually (in September) each state fiscal year and the Texas Lottery will withhold the rebate, if any, from payments to GTECH IGT.

4. 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.
5. This Amendment shall be effective upon execution by both Parties.

[SIGNATURE PAGE FOLLOWS]

TEXAS LOTTERY COMMISSION

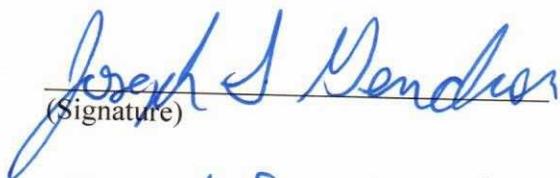
By:


GARY GRIEF
EXECUTIVE DIRECTOR

10-13-16
(Date)

IGT GLOBAL SOLUTIONS CORPORATION

By:


(Signature)
Joseph S. Gendron
(Printed Name)

Senior Vice President
(Title)

10/13/16
(Date)

Attachment 3

[ATTACHED]

Attachment 3
 Rebate Tiers - Hypothetical Example
 Prepared 6/29/2016

Revenue Rate (FY12 - FY 20) 2.2099%
 Revenue Rate (FY21 - FY 23) 2.0773%
 Revenue Rate (FY23 - FY 24) 2.0331%
 Revenue Rate (FY25 - FY 26) 1.9889%
 Tier 1 Growth Rate 1.10%

Tier 1 Discount (Tier 1 Low Range Sales) 20%
 Tier 2 Discount (Tier 1 High Range Sales) 25%

Hypothetical Sales Case

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total 9 years
Tier 1 - Low Range	4,050,000,000	4,135,100,000	4,230,200,000	4,323,200,000	4,418,300,000	4,515,000,000	4,614,900,000	4,716,400,000	4,820,200,000	39,827,300,000
Tier 1 - High Range	4,050,000,000	4,094,600,000	4,139,600,000	4,185,100,000	4,231,200,000	4,277,700,000	4,324,800,000	4,372,300,000	4,420,400,000	38,095,700,000
Tier 2 - Low Range	4,149,999,999	4,195,699,999	4,241,799,999	4,288,499,999	4,335,599,999	4,383,299,999	4,431,499,999	4,480,299,999	4,529,599,999	39,036,399,991
Tier 2 - High Range	4,150,000,000	4,195,700,000	4,241,800,000	4,288,500,000	4,335,600,000	4,383,300,000	4,431,500,000	4,480,300,000	4,529,600,000	39,036,300,000

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total 9 years
Tier 1 - in '000	0	44,500,000	90,600,000	103,399,999	104,399,999	105,599,999	106,699,999	107,999,999	109,199,999	940,599,991
Sales within Cap	0	983,406	2,002,169	2,285,037	2,307,136	2,333,654	2,357,963	2,386,692	2,413,211	20,786,319
IGT Commission	0	396,681	400,434	457,007	461,427	466,731	471,593	477,338	482,642	4,157,284
Tier 1 Rebate	0	786,724	1,601,736	1,828,029	1,845,708	1,866,924	1,886,371	1,909,354	1,930,569	16,629,055
Net Commission	0	0	0	0	0	0	0	0	0	0

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total 9 years
Tier 2 - in '000	0	0	0	34,700,001	82,700,001	131,700,001	183,400,001	236,100,001	290,600,001	791,000,009
Sales within Cap	0	0	0	766,835	1,827,587	2,910,438	4,052,957	5,217,574	6,471,969	17,480,309
IGT Commission	0	0	0	181,709	456,897	727,610	1,013,239	1,304,393	1,605,492	4,370,077
Tier 2 Rebate	0	0	0	575,126	1,370,690	2,182,829	3,039,717	3,913,180	4,816,477	13,110,232
Net Commission	0	0	0	0	0	0	0	0	0	0

	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total 9 years
Total Tier 1 & Tier 2 Sales within Cap	0	44,500,000	90,600,000	138,100,000	187,100,000	237,300,000	290,100,000	344,100,000	398,800,000	1,731,600,000
IGT Commission	0	983,406	2,002,169	3,051,872	4,134,723	5,244,093	6,410,970	7,604,266	8,835,180	36,286,628
Total Tier 1 & Tier 2 Rebate	0	196,681	400,434	648,716	918,324	1,194,340	1,484,832	1,781,732	2,088,135	8,577,341
Total Tier 1 & Tier 2 Net Commission	0	786,724	1,601,736	2,403,156	3,216,399	4,049,752	4,926,088	5,823,534	6,747,046	29,739,287

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Total 15 years
Tier 1 - Low Range	4,926,200,000	5,034,600,000	5,145,400,000	5,258,600,000	5,374,200,000	5,492,300,000	71,058,800,000
Tier 1 - High Range	4,469,000,000	4,518,000,000	4,567,700,000	4,617,900,000	4,668,700,000	4,720,000,000	65,657,000,000
Tier 2 - Low Range	4,579,499,999	4,629,799,999	4,680,699,999	4,732,099,999	4,784,099,999	4,836,699,999	67,279,199,985
Tier 2 - High Range	4,579,500,000	4,629,800,000	4,680,700,000	4,732,100,000	4,784,100,000	4,836,700,000	67,279,200,000

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Total 15 years
Tier 1 - in '000	110,499,999	111,799,999	112,999,999	114,199,999	115,399,999	116,699,999	1,622,199,985
Sales within Cap	2,295,416	2,322,421	2,297,403	2,321,800	2,295,191	2,321,046	34,639,597
IGT Commission	459,083	464,484	459,481	464,360	459,038	464,709	6,927,919
Tier 1 Rebate	1,836,333	1,857,937	1,837,922	1,857,440	1,836,152	1,856,837	27,711,678
Net Commission	0	0	0	0	0	0	0

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Total 15 years
Tier 2 - in '000	346,700,001	404,800,001	464,700,001	526,500,001	590,100,001	655,800,001	3,779,600,015
Sales within Cap	7,201,999	8,408,910	9,447,816	10,704,272	11,736,499	13,043,206	78,023,011
IGT Commission	1,800,500	2,102,228	2,361,954	2,676,068	2,934,125	3,260,802	19,505,753
Tier 2 Rebate	5,401,499	6,306,683	7,085,862	8,028,204	8,802,374	9,782,405	58,517,258
Net Commission	0	0	0	0	0	0	0

	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Total 15 years
Total Tier 1 & Tier 2 Sales within Cap	457,200,000	516,600,000	577,700,000	640,700,000	705,500,000	772,500,000	5,401,800,000
IGT Commission	9,497,416	10,731,332	11,745,219	13,016,072	14,031,690	15,364,753	112,662,608
Total Tier 1 & Tier 2 Rebate	2,259,583	2,566,712	2,821,435	3,140,428	3,393,163	3,725,011	26,433,672
Total Tier 1 & Tier 2 Net Commission	7,237,833	8,164,620	8,923,784	9,885,644	10,638,527	11,639,242	86,228,936