AMENDMENT TO THE HOOSIER LOTTERY INTEGRATED SERVICES AGREEMENT

This Amendment to the Hoosier Lottery Integrated Services Agreement (the "**Amendment**") is executed on this 12th day of June, 2015 and shall be effective upon execution (the "**Amendment Effective Date**"), by and between the **State Lottery Commission of Indiana** (the "**Commission**") and **GTECH Indiana, LLC**, an Indiana limited liability company with its principal corporate offices at 1302 N. Meridian Street, Indianapolis, IN 46202 (the "**Provider**"). The Commission and Provider are sometimes individually referred to herein each as a "**Party**", and collectively, as the "**Parties**".

RECITALS

WHEREAS, pursuant to the Lottery Law, the Commission has been established as a separate body politic and corporate from state government, to function as much as possible as an entrepreneurial business enterprise;

WHEREAS, pursuant to the Lottery Law, the Commission Director is required to operate the Lottery to maximize revenues in a manner consistent with the dignity of the State and the welfare of its citizens;

WHEREAS, the Commission and the Provider are parties to that certain Integrated Services Agreement dated October 12, 2012 (the "**ISA**"), which resulted from the Commission's selection of Provider to provide the Commission with the Services;

WHEREAS, the Commission (under the Lottery Law) and the Provider (under the terms of the ISA) have a mutual interest in maximizing Provider Net Income;

WHEREAS, in recognition of the Provider's demonstrated performance in assisting the Commission to maximize Provider Net Income and surplus revenue to the State of Indiana despite changes to the lottery market that could not reasonably have been anticipated prior to execution of the ISA, the Parties intend to continue their contractual relationship under sustainable commercial terms that encourage continued growth of Provider Net Income;

WHEREAS, the Parties desire to amend certain portions of the ISA as specifically expressed in this Amendment;

WHEREAS, capitalized terms which are not expressly defined in this Amendment shall have the meanings ascribed to them in the ISA; and

WHEREAS, this Amendment, including its framework and structure, is intended to be construed consistently with the ISA, unless otherwise specified;

NOW, THEREFORE, in consideration of the representations, warranties, promises and covenants contained in this Amendment, and other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, agree to amend the ISA as follows:

A. **Section 5.3.3 is amended to read as follows:**

Each Updated Annual Business Plan shall be prepared as follows:

(a) Each Updated Annual Business Plan shall update the Budget in accordance with **Schedule 5.3.3**, as well as include each of the plans and objectives specified in **Schedule 5.3.3**. Among other information, each Updated Annual Business Plan shall:

(i) update the Detailed Portion of the Plan for the then next Contract Year;

(ii) at least be as specific, detailed and informative as the then existing Annual Business Plan (including the Budget and the Detailed Portion of the Plan);

(iii) include information required by this Agreement including as provided in Section 7.4 and Schedule 5.3.3; and

(iv) include all information that bears significantly on the public interest (such as decisions on the kinds of Lottery Games to be offered to the public and decisions affecting the relative risk and reward of such Lottery Games to be offered), so that the Commission will have a reasonable opportunity to evaluate it.

(b) The Commission shall Approve each Updated Annual Business Plan, with such amendments and modifications as the Commission may require (other than Bid Net Income, or Minimum Net Income and Incentive Net Income, as applicable, for each Contract Year which may be modified only in accordance with **Schedule 10.1**), not later than thirty (30) days prior to the first day of each Contract Year.

(c) During any Contract Year, the Commission may request Provider to submit to the Commission a revised Annual Business Plan, with such amendments and modifications as the Commission may require, (other than Bid Net Income, or Minimum Net Income and Incentive Net Income, as applicable, for each Contract Year which may be modified only in accordance with **Schedule 10.1**), not later than sixty (60) days after any such request.

B. **Section 5.3.4 is amended to read as follows:**

Net Income Shortfalls. For Contract Years 1 and 2 a "**Net Income Shortfall**" shall be deemed to have occurred in any Contract Year in which Provider Net Income does not meet or exceed the Bid Net Income for such Contract Year determined in accordance with **Section 5 of Schedule 10.1**. For all other Contract Years, a Net Income Shortfall shall be deemed to have occurred in any Contract Year in which Provider Net Income does not meet or exceed the Minimum Net Income for such Contract Year determined in accordance with **Section 5 of Schedule 10.1**. In the event of a Net Income Shortfall, then the Commission shall have the right to collect the "**Net Income Shortfall Payments**" in accordance with **Section 5 of Schedule 10.1**.

C. **Section 10.3.2 is amended to read as follows:**

Budget Surpluses. If at the end of any Contract Year any portion of the Management Fees or Lottery Expenses allocated for such Contract Year has not been used to pay Management Fees or Lottery Expenses, respectively, then the balance of Payments attributable to Management Fees or Lottery Expenses (as applicable) for such Contract Year shall be returned (to the extent previously paid to

Provider) to the Commission within thirty (30) days of the end of such Contract Year and shall be credited in the calculation of Provider Net Income for such Contract Year.

D. **Section 12.1.11 is added to read as follows:**

Additional Provider Payment. On or before July 31, 2015, Provider shall pay the Additional Provider Payment to the Commission.

E. **Section 13.1.2 is amended to read as follows:**

Extension of the Term. If Provider Net Income is more than one hundred ten percent (110%) of Incentive Net Income in the sixth (6th) Contract Year or any subsequent Contract Year during the Term, then Provider may, at its option, extend the Term of this Agreement by one (1) additional Contract Year for each exercise of any such option up to a maximum number of extensions of ten (10) additional Contract Years; *provided however* that Provider Net Income for the final Contract Year of the Term (including as extended) shall not serve as the basis for an option to extend the Term of this Agreement. Provider shall exercise each such option under this **Section 13.1.2** by giving the Commission notice thereof, within ninety (90) days after Provider's timely submission of the final annual invoice pursuant to **Section 10.2.2** that relates to the Contract Year that satisfies the conditions for the exercise of any such option. If Provider does not give the Commission such notice within such ninety (90) day period, then any such option shall expire. For avoidance of doubt, the latest possible Termination Date resulting from the operation of this **Section 13.1.2** would be June 30, 2038.

F. **Section 13.2.2 is amended to read as follows:**

Termination For Convenience Fee. If the Commission terminates this Agreement for its convenience, then Provider shall (i) take all measures required by **Article 14** and (ii) submit no later than two (2) months from the Termination Date a "**13.2.2 Termination Settlement Proposal**" to the Commission which shall set forth Provider's requested termination fee determined in accordance with the criteria in **subsections (a) through (i)** of this **Section 13.2.2**. If Provider fails to submit such proposal within such two (2) month period, the Commission may determine, on the basis of information available and the criteria set forth below, the amount, if any, due to Provider and shall pay Provider such amount and such payment shall be deemed full satisfaction and settlement. If the Parties cannot agree on the 13.2.2 Termination Settlement Proposal, then a Financial Expert shall be engaged in accordance with **Section 20.8** to determine the final amount to be paid by the Commission pursuant to this **Section 13.2.2** (any sum to be paid by the Commission in accordance with this **Section 13.2.2**, the **"13.2.2 Termination Payment"**). The 13.2.2 Termination Payment shall be based on the aggregate of the following:

(a) Provider's Management Fee due and owing to Provider pro-rated for the applicable portion of the Contract Year until the Termination Date; ***plus***

(b) any Incentive Compensation due and owing to Provider from any previous Contract Year and, in the event that Incentive Net Income was exceeded in each of the three Contract Years prior to the Termination Date, an amount equal to the average annual Incentive Compensation (excluding any Incentive Compensation determined by reference to Provider's Unrecovered Shortfall Amount) Provider received during the three previous Contract Years as pro-rated for the applicable portion of the Contract Year until the Termination Date; ***plus***

(c) in the event that Incentive Net Income was exceeded in each of the three Contract Years prior to the Termination Date, an amount equal to one hundred fifty percent (150%) of the average annual Incentive Compensation (excluding any Incentive Compensation determined by

reference to Provider's Unrecovered Shortfall Amount) Provider received during the three previous Contract Years; ***plus***

(d) documented Lottery Expenses due and owing to Provider for goods or services rendered prior to the Termination Date; ***plus***

(e) any then remaining unrecovered Provider's Commission Expense Payment; ***plus***

(f) the Unamortized Amount of any capital expenditures made or incurred by Provider directly related to the provision of the Services; *provided that* Provider shall, as and if directed by the Commission: (I) take all reasonable measures to mitigate such costs pursuant to this **Section 13.2.2** and **Section 16.7** including by causing a redeployment of such remaining assets or contractual rights to other productive opportunities for their continued use that may be available to Provider or its Affiliates (in which event the amount payable under this **Section 13.2.2(f)** shall be reduced accordingly) or (II) cause any Equipment and Products that have been fully paid for by the Commission associated with such Payments (and not redeployed pursuant to the foregoing clause (I)) to be transferred to the Commission, as the Commission may request, free and clear of all liens and encumbrances; ***plus***

(g) reasonable documented costs of Provider incurred in the disentanglement and demobilization of Provider which are not included in **subsections (a)** through **(e)**, including reasonable costs relating to amounts due and owing to Subcontractors under Subcontracts (*provided* that such Subcontracts conformed to the requirements of **Article 7**), amounts due and owing under leases and licenses, severance costs for Provider Personnel as set forth in the Approved Disentanglement Services Plan, and other expenses reasonably necessary for storage, transportation and other incurred costs reasonably necessary for the preservation, protection or disposition of the Lottery's assets; *provided that* Provider shall, as and if directed by the Commission: (i) take all reasonable measures to mitigate such costs pursuant to this **Section 13.2.2** and **Section 16.7** including by causing a redeployment of such remaining assets or contractual rights to other productive opportunities for their continued use that may be available to Provider or its Affiliates (in which event the amount payable under this **Section 13.2.2(d)** shall be reduced accordingly) or (ii) cause any Equipment and Products that have been fully paid for by the Commission associated with such Payments (and not redeployed pursuant to the foregoing clause (i)) to be transferred to the Commission, as the Commission may request, free and clear of all liens and encumbrances; ***plus***

(h) an amount, if positive, equal to the difference between the Additional Provider Payment and the total of the cumulative Incentive Compensation paid to Provider as of the Termination Date plus any compensation that the Commission shall include in its 13.2.2 Termination Payment under **subsections (b) or (c)**; *but* an amount owed under this **subsection (h)** may not exceed eighteen million two hundred fifty thousand dollars ($18,250,000) if the Commission submits a Termination Notice under this Section 13.2.2 in Contract Year 3, twelve million dollars ($12,000,000) if the Commission submits a Termination Notice under this Section 13.2.2 in Contract Year 4, and six million dollars ($6,000,000) if the Commission submits a Termination Notice under this Section 13.2.2 in Contract Year 5; furthermore, the Commission shall not owe any amount under this **subsection (h)** if it submits a Termination Notice under this **Section 13.2.2** in Contract Year 6 or a subsequent Contract Year; ***less***

(i) any accrued and unpaid amounts as of the Termination Date owed to the Commission from Provider pursuant to this Agreement, which are unrelated to termination of this Agreement pursuant to this **Section 13.2** including any Provider Owed Amounts.

The 13.2.2 Termination Payment shall be the Commission's sole and exclusive liability to Provider, and Provider's sole and exclusive remedy from the Commission, resulting from the Commission's exercise of its rights under this **Section 13.2**. For the avoidance of doubt: (i) payment of the 13.2.2 Termination Payment shall only apply to a termination for convenience by the Commission as set forth in this **Section 13.2**, and under no circumstances except those shall the Commission be liable for the payment of the 13.2.2 Termination Payment or any other liabilities, costs, fees and expenses in connection with the Commission's exercise of any of its other termination rights under this **Article 13**; (ii) to the extent the Commission pays any amount under this **Section 13.2.2** for Management Fees, Lottery Expenses, Incentive Compensation or otherwise, the Commission shall not be obligated to make any such payments under any other provision of this Agreement; and (iii) no 13.10 Termination Payment shall accrue or otherwise be payable under **Section 13.10**. Any Dispute with respect to the calculation of the 13.2.2 Termination Payment shall be resolved by the Financial Expert selected pursuant to **Section 20.8.** A termination of this Agreement pursuant to **Section 13.2** shall not terminate any provisions of this Agreement relating to 13.2.2 Termination Payment, including their calculation and Provider's right to payment thereof, and all such provisions shall continue in full force and effect until Provider has received full payment of such 13.2.2 Termination Payment.

G. **Section 13.3 is amended to read as follows:**

Termination for Consistent Net Income Shortfalls. Subject to any adjustments contemplated by **Schedule 10.1**, the Commission shall have the right to terminate this Agreement and without payment of any Termination Payment and without penalty or liability, including any penalty or liability for any future Provider lost revenue or severance costs, in the event that Net Income Shortfalls equal to more than (i) ten percent (10%) of the applicable Bid Net Income for Contract Years 1 or 2; or (ii) five percent (5%) of the applicable Minimum Net Income for all other Contract Years (each individually a **"Shortfall Termination Qualifying Year"**), occur for either: (a) any consecutive two (2) Contract Year periods or (b) any three (3) Contract Years in a five (5) Contract Year period, which termination shall be effected by delivery by Commission to Provider of a Termination Notice no less than ninety (90) days prior to the Termination Date. For avoidance of doubt, Shortfall Termination Qualifying Years from (i) and (ii) above may be combined to form a qualifying sequence to satisfy (a) or (b) above. If the Commission does not exercise its right to terminate this Agreement under this **Section 13.3** by the first business day of the November immediately following the most recently completed Shortfall Termination Qualifying Year that fully satisfies the requirements of either (a) or (b) above, the Commission shall have waived its right to use the earliest Shortfall Termination Qualifying Year in the qualifying sequence under either (a) or (b) above as the basis for termination of the Agreement under this **Section 13.3**.

H. **Section 13.8.1 is amended to read as follows:**

Provider's Rights to Terminate for Convenience. Subject to its obligations set forth in **Section 13.8.2** below and in the event Provider Net Income has been less than one hundred five percent (105%) of Incentive Net Income in the most recently completed Contract Year, the Provider shall have the right to terminate this Agreement for its convenience, without penalty or liability, including any penalty or liability for any future Commission lost revenue or severance costs, by delivering to the Commission a Termination Notice no less than one (1) year prior to the Termination Date specified therein; *provided that* the Commission may in its discretion accelerate such Termination Date to any date that is no less than thirty (30) days prior to a modified Termination Date as may be specified by the Commission without such termination remaining as a termination pursuant to this **Section 13.8** (and, for avoidance of doubt, such accelerated termination shall not be deemed a termination pursuant to **Section 13.2**). In the event that Provider exercises its right to terminate this Agreement for its convenience by submitting to the Commission a Termination Notice under this **Section 13.8** prior to the first day of Contract Year 4, the Commission may delay the Termination Date specified in Provider's Termination Notice to a date that is

up to and no later than the first day of Contract Year 5. If the Commission elects to delay the Termination Date under this **Section 13.8.1**, such delayed termination shall not be deemed a termination pursuant to **Section 13.2**.

I. **Section 13.8.3(b) is amended to read as follows:**

(b) any Incentive Compensation due and owing to Provider from any previous Contract Year and, in the event that Incentive Net Income was exceeded in each of the three Contract Years prior to the Termination Date, an amount equal to the average annual Incentive Compensation Provider received during the three previous Contract Years as pro-rated for the applicable portion of the Contract Year until the Termination Date; ***plus***

J. **Section 21.1.1(e) is amended to read as follows:**

(e) Provider shall have given notice to the Commission within thirty (30) days after any such specific Commission exercise of its rights to countermand (or its revocation of an Approval or its failure to act) (or after Provider knew of, or should have known of, any such affirmative action by another Governmental Authority) giving rise to such Adverse Action (including giving notice with sufficient detail to demonstrate the causal relationship under the foregoing **subsection (b)** and the amount of the economic effects applicable to each affected Contract Year in relation to and consistent with the requirements of the foregoing **subsection (c)**) so as to permit the Commission, in its sole discretion, to consider and take steps to eliminate or mitigate such adverse impact, which information submitted by Provider to the Commission pursuant to this **subsection (e)** shall establish and constitute the maximum potential downward adjustment to "Bid Net Income", or to "Minimum Net Income" and "Incentive Net Income", pursuant to **Schedule 10.1** (the "**Noticed Potential Downward Adjustment**"); and

K. **Section 21.1.2 is amended to read as follows:**

No Adverse Action. Notwithstanding anything in Section 21.1.1 to the contrary, an Adverse Action shall not be deemed to have occurred in the following circumstances: (a) an Indiana Governmental Authority enacts or amends any of the Force of Law Requirements, or fails to act, in a manner that permits or requires (i) new Gambling Game activities that are similar to Gambling Game activities being conducted at all or any one Casino Facility in the State as of the date the Provider Bid was submitted to the Commission, (ii) relocation of riverboat Casino Facilities to inland Casino Facilities as authorized by House Enrolled Act 1540 (2015), (iii) live table games in Casino Facilities at racetracks as authorized under terms that are materially consistent with the scope of table games authorized in House Enrolled Act 1540 (2015), (iv) new charity gaming activities (under Indiana Code 4-32.2) which are similar to the charity gaming activities being conducted in the State as of the date the Provider Bid was submitted to the Commission, (v) new pari-mutuel wagering on live races (under Indiana Code 4-35) at racetracks or satellite facilities in the State, which is similar to the pari-mutuel wagering being conducted at existing racetracks or satellite facilities as of the date the Provider Bid was submitted to the Commission, including pari-mutuel wagering over the internet as part of an authorized advance deposit wagering service, (vi) new type II gambling activities (under Indiana Code 4-36) which are similar to the type II gambling activities being conducted in the State as of the date the Provider Bid was submitted to the Commission, or (vii) Class II or Class III gaming on Indian lands in the State conducted under the National Indian Gaming Regulatory Act; (b) the imposition of, or an increase in taxes of general application; (c) any final decision, judgment, opinion or interpretation by the Commission, any other Indiana Governmental Authority or a court of competent jurisdiction interpreting the Lottery Law as it existed as of the date the Provider Bid was submitted to the Commission; (d) any action by the Commission contemplated in an Annual Business Plan; (e) any act or failure to act by the Commission in

connection with the Transition Plan (or activities, events or matters related to it), the Ramp-up Period Plan (or activities, events or matters related to it), or anything related to activities, events or matters occurring prior to the Base Services Commencement Date, to the extent that such act or failure to act by the Commission was necessary to prevent or avoid an adverse impact on achieving the result shown as *Surplus Revenue to the State* in the Commission's original budget for its fiscal period ending on June 30, 2013; or (f) the occurrence of a Force Majeure Event.

L. **Section 21.2 is amended to read as follows:**

Effect of Adverse Action. If Provider believes an Adverse Action has occurred it may, as its sole remedy hereunder with respect to any such Adverse Actions, within thirty (30) days of the date an Adverse Action Trigger occurs, initiate the procedures to claim a downward adjustment to "Bid Net Income", or to "Minimum Net Income" and "Incentive Net Income", as provided in **Schedule 10.1**. Any failure to so initiate within such thirty (30) day period such procedure to claim a downward adjustment, shall definitively waive Provider's rights to do so.

M. **Section 22.15 is added to read as follows:**

Amendment. This Agreement may be amended, modified or supplemented only by a written instrument signed by both Parties.

N. **Schedule 1.2 is amended to include the following definitions (to be inserted into Schedule 1.2 in alphabetical order):**

"**Additional Provider Payment**" means a one-time sum of eighteen million two hundred fifty thousand dollars ($18,250,000) paid from Provider to the Commission in accordance with Provider's covenant in **Section 12.1.11**, which amount shall be separate from, and not in lieu of, any Net Income Shortfall Payment or other payments that may be owed to the Commission under the terms of the Agreement or any other written agreements between the Parties and at all times subject to the Force of Law Requirements. For avoidance of doubt, the Additional Provider Payment is a separate and distinct payment and shall not be included in the calculation of Provider Net Income, nor shall it be considered a credit against or used to offset any Net Income Shortfall Payment that may become due to the Commission in any Contract Year.

"**Incentive Net Income**" is defined in Section 2 of Schedule 10.1.

"**Minimum Net Income**" is defined in Section 2 of Schedule 10.1.

"**Shortfall Termination Qualifying Year**" is defined in Section 13.3.

O. **The definition of "Commission's Unrecovered Shortfall Amount" in Schedule 1.2 is amended to read as follows:**

"**Commission's Unrecovered Shortfall Amount**" means the remainder, if any, by which Bid Net Income (for Contract Years 1 and 2) and Minimum Net Income (for all other Contract Years) exceeds the sum of Provider Net Income and Net Income Shortfall Payment for the applicable Contract Year.

P. **The definition of "Provider's Unrecovered Shortfall Amount" in Schedule 1.2 is amended to read as follows:**

"**Provider's Unrecovered Shortfall Amount**" means the amount (if positive in value) from time to time that equals (a) the amount of the Additional Provider Payment paid by the Provider under

Section 12.1.11, *plus* (b) the sum of all Net Income Shortfall Payments made by Provider to the Commission as a result of Net Income Shortfalls accrued only for Contract Years after Contract Year 2, *less* (c) the sum of all Commission's Unrecovered Shortfall Amounts for all Contract Years other than Contract Years 1 and 2, *less* (d) any amount that has been paid to Provider as part of Incentive Compensation resulting from the application of the formula referencing this term under **Section 3(b)** of **Schedule 10.1**. For avoidance of doubt, as of the beginning of Contract Year 3, Provider's Unrecovered Shortfall Amount shall be eighteen million two hundred fifty thousand dollars ($18,250,000), which amount shall be subject to the calculations in this definition subsequent to the beginning of Contract Year 3.

Q. **Section 1 of Schedule 5.3.3 shall be deleted in its entirety and Schedule 5.3.3 shall be renumbered accordingly.**

R. **Section 4 of Schedule 5.3.3 is amended to read and be renumbered as follows:**

3. Provider's assumptions on which its updated Budget is based (including the projected fiscal impacts of each change, addition or elimination from the immediately prior Annual Business Plan).

S. **Section 2 of Schedule 10.1 shall be amended to read as follows:**

2. The "**Bid Net Income**" shall be as follows for any applicable Contract Year:

Contract Year	**"Bid Net Income" ($millions)**
Contract Year 1	**$256.0**
Contract Year 2	**$320.0**

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The "**Minimum Net Income**" shall be as follows for any applicable Contract Year:

Contract Year	"Minimum Net Income" ($millions)
Contract Year 3	$270
Contract Year 4	$290
Contract Year 5	$300
Contract Year 6	$300
Contract Year 7	$300
Contract Year 8	$300
Contract Year 9	$305
Contract Year 10	$311
Contract Year 11	$316
Contract Year 12	$322
Contract Year 13	$327
Contract Year 14	$333
Contract Year 15	$339
Extension Years (if any)	*

* Each item so denoted shall be the Minimum Net Income in the immediately prior Contract Year *increased by* one and three-fourths percent (1.75%), rounded to the nearest hundred thousand dollars.

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"**Incentive Net Income**" shall be as follows for Contract Year 3 and beyond:

Contract Year	"Incentive Net Income" ($millions)
Contract Year 3	$290
Contract Year 4	$295
Contract Year 5	$300
Contract Year 6	$305
Contract Year 7	$310
Contract Year 8	$316
Contract Year 9	$323
Contract Year 10	$329
Contract Year 11	$336
Contract Year 12	$342
Contract Year 13	$349
Contract Year 14	$356
Contract Year 15	$363
Extension Years (if any)	*

* Each item so denoted shall be the Incentive Net Income in the immediately prior Contract Year *increased by* two percent (2%), rounded to the nearest hundred thousand dollars.

For avoidance of doubt, it is not an obligation or responsibility under this Agreement for Provider to ensure that Provider Net Income meets, exceeds, or remains within a particular range of Bid Net Income, Minimum Net Income, or Incentive Net Income in any given Contract Year. The net income levels referenced in this **Section 2** of this **Schedule 10.1** are thresholds that create certain rights and actions under the Agreement and are not intended to be requirements, guarantees, or projections.

T. **Section 3 of Schedule 10.1 is amended to read as follows:**

3. **Incentive Compensation**.

(a) "**Incentive Compensation**" shall be based solely upon Provider's achievement of Provider Net Income that exceeds either Bid Net Income or Incentive Net Income, depending on the Contract Year. For any Contract Year in which Provider Net Income fails to exceed either Bid Net Income (with respect to Contract Years 1 or 2) or Incentive Net Income (with respect to Contract Years 3 and after), then the Commission shall retain one hundred percent (100%) of Provider Net Income for the applicable Contract Year.

If in Contract Years 1 or 2 Provider Net Income exceeds the Bid Net Income for such Contract Year, then pursuant to **Section 10.2.3** of this Agreement and subject to **Section 3(b)** of this **Schedule 10.1** the Commission shall pay Provider an amount equal to the difference between:

(i) the Provider Net Income for such Contract Year; and

(ii) the Bid Net Income for such Contract Year.

If in any Contract Year besides Contract Years 1 and 2 Provider Net Income exceeds the Incentive Net Income for such Contract Year, then pursuant to **Section 10.2.3** of this Agreement and subject to **Section 3(b)** of this **Schedule 10.1** the Commission shall pay Provider an amount equal to fifty percent (50%) of the difference between:

(i) the Provider Net Income for such Contract Year; and

(ii) the Incentive Net Income for such Contract Year.

*For purposes of clarity in this **Section 3(a)** and subject to **Section 3(b)*** of this **Schedule 10.1**:

Incentive Compensation for Contract Years 1 and 2 = (Provider Net Income – Bid Net Income)

Incentive Compensation for all other Contract Years = (.50) x (Provider Net Income – Incentive Net Income).

(b) Cap on Incentive Compensation: In any given Contract Year the Incentive Compensation payable to Provider shall not exceed five percent (5%) of Provider Net Income for such Contract Year together with an amount equal to the Provider's Unrecovered Shortfall Amount. *For purposes of clarity*, all Incentive Compensation, including any Provider's Unrecovered Shortfall Amount that may become payable to Provider in any Contract Year shall be paid at a rate of fifty percent (50%) of the difference between Provider Net Income and Incentive Net Income for that Contract Year.

U. **Section 4 of Schedule 10.1 is amended to read as follows:**

4. **<u>Adjustment to Bid Net Income, or Minimum Net Income and Incentive Net Income</u>**:

(a) Upward Adjustment to Bid Net Income, or Minimum Net Income and Incentive Net Income:

(i) Provider and the Commission agree that the Bid Net Income, or the Minimum Net Income and Incentive Net Income, as applicable and reflected in this **Schedule 10.1** are premised upon the current gaming environment in the State. The Parties acknowledge that should there be a material change in such gaming environment which materially impacts Provider's ability to increase Provider Net Income (an "**Upward Adjustment Trigger**"), for example (x) a change in policy and/or law that would make available new Lottery sales channels or expand existing Lottery sales channels (e.g.: internet, personal mobile devices, etc.) or authorization of game types or platforms currently unavailable to or voluntarily not employed by the Lottery (e.g.: Keno, VLT's, electronic pull-tabs, virtual card games, etc.) or (y) a change in policy and/or law that would eliminate or reduce any current competing forms of gaming (e.g.:

Gambling Games at Casinos, charity gaming under IC 4-32.2, type II gaming under IC 4-36, etc., as such may be amended, supplement or replaced from time to time), then the Commission shall be entitled to recommend in writing (the "**Commission's Recommended Adjustments**") to Provider a proportional increase to the Bid Net Income, or to the Minimum Net Income and Incentive Net Income, for (i) the Contract Year in which the Commission sends Provider notice of the Commission's Recommended Adjustments to reflect a material change, and (ii) if applicable, all subsequent Contract Years for the Term of this Agreement.

(ii) If the Commission believes that there has been an Upward Adjustment Trigger, it may, within one hundred twenty (120) days of the date of the Commission acquiring actual knowledge of the applicable change resulting in the Upward Adjustment Trigger, initiate the procedures set forth herein to claim an upward adjustment to Bid Net Income, or to Minimum Net Income and Incentive Net Income, as provided in this **Section 4** of this **Schedule 10.1.** If the Commission fails to so initiate within such one-hundred twenty (120) day period, the Commission's right to claim an upward adjustment with respect to that particular instance shall expire. The Commission shall only be deemed to have acquired actual knowledge of the applicable change resulting in an Upward Adjustment Trigger as of the date that both the Commission Director and the Commission Designee (as applicable under the Operating Standards) shall have been informed (as shown by clear, convincing and demonstrable evidence) that (i) such change resulting in the Upward Adjustment Trigger occurred and (ii) it has a potential to materially impact Provider's ability to increase Provider Net Income within the purposes and intents of this **Section 4(a)** of this **Schedule 10.1**; such evidence may be conclusively established on the date that a notice to such effect shall be given by Provider to the Commission Director and the Commission Designee.

(iii) If Provider disagrees, in writing, with the Commission's Recommended Adjustments within thirty (30) days of receiving the Commission's Recommended Adjustments, then a Financial Expert shall be engaged in accordance with **Section 20.8** to determine the final accurate and appropriate adjustments to the Bid Net Income, or to the Minimum Net Income and Incentive Net Income, for (i) the Contract Year in which the Commission sends Provider notice of the Commission's Recommended Adjustments to reflect a material change, and (ii) if applicable, all subsequent Contract Years for the Term of this Agreement (the "**Financial Expert's Upward Adjustments**"). If the Financial Expert's Upward Adjustments in any one instance is less than a five percent (5%) increase to the Bid Net Income, or to the Minimum Net Income and Incentive Net Income, then such Financial Expert's Upward Adjustments, if any, shall be final and binding upon the Parties. If the Financial Expert's Upward Adjustments in any one instance is equal to or greater than a five percent (5%) increase to the Bid Net Income, or to the Minimum Net Income and Incentive Net Income, and either Party disagrees, in writing, with the Commission's Recommended Upward Adjustments within thirty (30) days of receiving such Commission's Recommended Upward Adjustments, then the Dispute over the appropriate amount of adjustment to reflect the material change shall be

settled in accordance with the Dispute Resolution Procedures in **Article 20** of this Agreement.

(iv) The failure of Provider to respond in writing to the Commission's Recommended Adjustments within thirty (30) days of receipt of the applicable notification shall be deemed acceptance of the Commission's Recommended Adjustments.

(b) Downward Adjustment to Bid Net Income, or to Minimum Net Income and Incentive Net Income:

(i) In the event of an Adverse Action as defined in Article 21 of this Agreement, then Provider shall be entitled to recommend, in writing (the "**Provider's Recommended Adjustments**"), to the Commission a proportional decrease to the amount of Bid Net Income, or to Minimum Net Income and Incentive Net Income, for (i) the Contract Year in which Provider sends the Commission notice of Provider's Recommended Adjustments to reflect an Adverse Action, and (ii) if applicable, each subsequent Contract Year for the Term of this Agreement.

(ii) If the Commission disagrees, in writing, with Provider's Recommended Adjustments within thirty (30) days of receiving Provider's Recommended Adjustments, then a Financial Expert shall be engaged in accordance with **Section 20.8** to determine the final accurate and appropriate adjustments to the Bid Net Income, or to the Minimum Net Income and Incentive Net Income, for (i) the Contract Year in which Provider sends the Commission notice of Provider's Recommended Adjustments to reflect an Adverse Action, and (ii) if applicable, all subsequent Contract Years for the Term of this Agreement (the "**Financial Expert's Downward Adjustments**"). If the Financial Expert's Downward Adjustments in any one instance is less than a five percent (5%) decrease to the Bid Net Income, or to the Minimum Net Income and Incentive Net Income, for each applicable Contract Year, then the Financial Expert's Downward Adjustments, if any, shall be final and binding on the Parties. If the Financial Expert's Downward Adjustments in any one instance is equal to or greater than a five percent (5%) decrease to the Bid Net Income, or to the Minimum Net Income and Incentive Net Income, for each applicable Contract Year and either Party disagrees, in writing, with the Financial Expert's Downward Adjustments within thirty (30) days of receiving such Financial Expert's Downward Adjustments, then the dispute over the appropriate amount of adjustment to reflect the Adverse Action shall be settled in accordance with the Dispute Resolution Procedures in **Article 20** of this Agreement.

(iii) The complete failure of the Commission to respond in writing to Provider's Recommended Adjustments within thirty (30) days of receipt of the applicable notification shall be deemed acceptance of Provider's Recommended Adjustments.

(iv) The existence of any Adverse Action, and the amount of any **Provider's Recommended Adjustments** or **Financial Expert's Downward Adjustments**, shall be strictly limited to and consistent with the requirements of **Article 21**.

(v) Notwithstanding the foregoing (or anything in **Article 21** of this Agreement) to the contrary, to the extent that Provider Net Income exceeds one hundred five percent (105%) of Incentive Net Income (without implementing any downward adjustment pursuant to this **Section 4(b)** of this **Schedule 10.1**) in the Contract Year during which a Noticed Potential Downward Adjustment occurred (or if less than six (6) months remain in the Contract Year as of the date when a Noticed Potential Downward Adjustment occurred, then also in the next following Contract Year), then no such downward adjustment shall be made pursuant to this **Section 4(b)** of this **Schedule 10.1**.

V. **Section 5(a) and (b) of Schedule 10.1 are amended to read as follows:**

(a) If in Contract Years 1 and/or 2 Provider Net Income is less than the Bid Net Income for such Contract Year, then pursuant to **Section 5.3.4** of this Agreement and subject to **Section 5(b)** of this **Schedule 10.1** the Commission shall be paid a Net Income Shortfall Payment that is equal to the difference between:

(i) the Bid Net Income for such Contract Year; and

(ii) the Provider Net Income for such Contract Year.

If in any Contract Year besides Contract Years 1 and 2 Provider Net Income is less than the Minimum Net Income for such Contract Year, then pursuant to **Section 5.3.4** of this Agreement and subject to **Section 5(b)** of this **Schedule 10.1** the Commission shall be paid a Net Income Shortfall Payment that is equal to the difference between:

(i) the Minimum Net Income for such Contract Year; and

(ii) the Provider Net Income for such Contract Year.

*For purposes of clarity in this **Section 5(a)** and subject to **Section 5(b)*** of this **Schedule 10.1**:

Net Income Shortfall Payment to the Commission for Contract Years 1 and 2 = (Bid Net Income – Provider Net Income).

Net Income Shortfall Payment to the Commission in all other Contract Years = (Minimum Net Income – Provider Net Income).

(b) Cap on Net Income Shortfall: In any given Contract Year the Net Income Shortfall Payment payable to the Commission shall not exceed five percent (5%) of Bid Net Income for Contract Years 1 and 2 and five percent (5%) of Minimum Net Income for all other Contract Years.

W. **Section 6 of Schedule 10.1 is amended to read as follows:**

6. **Stub Year Calculations**. For purposes of this **Schedule 10.1**, the Bid Net Income, Minimum Net Income, and Incentive Net Income amounts in any Stub Contract Year shall be prorated as follows:

Prorated Bid Net Income, Minimum Net Income, or	=	Actual Number of Days Elapsed in Stub Contract	x	Bid Net Income, Minimum Net Income,

Incentive Net Income	Year / 365	or Incentive Net Income for that Contract Year

X. This Amendment shall be effective upon execution, and except as specifically and expressly modified in this Amendment, the ISA shall remain in full force and effect.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed as of this 12th day of June, 2015.

STATE LOTTERY COMMISSION OF INDIANA

By:_____
Sarah M. Taylor, Executive Director

GTECH INDIANA, LLC

By:_____
Colin Hadden, Chief Operating Officer and General Manager