

**DRAWING-STYLE LOTTERY GAMES AND
LOTTERY GAMING SYSTEM AND SERVICES AGREEMENT**

THIS DRAWING-STYLE LOTTERY GAMES AND LOTTERY GAMING SYSTEM AND SERVICES AGREEMENT (this "Agreement") is made and entered into this 18th day of July, 2014 (the "Effective Date"), by and between the TENNESSEE EDUCATION LOTTERY CORPORATION (the "TEL"), a public corporation and state instrumentality created pursuant to the Tennessee Education Lottery Implementation Law (Tenn. Code Ann. §§.4-51-101 et seq.) (as may be amended from time to time, the "Act"), and GTECH CORPORATION, a Delaware corporation ("Vendor"). The TEL and Vendor are sometimes hereinafter referred to collectively as the "Parties" and each as a "Party".

W I T N E S S E T H:

WHEREAS, the TEL was created to organize and operate a state lottery in the State of Tennessee (the "Lottery");

WHEREAS, Vendor is the current provider of the lottery gaming system and services to the TEL under that certain Lottery Gaming Systems and Services Agreement, dated January 20, 2004, as amended by: (i) Amendment No. 01 to the Lottery Gaming Systems and Services Agreement, dated May 11, 2006; (ii) Amendment No. 1A to the Lottery Gaming Systems and Services Agreement, dated September 29, 2006; (iii) Amendment to and Extension of Lottery Gaming Systems and Services Agreement, dated March 3, 2009; and (iv) Fourth Amendment to the Lottery Gaming Systems and Services Agreement, dated December 13, 2013 (collectively the "Prior Agreement");

WHEREAS, Vendor, on behalf of itself and its Subcontractors (as defined in Section 3(a) of this Agreement) (Vendor and Subcontractors being sometimes referred to collectively as the "Vendor Team") submitted a proposal to the TEL for Drawing-Style Lottery Games and Lottery Gaming System and Services dated April 8, 2014, consisting of Technical Volume 1, Technical Volume 2 (with Appendices), and the Part VI Cost proposal, and incorporated herein by this reference (the "Proposal"), to the TEL in response to the request for proposals issued by the TEL entitled "Request for Proposals for Drawing-Style Lottery Games and Lottery Gaming System and Services" dated February 11, 2014, as amended and incorporated herein by this reference (the "RFP"), as interpreted by the TEL's answers to questions concerning the RFP, which were made available by the TEL on February 24, 2014, with attachments, and as amended by Amendment to Q & A and Second Amendment to Q & A, and incorporated herein by this reference (collectively, the "Questions and Answers"); and

WHEREAS, subject to the terms and conditions hereinafter set forth, the TEL desires to retain Vendor to provide lottery games and lottery gaming system and services identified in the RFP, which may also include those services set forth in the Proposal as program enhancement options should the Parties agree to such services (collectively, the "Gaming Systems and Services") to the TEL, and Vendor desires to provide the Gaming Systems and Services for the TEL.



NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises, the mutual promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the Parties hereto hereby agree as follows:

1. **SERVICES**

Subject to the terms and conditions set forth in this Agreement, the TEL retains Vendor to provide the Gaming Systems and Services to the TEL as contemplated by this Agreement, the Questions and Answers, the RFP and the Proposal and Vendor agrees to render the Gaming Systems and Services to the TEL. Notwithstanding anything herein to the contrary, in the event of any inconsistency or conflict among the Act, this Agreement, the Proposal, the Questions and Answers, and/or the RFP, the Act will control the terms of this Agreement, as may be amended, which shall control the Questions and Answers, the terms of the Questions and Answers shall control the RFP, and the terms of the RFP shall control the Proposal. Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the RFP or the Proposal (as applicable).

2. **DUTIES AND RESPONSIBILITIES OF THE VENDOR TEAM**

(a) The members of the Vendor Team will work in conjunction with the TEL and the other vendors, subcontractors, employees, agents, retailers and consultants of the TEL. The members of the Vendor Team will provide the Gaming Systems and Services to the TEL as detailed in the RFP, the Questions and Answers and the Proposal as modified by this Agreement, and will perform such specific services and provide such deliverables and equipment as requested, from time to time, orally or in writing, by the Chief Executive Officer of the TEL (the "CEO") or the CEO's designee(s) consistent with the RFP, the Questions and Answers and the Proposal as modified by this Agreement. Except as otherwise set forth herein, Vendor agrees that all systems, deliverables, equipment and services to be provided to the TEL under this Agreement shall be capable of the full level of capacity and capability required by this Agreement, the RFP, the Questions and Answers and the Proposal.

(b) Appropriate employees of the members of the Vendor Team shall meet regularly with the CEO or her designee(s) and shall establish work plans, implementation schedules and timetables for completion as and when reasonably required by the CEO or her designee(s).

(c) Vendor hereby agrees to use its best efforts to make available to the TEL, to the extent required for the effective and timely performance of its obligations under this Agreement, such of its employees and the employees of the other members of the Vendor Team as may be necessary or appropriate for the timely performance of the obligations of the Vendor Team pursuant to this Agreement. Vendor will provide to the TEL a list of the employees of the Vendor Team who will be performing services pursuant to this Agreement. No such employee of Vendor or any member of the Vendor Team provided on such list shall undertake or participate in, during the Term of this Agreement, any other engagement that will materially interfere with the completion of the work contemplated by this Agreement. Anytime there is a change in said list, Vendor will immediately notify the TEL.



3. SUBCONTRACTORS

(a) No member of the Vendor Team will subcontract or otherwise assign any or all of its duties or obligations under this Agreement to any person without the prior written consent of the TEL in each instance, which consent may be withheld in the TEL's sole discretion. Vendor's Proposal has identified certain subcontractors to be used in connection with this Agreement. Further, Vendor will provide the TEL with the name, qualifications, experience and expected duties of each additional proposed subcontractor under this Agreement each time it desires to retain a subcontractor. Any subcontractor that was listed in the Vendor's Proposal and/or is approved by the TEL for work pursuant hereto shall be deemed a "Subcontractor" for purposes of this Agreement and must execute such agreements or other documentation as may be necessary pursuant to the Act or as the TEL may reasonably require.

(b) Upon the request of the TEL, Vendor will promptly provide the TEL with copies of all subcontracts and other agreements entered into by Vendor with respect to its obligations under this Agreement. No such subcontract or other agreement may contain any terms or conditions inconsistent or in conflict with the terms and conditions contained in this Agreement. In the event of any such inconsistent or conflicting provisions, such inconsistencies or conflicts will be resolved in favor of this Agreement.

(c) The TEL shall have the right, at any time and from time to time, to instruct Vendor not to use the services of any Subcontractor or employee of Vendor or a Subcontractor in connection with the work to be performed for the TEL under this Agreement, and Vendor agrees to comply with all such instructions.

(d) Notwithstanding anything herein to the contrary, Vendor will remain fully liable and responsible for all work to be performed under this Agreement, whether or not subcontracted to or performed by a Subcontractor or any other person retained by Vendor or under Vendor's control, and Vendor will ensure the compliance of its employees, and of each Subcontractor and such Subcontractor's employees, with the terms of this Agreement, the Act and all other applicable laws which govern the performance of services pursuant to this Agreement and such other written standards or policies as the TEL may establish from time to time.

4. INDEPENDENT CONTRACTOR

(a) Both the TEL and Vendor, in the performance of this Agreement, will be acting in their own separate capacities and not as agents, employees, partners, joint venturers or associates of one another. The employees or agents of one Party shall not be deemed or construed to be the employees, agents or partners of the other Party for any purposes whatsoever. Neither Party will assume any liability for any injury (including death) to any persons or any damage to any property or other claim arising out of the acts or omissions of the other Party or any of its agents, employees or subcontractors. It is expressly understood and agreed that Vendor is an independent contractor of the TEL in all manners and respects and that no member of the Vendor Team is authorized to bind the TEL to any liability or obligation or to represent that it has any such authority.



(b) Vendor shall be solely responsible for all payments to Subcontractors and all compensation, withholding taxes and benefits for its employees and for providing all necessary unemployment and workmen's compensation insurance for its employees.

5. COMPENSATION

(a) Except as set forth in subsection (b) below, as full and complete compensation for all goods and services provided by Vendor pursuant to this Agreement, the TEL will pay Vendor, and Vendor will accept on behalf of the entire Vendor Team, an amount equal to one and one thousand nine hundred ninety-nine ten-thousandths percent (1.1999%) of:

(i) the TEL's gross drawing-style lottery ticket sales revenue less cancelled transactions during the Initial Term (defined herein) of this Agreement; plus

(ii) the retail sales price of "instant tickets activated" (i.e., instant tickets, coupons or similar items made available for sale at an authorized sales location and for which activation has been acknowledged via a Lottery computer system implemented within the scope set forth in this Agreement, the RFP, the Questions and Answers or the Proposal) less the retail sales price of instant tickets:

- (A) returned,
- (B) available as "free ticket" prizes,
- (C) returned as defective,
- (D) issued by the TEL as part of an investigation or a promotion, or
- (E) blocked because such tickets are reported stolen or missing by retailers

during the Initial Term of this Agreement. Instant tickets, coupons and similar items for which receipt of delivery is not acknowledged via the Lottery's computer system but which are otherwise processed by such system, also shall be deemed "instant tickets activated" upon first processing via such system. Other products supplied by the TEL's instant ticket suppliers are specifically excluded from "instant tickets activated" unless processed by the Lottery's computer system.

This compensation formula is effective as of the Conversion Date (as hereinafter defined). For purposes of this Agreement, the "Conversion Date" means 12:01 am, Sunday, April 5, 2015. Said Conversion Date shall be the date on which Vendor begins providing the Gaming Systems and Services to the TEL pursuant to this Agreement. For purposes of this Section 5, a "week" shall mean the period from the beginning of operations on Sunday morning and ending the following Sunday morning at the close of operations.

(b) Should the TEL exercise its Lottery Subscription System Option in accordance with Section 17(bb) of this Agreement, and effective as of the Lottery Subscription System Acceptance Date (defined in Section 17(bb) below), the rate set forth in subsection (a) above (i.e., 1.1999%) shall remain the same and the TEL shall additionally pay Vendor a rate of ten and seventy-five hundredths percent (10.75%) of the total gross sales generated through the Lottery Subscription System to cover the services provided by the Vendor in accordance with Section 17(bb) of this Agreement (the "Lottery Subscription System Rate"). For the avoidance of



doubt, this Lottery Subscription System Rate is the only rate that would apply to sales generated through the Lottery Subscription System.

(c) In addition to the compensation set forth in subsections (a) and (b) above, commencing on the Conversion Date in connection with those third party integrations required in connection with Section 5.1.1.1 of the RFP (the "Third Party Integrations"), Vendor will bill the TEL one hundred eighty-five dollars (\$185) per hour, for those hours expended by the Vendor in connection with any agreed upon Third Party Integrations. Prior to the commencement of any such Third Party Integrations, the TEL and Vendor will discuss in good faith the scope, timing and other requirements (other than Vendor's per hour cost set forth above) in connection with such Third Party Integrations, and the Parties shall mutually agree on those additional requirements on Vendor in connection with such projects. Vendor agrees that any charges billed in connection with such Third Party Integrations will be substantially the same as or less than the amount charged to all other customers for similar services; and Vendor will utilize any software previously developed in connection with similar installations to reduce the overall costs billed to the TEL.

(d) Subject to the availability of funds and any other restrictions imposed by the Act or this Agreement, the TEL will pay to Vendor all uncontested amounts due under this Agreement on a weekly basis, within fourteen (14) calendar days from the end of a billing week and subject to setoff or offset for all sums owed by the Vendor Team to the TEL.

(e) Within thirty (30) days after the expiration of the Term of this Agreement, the Parties shall in good faith mutually agree upon the reimbursement amount due the TEL with respect to "instant tickets activated" during the Term of this Agreement and (i) returned, (ii) available as "free ticket" prizes, (iii) returned as defective, (iv) issued by the TEL as part of an investigation or a promotion, or (v) blocked because such tickets are reported as stolen or missing by retailers. The Parties hereby agree that the historical percentages based on the twenty-six (26) week period immediately prior to the termination of this Agreement for each of the categories set forth in the subparagraphs of this Section 5(e) may be used as the guidelines for such negotiations. Vendor shall pay such reimbursable amount to the TEL within thirty (30) days after the conclusion of such negotiations.

6. TERM

(a) Unless sooner terminated in accordance with the provisions of Section 19 of this Agreement, and subject to the provisions of Section 26 of this Agreement, this Agreement shall commence as of the Effective Date and shall end at the close of operations on June 30, 2022 (the "Expiration Date"), and the TEL shall compensate the Vendor for the approximately seven (7) years commencing on the Conversion Date and ending on the Expiration Date (the "Initial Term") (unless earlier terminated pursuant to the terms of this Agreement). Additionally, as set forth in Section 3.8 of the RFP, the TEL reserves the right to renew this Agreement for up to an additional seven (7) years in excess of the Initial Term (each such exercised renewal period, a "Renewal Term" and collectively, the "Renewal Terms", and with the Initial Term, sometimes referred to herein collectively as the "Term"). The rights and obligations of the Parties with respect to any such Renewal Term shall be set forth in an amendment to this



Agreement and/or in a separate written agreement between the Parties, in each case, which contains all of the mutually agreed-upon terms and conditions for such Renewal Term.

(b) Vendor acknowledges and agrees that, prior to the expiration of the Term (which may be the expiration of the Initial Term or any Renewal Term(s), if so exercised) of this Agreement, the TEL will award a new contract for replacement of the lottery gaming systems, equipment and services provided by Vendor under this Agreement and that Vendor has no right or expectation in or to any such new contract. Vendor further agrees that the TEL may use the final one hundred eighty (180) days of the Term of this Agreement to convert to the use of such replacement lottery gaming systems, equipment and services; provided that Vendor shall continue to be compensated in accordance with Section 5 of this Agreement during such one hundred eighty (180) day period. Vendor shall cooperate fully and in good faith and shall assist the TEL and the new contractor, to the extent reasonable and practical, to accomplish such conversion in a timely and efficient manner, at no additional cost to the TEL. Vendor shall have the right to take all necessary precautionary measures to protect its confidential and proprietary information in connection with such cooperation.

7. WORK STANDARD

(a) Vendor hereby agrees that it and all members of the Vendor Team shall at all times comply with and abide by all terms and conditions set forth in this Agreement, all applicable written policies and procedures of the TEL and all requirements of the Act. Vendor further agrees that all members of the Vendor Team shall perform their respective duties and responsibilities as set forth in this Agreement by following and applying the highest professional and technical guidelines and standards.

(b) Vendor hereby agrees that it and all members of the Vendor Team will perform their respective duties and responsibilities as set forth in this Agreement with integrity and dignity and free from political influence, collusion and fraud. Vendor further agrees that no members of the Vendor Team will solicit or accept, or attempt to solicit or accept, any kickbacks or other inducements from any offerer, supplier, manufacturer or subcontractor in connection with the performance of its obligations under this Agreement.

(c) If the TEL becomes dissatisfied with the work product of or the working relationship with any of the employees, Subcontractors or consultants assigned to perform services under this Agreement by members of the Vendor Team, the TEL may require the prompt replacement of any or all of such employees, Subcontractors or consultants. Personnel identified in the Proposal as performing services under this Agreement will continue to perform such services in their designated capacities until such services are completed unless they cease to be employed by a member of the Vendor Team, become physically or mentally unable to complete their responsibilities, unless the TEL requests their removal, or unless Vendor notifies the TEL of its replacement of such personnel in accordance with Section 2(c) above, in which case a person or persons of suitable competency and acceptable to the TEL, in its discretion, will be substituted forthwith.

(d) Nothing in this Section 7 shall be construed to prevent Vendor from using the services of others to perform tasks ancillary to those tasks that directly require the expertise



of such key personnel, including secretarial, clerical and common labor duties. Vendor shall at all times remain responsible for the performance of all necessary tasks under the scope of this Agreement, whether performed by key personnel or other workers.

(e) Nothing in this Agreement shall prohibit the TEL from retaining the services of any person to perform any services on its behalf, whether or not such or similar services were initially contemplated to be performed by a member of the Vendor Team. The TEL is not prohibited by this Agreement from retaining the services of any person to perform any services it requires, and it is under no obligation to exclusively use the services of the Vendor Team. If the TEL desires to add an item provided by a person other than the Vendor Team to Vendor's hardware or software systems provided pursuant hereto, then Vendor and the TEL agree to negotiate in good faith an amendment to this Agreement (if necessary) or a separate written agreement which contains all of the mutually agreed-upon terms and conditions, including, without limitation, any price, liquidated damages and other terms. To the extent Vendor is capable of providing any such comparable item, the TEL will consider any offer tendered by Vendor with respect thereto. Vendor shall have the right to take all necessary precautionary measures to protect its confidential and proprietary information in connection with any such amendment to this Agreement or any such separate agreement.

(f) Vendor shall designate an employee, who is acceptable to the TEL, as its primary contact with the TEL for purposes of this Agreement.

8. PROGRESS REPORT AND SYSTEM IMPLEMENTATION

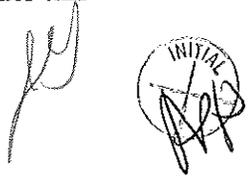
To assure the TEL that its work under this Agreement is progressing and is being performed in a manner consistent with the TEL's wishes, Vendor will meet with the CEO or designee weekly during implementation and at the CEO's reasonable request thereafter.

9. CHANGES IN WORK; PROGRAM ENHANCEMENTS

By written or oral request by the CEO or her designee(s) to any member of the Vendor Team, the TEL may from time to time make changes in the services, deliverables or equipment to be provided by the Vendor Team, or the place of delivery or performance of such services or any requested deliverables or equipment; provided, however, to the extent any such changes in services, deliverables or equipment are outside the scope of any of this Agreement, the RFP, the Questions and Answers or the Proposal, the TEL and Vendor shall in good faith negotiate mutually acceptable terms and compensation. The applicable members of the Vendor Team shall promptly comply with such requests and take all necessary or appropriate actions to effect such change.

10. BOOKS AND RECORDS

(a) Within six (6) months of the end of Vendor's fiscal year, Vendor shall provide to the TEL on an annual basis a copy of the audited financial statements of Vendor's parent company, for such year, together with the opinion of its independent auditors with respect to such financial statements. In the event such an opinion is not expressed without reservation or qualification with respect to Vendor's audited financial statements, and the reasons for any such reservation or qualification materially and adversely affect the performance of Vendor under this



Agreement, Vendor shall be deemed to have breached this Agreement, which shall give rise to the TEL's termination rights pursuant to Section 19 of this Agreement. Further, upon the request of the TEL, Vendor will promptly provide the audited financial statements of any member of the Vendor Team, together with the opinion of its independent auditors with respect to such financial statements; provided, however, that if any member of the Vendor Team does not have its financial statements for any fiscal year audited by an independent auditor, then such member of the Vendor Team shall deliver a copy of its unaudited financial statements, certified by its chief financial officer, for the applicable fiscal year. To the extent that an individual or a privately held company of the Vendor Team marks any portion of such financial statements as trade secret or confidential information of such member of the Vendor Team, the TEL will make reasonable attempts to maintain the confidentiality of such portions of such financial statements; provided, however, under no circumstance will the TEL be liable to Vendor, any other member of the Vendor Team, or any other person for any disclosure of any such portions of such financial statements; provided, further, if challenged by any person requesting disclosure, the assertion that such financial statements involve trade secrets or confidential information shall be subject to the concurrence of the Attorney General of the State of Tennessee and, if necessary, a court of competent jurisdiction. All legal costs associated with said action will be the responsibility of Vendor.

(b) For the operating period from the Conversion Date until June 30, 2016, and annually thereafter, Vendor shall provide to the TEL a Statement on Standards for Attestation Engagements (SSAE 16), Service Organization Control (SOC 1 Report), performed by an independent CPA firm at Vendor's expense.

(c) The Vendor Team shall maintain documentation for all monetary amounts charged the TEL under this Agreement or any modifications or amendments thereto. The books, documents, papers, accounting records and other evidence pertaining to products and/or services to be provided or performed or money received under this Agreement: (i) shall be maintained for a period of five (5) full years from the date of the final payment and (ii) shall be subject to audit or inspection at any reasonable time and upon reasonable notice by the TEL or its duly appointed representatives, including without limitation the Comptroller of the Treasury of the State of Tennessee. Each member of the Vendor Team shall make such materials available at its offices, and copies thereof shall be furnished to the TEL or its duly appointed representative by the Vendor Team member, at no cost to the TEL or its duly appointed representative, if requested by the TEL or its duly appointed representative. Such records shall be maintained in accordance with any applicable provisions of generally accepted accounting principles (or other applicable accounting principles or policies) and any other applicable procedures established by the TEL from time to time.

11. CONFIDENTIALITY; OWNERSHIP OF WORK PRODUCT

(a) For purposes of this Agreement, "TEL Confidential Information" means any and all items or information of the TEL which are: (i) marked "Confidential" or some such similar designation; or (ii) valuable, proprietary and confidential information belonging to or pertaining to the TEL or the Lottery that does not constitute a trade secret (as defined under applicable law) and that is not generally known but is generally known only to the TEL and those of its employees, independent contractors or agents to whom such information must be

confided for business purposes, including, without limitation, information regarding the TEL's customers, suppliers, manufacturers and distributors. Notwithstanding the foregoing, TEL Confidential Information shall not include TEL information that is: (A) generally known to the public other than due to a disclosure by Vendor or any member of the Vendor Team; (B) already known to public other than due to a disclosure by Vendor or any member of the Vendor Team; (B) already known to Vendor at the time it is disclosed by the TEL to Vendor; (C) independently developed by Vendor; (D) received by Vendor from a third party that Vendor believed in good faith had the right to make such disclosure; or (E) subject to disclosure under the Tennessee Public Records Act, Tenn. Code Ann. §§ 10-7-101 et seq. (the "Public Records Act").

(b) For purposes of this Agreement, "Vendor Confidential Information" means any and all items or information of Vendor which are: (i) marked "Confidential" or some such similar designation; or (ii) valuable, proprietary and confidential information belonging to or pertaining to Vendor that does not constitute a trade secret (as defined under applicable law) and that is not generally known but is generally known only to Vendor and those of its employees, independent contractors or agents to whom such information must be confided for business purposes, including, without limitation, information regarding Vendor's customers, suppliers, manufacturers and distributors. Notwithstanding the foregoing, Vendor Confidential Information shall not include Vendor information that is: (A) generally known to the public other than due to a disclosure by the TEL; (B) already known to the TEL at the time it is disclosed by Vendor to the TEL; (C) independently developed by the TEL; or (D) received by the TEL from a third party that the TEL believed in good faith had the right to make such disclosure.

(c) In recognition of the need of Vendor to protect its legitimate business interests, the TEL hereby covenants and agrees that with regard to any: (i) Vendor Confidential Information, at all times during the Term of this Agreement and for a period of three (3) years following the expiration or termination of this Agreement for any reason; and (ii) Vendor trade secrets (as defined under applicable law), at all times such information remains a trade secret under applicable law, the TEL will regard and treat all such items or information as strictly confidential and wholly owned by Vendor and will not, for any reason or in any fashion, either directly or indirectly use, disclose, transfer, assign, disseminate, reproduce, copy, or otherwise communicate any such Vendor Confidential Information or Vendor trade secrets to any person for any purpose other than in accordance with this Agreement, pursuant to the written instructions from a duly authorized representative of Vendor or except to the extent reasonably necessary to fulfill the purposes of this Agreement or conduct the Lottery. In addition, to the extent the Act or any other applicable law imposes any greater restrictions or prohibitions with respect to any Vendor Confidential Information, Vendor trade secrets or other information or property of Vendor, the TEL covenants and agrees that it shall comply with such greater restrictions or prohibitions. The TEL shall use its best efforts to comply with the provisions of this Section 11(c). The TEL shall not be liable; however, to Vendor or to any other person, if despite the TEL's best efforts, Vendor Confidential Information is disclosed in breach of the foregoing. Notwithstanding anything herein to the contrary, with respect to the Proposal only, the entirety of Section 1.6 of the RFP shall supersede and control any provision of this Agreement and the TEL's obligations and liabilities shall never be greater than as set forth in Section 1.6 of the RFP.



(d) Vendor acknowledges that the TEL is subject to the Public Records Act. In view thereof, the Parties agree that the TEL shall advise Vendor of any request for inspection of records under the Public Records Act that seeks Vendor Confidential Information prior to making a decision to disclose such information and provide Vendor with an opportunity to respond to such request. If the TEL determines that any such Vendor Confidential Information should be disclosed, the TEL shall promptly so notify Vendor and shall not disclose the information until the latest date allowed for disclosure under the Public Records Act. Unless otherwise required by court order or direction, no disclosure shall be made while legal proceedings regarding the issue of disclosure are pending. Any disclosure may be made under such limiting conditions, as the TEL shall determine appropriate.

(e) In recognition of the need of the TEL to protect its legitimate business interests, Vendor hereby covenants and agrees that with regard to any: (i) TEL Confidential Information, at all times during the Term of this Agreement and for a period of three (3) years following the expiration or termination of this Agreement for any reason; and (ii) TEL trade secrets (as defined under applicable law), at all times such information remains a trade secret under applicable law, Vendor and other members of the Vendor Team will regard and treat all such information as strictly confidential and wholly owned by the TEL and will not, for any reason or in any fashion, either directly or indirectly use, disclose, transfer, assign, disseminate, reproduce, copy, or otherwise communicate any such TEL Confidential Information or TEL trade secrets to any person for any purpose other than in accordance with this Agreement or pursuant to the written instructions from a duly authorized representative of the TEL. In addition, to the extent the Act or any other applicable law imposes any greater restrictions or prohibitions with respect to any TEL Confidential Information, TEL trade secrets or other information or property of the TEL, Vendor covenants and agrees that it and all members of the Vendor Team shall comply with such greater restrictions or prohibitions. Vendor shall use its best efforts to comply with, and to ensure that all other members of the Vendor Team comply with, the provisions of this Section 11 (e), including, without limitation, obtaining written confidentiality agreements with all other members of the Vendor Team which incorporate requirements no less restrictive than those set forth herein and which contain provisions which permit the TEL to independently enforce the requirements set forth in such agreements.

(f) All work product, property, data, documentation or information or materials conceived, discovered, developed or created by Vendor or any member of the Vendor Team pursuant to this Agreement exclusively and specifically for the TEL and solely for the TEL's use, and paid for by the TEL (collectively, the "Work Product") shall be owned exclusively by the TEL. Notwithstanding the foregoing, nothing contained herein shall limit or be deemed to limit any member of the Vendor Team's intellectual property ownership rights in its basic, unmodified proprietary software systems that are generally provided to its customers. To the greatest extent possible, any Work Product shall be deemed to be a "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. §§ 101 et seq., as amended) and owned exclusively by the TEL. Vendor hereby unconditionally and irrevocably transfers and assigns to the TEL, and Vendor shall cause all members of the Vendor Team and others it retains to irrevocably transfer and assign to the TEL, all right, title and interest in or to any Work Product, including, without limitation, all patents, copyrights, trade secrets, trademarks, service marks and other intellectual property rights therein. Vendor agrees to execute and deliver to the TEL, and to cause all members of the Vendor Team and others it retains to execute and deliver, any transfers,



assignments, documents or other instruments which the TEL may deem necessary or appropriate, from time to time, to vest complete title and ownership of any Work Product, and all associated intellectual property and other rights, exclusively in the TEL. During the performance of the services and provisions of the goods specified herein, Vendor shall be responsible for any loss or damage to any Work Product while in the possession of Vendor or any member of the Vendor Team, and any loss or damage thereto shall be restored at Vendor's expense. The TEL shall have full, immediate and unrestricted access to all Work Product during the Term of this Agreement.

(g) The TEL hereby grants to Vendor a fully paid-up, non-exclusive, perpetual, irrevocable and transferable license to use, sublicense (but only to its Subcontractors, which have no right to subcontract), modify and create derivative works of software, hardware, equipment, firmware and mask works which are owned by the TEL and created solely by Vendor or any member of the Vendor Team, and which constitute Work Product (the "Created Work Product Items"). While the TEL has the free rights to use, modify and create derivative works of such Created Work Product Items for its own use, it agrees not to license any of the rights licensed to Vendor to any other person unless Vendor: (i) ceases to function as a going concern; (ii) files bankruptcy; (iii) has filed against it, any bankruptcy or insolvency proceeding of any kind and such filing or proceeding is not withdrawn or dismissed within ninety (90) days; (iv) dissolves, liquidates or otherwise ceases its corporate existence; (v) makes an assignment for the benefit of its creditors; or (vi) Vendor announces it will cease, or actually ceases, to perform continuing maintenance, support or enhancement services with regard to Created Work Product Items (any of the foregoing events being defined as "Material Event"). Upon the occurrence of any Material Event, the license granted by this Section 11(g) to Vendor with respect to the Created Work Product Items, and any restrictions of the TEL's rights with respect to such Created Work Product Items set forth in this Section 11(g) shall immediately terminate and cease, and the TEL shall have the right, without limitation, to grant to another person a license to use, modify and create derivative works of Created Work Product Items for the use or benefit of the TEL.

(h) Vendor hereby grants to the TEL a fully paid-up, non-exclusive, non-transferable license for the Term of this Agreement to use and sublicense all software which is provided by Vendor or Subcontractors for the use by or benefit of the TEL pursuant to this Agreement, whether such software is currently set forth in the Proposal or subsequently provided (collectively, the "Vendor Software"). Upon the occurrence of a Material Event, in addition to any rights or licenses which the TEL may acquire pursuant to any source code escrow agreement required by the RFP or otherwise entered into for the benefit of the TEL, the TEL's license to the Vendor Software shall automatically be expanded to include the license and right for the TEL, or others on behalf of the TEL, to use, modify and create derivative works of the Vendor Software solely and exclusively for the TEL's use or benefit.

(i) Notwithstanding anything to the contrary contained in this Section 11 or in the RFP, the TEL hereby acknowledges and agrees that: (i) the TEL's right to use whatever materials and information that the TEL will own pursuant to this Agreement shall be subject to the existing rights in intellectual property held by the Vendor ("Vendor Pre-Existing Intellectual Property") or applicable third parties; (ii) any grant of license to the TEL to make use of Vendor Pre-Existing Intellectual Property or the intellectual property of third parties shall not include the right to sublicense without the Vendor's consent (or the consent of the applicable third party



owner); and (iii) the TEL's right to create derivative works from Vendor Pre-Existing Intellectual Property or the intellectual property of third parties shall be limited only to modifying and/or creating works reasonably contemplated by the TEL and Vendor under this Agreement. Further, with respect to the TEL's right to use Vendor Pre-Existing Intellectual Property after the expiration or termination of the Agreement, the TEL acknowledges and agrees that the TEL's right to use Vendor Pre-Existing Intellectual Property shall be limited to Vendor Pre-Existing Intellectual Property incorporated in any Work Product owned and paid for by the TEL pursuant to this Agreement.

12. COMMITMENT TO NONDISCRIMINATION

(a) Vendor hereby covenants, on behalf of itself and the members of the Vendor Team, and agrees that no person shall (A) be excluded from participation in, or be denied benefits of, this Agreement, or (B) be excluded from employment, denied any of the benefits of employment or otherwise be subjected to discrimination on the grounds of handicap or disability, age, race, color, religion, sex, national origin or ancestry, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The Vendor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination. Breach of this covenant may be regarded as a material breach of this Agreement. Vendor shall, and shall cause each member of the Vendor Team, to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, handicap, disability, national origin or ancestry.

(b) Consistent with the Act, Vendor agrees to make every reasonable effort to include the participation by minority businesses in the performance of its services pursuant hereto. Specifically, and without limitation, any human resources services performed for the TEL will include appropriate attention to the hiring and training of qualified minority applicants in accordance with the Act and all written policies and procedures adopted by the TEL from time to time.

(c) Consistent with the Act, and in accordance with Section 4.13 of the RFP, Commitment to Nondiscrimination and Minority Participation, Vendor has submitted the response to such Section, along with EBO Forms A & B. Further, attached hereto as Exhibit A and incorporated herein by reference is a copy of EBO Form B1, which is required in connection with the execution of this Agreement.

13. LIMITATION OF LIABILITY

THE PAYMENT OBLIGATIONS UNDERTAKEN BY THE TEL UNDER THIS AGREEMENT ARE SUBJECT TO THE AVAILABILITY OF FUNDS TO THE TEL. THERE SHALL BE NO LIABILITY ON THE PART OF THE TEL EXCEPT TO THE EXTENT OF AVAILABLE FUNDS PERMITTED TO BE PAID FROM THE PROCEEDS OF LOTTERY OPERATIONS AND OTHER FUNDS AVAILABLE TO THE TEL. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, UNDER NO CIRCUMSTANCES WILL THE STATE OF TENNESSEE, ITS GENERAL FUND OR ANY OF ITS AGENCIES OR POLITICAL SUBDIVISIONS BE



RESPONSIBLE OR LIABLE AS A RESULT OF THIS AGREEMENT OR ANY LIABILITY CREATED HEREBY OR ARISING HEREUNDER.

14. ANTITRUST ACTIONS

Vendor hereby conveys, sells, assigns and transfers to the TEL all of its right, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States of America and the State of Tennessee relating to any systems, equipment and services acquired by the TEL under this Agreement.

15. COMPLIANCE WITH LAWS

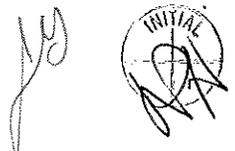
Vendor agrees to comply with all applicable written rules, procedures and regulations adopted from time to time by the TEL under the Act and all other applicable federal, state and local laws, rules, regulations, ordinances or executive orders, including, without limitation, the Americans with Disabilities Act of 1990 (42 U.S.C. §§ 1201 *et. seq.*) and all other labor, employment and anti-discrimination laws, and all provisions required thereby to be included herein, are hereby incorporated by reference (all of the foregoing being sometimes referred to collectively as the "Governing Laws and Regulations").

16. REPRESENTATIONS, WARRANTIES AND ADDITIONAL COVENANTS

Vendor hereby represents, warrants or covenants, as the case may be, to the TEL, on its own behalf and on behalf of each member of the Vendor Team, as follows:

(a) Vendor and each member of the Vendor Team are and will remain at all times during the Term of this Agreement duly organized and in good standing under the laws of the respective jurisdiction under which they are organized. Vendor has the power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement, and Vendor has taken all necessary and appropriate action to authorize the execution and delivery of this Agreement and the performance of its obligations under this Agreement. The execution and delivery of this Agreement and the performance of its obligations under this Agreement are not in contravention of any provisions of law or any material indenture or agreement by which Vendor is bound and do not require the consent or approval of any governmental body, agency, authority, lending institution, bond holder or other person which has not been obtained. This Agreement constitutes the valid and legally binding obligation of Vendor, enforceable against Vendor in accordance with its terms.

(b) Vendor and each other member of the Vendor Team have disclosed or will disclose to the TEL all matters required to be disclosed under the Governing Laws and Regulations. In addition, Vendor and each member of the Vendor Team recognize and acknowledge that there are certain limitations on their activities, and the activities of their Subcontractors, now and in the future, including, but not limited to, limitations on certain political contributions, limitations on the ability to enter into or perform contracts or other arrangements with certain third parties, and limitations on the ability to purchase lottery tickets, all of which shall be honored. Some of these restrictions also apply to the employees of each member of the Vendor Team and the members of such employees' households, and each



member of the Vendor Team will enforce such restrictions upon its employees and Subcontractors.

(c) Neither Vendor, the Subcontractors nor any of its or their respective officers, directors, partners or major shareholders has ever been found guilty of a felony related to the security or integrity of any lottery in any jurisdiction. For purposes of this Agreement, a major shareholder of a corporation shall be a shareholder owning at least five percent (5%) of the issued and outstanding stock of such corporation.

(d) Neither Vendor, the Subcontractors nor any of its or their respective officers, directors, partners or major shareholders has an ownership interest in any person that has supplied consultation services under contract to the TEL with respect to the RFP.

(e) No "public official" (as defined in Tenn. Code Ann. §8-50-501(a)) has an ownership interest of one percent (1%) or more in Vendor or any of the Subcontractors.

(f) To the extent required by applicable law, Vendor and each member of the Vendor Team are, and will remain at all times during the Term of this Agreement, qualified to do business in the State of Tennessee and will file Tennessee income tax returns.

(g) All Work Product: (i) shall be prepared, worked on and completed solely by employees of Vendor or a member of the Vendor Team in the scope of their employment or by independent contractors of Vendor or a member of the Vendor Team working under the strict and direct supervision of such employees; (ii) shall be original works of authorship; (iii) shall not infringe, plagiarize, pirate or constitute misappropriations of any copyrights, trademarks, service marks, trade names, confidential information, trade secrets or other intellectual properties or proprietary rights of any person; and (iv) shall not be false, misleading, actionable, defamatory, libelous or constitute an invasion of privacy of any person.

(h) Except as may be required by the Commissione Nazionale per le Società e la Borsa (CONSOB) or the U.S. Securities and Exchange Commission, and/or the laws and regulations promulgated in connection therewith, neither Vendor nor any other members of the Vendor Team, nor any of its or their respective employees, officers, directors, partners or major shareholders, shall issue any press release, conduct any press or news conference, participate in any media interview or otherwise make any public statement or announcement on behalf of, with respect to or in connection with this Agreement, or the TEL without the prior written consent of the CEO or her designee(s) in each instance.

(i) Neither Vendor nor any other members of the Vendor Team, nor any of its or their respective employees, officers, directors, partners or major shareholders, shall use the TEL's name, logos, images or any other information or data related to the services to be provided pursuant to this Agreement as a part of or in connection with any commercial advertising without the prior written consent of the CEO or her designee(s) in each instance.



(j) All products and services provided by the Vendor Team used in connection with this Agreement shall in all respects meet the requirements, performance standards and specifications of the RFP, the Questions and Answers, the Proposal and this Agreement, and design of and software used in connection with Vendor's and all Subcontractors' computer systems shall be suitable and fit for the purposes of a drawing-style player-selection lottery and retailer activated bar code reader data collection system.

(k) All computer equipment, terminals, monitors, peripherals and personal computers provided by the Vendor Team shall be new and shall conform to the manufacturer's current official published specifications. All such equipment and components not manufactured by the Vendor Team (including the communications network) shall carry manufacturer warranties of merchantability and warranties against defects in materials and workmanship. All adjustments, repairs and replacement parts necessary to maintain such equipment and components in good working order shall be promptly provided and performed by Vendor. Any such equipment not meeting the requirements set forth herein shall be replaced by Vendor as soon as feasible and without cost to the TEL.

(l) Vendor and the other members of the Vendor Team shall keep all of their hardware and equipment used in connection with the Lottery in good condition and repair and shall make all reasonable efforts to prevent anything that may materially impair the operations thereof. Such hardware and equipment shall not be used in violation of this Agreement, the RFP, the Questions and Answers or any federal or state law, and neither Vendor nor other members of the Vendor Team shall pledge, grant a security interest or lien on, hypothecate or otherwise encumber such hardware or equipment or otherwise dedicate the use of such hardware or equipment in such a way as to compromise the ability of the TEL to use same for the proper functioning of the Lottery or the ability of any member of the Vendor Team to perform its obligations under this Agreement.

(m) All systems analysis, systems design and programming prepared or done by Vendor or any other member of the Vendor Team in connection with this Agreement, the RFP or the Proposal have been and shall be prepared or done in a workmanlike manner consistent with the highest professional and technical guidelines and standards of the industry in which Vendor is engaged.

(n) All computer programs and equipment implemented by Vendor or any member of the Vendor Team for performance under this Agreement shall meet their stated performance standards and shall correctly and accurately perform their intended functions in all material respects on all hardware and other equipment supplied by the TEL, Vendor or any Subcontractor.

(o) All Lottery games provided by the Vendor Team pursuant to this Agreement shall in all respects conform to, and function in accordance with, their specifications and designs, as approved by the TEL. Without limiting the generality of the foregoing, Vendor's computer system: (i) shall issue Lottery tickets only from authorized terminals; (ii) shall only authorize payment on legitimate winning tickets; and (iii) if the game design so provides, shall limit purchases on any given number or numbers.

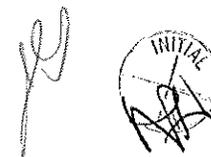


17. OBLIGATIONS OF VENDOR

(a) Vendor shall provide to the TEL on an annual basis, upon the request of the TEL, updated certificates of existence showing that Vendor and each member of the Vendor Team are qualified to transact business in the State of Tennessee.

(b) Vendor agrees to fully disclose to the TEL all matters materially affecting the TEL, this Agreement or the performance of this Agreement and all matters reasonably necessary to perform background and security investigations with respect to Vendor, the Subcontractors, their respective officers, directors, partners, major shareholders and employees, and the employees performing services pursuant to this Agreement or otherwise for the benefit of the TEL. In addition, Vendor acknowledges that some or all of its employees, officers, directors, partners and major shareholders, and its Subcontractors and their respective employees, officers, directors, partners and major shareholders, may be required to submit to background and other investigations, and Vendor shall cause any such employees or Subcontractors to fully cooperate with any such investigations and to provide all necessary information and authorizations in connection therewith. Vendor further agrees that it will routinely and continuously update all information disclosed to the TEL pursuant to this Agreement or the RFP, including, without limitation, any breaches of all representations, warranties and additional covenants set forth in Section 16 of this Agreement, no less often than every six (6) months; provided, however, Vendor shall as soon as possible notify the TEL upon the occurrence of any event the effect or result of which Vendor would be required to disclose, or to update a previous disclosure, to the TEL under this Agreement or the RFP and which event materially affects the TEL, the Vendor Team, any of their respective officers, directors, partners, major shareholders or employees, this Agreement or the performance of this Agreement. Vendor further agrees to notify the TEL: (i) as soon as possible, but no more than five (5) days of Vendor's first learning of the filing of any criminal proceeding or issuance of any indictment involving any member of the Vendor Team; and (ii) immediately of Vendor's first learning of any material civil or administrative proceeding involving the Vendor and within twenty (20) days of the Vendor's first learning of any material civil or administrative proceeding involving any other member of the Vendor Team.

(c) Vendor must, upon the execution of this Agreement, post and maintain, at least throughout the Initial Term of this Agreement, a new performance bond (the "New Bond") or letter of credit for the benefit of the TEL in an amount equal to Ten Million Dollars (\$10,000,000), unless such bond or letter of credit is replaced by alternate security as authorized by the Act, provided that such New Bond amount may be reduced after the third-year of the Initial Term, at the sole discretion of the TEL. The security provided by Vendor pursuant to this Section 17(c) shall provide funds to the TEL in the event the TEL suffers any liability, loss, damage or expense as a result of Vendor's failure to fully and completely perform any or all of the requirements contained in this Agreement, including, without limitation, Vendor's obligation to pay any liquidated damages due hereunder or to indemnify the TEL pursuant hereto. The New Bond may be renewable annually, provided that: (i) it provides that, in the event the New Bond will not be renewed for an additional year, the TEL will be provided written notice thereof at least thirty (30) days prior to the expiration thereof; and (ii) if such New Bond is not renewed for an additional year, Vendor must obtain a replacement bond or letter of credit or alternate security as authorized by the Act to be in place so that at no time is Vendor in violation of its obligation pursuant to this Section 17(c) to maintain a performance bond at least throughout the Initial



Term of this Agreement. Notwithstanding anything to the contrary contained herein, neither non-renewal by the issuer of the New Bond, nor the failure or inability of Vendor to renew the New Bond for a subsequent year shall constitute a loss to the TEL recoverable under the New Bond.

(d) Vendor shall maintain the following types and amounts of insurance during this Agreement:

- (i) General liability insurance in the amount of Five Million Dollars (\$5,000,000);
- (ii) Property insurance in the amount of replacement cost;
- (iii) Errors and omissions insurance in the amount of Fifteen Million Dollars (\$15,000,000);
- (iv) Automobile liability insurance in the amount of Five Million Dollars (\$5,000,000);
- (v) Self insurance with respect to equipment in the field; and
- (vi) Such other types and amounts of insurance that are reasonably required and are mutually agreed upon by the TEL and Vendor in writing.

(e) Vendor shall provide the TEL with certificates of insurance within ten (10) days after the Effective Date and evidence of any renewed bonds or insurance policies within five (5) days prior to the expiration of the then existing bonds or insurance policies. All bonds and insurance required of Vendor by this Agreement must be issued by companies or financial institutions which are financially rated A or better by a nationally recognized rating agency and duly licensed, admitted and authorized to transact business in the State of Tennessee.

(f) Vendor agrees to escrow the source codes to all applicable software and other similar proprietary materials developed or provided by Vendor or any member of the Vendor Team in connection with its or their performance under this Agreement, in accordance with a standard source code escrow agreement in form and substance acceptable to the TEL, in its sole but reasonable discretion. The Vendor's obligation to deposit materials in an escrow account shall be limited to ensuring that a copy of Vendor's proprietary source code for the deliverables provided under this Agreement and related upgrades shall be placed in escrow. Upgrades to the Vendor's proprietary source code shall be deposited no less frequently than annually unless a material change to the proprietary source code reasonably requires a more frequent deposit. As between the TEL and the Vendor, the Vendor shall be deemed to own all rights, title, and interest in all proprietary source code deposited in escrow. The TEL shall have rights to access the materials deposited in the escrow account only in the event that the Vendor has failed to maintain system operation due to a Material Event.

(g) Vendor shall, at its own expense, conduct trademark and service mark searches with respect to the names of all drawing-style games provided by the Vendor Team for



use in connection with the Lottery. New trademarks and service marks developed solely for the TEL will be registered in the name of the TEL for its sole use.

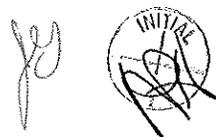
(h) Commencing upon receipt of a certificate of occupancy from the requisite governmental entity, Vendor shall lease approximately 4,000 square feet of space from the TEL at the TEL's main office, under the same terms and conditions as required by the TEL from its landlord or its successors and assigns, unless otherwise agreed to in writing by the CEO (or designee). The CEO (or designee) may place such reasonable conditions on the TEL's approval as such officer considers prudent, in such officer's sole discretion, for the efficient operations and communications by and between the TEL and Vendor. Vendor shall allow any authorized representatives of the TEL to inspect, without notice and at reasonable times, the plants, places of business and job sites of Vendor or any member of the Vendor Team that are being used in connection with the performance of this Agreement. Vendor shall not change the location of its computer system, offices or service facilities used in connection with this Agreement without the prior written approval of the TEL, which such approval shall not be unreasonably withheld, conditioned or delayed.

(i) Vendor shall establish and maintain a physical and software security program that is acceptable to the TEL and shall adhere to all written security requirements established from time to time by the TEL.

(j) Vendor and each other member of the Vendor Team shall establish and enforce a code of conduct for their respective employees, vendors, suppliers and independent contractors to ensure that Vendor and each other member of the Vendor Team comply with the written rules and procedures established by the TEL.

(k) Vendor and each member of the Vendor Team will promptly disclose all written and oral agreements they have with any lobbyists or similar consultants working on its behalf in the State of Tennessee, or pursuing issues pertaining to the TEL with the U.S. Congress and, upon the written request of the TEL, Vendor will promptly provide summaries of such agreements to the TEL.

(l) Commencing on the Effective Date, Vendor has agreed to continue its Equal Business Opportunity ("EBO") Program, which will include those minority subcontracting opportunities set forth in EBO Form B1, attached as Exhibit A; provided, however, the percentages listed on EBO Form B1 do not take into account any potential revenue that would be attributable to any program enhancement option agreed to by the Parties, and as such, EBO Form B1 will need to be updated in connection with the TEL's exercise of any such program enhancement option. Vendor's EBO Program shall generate a minority business participation level of at least twenty-two percent (22%) of its revenues received from the TEL; provided, however, for purposes of calculating this twenty-two percent (22%), any revenue attributable to any program enhancement option agreed to by the Parties shall not be used in such calculation; provided, further, Vendor agrees that its EBO Program shall generate minority business participation level of at least fifteen percent (15%) of all revenues received from the TEL at all times during this Agreement. Vendor will provide the TEL with quarterly reports detailing its activities in compliance with its total EBO efforts. Vendor's EBO Program will be reviewed on or about July 1, 2015, and annually thereafter. It is the intent of the Parties that every effort will



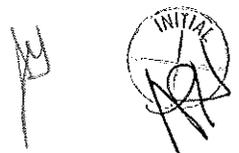
be made to locate and build the capacity of Tennessee based minority owned businesses. Where those capacities can be demonstrated and acceptable pricing can be arranged, Vendor will use such minority owned businesses to fulfill its commitment under this Agreement.

(m) Vendor has agreed to increase its grant to the TEL's Summer Internship Program under the Prior Agreement by the amount of \$12,000.00 for the summer of 2014. Commencing on the Conversion Date, Vendor has agreed to: (i) continue its grant to fund the TEL's College Summer Internship Program by pledging the amount of Seventy-Five Thousand Dollars (\$75,000.00) per year (in the aggregate amount of Five Hundred Twenty-Five Thousand Dollars (\$525,000.00)) for the Initial Term (the "Summer Internship Grant") and (ii) provide an additional grant to fund two (2) additional HOPE Scholarship interns from Tennessee's historically black colleges and universities, in the amount of up to Twenty-Five Thousand Dollars (\$25,000.00) per year (in the aggregate amount of up to One Hundred Seventy-Five Thousand Dollars (\$175,000.00)) for the Initial Term (the "HOPE Internship Grant", and with the Summer Internship Grant, collectively, the "Grants"). The Grants shall be utilized for job training internship programs enabling students to enhance their skills in one of the following disciplines: technology, marketing, advertising, legal, security, accounting, communication, finance and government relations. The ultimate goal of the Grants is to provide significant on-the-job training leading to the development of skills useful in obtaining permanent employment with Vendor, the TEL or other corporations both within and outside the lottery industry.

(n) Commencing on the Conversion Date, Vendor has further agreed that over the Initial Term, Vendor will use its best efforts to add up to fourteen (14) new After School Advantage (ASA) program sites in the State of Tennessee, with the goal to add two (2) ASA program sites per year, to be geographically spread across Tennessee. These new ASA program sites will be established in partnership with the TEL and will be branded accordingly. In connection with the establishment of the fourteen (14) new ASA program sites, Vendor agrees to work with the TEL to create a "Mentorship Tennessee" program, to provide outreach specifically directed at helping students pursue information about and prepare for higher education opportunities. This program would include helping students improve their college entrance exam scores, working with existing foundations and community organizations. The Mentorship Tennessee program would also utilize one of the new ASA program sites (i.e., one of the fourteen (14) new sites) in Clarksville, Tennessee to support returning veterans and their families stationed at Fort Campbell.

(o) Commencing on the Conversion Date, Vendor will continue to make available to the TEL a marketing allowance of Ten Thousand Dollars (\$10,000) per month during the Initial Term of the Agreement (the "Marketing Allowance Fund").

(p) If such installation plan is approved by the TEL prior to July 25, 2014, Vendor will commence installation of the new terminals and other customer-facing devices (excluding the TVMs (as defined below)) at established TEL retailers on or prior to September 1, 2014, with the completion of such installations on or prior to November 25, 2014. For the avoidance of doubt, all such new terminals and other customer-facing devices to be installed prior to the Conversion Date would be connected to the existing gaming system provided by Vendor to the TEL under the Prior Agreement, and in no event shall this obligation be deemed to imply that the conversion of the System (and any of the Vendor's obligations in connection



therewith and/or under this Agreement) would take place and/or be effective prior to the Conversion Date.

(q) In addition to holding quarterly strategy meetings, Vendor will make available, at no additional cost to the TEL, its "Innovation Execution Team" that will be committed to meeting with the TEL not less than twice per year during the Term of the Agreement to review consumer research, game innovations from the U.S. and international jurisdictions, merchandising, and digital/mobile/loyalty-based initiatives.

(r) Vendor will provide, with such cost to be included within Vendor's base compensation set forth in Section 5, a full-time, onsite Marketing Account Manager dedicated to the TEL, who will be responsible for overseeing all marketing activities in Tennessee, including Business Intelligence Tools analysis of sales data from the System to design promotions and game enhancements, assist in the development of ESMM shows, analysis of market research obtained through tracking studies, surveys and audits of the TEL's customers, strategic planning, promotions, training, market research, and general marketing support, with an emphasis on increasing the TEL's revenues. Vendor and the TEL will work in good faith to mutually select the Marketing Account Manager prior to the Conversion Date. For the avoidance of doubt, such Marketing Account Manager shall be the employee of Vendor and the TEL shall not be deemed or construed to be the employer of such Marketing Account Manager, and the TEL shall have no liabilities or obligations (e.g., compensation, withholding taxes, benefits, etc.) with respect to such Marketing Account Manager as an employer or similar.

(s) Commencing as of the Conversion Date, Vendor will provide, with such costs to be included within Vendor's base compensation set forth in Section 5, a "Primary Research Program" that includes the following:

(i) Continuous Tracking Study: Upon the TEL's approval, a tracking study will be performed by a third party four (4) times per year of the Initial Term, and will include both players and non-players, to measure the impact of TEL business plans and activities and identify continued room for growth. Vendor's then-current Senior Director of Market Insights will participate in quarterly discussions with TEL leadership to interpret results of the tracking study and make actionable recommendations;

(ii) New Game Research: Upon the TEL's approval, Vendor will conduct quantitative Internet research or focus groups, as defined by game initiatives, on an annual basis during the Initial Term;

(iii) Strategic Planning Research: Twice during the Initial Term, upon the TEL's approval, Vendor will conduct research that would support higher-level initiatives being considered by the TEL. This could be a segmentation study, a study investigating barriers to play, or possibly a retailer study, as determined by the TEL; and

(iv) Retailer Merchandising Intercept Research\Store Audit: Vendor will evaluate POS and in-store programs on not less than an annual basis during the Initial Term to identify opportunities for sales growth.

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(t) Following the Effective Date, upon the TEL's approval, Vendor will engage a third party vendor to conduct a retail brand audit, with such cost to be included within Vendor's base compensation set forth in Section 5, with the purpose of such retail brand audit to obtain an objective review of TEL retailers' perceptions and behaviors, and to provide a better understanding to the TEL of the retail environment in the State of Tennessee. The Retail Brand Audit findings will be presented to the TEL when received, and Vendor will meet with the TEL to review this Retail Brand Audit and the findings, all as more fully set forth in Vendor's Proposal.

(u) Commencing as of the Conversion Date, Vendor will add, modify and provide traditional drawing-style lottery games to the TEL for testing within seventy-five (75) days of mutually agreed upon specifications or as otherwise mutually agreed in writing, and (ii) Vendor will add, modify and provide all other games to the TEL for testing within ninety (90) days of mutually agreed upon specifications or as otherwise mutually agreed in writing.

(v) Notwithstanding Section 5.1.2.5 of the RFP requiring a minimum of five hundred (500) new, remote controlled, minimum twenty-four (24) bin vending machines, with the capability to dispense instant tickets and drawing-style tickets (the "TVMs"), Vendor and the TEL agree to the following with respect to the TVMs to be provided by Vendor under this Agreement:

- (i) All existing Instant To Go® (EDSQs) provided by Vendor under the Prior Agreement (the "Existing EDSQs") will remain at existing retailer locations until the date that the five hundred twenty-five (525) Base TVMs (defined below) are deployed; unless otherwise agreed by the Parties to remain or to be removed at an earlier date. For the purpose of clarification, the Parties intend and agree that the Existing EDSQs will be removed from service on a one-for-one basis as those Base TVMs are deployed;
- (ii) On or prior to the Conversion Date, Vendor will provide two hundred fifty (250) new Gemini™ Ultra TVMs (the "First Tranche TVMs"), such First Tranche TVMs which will be deployed at retailers selected by the TEL;
- (iii) No later than June 30, 2016, Vendor and the TEL will establish a pilot program for ten (10) of Vendor's then-current "Gemini Touch" TVMs ("Touch TVMs"). The pilot program for the Touch TVMs (the "Touch TVM Pilot") will run no longer than six (6) months, unless otherwise agreed to by the Parties in writing. The Touch TVMs will be deployed at retailer locations selected by the TEL;
- (iv) Following completion of the Touch TVM Pilot, the TEL shall have the option to select up to an additional two hundred seventy-five (275) additional new TVMs (the "Second Tranche TVMs", and with the First Tranche TVMs, collectively, the "Base TVMs"),



such Second Tranche TVMs that may be either Gemini™ Ultra TVMs or the Touch TVMs, or a mix of Gemini™ Ultra TVMs or the Touch TVMs at the election of the TEL (not to exceed two hundred seventy-five (275) total). Such Second Tranche TVMs will be delivered and deployed upon a schedule mutually agreed to by Vendor and the TEL; provided, however, the TEL acknowledges that Vendor's obligations to deliver the Second Tranche TVMs will take into consideration the then-current manufacturing and delivery lead times for such Second Tranche TVMs;

- (v) Further, following completion of the Touch TVM Pilot and after deployment of all five hundred twenty-five (525) Base TVMs (i.e., the initial two hundred fifty (250) First Tranche TVMs (in accordance with (ii) above) and the two hundred seventy-five (275) Second Tranche TVMs (in accordance with (iv) above)), and for the remainder of the Initial Term, Vendor will make available up to an additional four hundred seventy-five (475) new Gemini™ Ultra TVMs or Touch TVMs at the election of the TEL (the "Performance-Based TVMs", and with the Base TVMs, collectively, the "New TVMs"), in batches of fifty (50) Performance-Based TVMs, which Vendor would provide to the TEL and deploy in such fifty (50) TVM batches provided that the average net sales per TVM exceeds two thousand dollars (\$2,000.00) per week for a four (4) consecutive week period for then-installed base of New TVMs (i.e., excluding those New EDSQs (defined below) provided in accordance with (vi) below). For purposes of clarification and as an example only, if during any consecutive four (4) week period following deployment of the five hundred twenty-five (525) Base TVMs, the average net sales per TVM for the then-installed Base TVMs is in excess of \$2,000.00 for such 4-week period, then, Vendor would install an additional 50 Performance-Based TVM batch at retailer locations mutually agreed to by the TEL and Vendor (bringing the total New TVMs deployed to 575). Then, at any time during the Initial Term but following such installation of the 50 Performance-Based TVMs, if those then-deployed New TVMs (i.e., the 575 then-deployed New TVMs, consisting of the 525 Base TVMs and the 50 Performance-Based TVMs) were to again average net sales per New TVM in excess of the \$2,000.00 over a consecutive 4-week period, then, Vendor would install an additional fifty (50) Performance-Based TVM batch at retailer locations mutually agreed to by the TEL and Vendor, bringing the total deployed New TVMs to 625 (consisting of 525 Base TVMs and 100 Performance-Based TVMs). This process would thereby continue during the Initial Term until the total New TVMs provided by Vendor were to reach 1,000 New

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TVMs (i.e., the 525 Base TVMs plus the 475 Performance-Based TVMs);

- (vi) Vendor will commit the proper field staff to timely install, remove and repair all Vendor manufactured TVMs provided hereunder during the Initial Term. Vendor will provide retailer TVM training to TEL retailers upon installation of the TVMs and to TEL staff as requested by the TEL's CEO or her designee; and
- (vii) Vendor will also provide, at the TEL's request during the Initial Term, up to one hundred (100) new Instant To Go® self-service terminals (the "New EDSQs"); provided, however, the TEL acknowledges that Vendor's obligations to deliver any New EDSQs will take into consideration the then-current manufacturing and delivery lead times for such New EDSQs. The New EDSQs will be deployed at retailer locations selected by the TEL.

(w) Vendor will provide, with such costs to be included within Vendor's base compensation set forth in Section 5, the following enhancements to the TEL's requirements for Vendor's Altura® GT1200 terminals to be provided under this Agreement, as further described in the Proposal:

- (i) 15-Inch Touch Screens: Vendor's Altura® GT1200 terminals will be equipped with 15-inch Surface Acoustic Wave (SAW) touch screens;
- (ii) External Bar Code Reader: Vendor's Altura® GT1200 terminals will be equipped with an external 2D image-based bar code reader;
- (iii) Printer or Color Monitor Mount: Vendor's Altura® GT1200 terminals can be equipped, at retailer's selection, with either a mount for the terminal printer or a mount for the Color Monitor Display (ESMM);
- (iv) Smart Count®: Vendor's Altura® GT1200 terminals will be equipped with Smart Count® software scanning functionality; and
- (v) Vendor's Altura® GT1200 Compact terminals will be deployed at conversion and throughout the Initial Term of the Agreement as requested by the TEL.

(x) On or prior to the Conversion Date, Vendor will provide, with such cost to be included within Vendor's base compensation set forth in Section 5, a total of twenty (20) handheld terminals with mobile device capabilities for promotional events (the "MHTs") (which is an additional ten (10) MHTs as required under Section 5.1.2.1 of the RFP). The TEL and the Vendor shall mutually agree on the final requirements and specifications for such MHTs prior to the Vendor providing such MHTs. In the event the TEL cannot identify a use for all twenty (20) MHT units, the Parties shall mutually agree upon substitute products and/or services.



(y) On or prior to the Conversion Date, Vendor will provide, with such costs to be included within Vendor's base compensation set forth in Section 5, the following enhancements to the TEL's requirements for retailer point-of-sale product and services support, as further described in the Proposal:

- (i) Color Monitor Displays: Vendor will provide Color Monitor Displays (not less than 19-inch) and Vendor's ESMM solution for 100% of the retailers as of the Conversion Date, rather than the 70% required by Section 5.1.2.1 of the RFP;
- (ii) Electronic Jackpot Signs: Vendor will provide the electronic wireless jackpot signs for 75% of the top highest grossing retailers as of the Conversion Date, rather than the 70% required by Section 5.1.2.1 of the RFP. Further, Vendor agrees, at no additional cost, to replace the facing/skins of all then-installed jackpot signs with updated facing/skins selected by the TEL on up to two (2) occasions during the Initial Term of the Agreement should the games listed on such jackpot signs change. Additionally, notwithstanding the requirement set forth in Section 5.1.2.4 of the RFP that Vendor supply double faced neon or equivalent (e.g., LED) logo signs to all retailers, the Parties agree that the TEL will conduct a retailer survey on signs (jackpot and logo) and provide Vendor with the results of such survey no later than July 25, 2014. In the event that the results of the retailer survey indicate that there is substantial resistance to installing both signs (i.e., jackpot and logo signs), the Parties will mutually agree upon a substitution of a jackpot sign for a certain number of neon or equivalent logo signs (e.g., 1 jackpot sign provided in lieu of 3 neon or equivalent logo signs); provided, that, Vendor shall not be obligated to substitute jackpot signs for neon or equivalent logo signs after such neon or equivalent logo signs have been ordered. For the purpose of clarification, in connection with such substitutions, the TEL acknowledges and agrees that not all retailers will receive a neon or equivalent logo sign as required pursuant to Section 5.1.2.4 of the RFP. The Parties acknowledge and agree that time is of the essence and Vendor will be required to order both jackpot and logo signs promptly following July 25, 2014, and as such, Vendor shall not be deemed in breach of its obligations with respect to the jackpot and logo signs to the extent any delay in ordering results from the requested substitution by the TEL;
- (iii) Mobile App: Vendor will provide a mobile application for players to check their tickets on smart phones and other mobile devices;
- (iv) Wireless Self-Service Ticket Checkers: Vendor will provide Ticket-Scan Plus self-service ticket checkers to all retailers. Vendor will provide Ticket-Scan Plus self-service ticket checkers

yes



with its wireless solution, AirCon™ radio, to about 25% of those retailers as of the Conversion Date that are ideal candidates (as determined in good faith by the Parties) for this wireless feature; and

- (v) Dual Comm Inside: Vendor will provide 35% of the TEL's retailers (as determined by the TEL) as of the Conversion Date with its Dual Comm Inside solution (providing both VSAT and cellular wireless availability).

(z) On or prior to the Conversion Date, Vendor will provide with such cost to be included within Vendor's base compensation set forth in Section 5, sixty (60) Wi-Fi-enabled Apple iPad Air or similar mobile devices, with 16 GB or sufficient memory to operate the sales force automation solution provided by Vendor and selected by the TEL, for use by the TEL's sales representatives.

(aa) Commencing as of the Conversion Date, Vendor will provide, with such cost to be included within Vendor's base compensation set forth in Section 5, the ability to allow the TEL to modify the draw-based game roll stock tickets for marketing purposes on up to three (3) occasions over the Initial Term, subject to a mutually agreeable ticket stock modification plan between the TEL and the Vendor, such modification plan that shall include, at a minimum, the requirement that the to-be-replaced draw-based game roll stock in the field be substantially exhausted prior to deployment of such modified draw-based game roll stock.

(bb) At any time from and after execution of this Agreement until three (3) years following the Conversion Date (the "Lottery Subscription System Option Term"), the TEL shall have the option, at its sole discretion (the "Lottery Subscription System Option"), to require the Vendor to provide a lottery subscription system (the "Lottery Subscription System") as described in Vendor's lottery subscription system program enhancement offer, dated May 27, 2014, as amended on June 5, 2014 (and subsequently amended by a pricing revision reflected in Section 5(b) of this Agreement), attached hereto as Exhibit B and incorporated herein by reference and included as a program enhancement to the Proposal (the "Lottery Subscription System Program Enhancement Offer"). Vendor agrees that the Lottery Subscription System will be installed on the System and available to the TEL for customer acceptance testing ("Lottery Subscription System CAT") not later than six (6) months after Vendor's receipt of the TEL's written exercise of the Lottery Subscription System Option (the "Lottery Subscription System Delivery Date"); provided, however, that the Lottery Subscription System will not be available prior to the Conversion Date. The TEL shall then have sixty (60) days after the Lottery Subscription System Delivery Date to complete the Lottery Subscription System CAT and, for the purposes of this Agreement, the "Lottery Subscription System Acceptance Date" shall be the date when the TEL completes Lottery Subscription System CAT and accepts the Lottery Subscription System. Should the TEL require modifications to the Lottery Subscription System from as described in the Lottery Subscription System Program Enhancement Offer, such modifications will be subject to additional terms and conditions. Further, should the TEL elect to implement the Lottery Subscription System after the expiration of the Lottery Subscription System Option Term (i.e., after April 5, 2018), the cost of such Lottery Subscription System (i.e., the Lottery Subscription System Rate set forth in Section 5(b)) will be subject to modification



and the Parties agree to enter into good faith discussions with respect to a new Lottery Subscription System Rate. For the purpose of clarification, should the TEL exercise the Lottery Subscription System Option, those hotline services to be provided to the TEL's players in connection with the Lottery Subscription System will not be located in-state, as is required for those retailer hotline services pursuant to Section 5.2.4 of the RFP.

(cc) In the event of a data security breach with respect to the Gaming System and Services, Vendor (or its designee) shall:

- i. Notify the TEL by phone within 30 minutes of detection. Vendor shall take immediate action to remedy any breach and prevent any further breach at Vendor's expense in accordance with applicable privacy rights, laws, regulations and standards. Further, Vendor shall provide the TEL's CEO with written confirmation of the notification including any additional details or analysis that is available within 24 hours of the event and the actions taken by the Vendor;
- ii. Immediately following Vendor's notification, the Parties shall coordinate with each other to investigate the breach. Vendor agrees to fully cooperate with the TEL in the TEL's handling of the matter, including without limitation assisting with any investigation; providing physical access to the facilities and operations affected; facilitating interviews with Vendor's employees and others involved in the matter; and making available all relevant records, logs, files, data reporting and other materials required to comply with applicable law, regulations and industry standard.
- iii. Vendor shall reimburse the TEL for actual reasonable costs incurred in responding to and mitigating damages caused by any breach, including all costs of notice and/or remediation. Remediation to include, but is not limited to, any costs associated with the reissuance of payment cards or closing and opening new bank accounts, credit protection services, complimentary access for one (1) year credit monitoring services, credit fraud alerts and/or similar services.
- iv. Notwithstanding anything to the contrary set forth in this Section 17(cc), Vendor shall not be obligated to reimburse the TEL for any costs or expenses to the extent any such data security breach was caused by the TEL, its directors, officers and/or employees, the State of Tennessee and its agencies and political subdivisions, and/or their respective agents, officers and employees (collectively, "TEL Agents" and each, a "TEL Agent").

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18. TAXES

The TEL will not be responsible for any taxes levied on Vendor or any member of the Vendor Team as a result of the execution, delivery or performance of this Agreement. Vendor and Subcontractors shall pay and discharge any and all such taxes in a timely manner.

19. TERMINATION

(a) Notwithstanding anything herein to the contrary, the TEL may cancel and terminate this Agreement: (i) if Vendor fails to correct or cure any breach of any of Sections 7(b), 16(c), 16(d), 16(e), 16(h), 17(b), 17(c), 17(h), 17(i), or 17(l) of this Agreement (the "Major Sections") within seventy-two (72) hours of the earlier of: (A) Vendor's having knowledge of such breach; or (B) Vendor's receiving written notice of such breach from the TEL or such longer cure period as the Parties may agree is reasonable under the circumstances; or (ii) if Vendor fails to correct or cure any breach of any other provisions or Sections of this Agreement, other than Major Sections, after thirty (30) days prior written notice from the TEL or if such breach is of a type that cannot reasonably be cured within thirty (30) days and Vendor is diligently attempting to cure such breach, then such breach shall continue for ninety (90) days after prior written notice from the TEL;

(b) If the TEL, after thirty (30) days prior written notice from Vendor, fails to correct or cure any material breach of this Agreement, then Vendor may cancel and terminate this Agreement and in due course collect monies properly due up to and including the date of such termination.

(c) In the event that either Party hereto is unable to perform any of its obligations under this Agreement, or to enjoy any of its benefits because of natural disaster, an act of God, war, terrorism, civil disturbance, riot, strike, action or decree of governmental bodies or other events of force majeure not the fault of the affected Party, the affected Party shall immediately give notice to the other Party and shall use its best efforts to resume performance. Upon receipt of such notice, each Party's obligations under this Agreement shall be immediately suspended. Any such causes of delay or failure shall, in the exercise of reasonable diligence, extend the period of performance, for a reasonable period, until after such causes of delay or failure have been removed.

(d) If, for any reason other than a breach of this Agreement by the TEL, the Vendor Team is unable to perform its obligations hereunder, the TEL shall acquire a usufruct in all property owned by any member of the Vendor Team which is used in conjunction with, and is necessary to, the performance of this Agreement, which usufruct shall exist until the expiration or termination of this Agreement. Further, in the event that the TEL does obtain a usufruct in Vendor-owned property, the TEL shall not disclose the source code and/or proprietary materials to third parties, except for subcontractors and third parties required for performance of this Agreement, and shall not disclose Vendor's source code or proprietary materials to such subcontractors and third parties prior to the subcontractors and third parties having entered into a non-disclosure and restriction on use agreement with Vendor that is deemed sufficient by Vendor.

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20. LIQUIDATED DAMAGES

(a) Definitions:

- (i) Average Daily Sales - shall be defined as the annual drawing-style lottery game sales for the past fiscal year divided by 365.
- (ii) Average Number of Terminals – shall be defined as the average number of terminals selling drawing-style lottery tickets per day during the previous fiscal year.
- (iii) Net Revenue – shall be defined as the Average Daily Sales multiplied by 35%.
- (iv) Business Minute - shall be defined as a minute that drawing-style lottery tickets are available for sale.
- (v) Business Minutes per Day – shall be defined as the number of hours that drawing-style lottery game sales are available per day multiplied by 60.
- (vi) Net Revenue per Business Minute - shall be defined as the Net Revenue divided by Business Minutes per Day.
- (vii) Net Revenue per Business Minute per Terminal – shall be defined as the Net Revenue per Business Minute divided by the Average Number of Terminals.

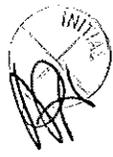
Vendor and the TEL shall determine, on an annual basis at the beginning of each fiscal year or more frequent interval, the previous fiscal year's Average Daily Sales, the Average Number of Terminals, and the Business Minutes to be used for the next fiscal year, as well as whether any of the assumptions used to determine liquidated damages in this Section 20 should be modified.

(b) Effective as of the Conversion Date, if any of the below-described events occurs, the TEL shall have the right to assess Vendor for liquidated damages subject to the maximum liquidated damage amounts set forth below corresponding to each such event.

- (i) Delay in Having the Conversion Complete and the System Operable by the Conversion Date. In the event that Vendor is responsible for the delay in the conversion of the System and, as a result of such delay, that the System is not operable by the Conversion Date, for failure of Vendor to successfully design, develop, test, install, download or deploy the appropriate software and supporting equipment, the TEL may assess liquidated damages of up to \$100,000 per day until the conversion is complete and the System is operable.



- (ii) Delay in Start of New Game. Vendor may be assessed liquidated damages of up to \$50,000 per day if a delay in the start of a new game is caused by Vendor's failure to successfully design, develop, test, install, download or verify the software required to begin such new game in accordance with a mutually agreed upon start date.
- (iii) System Downtime. In the event that Vendor's central computer system experiences downtime of more than ten (10) Business Minutes in the aggregate in any sales day, the TEL may assess Vendor with liquidated damages for each Business Minute of downtime thereafter calculated as the product of (x) the number of down Business Minutes in excess of ten (10) down Business Minutes and (y) the Net Revenue per Business Minute. In the event the System is partially unavailable and the System downtime does not affect all terminals, the Parties will mutually agree on a calculation method based on "degraded service", utilizing a similar sales period to determine liquidated damages.
- (iv) Terminal Downtime. Vendor may be assessed liquidated damages for lost Net Revenue for each Business Minute a terminal remains unable to sell or validate tickets after a grace period equal to the "Response Times" set forth in Section 5.2.5, Equipment Maintenance And Supplies, of the RFP. Those response times are two (2) hours in metropolitan areas and four (4) hours in non-metropolitan areas. For the purpose of assessing liquidated damages for terminal downtime, a terminal that is installed in a conforming location compliant with all dedicated circuitry for the terminal and supporting communications equipment, is deemed to be down from the time Vendor is notified of the terminal's inability to sell or validate tickets. Liquidated damages are calculated as the product of (x) the number of down Business Minutes per terminal in excess of the applicable grace period (i.e., 2 hours for metropolitan areas and 4 hours in non-metropolitan areas) and (y) the Net Revenue per Business Minute per Terminal.
- (v) Delayed Monitor and Jackpot Sign Repair. Vendor may be assessed \$50 per day for delayed monitor and/or jackpot sign repair after a 48-hour grace period from the time Vendor receives notice of a monitor and/or jackpot sign failure, if Vendor has not repaired or replaced the monitor and/or jackpot sign.
- (vi) Insufficient Vendor Resources. Vendor and the TEL shall mutually agree as to a set of criteria for hotline staffing based on busy signals, time on hold and abandoned calls. The Parties shall also agree on the staffing levels necessary for terminal and communication system installation and maintenance. TEL shall



notify Vendor of its failure to meet such staffing criteria. In the event of such a failure, Vendor will have fourteen (14) calendar days to cure the failure from the time it is notified by the TEL. The TEL may assess liquidated damages in the amount of \$200 per day after that time.

- (vii) Failure to Provide Enhancements. Games will be added or modified and provided to the TEL for testing as follows: (A) for traditional drawing-style lottery games (i.e., similar to games offered by the TEL as of the Effective Date), within seventy-five (75) days of mutually agreed upon specifications for such traditional drawing-style lottery games, and (B) for all other games, within ninety (90) days of mutually agreed upon specifications for such other games. If Vendor fails to provide the respective games in accordance with the foregoing sentence (i.e., 75 days or 90 days, as applicable), Vendor may be assessed liquidated damages as follows: (A) for day 76 to day 90 (applicable only for traditional drawing-style games), in amount of up to \$1,000 per day, and (B) for day 91 and thereafter (applicable to both traditional drawing-style games and other games), in an amount of up to \$5,000 per day.
- (viii) Shortage of Drawing-Style Game Ticket Stock. Should Vendor not supply sufficient quantities of drawing-style lottery game ticket stock to retailers resulting in a reduction of sales for said retailers, and which causes TEL personnel to deliver emergency ticket stock to said retailers, not including negligence or damage to ticket stock by the retailer, Vendor may be assessed liquidated damages in the amount of \$100 per incident, per retailer.
- (ix) Security Violations. Vendor and the TEL shall mutually agree upon a list of classified individuals authorized access to the primary data center control room. In the event of unauthorized access, Vendor may be assessed liquidated damages in an amount up to \$1,000 per occurrence.
- (x) Failure to Deliver Log Files. Prior to each drawing, Vendor shall make available to the TEL the draw close log tapes or files. If Vendor fails to do so, Vendor may be assessed liquidated damages in an amount up to \$25,000 per incident. At the end of each drawing-style lottery day's processing, Vendor shall make available to the TEL the current day's transaction log tapes or files. If Vendor fails to do so, Vendor may be assessed liquidated damages in an amount of up to \$10,000 per incident.
- (xi) Untimely Reports. Vendor and TEL will mutually agree as to the type and format of reports to be provided and time for delivery of



such reports to the TEL. If Vendor fails to deliver such reports to the TEL by the agreed upon time, Vendor may be assessed liquidated damages in an amount up to \$100 per day.

- (xii) Claimed Prize Tickets Not Approved by the TEL. Should Vendor's drawing-style lottery gaming system produce and validate a ticket not determined to be a valid winning game ticket by the TEL according to its game rules and prize claiming procedures, and should the TEL unknowingly pay the prize for the ticket that was produced and validated in error, Vendor may be held liable for the amount paid. For the purpose of clarification, the TEL shall not pay any prizes for tickets that are known to be produced and validated in error.
- (xiii) Defective or Non-Conforming Tickets. Should Vendors drawing-style lottery gaming system produce defective or non-conforming tickets due to a terminal equipment or printer malfunction or failure, which causes TEL to incur verifiable costs or expenses and/or loss of goodwill, Vendor may be assessed liquidated damages in an amount of up to \$10,000 per incident.
- (xiv) Non-Performing or Underperforming Products or Services. In the event that Vendor has provided materially non-performing or significantly underperforming products or services, contrary to its representations and warranties in Section 16(j), (k), and (n) of this Agreement, the TEL shall promptly notify Vendor in writing of such issue(s), and the Parties agree to promptly hold discussions to mutually determine appropriate actions. If no mutually agreed upon solution can be ascertained, Vendor may be assessed liquidated damages in an amount up to \$1,000 per incident.
- (xv) Failure to Successfully Implement Third-Party Programs/Games upon Reasonable Request by TEL. In the event that Vendor fails to successfully implement third party programs or games upon reasonable request by the TEL, Vendor may be assessed liquidated damages in an amount of up to \$50,000 per incident. For the avoidance of doubt, Vendor shall not be subject to liquidated damages hereunder to the extent the Vendor's failure to successfully implement the third party programs or games results from any actions or inactions of the third party provider(s).
- (xvi) Untimely or Unauthorized Software Additions or Modifications. If the Vendor fails to install, download, or implement any software modification or new addition pursuant to a mutually agreed upon schedule and scope, Vendor shall be assessed up to \$5,000 per day in liquidated damages.

Further, Vendor shall not make any additions or modifications to the System software without the approval of the TEL. If Vendor breaches the foregoing sentence, Vendor may be assessed liquidated damages in the amount of \$100,000. In addition, if system software is not restored to its original condition within 24 hours of Vendor learning of the unauthorized change, Vendor will be assessed liquidated damages in the amount of up to \$5,000 per day for each day after such 24 hour period until the System software is restored to its original condition.

- (xvii) Incomplete or Invalid Game Validation Files. In the event Vendor creates an incomplete or invalid game validation file on the System after having received valid and complete game validation files from the instant ticket vendor, Vendor may be assessed liquidated damages in the amount of \$5,000 per occurrence.
- (xviii) Failure to Fulfill the Minority Participation Commitment. The TEL will monitor and review Vendor's progress quarterly through site visits and Vendor's submission of EBO quarterly reports. Annually, beginning July 1, 2015 the TEL will evaluate Vendor's annual EBO expenditures under this Agreement. In the event Vendor fails to provide a minority participation level of twenty-one percent (21%), Vendor shall be assessed liquidated damages in the amount of \$100,000 for every percentage point by which it fails to meet said commitment. Said funds shall be utilized to further expand the TEL's EBO Program. For the purpose of clarification, the 21% upon which the liquidated damages can be assessed does not take into account any program enhancement option agreed to by the Parties.
- (xix) TVM Repair. In the event a Vendor-provided TVM (including Existing EDSQs, New TVMs, and/or New EDSQs) is not operable, Vendor shall repair such TVM within two (2) business days after Vendor's receipt of written notice thereof. Vendor will be assessed liquidated damages in an amount equal to fifty dollars (\$50.00) per TVM with respect to each full day after such initial two (2) day period that such non-operable TVM remains un-repaired; provided, however, with respect to any Touch TVMs to be provided under the Touch TVM Pilot, Vendor shall not incur any liquidated damages for such Touch TVMs during the Touch TVM Pilot but shall use its best efforts to repair such Touch TVM promptly.
- (xx) Lottery Subscription System. To be mutually agreed upon by the Parties at the time the Lottery Subscription System Option is exercised.

(c) Vendor and the TEL hereby acknowledge and agree that:



- (i) the TEL's damages following the occurrence of any event set forth in Section 20(b) of this Agreement are difficult or impossible to accurately estimate or calculate;
- (ii) the liquidated damages amounts set forth in Section 20(b) of this Agreement are reasonable estimates of what the TEL's damages would be in the event of the occurrence of any such events and shall be the TEL's sole remedy with respect to the occurrence of such events;
- (iii) it is their mutual intention that Section 20(b) of this Agreement provide for liquidated damages to compensate the TEL upon the occurrence of such an event, rather than penalties to deter Vendor from breaching this Agreement and/or to punish Vendor upon the occurrence of such an event;
- (iv) to the extent an event occurs for which liquidated damages are assessable under more than one subsection of Section 20(b) of this Agreement, the TEL and the Vendor shall mutually agree upon the more appropriate subsection;
- (v) the TEL shall have the right, in its sole discretion, to waive (in whole or in part) payment by Vendor of liquidated damages due hereunder but must assess liquidated damages within six (6) months of learning of the incident or waive them. A waiver in any one instance shall be strictly limited to that specific instance and shall not in any way constitute or be construed to be a waiver of the payment of any other liquidated damages that are due or may become due hereunder; and
- (vi) the TEL shall notify Vendor in writing of a proposed assessment of liquidated damages forty-five (45) days before each such assessment shall become due and payable. Upon written notification Vendor shall have ten (10) days to dispute said charges.

21. INDEMNIFICATION

(a) Vendor agrees to indemnify, defend and hold harmless the TEL, its directors, officers and employees, the State of Tennessee and its agencies and political subdivisions, and their respective agents, officers and employees, against any and all suits, damages, expenses (including, without limitation, court costs, reasonable attorneys' fees and other damages), losses, liabilities and claims of any kind, caused by or resulting from any breach of this Agreement by any member of the Vendor Team or any other act or omission of any member of the Vendor Team or any of its or their respective agents or employees, whether the same may be the result of negligence, responsibility under strict liability standards, any other substandard conduct or otherwise.

(b) In addition, Vendor agrees to indemnify, defend and hold harmless the TEL, its directors, officers and employees, the State of Tennessee and its agencies and political subdivisions, and their respective agents, officers and employees (the “TEL Indemnified Parties”), against any and all suits, damages, expenses (including, without limitation, court costs, attorneys’ fees and other damages), losses, liabilities and claims of any kind (collectively, “IP Claims”), arising out of, in connection with or resulting from the development, possession, license, modifications or use of any copyrighted or non-copyrighted composition, trademark, service mark, service process, patented invention or idea, trade secret, article or appliance furnished to the TEL, or used in the performance of this Agreement, by any member of the Vendor Team. Notwithstanding the foregoing, the Vendor shall only be required to indemnify and hold harmless the TEL Indemnified Parties with respect to any IP Claims for infringement, to the extent that the products or services provided by the Vendor infringe the rights of a third party, and not to the extent any infringement resulted from acts of the TEL Indemnified Parties. To the extent that any products or services provided by the Vendor become the subject of any IP Claim for infringement, the Vendor, after consultation with the TEL and at the TEL’s option, may do one of the following at the Vendor’s expense: (i) procure for the TEL the right under such patent, trademark, or copyright to use or sub-license, as appropriate, the product or such part thereof; or (ii) replace the product(s), or part thereof, with other suitable products or parts conforming to the original TEL specifications; or (iii) suitably modify the products, or part thereof.

(c) Vendor also agrees to indemnify, defend and hold harmless the TEL Indemnified Parties against any and all suits, damages, interests, awards, penalties, fines, costs or expenses of whatever kind (including, without limitation, court costs, attorneys’ fees and other damages), the cost of enforcing any right to indemnification hereunder, the cost of pursuing any insurance providers, the cost of remediation, losses, liabilities and claims of any kind, arising out of, or resulting from any third-party claim against any TEL Indemnified Party arising out of or resulting from a data security breach to the System and/or Vendor’s failure to comply with any of its obligations under Section 17(cc). Notwithstanding anything to the contrary set forth in this Section 21(c) or Section 17(cc), Vendor shall not be obligated to indemnify, defend or hold harmless any TEL Indemnified Party to the extent such data security breach was caused by a TEL Agent.

22. DISPUTE RESOLUTION PROCEDURES

Any and all claims, disputes or controversies arising in connection with this Agreement must be made in accordance with the Dispute Resolution Procedures established by the Board (as the same may be amended from time to time).

23. NOTICES

(a) All notices and statements provided for or required by this Agreement shall be in writing, and shall be delivered personally to the other designated Party, or mailed by certified or registered mail, return receipt requested, or delivered by a recognized national overnight courier service, as follows:



If to the TEL: Tennessee Education Lottery Corporation
One Century Place
26 Century Blvd., Suite 200
Nashville, Tennessee 37214
Attn: President and Chief Executive Officer

With a copy to: Tennessee Education Lottery Corporation
26 Century Blvd., Suite 200
Nashville, Tennessee 37214
Attn: General Counsel

If to Vendor: GTECH Corporation
10 Memorial Blvd.
Providence, Rhode Island 02903
Attn: General Counsel

With a copy to: GTECH Corporation
One Century Place
26 Century Blvd., Suite 200A
Nashville, Tennessee 37214
Attn: Account Development Manager

(b) Either Party hereto may change the address and/or person to which notice is to be sent by written notice to the other Party in accordance with the provisions of this Section 23.

24. MISCELLANEOUS

(a) This Agreement, together with the Proposal, the Questions and Answers and the RFP, all of which are incorporated herein by this reference, contains the entire agreement and understanding concerning the subject matter hereof between the Parties hereto. No waiver, termination or discharge of this Agreement, or any of the terms or provisions hereof, shall be binding upon either Party hereto unless confirmed in writing. This Agreement may not be modified or amended, except by a writing executed by both Parties hereto. No waiver by either Party hereto of any term or provision of this Agreement or of any default hereunder shall affect such Party's rights thereafter to enforce such term or provision or to exercise any right or remedy in the event of any other default, whether or not similar.

(b) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TENNESSEE, AND ANY CAUSE OF ACTION ARISING HEREUNDER MUST BE BROUGHT IN A STATE OR FEDERAL COURT LOCATED IN DAVIDSON COUNTY, TENNESSEE. VENDOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY PROCEEDING WHICH IS BROUGHT IN SUCH A COURT.



(c) Neither Party hereto shall assign this Agreement, in whole or in part, without the prior written consent of the other Party hereto, which such consent shall not be unreasonably withheld, conditioned or delayed, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect; provided, however, nothing herein shall prevent the TEL from freely assigning this Agreement, without requiring Vendor's prior written consent, to any person which operates or will operate the Lottery. For purposes of this Section 24(c), any sale or transfer of a controlling equity interest in, or substantially all of the assets of, Vendor will be deemed an assignment for which the TEL's consent is required.

(d) This Agreement shall be binding on and inure to the benefit of the TEL and its successors and permitted assigns and Vendor and its successors and permitted assigns.

(e) The headings contained herein are for the convenience of the Parties only and shall not be interpreted to limit or affect in any way the meaning of the language contained in this Agreement.

(f) This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute the same Agreement. Any signature page of any such counterpart, or any electronic facsimile thereof, may be attached or appended to any other counterpart to complete a fully executed counterpart of this Agreement, and any telecopy or other electronic facsimile transmission (e.g., PDF copy via email) of any signature shall be deemed an original and shall bind such Party.

(g) If any provision of this Agreement shall be held void, voidable, invalid or inoperative, no other provision of this Agreement shall be affected as a result thereof, and accordingly, the remaining provisions of this Agreement shall remain in full force and effect as though such void, voidable, invalid or inoperative provision had not been contained herein.

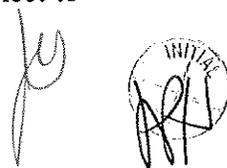
(h) Upon the request of either Party, the TEL and Vendor agrees to take, and to cause any other member of the Vendor Team to take, any and all actions, including, without limitation, the execution of certificates, documents or instruments, necessary or appropriate to give effect to the terms and conditions set forth in this Agreement.

25. ADDITIONAL SERVICES

In the event the TEL desires to retain the services of Vendor for activities in addition to those contemplated by this Agreement and the RFP, and Vendor agrees to perform such services, the terms and conditions (including rates and payment terms) for such services shall be mutually agreed to in writing by the TEL and Vendor, consistent with Section 6.5 of the RFP. Any such services, the rates and the terms of payment shall be approved, in writing, prior to the commencement of any such additional work. In no event shall Vendor or any member of the Vendor Team be paid for work not authorized, or for work in excess of that authorized, in writing by the TEL.

26. COOPERATION OF THE PARTIES

Vendor and the TEL agree to cooperate fully, to work in good faith and mutually to assist each other in the performance of this Agreement. In this regard, the Parties will meet to

A handwritten signature in black ink is located on the right side of the page. To its right is a circular stamp containing the word "INITIAL" at the top and the letters "RRL" in the center.

resolve problems arising under this Agreement. Neither Party will unreasonably withhold its approval of any act or determination of the other to which its approval is necessary or desirable.

27. REQUIRED INVESTIGATIONS

The TEL and Vendor hereby agree that this Agreement, and all of the terms and conditions contained herein, is subject to the completion of all criminal and other background investigations required by the Act or the TEL Policies. This Agreement will not be binding upon the TEL or the Vendor until the completion of all such investigations.

[SIGNATURE PAGE TO FOLLOW]

Handwritten signature and a circular stamp with illegible text and initials.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Agreement to be effective as of the Effective Date.

TEL:

TENNESSEE EDUCATION LOTTERY CORPORATION

By: [Signature]
Print Name: REBECCA PAUL HARBORE
Title: CEO

EXAMINED AS TO FORM & LEGALITY

Wanda Young Wilson
Attorney, Tennessee Education Lottery Corporation

VENDOR:

GTECH CORPORATION

By: [Signature]
Print Name: Joseph S. Gendron
Title: Senior Vice President, United States