HOOSIER LOTTERY INTEGRATED SERVICES AGREEMENT

This Hoosier Lottery Integrated Services Agreement (together with any schedules and exhibits incorporated by reference herein, as the same may be amended, revised or otherwise modified, the "**Agreement**") is entered into as of this 12th day of October 2012 (the "**Agreement Effective Date**"), by and between the **State Lottery Commission of Indiana** (the "**Commission**"), and **GTECH Indiana, LLC**, an Indiana limited liability company with its principal corporate offices at 1302 N. Meridian Street, Indianapolis, IN 46202 (the "**Provider**"). The Commission and Provider are sometimes individually referred to herein each as a "**Party**", and collectively, as the "**Parties**".

RECITALS

WHEREAS, capitalized words in this Agreement including these recitals shall have the meanings ascribed to them consistent with **Section 1.2** of this Agreement;

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

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

WHEREAS, pursuant to the Lottery Law, in all procurement decisions the Commission Director and the Commission are required to consider, among other things, the objective of raising net revenues for the benefit of the Lottery's public purposes;

WHEREAS, pursuant to the Lottery Law, the Commission is permitted to enter into an Integrated Services Agreement with a vendor to provide the Services (including Equipment and Products) in connection with Commission's operation of the Lottery;

WHEREAS, on July 9, 2012, the Commission issued a Request for Information seeking an entrepreneurial provider to assist in the management and operation of the Lottery (the "**RFI**");

WHEREAS, Provider submitted to the Commission an initial response dated August 31, 2012 (which included information (a) concerning Provider's experience, organization, financial reports, references, and financial resources and (b) needed to act consistent with the Highest Standards and the Commission procurement requirements), followed thereafter by a final binding offer and related information and documents (such final binding offer and related information, documents and representations made in its response to the RFI including its Initial Annual Business Plan, the "**Provider Bid**");

WHEREAS, based on the Provider Bid, the Commission selected Provider to provide the Commission with the Services including Equipment and Products described in this Agreement;

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

WHEREAS, in recognition of (i) Provider's expertise in rendering the Services, (ii) the Commission's need to maintain the Highest Standards (and to also meet its non-financial public purposes) and (iii) the Parties' mutual interest in maximizing Provider Net Income, the Commission aspires to Approve Annual Business Plans in strategic cooperation with the Provider;

WHEREAS, while continuing to manage and direct the course of the Lottery, the Commission will be deferential to the Provider's expertise in rendering the Services pursuant to any Approved Annual Business Plan;

WHEREAS, this Agreement recognizes that upon expiration or sooner termination of this Agreement, there will be a complete transition from the Provider to the Commission (or a Replacement Provider) of any Services being provided by Provider as of the Termination Date.

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

ARTICLE 1

AGREEMENT FRAMEWORK AND STRUCTURE

1.1 Purpose of Agreement. The Commission, while continuing to conduct and maintain control over the Lottery, desires to engage Provider to increase sales and Commission Net Income from the Lottery while maintaining and acting consistent with the Highest Standards. This Agreement establishes the framework and terms and conditions of the strategic relationship between the Commission and Provider pursuant to which Provider shall coordinate, consult, provide for and integrate the Commission's management and operation of the Lottery and, to a broad extent, introduce opportunities for innovation, agility and market responsiveness for the Lottery in order to facilitate the Commission carrying out public purposes of the Commission and the State as set forth in the Lottery Law including funding, financing, undertaking and constructing capital improvement projects as provided by Indiana Code 4-30-1-1 and Indiana Code 4-30-17-4.1.

1.2 Definitions. Capitalized terms used in this Agreement, including in any recital to this Agreement, the Services Exhibit and Other Attached Documents, shall have the meanings ascribed to them in **Schedule 1.2**. Other capitalized terms used in this Agreement are defined in the context in which they are used and shall have the meanings ascribed to them therein. The terms defined in **Schedule 1.2** include the plural as well as the singular.

1.3 Construction

1.3.1 Captions and References. Captions, titles and headings to articles and sections of this Agreement are inserted for convenience of reference only and are not intended to affect the interpretation or construction of this Agreement. Any reference herein to a particular Section number (e.g., "Section 2") shall be deemed a reference to all Sections of this Agreement that bear sub numbers to the number of the referenced Section (e.g., Sections 2.1, 2.1.1, etc.). The terms "this Agreement", "herein", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof. Unless otherwise specified, "days" means calendar days and the word "dollar" and the symbol "$" refer to United States Dollars. Any use of the term "including" in this Agreement shall be construed as if followed by the phrase "without limitation" or "but not limited to".

1.3.2 Plurality. Words importing the singular number mean and include the plural number and vice versa.

1.3.3 Persons. Words importing persons include individuals, legal personal representatives, firms, companies, associations, joint ventures, general partnerships, limited partnerships, limited liability partnerships, limited liability companies, trusts, business trusts, corporations, governmental bodies, and other legal entities.

1.3.4 References to Provider.

(a) As used in this Agreement relating to the provision of Services hereunder, references to "Provider" also shall apply to Subcontractors, Affiliates of Provider and Provider Personnel in accordance with the following: (i) a reference to Provider shall mean at all times that Provider is responsible for ensuring and causing the compliance of Subcontractors, Affiliates of Provider and Provider Personnel with the terms and conditions of this Agreement; (ii) with regard to complying with the terms and conditions of this Agreement, references to

Provider include Affiliates of Provider and Subcontractors to the extent that such Affiliates of Provider and/or Subcontractors are providing the Services; and (iii) with regard to complying with the terms and conditions of this Agreement, references to Provider include the applicable Provider Personnel who are providing the Services.

(b) Notwithstanding the foregoing, under no circumstances shall Affiliates of Provider, Subcontractors or Provider Personnel be eligible for or exercise, use or enjoy any rights or benefits of Provider under the terms and conditions of this Agreement, unless otherwise explicitly stated in the applicable term or condition of this Agreement.

1.3.5 References to Statutes. Each reference to a statute or statutory provision includes any statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision or which has been amended, extended, consolidated or replaced by the statute or statutory provision and includes any orders, regulations, by-laws, ordinances, codes of practice or instruments made under the relevant statute.

1.3.6 Interpolation. If any calculation hereunder is to be made by reference to a chart or table of values, and the reference calculation falls between two stated values, the calculation shall be made on the basis of linear interpolation.

1.3.7 Accounting and Financial Terms. All accounting and financial terms used herein are, unless otherwise indicated, to be interpreted and applied in accordance with GAAP.

1.3.8 Imputation of Knowledge to the Commission. The Commission will not be imputed with knowledge of any fact, matter or thing unless that fact, matter or thing is within the actual knowledge of those of its commissioners, members, officials, director, employees or agents who have responsibilities in connection with the conduct of the performance of this Agreement. The Commission will not be imputed with knowledge of any fact, matter or thing within the actual knowledge of any Third Parties and/or any of their respective employees, consultants or agents.

1.3.9 Knowledge Deemed Held by Provider. Without limiting the extent of its actual knowledge, Provider shall for all purposes of this Agreement be deemed to have such knowledge with respect to the Services as is held (or ought reasonably to be held) by all persons involved in carrying out the Services including Provider, the Affiliates of Provider, Subcontractors, and the agents, employees or workers of any of them.

1.3.10 Order of Precedence. It is the intent of the Parties that the language in the documents making up this Agreement be construed to the maximum extent possible so as not to create a conflict among or between such documents, and to the extent the conflicting terms can reasonably be interpreted so that such terms are consistent with each other, such consistent interpretation shall prevail. If there is a conflict among the terms in the various contract documents (such being this Agreement, the Services Exhibit and the Other Attached Documents) incorporated by reference within this Agreement or which incorporate this Agreement, the following order of precedence shall prevail: (a) this Agreement (including the Services Exhibit and Other Attached Documents as of the Agreement Effective Date) shall prevail over a conflicting term in the Operating Standards; (b) the terms set forth in the body of this Agreement shall prevail over a conflicting term in the Services Exhibit and Other Attached Documents; and (c) the terms in the Services Exhibit shall prevail over a conflicting term in the Other Attached Documents.

1.3.11 Statutory Rights. Nothing in this Agreement affects any statutory rights granted or terms required, in either case, by Force of Law Requirements that cannot be waived or limited by contract. If there is a conflict between the terms in this Agreement and Force of Law Requirements, Force of Law Requirements shall prevail. Notwithstanding anything contained herein to the contrary, the Commission shall not be liable to the Provider for any loss or damage suffered by, or cost or expense incurred by, the Provider as a result of this Agreement being affected any statutory rights granted or terms required, in either case, by Force of Law Requirements (as of the Agreement Effective Date) that cannot be waived or limited by contract.

1.3.12 Neither Party Considered Drafter. Despite the possibility that one Party may have prepared the initial draft of this Agreement or played the greater role in the preparation of subsequent drafts, the Parties agree that neither of them shall be deemed the drafter of this Agreement, and that, in construing this Agreement in case of any claim that any provision hereof may be ambiguous, no such provision shall be construed in favor of one Party on the ground that such provision was drafted by the other Party.

1.4 Due Diligence Complete. Provider hereby acknowledges and agrees that it has reviewed the Commission's requirements set forth in this Agreement, reviewed the Applicable Requirements, and has completed all due diligence it deems necessary to perform the Services in conformance with the terms of this Agreement (including any Applicable Requirements). Provider hereby acknowledges that Provider has obtained, through the Commission or otherwise, all information and documents that Provider deems necessary for Provider to negotiate the terms and conditions of this Agreement and to enter into and perform its obligations under this Agreement in accordance with its terms (collectively, the "**Due Diligence Information**"). Provider shall not be relieved of any of its obligations under this Agreement nor shall the Payments, Services or Service Levels, or any other terms and conditions of this Agreement be adjusted, as a result of: (a) Provider's failure to review the Due Diligence Information; (b) any inaccuracies, errors, or omissions contained in the Due Diligence Information; and/or (c) Provider's failure to request any information or documents from the Commission.

ARTICLE 2

GENERAL RESPONSIBILITIES OF THE PARTIES

2.1 Provider. Provider shall, subject to the actual control and oversight of the Commission and in accordance with the terms and conditions of this Agreement, the Applicable Requirements, and the Annual Business Plan, provide all Services (including all Equipment and Products) and perform all functions necessary for the Commission to operate the Lottery, except for those functions or services specifically retained by the Commission, as more fully described in **Section 2.2** below. Provider's functions and responsibilities shall include (a) those functions and responsibilities set forth in **Schedule 2.1** and (b) those functions and responsibilities necessary or useful in supporting the Commission in its performance of the specific functions and responsibilities described in **Schedule 2.2**.

2.2 The Commission. The Commission shall, at no expense to the Provider (and not as Operating Expenses) and subject to the terms and conditions of this Agreement, perform the specific functions and responsibilities described in **Schedule 2.2** and shall continue to have actual control and oversight over all Lottery operations, by retaining the authority to direct or countermand Provider's decisions, maintaining ready access to information regarding all aspects of Lottery operations, and retaining all right, title and interest in and to Lottery assets including all Commission Intellectual Property.

ARTICLE 3

TRANSITION SERVICES AND RESOURCE RESPONSIBILITIES

3.1 Transition

(a) Transition Services. During the Transition, which shall commence on the Agreement Effective Date, Provider shall perform the services, functions and responsibilities and provide the deliverables associated with the Transition (other than the Commission Transition Activities) (collectively, the "**Transition Services**") as specified in a plan for Transition to be prepared and submitted by Provider and Approved by the Commission prior to the Agreement Effective Date and which shall be attached hereto as **Exhibit 3.1** (the "**Transition Plan**"). During the Transition the Commission shall, at its sole cost and expense, perform the services and functions specified as Commission responsibilities in the Transition Plan (the "**Commission Transition Activities**").

(b) Transition Expenses. Provider shall, at its sole cost and expense, perform the Transition Services in accordance with the timetable and the Transition Milestones set forth in the Transition Plan. Except as may be otherwise provided in the Transition Plan, the Commission shall not be responsible for any charges, fees or expenses of Provider or any Third Parties engaged by Provider in connection with the Transition Services. The Commission

shall be responsible for all charges, fees or expenses in connection with Commission Transition Activities unless Provider has explicitly agreed herein or in Provider's Bid to bear all or a portion of such cost. Each Party shall provide reasonable cooperation to the other in connection with its performance of its respective activities during the Transition.

3.1.1 Elements of a Transition Plan. The Transition Plan shall include, at a minimum, the following:

(a) the requirement that both Parties create and identify appropriate Transition teams responsible for the establishment of administrative operations, as well as the assumption of critical aspects of the business during Transition and the Ramp-Up Period;

(b) all Transition activities to be performed and the deliverables to be completed by Provider and the Commission, the significant components and subcomponents of each such activity or deliverable and a complete timetable for completion of each such activity or deliverable, including the dates by which each such activity or deliverable are to be completed;

(c) Provider activities and deliverables (including timeframes and the required dates for completion) that are identified by the Parties in the applicable Transition Plan as "critical" for performance of the Transition Services including matters pertaining to (i) the establishment of Transition teams and governance process; (ii) the set-up of Provider's organization; (iii) the development of management support processes; (iv) the hiring of Provider Key Personnel and other Provider Personnel; (v) transition of employment consistent with **Section 3.1.2**; (vi) the requirements of the Operating Standards (including the Compliance Program, Security Plan, Continuity Plans, MWBE Plan and Ethics Code required therein); and (vii) modification of the Initial Annual Business Plan, as may be required by the Commission (the "**Transition Milestones**");

(d) Provider's plan and timetable for terminating any Terminated Commission Contracts, assuming any Assumed Commission Contracts and entering into or assuming, as applicable, any Replacement Contracts;

(e) Provider's plan and timetable for transition of technology and/or Continuity Plans;

(f) Provider's proposed plan and budget for Services during the Ramp-up Period, which shall be consistent with the Initial Annual Business Plan and be subject to Approval (including any change from the Commission's budgeted expenditures for the same period) and shall not adversely impact the Commission's forecasted budget, as of the Transition Completion Date, for any of its fiscal periods ending on or prior to the Base Services Commencement Date, which plan and budget shall be a Transition Milestone (as Approved, the "**Ramp-up Period Plan**");

(g) an assessment of risks associated with the Transition and the contingency or risk mitigation strategies to be employed by Provider and the Commission (any Commission obligations in connection herewith shall be expressly set forth in the applicable Transition Plan) in the event of disruption or delay; *provided, however,* that such assessment and plans shall not affect Provider's obligation to meet the Transition Milestones and otherwise provide the Transition Services; and

(h) a process for implementing the Commission's right to delay the Scheduled Base Services Commencement Date in accordance with **Section 3.1.6**; and

(i) Provider's plan and timetable for implementing its assumptions, undertakings and other related performance obligations as set forth in **Section 12.3**; and

(j) Provider's plan and timetable for interviewing and offering full-time employment by the Provider for any Commission Personnel as of the Agreement Effective Date in accordance with **Section 3.1.2**.

3.1.2 Transition Employment. Consistent with the Transition Plan, Provider shall make an offer of full-time employment effective immediately after the Transition Completion Date to all Commission Personnel employed by the Commission as of the Agreement Effective Date who are engaged in a function that has been identified in the Initial Annual Business Plan as being a function that Provider will provide as part of the Services from and after the Transition Completion Date. Provider's offer to each such Person shall be on substantially the same compensation terms applicable to that Person as of the Transition Completion Date; *provided* that any changes in such terms from the date of the RFI until the Transition Completion Date shall be consistent with the Commission's historical, ordinary course of business changes as to the timing and aggregate amount thereof. Provider may condition the employment offer only on the Person verifying employment eligibility and satisfactorily completing typical pre-employment criminal and other background checks consistent with the Provider's hiring procedures, but Provider may not use these conditions to rescind any such offer absent reasonable cause that is Approved. From and after the Transition Completion Date all such Persons hired by Provider shall in all respects be Provider Personnel subject to the exclusive control and direction of Provider (including any and all functions and duties to be performed by such Persons). Absent reasonable cause that is Approved, Provider shall continue to employ all such hired Persons for a period of at least one (1) year following the Transition Completion Date with their principal duties to be performed in substantially the same geographic area they were performing on behalf of the Commission as of the Agreement Effective Date unless otherwise agreed by such Person. Provider is not undertaking any liability with respect to any employee benefit plan sponsored and maintained by the Commission. Any obligations or liabilities with respect to any Commission-sponsored employee benefit plan, including any accrued and vested pension, health (e.g., continuation coverage or retiree medical, if applicable) or similar benefits of Former Commission Employees, shall remain the obligation of the Commission. The Commission shall have no liability with respect to any Provider employee benefit plan.

3.1.3 Warn Act Obligations. Provider shall assume all obligations and liabilities for the provision of notice or payment in lieu of notice or any applicable penalties under the Warn Act or any similar state or local law arising as a result of this Agreement; *provided* that the form and content of any such notice is subject to Approval.

3.1.4 Transition Meetings and Reports. Provider shall provide Transition-related reports ("**Transition Reports**") in accordance with the schedule and frequency specified in the Transition Plan. In addition, Provider shall provide such additional Transition Reports as the Commission may reasonably request regarding the performance of Provider's responsibilities and the then-current status with respect to the timetable, in each case as set forth in the Transition Plan. Promptly upon Provider becoming aware of any information indicating that Provider will not perform its responsibilities or meet the timetable set forth in the Transition Plan, Provider shall notify the Commission in writing of material delays and shall identify for the Commission's consideration and Approval specific measures to address such delay and mitigate the risks associated therewith. Promptly upon the Commission becoming aware of any information indicating that the Commission will not timely perform the Commission Transition Activities, the Commission shall notify the Provider in writing of material delays and shall work with Provider to identify and implement specific measures to address such delay and mitigate the risks associated therewith.

3.1.5 Failure to Meet Transition Milestones. If Provider fails to complete Transition by the Scheduled Base Services Commencement Date for causes other than reasons attributable to (i) the material fault of the Commission (including the material failure of the Commission to timely perform the Commission Transition Activities), (ii) the material fault of a Third Party not under the direct or indirect control of the Provider (and/or its Subcontractors, and/or any of their respective employees, consultants or agents), (iii) a Force Majeure Event, (iv) a court injunction other than as a result of an act or omission on the part of the Provider in breach of this Agreement or (v) the Commission's exercise of its rights under **Section 3.1.6(a)** (other than where the exercise of such rights is attributable to the failure of Provider to timely perform its obligations contemplated by this **Article 3** that is not attributable to the reasons contemplated by clauses (i), (ii), (iii) or (vi) above) (collectively, a "**Non-Provider Transition Delay Event**"), then the Commission shall have the right to require Provider to promptly reimburse the Commission for any retained (internal and external Third Party) costs and expenses incurred by the Commission as a result of such failure (the "**Transition Credits**"). In addition, should Provider fail to achieve Transition by the Scheduled Base

Services Commencement Date for causes other than a Non-Provider Transition Delay Event, then the Commission shall have the right to: (a) receive from Provider the Transition Credits (as damages for the failure to achieve Transition by the Scheduled Base Services Commencement Date and not as a penalty) determined in accordance with the Transition Plan; (b) delay Provider, for a length of time reasonably deemed necessary by the Commission based on the business functions and/or processes impacted, from proceeding with any part of the Transition; and/or (c) alter the timing for implementation of portions of the Services, all without any increase in the Payments payable by the Commission or any additional cost or charge charged to the Commission. Subject to any costs payable to Provider pursuant to **Section 3.1.6(b)**, under no circumstance shall Provider be entitled to recover any additional cost or charge incurred by Provider as a result of any such Commission delay or alteration. Because the Transition Credits represent the Parties' good faith estimate of the actual damages that the Commission would suffer as a result of the Provider's failure to complete the Transition by the Scheduled Base Services Commencement Date (such actual damages agreed by the Parties to be exceedingly difficult to calculate or incalculable other than at great expense), the Commission agrees that its rights to the Transition Credits described herein shall be its sole and exclusive financial remedy as a result of such a failure on the part of the Provider, and the Commission shall not be entitled to recover other damages, credits, reimbursements or other payments except in the case of fraud, willful misconduct or gross negligence by Provider. However, the Commission's rights to the Transition Credits described herein shall not limit the Commission's right to pursue other non-financial rights and remedies as a result of such failure, including terminating this Agreement in whole or in part in accordance with **Article 13**.

3.1.6 Extension of Transition.

(a) Subject to **Section 3.1.6(b)** below, at any time and from time to time during the Transition, the Commission shall have the right to require that Provider cease, suspend or delay all or any part of the Transition or alter the timing for all or any part of the Transition if the Commission reasonably determines that any part of the Transition Services pose a material risk or hazard to the Commission's business interests, all without any increase in the Payments payable by the Commission or any additional costs or expenses charged to the Commission, *provided, however,* that Provider shall be entitled to recover from the Commission any costs reasonably incurred by Provider as a result of a Non-Provider Transition Delay Event that is specified in clause (i) or (iv) of **Section 3.1.5** (other than as may result from a Force Majeure Event) but only to the extent Provider notifies the Commission in advance of such costs and uses commercially reasonable efforts to minimize such costs.

(b) If any such extension period has delayed the date for completion of Transition past the Scheduled Base Services Commencement Date for longer than a six (6) month period, then Provider may, after such six (6) month period, require the Commission to reimburse Provider for any additional cost or charge reasonably incurred by Provider as a result of such Commission delay, but only to the extent Provider notifies the Commission in advance of such costs, obtains the Commission's written Approval prior to incurring such costs (if applicable) and uses commercially reasonable efforts to minimize such costs. In the event of any Commission-initiated Transition extension, the Parties shall agree on appropriate adjustments to the Transition Plan, the Transition Plan and all associated dates and milestones (including any dates reasonably required to be modified in the Initial Annual Business Plan and adjustments to the Bid Net Income and Budget to be made in accordance with **Schedule 10.1**). Notwithstanding the foregoing, if such extension was initiated by the Commission as a result of: (i) delays, risks or hazards created by Provider's failure to perform its obligations contemplated in this **Article 3** (other than, for the avoidance of doubt, any failure attributable to a Non-Provider Transition Delay Event); (ii) Provider's failure to perform in accordance with this Agreement (other than, for the avoidance of doubt, any failure attributable to a Non-Provider Transition Delay Event), or (iii) a court injunction that causes a material adverse impact on the Transition, then Provider shall not be entitled to recover any such additional cost or charge.

3.1.7 Ramp-up Period.

(a) If the date on which the Transition has been fully achieved (the "**Transition Completion Date**") occurs prior to the Scheduled Base Services Commencement Date, Provider shall commence providing all of the services required for, and perform all functions necessary for, the Commission to operate the Lottery, in accordance with the Ramp-up Period Plan and this Agreement. In consideration of such services during the Ramp-up Period (the "**Ramp-up Period Services**"), the Commission shall pay Provider all Operating Expenses incurred and/or that become due and payable by Provider during the Ramp-up Period to the extent provided for in the Ramp-up Period Plan. For avoidance of doubt, no Incentive Compensation or Net Income Shortfall Payment pertains to any Services provided prior to the Base Services Commencement Date. The "**Transition Completion Date**" shall be established as follows:

(b) When Provider believes that it has achieved each of the Transition Milestones, including Provider's receipt of Commission Approval of the Ramp-up Period Plan, Provider shall submit written notice to Commission so certifying such event, including supporting documentation as required by the Commission (the "**Provider Transition Notice**"). Immediately thereafter, the Commission shall conduct those investigations and inquiries as it deems necessary or appropriate to determine if all of the Transition Milestones have in fact been achieved. Within ten (10) Business Days after the receipt of the Provider Transition Notice by the Commission, the Commission shall either (i) if the Transition Milestones have been achieved in all material respects, notify Provider accordingly, or (ii) if the Transition Milestones have not been achieved in all material respects, notify Provider accordingly, and stating with reasonable specificity the reasons therefor. In the event the Commission provides written notice that each of the Transition Milestones has been achieved in all material respects, Provider and Commission shall execute a "**Certificate of Transition**" establishing and identifying the Transition Completion Date and the commencement of the Ramp-up Period. In the event the Commission provides written notice that all of the Transition Milestones have not been achieved in all material respects due to conditions that are the responsibility of Provider under this Agreement (other than any conditions attributable to a Non-Provider Transition Delay Event), Provider shall, at its sole cost and expense, promptly correct and/or remedy the deficiencies and other conditions which so prevent completion of the Transition. If it is determined that the conditions causing the failure to achieve all of the Transition Milestones are not the responsibility of Provider (including any conditions attributable to a Non-Provider Transition Delay Event), then Provider may be entitled to additional time to effectuate the Transition in accordance with **Section 3.1.6** to complete the modifications and tasks necessary to achieve the Transition. Upon completion of such corrective and/or remedial actions, Provider shall resubmit its notice stating that it believes all of the Transition Milestones have been achieved in all material respects and the foregoing procedures shall be repeated until the complete Transition has in fact been achieved. If within ten (10) Business Days after its receipt of the Provider Transition Notice, the Commission fails to respond to such notice or fails to notify Provider why the Commission has not issued the Certificate of Transition in accordance with this **Section 3.1.7**, then the Commission will be deemed to have issued the Certificate of Transition and the Transition Completion Date shall be deemed to be effective as of the date of the notice submitted by Provider. The Certificate of Transition shall not be unreasonably withheld or delayed by the Commission.

3.2 Third Party Consents. Each Party shall obtain and maintain all Third Party consents required for the other Party to fulfill its obligations under this Agreement, including any required sub-licensing of Commission Intellectual Property or Provider Intellectual Property, as the case may be. In connection with any Third Party consent, each Party shall reasonably cooperate with the other Party in obtaining any required Third Party consents.

3.3 Replacement Contracts.

3.3.1 Termination and Assumption of Commission Contracts. The Commission shall at the direction of the Provider in accordance with the Approved Transition Plan and/or Ramp-up Period Plan,:

(a) terminate any Existing Commission Contracts (collectively, the "**Terminated Commission Contracts**"); or

(b) assign any Existing Commission Contracts to Provider and, if assigned, Provider shall assume (whether by and pursuant to separate instruments of assignment and assumption by or among the Parties or by Provider causing all rights and responsibilities of the Commission under such Existing Commission Contracts to be discharged and performed in accordance with their terms and in furtherance of Services pursuant to this Agreement) (collectively, the "**Assumed Commission Contracts**");

Provided that any cost or expense related to the termination of the Terminated Commission Contracts and the assumption of the Assumed Commission Contracts shall (a) be a Lottery Expense and subject to Approval and (b) either be included in (i) the Initial Annual Business Plan for one or more Contract Years (and in the related Budget as detailed by "Figure 2" in Part B-Budgets of **Exhibit 5.3.2**) or (ii) Ramp-up Period Plan (and shall not adversely impact the Commission's forecasted budget, as of the Transition Completion Date, for any of its fiscal periods ending on or prior to the Base Services Commencement Date); and *provided* further that the Commission may in lieu of causing any Existing Commission Contract to be assigned or terminated pursuant to this **Section 3.3.1**, retain such Existing Commission Contract when so provided in the Approved Transition Plan and/or Ramp-up Period Plan. Provider shall enter into contracts related to the replacement of any Terminated Commission Contracts to the extent Provider reasonably determines to be necessary or advisable for use in providing the related Services and Provider shall enter into separate instruments of assignment and assumption of any Assumed Commission Contracts to the extent the Commission determines such to be necessary or advisable (collectively and inclusive of all Assumed Commission Contracts, the "**Replacement Contracts**").

3.3.2 Replacement Contracts. The material terms of each Replacement Contract that involves a Major Procurement (or series of Replacement Contracts with the same Subcontractor) shall be Approved in advance by the Commission (whether by Approval of the Initial Annual Business Plan or otherwise). Each Replacement Contract shall materially comply with the terms governing Subcontracts set forth in **Article 7** hereto.

ARTICLE 4

SERVICES

4.1 Scope of Services. From the Agreement Effective Date or such later date as may be specified in this Agreement, Provider shall provide the following to the Commission:

(a) the services, functions, responsibilities and tasks set forth in (i) the Services Exhibit, (ii) the Operating Standards and (iii) elsewhere in this Agreement including **Section 2.1**;

(b) the Transition Services;

(c) the Ramp-up Period Services (if applicable);

(d) Disentanglement Services;

(e) all Equipment and Products necessary for the performance of Provider's obligations under this Agreement, including those arising under the Annual Business Plan; and

(f) any related or incidental services, functions, responsibilities or tasks and any Equipment and Products not specifically described in this Agreement, but which are an inherent, necessary or customary part of the Services or that are required or reasonably necessary for the proper performance and provision of the services, functions, responsibilities or tasks set forth in **subsections (a)** through **(e)** above.

The items set forth in **subsections (a)** through **(f)** shall collectively be referred to as the "**Services**". The Services other than the Transition Services and the Ramp-up Period Services, if any, are referred to as the "**Base Services**".

4.2 Services Generally. Provider shall at all times perform all functions necessary for the Commission to operate the Lottery, in accordance with the requirements of the Services Exhibit, the Service Level Exhibit, the Operating Standards, the Annual Business Plan, applicable law and as otherwise set forth in this Agreement.

4.3 Party Bearing Cost of Performance. All obligations undertaken by each Party hereto shall be performed at the cost of the Party undertaking the obligation or responsibility, unless the other Party has explicitly agreed herein to bear all or a portion of the cost either directly, by reimbursement to the other Party or through an adjustment to the Management Fee or otherwise.

4.4 Continuity of Services. Provider shall provide to the Commission true and complete copies of Approved disaster recovery and business continuity plans prior to the Base Services Commencement Date (the "**Continuity Plans**"), such plans to be attached to and incorporated in the Operating Standards.

4.4.1 Disaster Recovery Execution. In the event of an emergency, Service interruption or Force Majeure Event, Provider shall implement to the extent necessary the disaster recovery and the business continuity plans set forth in the Continuity Plans, subject to consultation with the Commission.

4.4.2 Force Majeure Events.

(a) General. Subject to **subsection (b)** below, no Party shall be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused by a Force Majeure Event.

(b) Duration and Notification. Provided the Party claiming the benefit of the Force Majeure Event (the "**Non-Performing Party**") is not at fault in accordance with **subsection (a)** above due to a Force Majeure Event, the Non-Performing Party shall be excused from performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such Party continues to use all commercially reasonable efforts to recommence performance or observance whenever and to whatever extent reasonably possible without delay. Any Party so prevented, hindered or delayed in its further performance shall, as quickly as practicable under the circumstances, notify the Party to whom performance is due by telephone (and use commercially reasonable efforts to confirm in writing within one (1) day of the inception of such delay) and describe at a reasonable level of detail the circumstances of the Force Majeure Event, the steps being taken to address such Force Majeure Event and the expected duration of such Force Majeure Event. The occurrence of a Force Majeure Event shall not relieve Provider of its obligation to implement Continuity Plans, except to the extent such Force Majeure Event prevents such implementation.

ARTICLE 5

SERVICE STANDARDS, GOVERNANCE AND ANNUAL BUSINESS PLAN

5.1 Governance. Schedule 5.1, as amended or supplemented from time to time by the Parties by mutual agreement of the Parties, sets forth the guidelines and principles of the Parties' communications and relationship, including Commission Approval procedures, during the Term of this Agreement (the "**Governance Protocols**"). Notwithstanding anything contained herein to the contrary, Commission Approval shall be required for any material change from those business practices and decisions already Commission Approved (for example, those items enumerated and Approved in Annual Business Plans).

5.2 Operating Standards.

5.2.1 General. The Commission shall provide to Provider a manual describing the policies and procedures that shall govern the operational provisions for the performance of the Services (as amended from time to time, the "**Operating Standards**"). The initial Operating Standards as in effect as of the Agreement Effective Date, are attached hereto as **Exhibit 5.2.1.** Provider shall comply with the then-current Operating

Standards in performing the Services in all material respects. The Operating Standards shall in no event be interpreted as an amendment to this Agreement or so as to relieve Provider of any of its performance obligations under this Agreement. In the event of a conflict between the provisions of this Agreement and the Operating Standards, the provisions of this Agreement shall control.

5.2.2 Modifications. Either the Commission or Provider may propose a modification to the Operating Standards at any time during the Term. Upon consultation with Provider, the Commission may, at its sole discretion reasonably exercised, elect to implement any such modification to the Operating Standards and shall inform Provider in writing of any such modification. Provider shall comply in all material respects with all such modifications or updates to the Operating Standards.

5.3 Annual Business Plan.

5.3.1 Except in the case of the initial Annual Business Plan prepared in accordance with the Provider Bid (the "**Initial Annual Business Plan**"), Provider shall, no later than ninety (90) days prior to the end of each Contract Year during the Term, prepare and submit for Commission Approval an updated Annual Business Plan (each, an "**Updated Annual Business Plan**"), subject to the terms herein. Upon execution of this Agreement, the Initial Annual Business Plan shall be deemed Approved and shall be a part of this Agreement consistent with **Section 22.13**.

5.3.2 The Initial Annual Business Plan is attached hereto as **Exhibit 5.3.2** and sets forth among other matters:

(a) the projected Operating Expenses for each of the first five (5) Contract Years (as thereafter updated in accordance with **Section 5.3.3** below, the "**Budget**");

(b) a description of Provider's objectives for each such Contract Year, including Provider's projected Bid Net Income for each such Contract Year (as may be adjusted in accordance with **Schedule 10.1** and thereafter supplemented in accordance with **Section 5.3.3** below, the "**Bid Net Income**");

(c) a description of the functions that Provider will provide as part of Services from and after the Transition Completion Date with sufficient detail (including references to organization charts of Provider and the Commission) to determine and fix the extent and scope of offers of full-time employment to be made in accordance with **Section 3.1.2**;

(d) Provider's business plans, strategies, and actions to be taken in providing Services for each of the first five (5) Contract Years;

(e) For each of the first two (2) Contract Years, Provider's business plans, strategies, and actions shall be (i) highly specific, complete and granular in detail and content (including (y) assumptions, timelines, action steps and other operational and strategic elements and (z) an informational format that delineates in a clear and conspicuous manner those elements and values for any separate, discrete and distinct business plans, strategies, and actions that if countermanded after Approval may potentially involve Adverse Action as set forth in **Article 21**) (the "**Detailed Portion of the Plan**") and (ii) much more specific and detailed than the next following three (3) Contract Years of the five (5) Contract Years planning cycle.

(f) The Budget included in each Annual Business Plan shall itemize and detail Operating Expenses; *provided, however*, with respect to Lottery Expenses, Provider may adjust the amount of itemized Lottery Expenses and the nature thereof, so long as the Lottery Expenses as adjusted do not increase in the aggregate in any Contract Year. In addition, Provider may at any time request from the Commission's consideration an increase in any itemized Lottery Expenses. Any such request to increase Lottery Expenses shall (i) include an explanation of how such additional spending will contribute to the Commission Net Income or otherwise be in the Commission's interest and (ii) be subject to Approval.

(g) With respect to the Initial Annual Business Plan and each Updated Annual Business Plan, once Approved, Provider is authorized to implement each such Approved Annual Business Plan in all material respects (and take any actions contemplated therein), subject to the provisions of **Section 2.2**.

5.3.3 Each Updated Annual Business Plan shall be prepared as follows:

(a) Each Updated Annual Business Plan shall update the Budget and establish the Bid Net Income for the fifth (5th) Contract Year of such Updated Annual Business Plan in accordance with **Schedule 5.3.3**, as well as include each of the plans and objectives specified in **Schedule 5.3.3**. Among other information, each Updated Annual Business Plan shall:

(i) update the Detailed Portion of the Plan for the then next following two (2) Contract Years during the Term;

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

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

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

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

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

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

5.4 General Performance Standards. At all times after the Transition Completion Date and in addition to the requirements of **Section 5.5**, Provider shall perform the Services (including the provision of all Equipment and Products) in accordance with this Agreement, the Services Exhibit, the Operating Standards, and the Annual Business Plan at levels of accuracy, quality, completeness, timeliness, responsiveness, resource efficiency and productivity that are (a) at least equal to those received or provided by the Commission prior to such Transition Completion Date and (b) equal to or higher than the generally accepted industry standards of first tier providers of (i) services similar to the Services, (ii) equipment similar to the Equipment and (iii) products, supplies and materials similar to the Products.

5.5 Service Levels. Beginning on the Base Services Commencement Date and until the Termination Date, Provider shall perform the Services so as to meet or exceed the SLAs applicable to those Services, as set forth in **Schedule 5.5** (the "**Service Level Exhibit**"). To the extent an SLA has been established for a specific Service, the obligations described in **Section 5.4** shall not be construed to alter, expand, diminish or supersede such SLA.

Provider shall be responsible for meeting or exceeding the applicable Service Levels even where doing so is dependent on the provision of Services by Subcontractors.

5.6 SLA Credits. Provider recognizes that the Commission is paying Provider to deliver the Services at specified SLAs and the Commission and Provider agree that it would be extremely difficult and impractical to ascertain and fix the actual damages the Commission would incur, including with respect to its Lottery brand and public image, should Provider fail to deliver the Services at such specified SLAs. Accordingly, if Provider fails to meet any of the SLAs, then, in addition to other non-financial remedies available to the Commission, Provider shall pay or credit, as liquidated damages, to the Commission the performance credits ("**SLA Credits**") specified in the Service Level Exhibit, subject to the remaining provisions of this **Section 5.6**, and *provided* that if the same failure could be subject to SLA Credits under multiple Service Levels as specified in the Service Level Exhibit, Provider shall be required to pay or credit to the Commission SLA Credits under only one Service Level, the choice of which shall be made by the Commission at its sole discretion. The Parties agree that the SLA Credits reflect the diminished value of the Services as a result of any Provider failure to provide the Services in accordance with the SLAs, and accordingly do not constitute nor shall be construed or interpreted as penalties. For the avoidance of doubt, Provider shall not be required to pay or credit an SLA Credit amount where the failure to meet the applicable SLA was solely and directly attributable to (a) a Force Majeure Event, (b) time delays due to or Approved by the Commission, (c) material failures of the Commission (including material failures of the Commission to timely perform) the Commission's obligations under this Agreement, (d) any changes after the Agreement Effective Date in Force of Law Requirements, the Governance Protocols, any Operating Standards and/or any other Applicable Requirements, (e) a court injunction other than as a result of an act or omission on the part of the Provider in breach of this Agreement or (f) acts or omissions of Third Parties not under the direct or indirect control of the Provider (and/or its Subcontractors, and/or any of their respective employees, consultants or agents). Because the SLA Credits represent the Parties' good faith estimate of the actual damages that the Commission would suffer as a result of the Provider's failure to meet the Service Levels specified in the Service Level Exhibit (such actual damages agreed by the Parties to be exceedingly difficult to calculate or incalculable other than at great expense), the Commission agrees that its rights to the SLA Credits described herein shall be its sole and exclusive financial remedy as a result of such specific failures on the part of the Provider, and the Commission shall not be entitled to recover other damages, credits, reimbursements or other payments except in the case of fraud, gross negligence or willful misconduct by Provider. To the extent Provider owes SLA Credits for failing to meet SLAs that adversely impacts Lottery revenues, such SLA Credits shall be credited on a dollar-for-dollar basis to Provider Net Income in the Contract Year in which such SLA Credits are owed. Provider shall be responsible for enforcing (and if received, shall be entitled to the benefit of) any provisions contained in any Subcontracts that are similar to the Service Levels and/or SLA Credits and shall be entitle to the benefit of such; for avoidance of doubt, any such payments by Subcontractor received by or owed to Provider from any Subcontractor shall not be (a) included as part of Provider Net Income or (b) subject to payment by Provider to the Commission (whether by direct payment to the Commission, as a reduction in the Lottery Expense payable by the Commission or otherwise).

5.7 Excused Performance. The Commission's material failure to perform any of its obligations or responsibilities under this Agreement shall not be deemed to be grounds for termination of this Agreement by Provider except as otherwise expressly set forth in **Section 13.8**. Provider's failure to perform its obligations or responsibilities under this Agreement, including meeting or exceeding applicable SLA's, shall be excused if and only to the extent such Provider non-performance is expressly excused under this Agreement or directly caused by or attributable to: (a) the material fault of the Commission, (b) a Force Majeure Event or (c) any act or omission by any Third Party not under the direct or indirect control of Provider (and/or its Subcontractors, and/or any of their respective employees, consultants or agents). **Subsection (a)** and **(c)** of the preceding sentence shall only be applicable if: (x) Provider notifies the Commission in writing as soon as is reasonable (under the circumstances) of such action or failure to act or perform and Provider's consequent inability to perform under such circumstances; (y) where applicable, Provider provides the Commission with every reasonable opportunity to correct such action or failure to act or perform and thereby avoid such Provider non-performance; and (z) Provider uses commercially reasonable efforts to perform notwithstanding the Commission's action or material failure to act or perform.

5.8 Reporting on Performance. Provider shall provide the Commission with the reports pertaining to the performance of the Services and Provider's other obligations under this Agreement to be provided by Provider described in the Governance Protocols, the Operating Standards and anywhere else in this Agreement in the format

and at the frequencies provided therein (collectively, the "**Reports**"). Without limiting the generality of the foregoing, Provider shall provide all assistance requested by the Commission, including the timely and expeditious preparation and delivery of any information that the Commission requests, in fulfilling its monthly and annual reporting obligations under Indiana Code 4-30-3-3 and bi-annual reporting obligations under Indiana Code 4-30-6-7. In addition, from time to time, the Commission may identify additional Reports to be generated by Provider and delivered to the Commission on an ad hoc or periodic basis (including presentations to the operating board of the Commission when requested).

5.9 Requirement of Cooperation. In the event the Commission contracts with a Third Party to provide any services, equipment, products, supplies and materials to the Commission and the Commission requires that such Third Party interact with Provider, Provider shall cooperate in good faith with the Commission and any such Third Party. Subject to Provider's reasonable confidentiality requirements, such cooperation shall include: (a) providing access to the records, data, systems and facilities being used by Provider (and any Affiliates and Subcontractors) to provide the Services (or the Equipment or Product), to the extent necessary for the Commission or the Third Party to perform its work; (b) providing access to the Commission's Lottery resources to the extent required for the Commission or the Third Party to provide services and Third Party resources to and on behalf of the Commission; (c) providing such information regarding the Services procedures, operating environment, system constraints and other operating parameters as a person with reasonable commercial skills and expertise would find necessary for the Commission or the Third Party to perform its work; and (d) cooperating with the Commission and the Third Party to diagnose and correct deficiencies, problems, concerns and issues. The Commission shall cooperate in good faith with Provider and any Subcontractors.

5.10 Reporting of Adverse Impacts.

5.10.1 Failure to Comply with Obligations. If Provider becomes aware of any failure by Provider to comply with its obligations under this Agreement, including any of the requirements set forth in the Operating Standards, or any other situation, the occurrence of any event or the existence of any circumstance: (a) that has materially and adversely impacted or reasonably could materially and adversely impact the maintenance of the Highest Standards including Commission's financial integrity or internal controls, the accuracy of the Commission's financial, accounting, manufacturing quality or records and reports, or compliance with the Applicable Requirements; (b) that has had or reasonably could have any other material adverse impact on the Services in question or the Lottery (including the Commission's operations and Commission Net Income); (c) that would be reasonably likely to result in Provider's inability to achieve any Service Level, and/or (d) that has materially and adversely impacted or reasonably could materially and adversely impact the Commission Intellectual Property, goodwill or public image, then in any such case, Provider shall, in accordance with the Governance Protocols, promptly inform the Commission in writing of such situation and the impact or potential impact, and Provider and the Commission shall promptly meet to formulate an action plan to minimize or eliminate the impact of such situation at no cost to the Commission.

5.10.2 Reporting of Complaints – Provider. In connection with its performance of the Services, Provider shall, in accordance with the Governance Protocols, promptly notify the Commission in writing of any material complaints received regarding the Services by Provider or Provider Personnel (or any Affiliate or Subcontractor, or any of their respective employees, consultants or agents) that would reasonably be expected to materially and adversely impact the Commission's or Lottery's brand or public image or Commission Net Income, and shall identify the party making such complaint and the party against which such complaint was made and shall specify in reasonable detail the nature of and circumstances giving rise to such complaint.

5.10.3 Reporting of Complaints – Commission. The Commission may, in accordance with the Governance Protocols, notify Provider of any complaints (and related circumstances and details) regarding the Services, Provider and/or Provider Personnel (or any Affiliate or Subcontractor, or any of their respective employees, consultants or agents) received by the Commission (including those involving Lottery's brand or public image or it suspects may impact Commission Net Income) to permit the Provider to resolve any related deficiencies, problems, concerns or issues involved therein.

ARTICLE 6

PERSONNEL

6.1 Provider Personnel Are Not Commission Personnel. Nothing in this Agreement shall operate or be construed as making the Commission and Provider partners, joint venturers, principals, joint employers, agents or employees of or with the other. No officer, director, employee, agent, Affiliate or Subcontractor retained by Provider to perform work on the Commission's behalf or for the Commission hereunder shall be deemed to be an officer, commissioner, director, employee, agent, Affiliate, contractor or subcontractor of the Commission for any purpose. Provider, subject to the Commission's ultimate authority and control as provided hereunder, has the right, power, authority and duty to supervise and direct the activities of Provider Personnel and to compensate such Provider Personnel for any work performed by them on the behalf of or for the Commission pursuant to this Agreement. Provider, and not the Commission, shall be responsible and therefore solely liable for all acts and omissions of Provider Personnel with regard to or in connection with this Agreement, including acts or omissions constituting negligence, gross negligence, willful misconduct or fraud. Provider hereby acknowledges that Provider and Provider Personnel are not entitled to any protections or benefits that may be afforded to governmental entities and/or public employees under Indiana Code 34-13.

6.2 Personnel. The Commission and Provider shall be responsible for acts and omissions of Commission Personnel and Provider Personnel, respectively, with regard to or in connection with this Agreement.

6.3 Provider Personnel – Designation, Removal and Replacement.

6.3.1 Designation of Provider Key Personnel. Each of Provider Key Personnel shall be designated in **Schedule 6.3.1**, and shall have the functions assigned to him/her therein. **Schedule 6.3.1** designating Provider Key Personnel shall be promptly updated and provided to the Commission by Provider upon any replacement or substitution of a new person for any Provider Key Personnel in accordance with this Agreement.

6.3.2 Removal/Replacement of Provider Key Personnel by Provider.

(a) All Provider Key Personnel shall be assigned to perform the Services on such basis (e.g., full time assignment or otherwise) as needed to ensure that the Services contemplated hereunder are provided in an efficient and timely manner and in accordance with this Agreement.

(b) If any Provider Key Personnel becomes incapacitated, suffers a disability that cannot be reasonably accommodated, takes a long-term leave of absence, voluntarily terminates his/her employment with Provider, is terminated or removed For Cause by Provider, or is transferred, reassigned or redeployed with Commission Approval, within a reasonable time under the circumstances but as soon as practical, Provider shall, where possible, promptly provide written notice to the Commission of such occurrence and identify a potential suitable replacement, if any, in writing and replace such person with another person in accordance with **Section 6.3.4** below. In the event of any replacement of Provider Key Personnel, if circumstances permit, Provider shall provide for an appropriate transition (overlap) period for the new individual and use commercially reasonable efforts to minimize any disruption such replacement may cause in the performance of Provider's obligations under this Agreement. Notwithstanding the foregoing, if Provider Key Personnel are identified in the Initial Annual Business Plan as "interim" or "transitional," then no Approval is required for the transfer, reassignment or redeployment of such interim/transitional Provider Key Personnel.

6.3.3 Removal of Provider Personnel by the Commission. Notwithstanding anything contained herein to the contrary, at the Commission's request, Provider shall, at Provider's cost, promptly replace any Provider Personnel (including Provider Key Personnel) with another Provider Personnel (who shall be reasonably acceptable to the Commission and with sufficient knowledge and expertise to perform the Services in accordance with this Agreement) when the Commission believes that the performance or conduct of any such Provider Personnel employed or retained by Provider to perform Provider's obligations under this

Agreement is unsatisfactory for any reasonable reason or is not in compliance with the provisions of this Agreement (including actual or suspected violations of the terms and conditions of this Agreement including the Applicable Requirements); *provided* that no such replacement shall be required if (a) such performance or conduct is curable, as reasonably determined by the Commission, (b) Provider notifies the Commission of its intent to attempt to cure such within ten (10) Business Days after the Commission's notification and (c) in fact Provider causes such performance or conduct of such Provider Personnel to be so cured within thirty (30) days after the Commission's notification, all to the Commission's reasonable satisfaction.

6.3.4 Reassignment/Replacement of Provider Personnel. If: (a) Provider is obligated to replace any Provider Personnel as provided in **Section 6.3.3** above; or (b) Provider wants to replace or reassign any of Provider Key Personnel and the Commission Approves such replacement or reassignment as provided in **Section 6.3.2** above, then the proposed replacement personnel shall be "qualified," meaning that the proposed replacement personnel shall possess necessary experience and training as Provider Personnel to be replaced and, as Provider deems warranted, the replacement Provider Personnel shall work with the replaced Provider Personnel during a reasonable transition period.

6.4 Supervision and Conduct of Provider Personnel. Provider shall be responsible for the Services-related performance of all Provider Personnel assigned to provide Services under this Agreement, and shall direct the management of such Provider Personnel. For Provider Personnel, Provider shall: (a) determine and pay all applicable wages and salaries, including applicable overtime and other premium pay; (b) comply with applicable tax Force of Law Requirements, including income tax and employment tax withholding Force of Law Requirements; (c) comply with all applicable Force of Law Requirements governing the employment relationship between Provider and its employees, including Force of Law Requirements, as applicable, relating to accommodation of disabilities, equal pay, provision of leave (e.g., FMLA, jury duty, etc.), unlawful discrimination, as well as wage and hour requirements; (d) comply with all applicable workers' compensation insurance coverage Force of Law Requirements; (e) ensure that the employees are appropriately licensed and/or supervised to perform their assigned duties in accordance with applicable Force of Law Requirements; and (f) maintain all required employment records, including I-9, personnel and medical files consistent with applicable regulatory requirement and customary business practices.

6.5 Compliance with Applicable Requirements. In performing the Services, Provider, Provider Personnel and each Subcontractor shall comply with all Applicable Requirements relating to the Lottery. Provider shall be responsible for the promulgation and distribution of the Applicable Requirements relating to the Lottery to Provider Personnel and Subcontractors to the extent necessary and appropriate.

6.6 Other Commission Requirements Regarding Provider Personnel.

6.6.1 Integrity Investigations by the Commission. Provider hereby acknowledges and agrees that the Commission shall have the right to conduct integrity investigations of any Provider Personnel prior to and during the Term to assure that all conduct of the Provider is consistent and in compliance with the Highest Standards including the Operating Standards.

6.6.2 Background Checks for Provider Personnel. Provider shall ensure that Provider Personnel are authorized to work in any jurisdiction in which they are assigned to perform Services and are not otherwise disqualified from performing the Services under Applicable Requirements. To the extent allowed by Applicable Requirements, Provider shall conduct its standard background check on all Provider Personnel and shall review the results of the background check of each Provider Personnel to verify that Provider Personnel meets Provider's standards for employment. Such background check shall be in the form generally used by Provider in its initial hiring of employees or contracting for contractors or, as applicable, during the employment screening process. Nothing in the foregoing shall preclude the Commission from undertaking background checks of Provider Personnel.

6.6.3 Drug-free Workplace Policies for Provider Personnel. Provider covenants and agrees to make a good faith effort to provide and maintain during the Term of this Agreement a drug-free workplace. Provider shall give notice to the Commission within ten (10) Business Days after receiving actual notice that

any Provider Personnel (or any Subcontractor with a Subcontract that involves Major Procurement provisions) is convicted of a criminal drug violation occurring in Provider's or any Subcontractor's workplace. False certification or violation of the certification may result in sanctions including suspension of any Payment, termination of any Payment and/or debarment of contracting opportunities with the Commission and the State for up to three (3) years. Provider certifies and agrees (and for each such Subcontract that involves Major Procurement provisions), the Subcontractor thereunder shall certify and agree), as required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana, that each shall provide a drug-free workplace by: (1) Publishing and providing to all of its employees a statement notifying them that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in their workplace, and specifying the actions that will be taken against employees for violations of such prohibition; (2) Establishing a drug-free awareness program to inform their respective employees of (a) the dangers of drug abuse in the workplace; (b) the Provider's and each Subcontractor's policy of maintaining a drug-free workplace; (c) any available drug counseling, rehabilitation, and employee assistance programs; and (d) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace; (3) Notifying all employees in the statement required by Applicable Requirements that as a condition of continued employment, the employee will (a) abide by the terms of the statement; and (b) notify Provider and each such Subcontractor of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) Business Days after such conviction; (4) Notifying the Commission within ten (10) Business Days after receiving notice from an employee under subdivision (3)(b) above, or otherwise receiving actual notice of such conviction; (5) Within thirty (30) days after receiving notice under subdivision (3)(b) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (a) taking appropriate personnel action against the employee, up to and including termination; or (b) requiring such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and (6) Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (1) through (5) above. Provider covenants that it has and shall maintain substance abuse policies, in each case in conformance with Applicable Requirements, and Provider Personnel shall be subject to such policies. Provider covenants that it shall require its Subcontractors and Affiliates providing Services to have and maintain such policies in conformance with Applicable Requirements and to comply with this provision.

6.6.4 Written Compliance Requirement. Provider shall require and cause all Subcontractors and Provider Personnel to sign a written agreement, in a form reasonably satisfactory to the Commission, in which such person agrees to comply with (i) the Applicable Requirements and (ii) the confidentiality provisions of this Agreement.

6.7 Equal Employment. _Provider and Provider Personnel shall comply, and shall require all of its Subcontractors to comply, with all Force of Law Requirements that pertain to, or otherwise touch upon, the employment relationship, including without limitation all applicable provisions of State and Federal laws and regulations pertaining to discrimination against any employee or applicant for employment because of race, color, religion, age, gender, national origin, ancestry, marital status, sexual orientation, military status, physical or mental disability unrelated to ability, order of protection status, unfavorable discharge from military service, sexual or other forms of unlawful harassment and equal employment opportunity, such as Indiana Civil Rights Laws (Indiana Code 22-9.; 910 IAC 3); the United States Civil Rights Act of 1964 (as amended) (42 U.S.C. §2000a- §2000h-6); Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794); the Americans with Disabilities Act of 1990 (42 U.S.C. §12101 et seq.); Executive Orders 11246 and 11375 (Equal Employment Opportunity) and Executive Order 13160 (2000) Improving Access to Services for Persons with Limited English Proficiency). Upon the Commission's request, Provider shall furnish to the Commission written certification that Provider is in compliance with all applicable non-discrimination Force of Law Requirements applicable to private sector employers and agrees to obtain similar certifications from any Subcontractors.

ARTICLE 7

SUBCONTRACTORS CONTRACTS

7.1 Use of Subcontractors. Provider may, subject to the terms of this **Article 7**, use Subcontractors to provide Services (including Equipment and Products) as Provider deems are necessary for the operation of the Lottery and the provision of Services. In contracting with Subcontractors, Provider shall at all times consider the sensitive nature of a state-conducted lottery, its public image and social implications, and shall act to promote and ensure it acts consistent with the Highest Standards in the procurement of Subcontractors and in providing Services (including Equipment and Products) through any involvement of Subcontractors.

7.2 Procurement of Subcontractors. Other than for Subcontracts identified as a Subcontractor of the Provider in the Initial Annual Business Plan (and as listed in **Schedule 7.2**), unless otherwise Approved, Provider shall engage in a procurement process for any Subcontract that favors the selection of Subcontractors that provide the best overall value for the Commission and designed to ensure that the selection of, and work conducted by (or Equipment or Products provided by) the Subcontractors is in compliance with this Agreement and the Operating Standards.

7.3 Requirements for Contracting with an Affiliate of Provider. Unless otherwise Approved (including in any Approved Updated Annual Business Plan), prior to entering into any Subcontract with an Affiliate of Provider that is not identified as a Subcontractor of the Provider in the Initial Annual Business Plan and has an aggregate value in excess of the Subcontractor Threshold Amount, Provider shall solicit at least three proposals from potential Subcontractors (if three comparable Subcontractors can be sourced and if not the greatest number that can be sourced) who are not Affiliates of Provider for the work (or the Equipment or Products) needed to be covered by such Subcontract. Notwithstanding the foregoing, when practicable, more than one (1) price quote should be obtained for any procurement valued in excess of one hundred thousand dollars ($100,000) and less than the Subcontractor Threshold Amount, in order for such quote to be made known to the Commission as a point of reference. If after the procurement process the Affiliate of Provider is selected to enter into such Subcontract, then Provider shall, prior to the effective date of the Subcontract, provide a written explanation to the Commission of the factors justifying the award of any Subcontract to an Affiliate of Provider.

7.4 Participation by Minority and Woman Owned Businesses. Pursuant to the Commission's responsibility to achieve the equitable participation of minorities and women in all phases of the Lottery, Provider shall endeavor in good faith, and in accordance with any and all representations made in the Provider Bid and each Updated Annual Business Plan, to assist the Commission in complying with any annual goals that are established or maintained by the Commission during the Term with respect to the use of "minority business enterprises" and "women's business enterprises" as those terms are defined in Indiana Code 4-13-16.5-1 and Indiana Code 4-13-16.5-1.3, respectively, including through Provider's use of Subcontractors and Third Party vendors. Provider shall make available to the Commission a written summary regarding Provider's efforts and compliance with this **Section 7.4**. Such summary shall be provided at a minimum on an annual basis (or on any more frequent basis as may be provided in the Operating Standards). Such summary may be included with each Updated Annual Business Plan.

7.5 Term of Provider Contracts. To the extent a contract entered into by Provider in connection with this Agreement has a term extending beyond the Term of this Agreement, the Provider shall be solely responsible for any additional cost, charge or obligations that arise under or with respect to such contract extending beyond the Term of this Agreement, unless such contract has been assigned to the Commission as contemplated hereunder, or the Commission, its Affiliates and/or the Replacement Provider has assumed the use and benefit thereof pursuant to **Section 14.3.2**.

7.6 Notice of Subcontractors. Prior to entering into a Subcontract with a Third Party for any part of the Services (including Equipment or Products) that involves a Major Procurement, Provider shall: (a) notify the Commission in writing of the components of the Services affected, the scope of the proposed subcontract, the identity and qualifications of the proposed Subcontractor and the reasons for subcontracting the work in question, together with any further information as may be required by the Applicable Requirements (which information shall be sufficient in the discretion of Commission to the same extent as if the Commission's consideration related to

directly entering into such as a Vendor Contract); (b) other than for such a Subcontractor that is identified in the Initial Annual Business Plan, obtain Commission Approval of such Subcontractor (when the aggregate value of such Subcontract is in excess of the Subcontractor Threshold Amount) which Approval shall not be unreasonably withheld; and (c) obtain a Subcontractor Standard Certifications and Covenants signed by the Subcontractor when the aggregate value of such Subcontract is in excess of the Subcontractor Threshold Amount.

7.7 Subcontractors Integrity Investigation of and Background Checks. Provider hereby acknowledges and agrees that the Commission shall have the right to conduct integrity investigations of any Subcontractor prior to and during the term of its Subcontract with Provider in accordance with the Operating Standards and shall be consistent with the Highest Standards. Provider shall include a provision in the contracts entered into with Subcontractors notifying such Subcontractors of the possibility of such integrity investigations. Provider shall cause each Subcontractor to ensure that Subcontractor's employees are authorized to work in any jurisdiction in which they are assigned to perform Services and are not otherwise disqualified from performing the Services under Applicable Requirements. To the extent allowed by applicable Force of Law Requirements, Provider shall cause each Subcontractor to conduct its standard background check on all Subcontractor's employees and review the results of the background check of each Subcontractor's employees to verify that Subcontractor's employees meet Subcontractor's standards for employment. Such background check shall be in the form generally used by Subcontractor in its initial hiring of employees or contracting for contractors or, as applicable, during the employment screening process. Nothing in the foregoing shall preclude the Commission from undertaking background checks of any Subcontractor's employees or requiring any Subcontractor from causing background checks of Subcontractors' employees to be undertaken as a condition to their providing any Services (including Equipment and Products).

7.8 Subcontractor Agreements. Provider shall include in its Subcontracts terms and conditions that are consistent in all material respects with the provisions of this Agreement to the extent applicable. Subject to **Article 9**, Provider shall provide the Commission with access to all Subcontracts and other documents relating to the Subcontractors' performance of the Services (including the provision of any Equipment or Products) and amounts charged to the Commission under this Agreement.

7.9 Responsibility for Subcontractors. In no event shall Provider be relieved of its obligations under this Agreement as a result of its use of any Subcontractors, including any failure by Subcontractor to perform its obligations to Provider. Provider shall supervise the activities and performance of each Subcontractor and shall remain wholly and fully responsible and liable for the actions and omissions of each Subcontractor and/or for any act or failure to act by such Subcontractor in connection with or related to this Agreement. Provider shall ensure that each Subcontractor has obtained and maintains all Governmental Approvals and other Third Party licenses, authorizations, approvals and consents required in connection with the Services for which such Subcontractor is responsible. Provider shall be the Commission's sole point of contact regarding the Services that are subcontracted, including with respect to payment.

7.10 Ordinary Course Payments to Subcontractors. Provider shall directly pay to all Subcontractors all amounts due in accordance with their respective Subcontracts, subject to reimbursement by the Commission in accordance with **Article 10** hereof.

7.11 No Commission Responsibility. The Commission shall not pay any Subcontractor any amount due under its respective Subcontracts arising out of indemnity claims for which Provider is responsible. No Subcontractor shall have any right against the Commission for labor, services, materials or equipment furnished for the Services, unless its Subcontract has been assigned to the Commission and/or the Replacement Provider (and/or their Affiliates) as contemplated hereunder, or the Commission and/or the Replacement Provider (and/or their Affiliates) Provider has assumed the use and benefit thereof pursuant to **Section 14.3.2**. Provider acknowledges that its indemnity obligations to its Subcontractors under this **Section 7.11** shall include all claims for payment or damages by any Subcontractor who furnishes or claims to have furnished any labor, services, materials or equipment in connection with the Services, except to the extent its Subcontract has been assigned to the Commission and/or the Replacement Provider (and/or their Affiliates) as contemplated hereunder, or the Commission and/or the Replacement Provider (and/or their Affiliates) has assumed the use and benefit thereof pursuant to **Section 14.3.2.** For avoidance of doubt,

Lottery Expense shall in no event include any such indemnity obligations of Provider owed or paid to its Subcontractors.

7.12 Assignability of Subcontracts. All Subcontracts entered into by Provider with respect to this Agreement having an aggregate value of in excess of the Subcontractor Threshold Amount or involving a Major Procurement, shall be assignable to the Commission and/or the Replacement Provider (and/or their Affiliates), solely at the Commission's election and without cost or penalty to the Commission (it being understood and agreed that in the event the Commission elects to have the rights and benefits under such Subcontracts assigned to the Commission and/or the Replacement Provider (and/or their Affiliates), it shall assume the obligations and liabilities under such Subcontracts other than obligations and liabilities existing or accruing prior to such assignment (including any indemnity described in **Section 7.11**), which shall remain the respective obligations and liabilities of the Subcontractor and Provider).

7.13 Removal / Replacement of Subcontractors. The Commission shall have the right to require Provider to replace a Subcontractor for any reason, including: (a) non-performance of the applicable Services performed by such Subcontractor in the Commission's reasonable determination that is not cured within a reasonable amount of time; (b) engagement by such Subcontractor in illegal activity or material violation of Applicable Requirements that is not cured within a reasonable amount of time, or (c) violation of this Agreement (or its Subcontractor Standard Certifications and Covenants) attributable to such Subcontractor that is not cured within a reasonable amount of time. Upon any occurrence of any of the preceding events, the Commission or Provider, as applicable, shall promptly notify the other Party of such occurrence in writing, and, if required by the Commission, Provider shall replace such Subcontractor (at no penalties, fees or damages to the Commission) by another Third Party or by Provider Personnel as soon as reasonably possible after receipt of such notice from the Commission. At all times, notwithstanding the removal of the Subcontractor, Provider shall continue to perform all of its obligations under this Agreement in compliance with all of the terms and conditions of this Agreement.

7.14 Applicable of Provisions to sub-contractors of Subcontractors. Affirmative requirements applicable to Subcontractors under this Agreement shall not apply to any sub-contractor of a Subcontractor unless such relationship between such Subcontractor and such sub-Subcontractor involves a sub-Subcontract: (a) that is related to a Major Procurement or (b) that when initially established (i) involved a sub-Subcontractor where all or substantially of its business was services and goods offered in support of Services under this Agreement and (ii) had as a substantial purpose (whether demonstrated by intent or effect of the sub-Subcontract) the avoidance of the requirements of this **Article 7**.

ARTICLE 8

INTELLECTUAL PROPERTY RIGHTS

8.1 Commission Intellectual Property.

8.1.1 Ownership. As between the Parties, all worldwide right, title and interest in and to all Commission Intellectual Property is and shall be owned by the Commission at all times relevant herein.

8.1.2 Commission Intellectual Property and Licensed Technology. Subject to obtaining the applicable Third Party consents, the Commission hereby grants to Provider, solely to the extent necessary to provide the Services, a royalty-free, non-exclusive, non-transferable license to use Commission Intellectual Property and Commission Licensed Technology during the Term. Provider may sublicense, subject to any applicable Third Party consents, to Affiliates of Provider and Subcontractors the royalty-free right to access and use Commission Intellectual Property and Commission Licensed Technology during the Term solely to the extent necessary to provide those Services that such Affiliates of Provider and Subcontractors are responsible for providing under this Agreement, if and only if such Affiliates of Provider and Subcontractors are subject to a written agreement with Provider consistent with the applicable terms set forth in this Agreement protecting Commission Intellectual Property, including all confidentiality, non-disclosure, non-use and non-compete obligations pertaining thereto.

8.1.3 No Post-Termination Rights. After the Term, Provider shall have no rights in or to Commission Intellectual Property, and Provider shall promptly return to the Commission all Commission Intellectual Property and/or items embodying such Commission Intellectual Property in Provider's possession or in the possession of any Provider Affiliate or Subcontractor to the Commission or, upon the Commission's request, destroy any copies of such items remaining in Provider's or any Provider Affiliate's or Subcontractor's possession and certify such destruction to the reasonable satisfaction of the Commission.

8.2 Provider Intellectual Property.

8.2.1 Ownership. As between the Parties, all worldwide right, title and interest in and to all Provider Intellectual Property is and shall be owned by Provider at all times relevant herein. As of the Agreement Effective Date, Provider's patents, trademarks, and/or copyrights, to be used in connection with the Services are listed on **Schedule 8.2.1**, which shall be kept current by Provider and be provided to the Commission on at least a quarterly basis.

8.2.2 License to the Commission. Provider hereby grants, and shall cause to be granted, to the Commission, a royalty-free, non-transferable (except as transferable under **Section 22.1**), non-exclusive and irrevocable license to access and use Provider Intellectual Property during the Term, to the extent that such access and use is reasonably required for the Commission to receive the Services, and/or to continue, uninterrupted, its business operations. For purposes of clarity, this license grant shall be irrevocable during the Term.

8.2.3 Post-Termination Rights. In order to ensure that the Commission's business operations continue uninterrupted upon and subsequent to any expiration or termination of this Agreement, the license rights granted to the Commission by Provider pursuant to **Section 8.2.2** shall continue indefinitely after the Term (for so long as the Commission chooses) so long as the Commission pays a reasonable royalty to Provider to be negotiated, in good faith, between the Parties. In the event the Parties cannot reach agreement, then a Financial Expert shall be engaged to determine the amount and payment terms of such royalty in accordance with **Section 20.8**.

8.3 New Intellectual Property.

8.3.1 Commission New Intellectual Property. As between the Parties, the Commission owns all worldwide right, title and interest in and to any and all Commission New Intellectual Property at all times relevant herein. The Commission New Intellectual Property shall be considered to be works made-for-hire (as that term is used in Section 91 of the United States Copyright Act, 17 U.S.C. § 101, or in analogous provisions of other Applicable Requirements). If any such Commission New Intellectual Property may not be considered a work made-for-hire under Applicable Requirements, Provider does hereby irrevocably assign, and shall assign, to the Commission, without further consideration, all of Provider's right, title and interest in and to such Commission New Intellectual Property, including United States and foreign patent, copyright and other intellectual property rights. Provider acknowledges that the Commission and the successors and assigns of the Commission have the right to obtain and hold in their own name any patent, copyright and other intellectual property rights in and to such Commission New Intellectual Property. The Commission hereby grants Provider license and other rights with respect to such Commission New Intellectual Property as described in **Section 8.1.2**, subject to **Section 8.1.3**.

8.3.2 Provider New Intellectual Property. As between the Parties, Provider shall own all worldwide right, title and interest in and to all Provider New Intellectual Property at all times relevant herein. Provider hereby grants to the Commission license and other rights with respect to such Provider New Intellectual Property as described in **Section 8.2.2** and **Section 8.2.3**.

8.3.3 Jointly Developed IP. All newly developed Intellectual Property that is jointly developed by the Parties during the Term other than Commission New Intellectual Property or Provider New Intellectual Property (hereinafter "**Jointly Developed IP**") shall be jointly owned by the Parties. Subject to the following with regard to patent rights, each Party shall jointly own all right, title and interest in such Jointly Developed

IP, including joint worldwide ownership of copyrights, in and to the Jointly Developed IP and all copies made thereof. In the event that a Party wishes to transfer, convey, market, license and otherwise commercialize such Jointly Developed IP to a Third Party, such Party shall obtain the prior written approval of the other Party in order to determine the extent to which any resulting monetary consideration shall be shared between the Parties. Subject to Sections 8.2.2 and 8.2.3, each Party shall have a right of first refusal with respect to the other Party's interest in the Jointly Developed IP should the other Party seek to transfer, convey and/or assign such interest. Should a Party wish to file a patent application on Jointly Developed IP (a) the filing Party must first obtain written approval to file from the non-filing Party, (b) the filing Party shall be liable for costs associated with such patent application and any resulting patent, and (c) the filing Party must provide a perpetual, irrevocable, royalty-free, transferable and sub-licensable license back to the non-filing Party reasonably satisfactory in form and substance to the non-filing Party. If written approval from the non-filing Party is not provided, the Jointly Developed IP shall be kept as a jointly-owned trade secret and the Parties agree to protect any such Jointly Developed IP trade secret in a manner sufficient to protect such rights. Subject to the foregoing regarding patent rights, each Party, and its successors and permitted assigns, shall have the right to obtain and hold in its own name any of its intellectual property rights in and to the Jointly Developed IP.

8.3.4 Notice of Development. Provider shall promptly notify the Commission upon the completion of the earliest of conception, creation or reduction to practice of any and all Provider New Intellectual Property and Jointly Developed IP.

8.4 Embedded Provider Intellectual Property. To the extent that Provider Intellectual Property or Provider New Intellectual Property is either: (a) embedded in; (b) incorporated into; or (c) necessary for the access and continuous and uninterrupted use of any Commission Intellectual Property or Jointly Developed IP, Provider shall not be deemed to have assigned its or any Third Party's intellectual property rights in such materials to the Commission, but Provider hereby grants (subject to the following sentence) to the Commission an irrevocable, non-exclusive, fully paid-up, non-transferable and non-sublicensable license during and after the Term, to access, use, modify and create derivative works of such materials (including all modifications, replacements, upgrades, enhancements, methodologies, tools, documentation, materials and media related thereto). If, prior to embedding or incorporating Third Party Intellectual Property into Commission Intellectual Property, Provider Intellectual Property or Jointly Developed IP, Provider describes to the Commission such Third Party Intellectual Property and any limitations and restrictions associated with such Third Party Intellectual Property and obtains the Commission Approval to use of such Third Party Intellectual Property notwithstanding such limitations and restrictions, then such Third Party Intellectual Property shall be subject to such limitations and restrictions.

8.5 Post-Termination Rights in Provider Proprietary Intellectual Property. To ensure the Commission's continuous and uninterrupted use and access to Provider Proprietary Intellectual Property and Provider New Intellectual Property used to provide the Services (and any modifications, substitutions, upgrades, enhancements, methodologies, tools, Related Documentation, materials and media related thereto):

8.5.1 License Grant. Provider hereby grants to the Commission (or, at the Commission's election, to its designee(s)) a non-exclusive, non-transferable, irrevocable and perpetual license to access, and to permit a Third Party to access, in order to use, modify and create derivative works of such Provider Proprietary Intellectual Property and Provider New Intellectual Property for the benefit or use of the Commission, to the extent that such access and use is reasonably required for the Commission to receive the Services and/or to ensure the Commission's continuous and uninterrupted business operations after the Term (for so long as the Commission chooses); *provided, however*, that (a) to the extent any of such licensed Provider Proprietary Intellectual Property and Provider New Intellectual Property constitutes Software, only the object code version of such Software shall be licensed; and (b) the rights of any Third Party shall be conditioned upon Provider's right to protect such Intellectual Property.

8.5.2 Delivery of Code. Provider shall deliver to the Commission (or, at the Commission's election, to its designee(s)) the object code for such Provider Proprietary Intellectual Property and Provider New Intellectual Property to the extent such code is reasonably necessary to permit the Commission to access and use such Provider Proprietary Intellectual Property and Provider New Intellectual Property to the extent

such access and use is reasonably required for the Commission to receive the Services and/or to ensure the Commission's continuous and uninterrupted business operations after the Term.

8.5.3 Provision of Support. Provider shall offer to provide to the Commission (or, at the Commission's election, to its designee(s)), to the extent reasonably required for the Commission to receive the Services during the Term and/or to ensure the Commission's continuous and uninterrupted business operations after the Term, upgrades, maintenance, support and other services for commercial off-the-shelf Provider Proprietary Intellectual Property and Provider New Intellectual Property on mutually acceptable terms and conditions for such services (*provided that* such terms and conditions shall including being at no additional cost or charge to the Commission subject only to Section 8.5.4).

8.5.4 No Obligation to Pay. Unless the Commission has otherwise agreed in advance, the Commission (and, to the extent applicable, the Commission's designee(s)) shall not be obligated to pay any license or transfer fees in connection with its receipt of the licenses and other rights granted under this **Section 8.5**. Provider shall not use any Provider Proprietary Intellectual Property and Provider New Intellectual Property for which it is unable to offer such license or other rights without Commission Approval and, absent such Commission Approval, Provider's use of any such Provider Proprietary Intellectual Property or Provider New Intellectual Property shall obligate Provider to provide, at no additional cost or charge to the Commission, such license and other rights to the Commission.

8.5.5 Royalty. For the perpetual and irrevocable post-termination or post-expiration license Provider grants the Commission pursuant to this **Section 8.5**, the Commission agrees to pay a reasonable royalty to Provider in an amount to be negotiated in good faith between the Parties in the future. In the event the Parties cannot reach agreement, then a Financial Expert shall be engaged to determine the amount and payment terms of such royalty in accordance with **Section 20.8**.

8.6 Third Party Intellectual Property. In order to ensure the Commission's continuous and uninterrupted use and access to Provider Third Party Intellectual Property licensed by Provider and used to provide the Services:

8.6.1 Grant to the Commission. Provider hereby grants to the Commission (or, at the Commission's election, to its designee(s)) a sublicense offering the same rights and warranties with respect to such Provider Third Party Intellectual Property available to Provider (or its Affiliates or Subcontractors), on the same terms and conditions, for the benefit and use of the Commission until the expiration or termination of the Term; *provided, however*, that, in lieu of such license, Provider may, with the Commission Approval, substitute one of the following for such sublicense:

(a) the assignment to the Commission (or, at the Commission's election, to its designee(s)) of the underlying license for such Provider Third Party Intellectual Property;

(b) the procurement for the Commission (or, at the Commission's election, to its designee(s)) of a new license (with terms at least as favorable as those in the license held by Provider or its Affiliates or Subcontractors) to such Provider Third Party Intellectual Property for the benefit or use of the Commission until the expiration or termination of the Term; or

(c) the procurement for the Commission (or, at the Commission's election, to its designee(s)) of a substitute license for Provider Third Party Intellectual Property sufficient to perform, without additional cost or charge to the Commission, support or resources and at the levels of performance and efficiency required by this Agreement, the functions of Provider Third Party Intellectual Property necessary to enable the Commission or its designee to provide the Services to the Commission.

8.6.2 Other Obligations. Following the Term (for so long as the Commission chooses), Provider shall be obligated to provide access for the Commission to Provider Third Party Intellectual Property (including the source code to such Third Party Intellectual Property). Provider shall also be obligated to cause maintenance, support or other services to be available to the Commission.

8.6.3 Royalty. For the perpetual and irrevocable post-termination or post-expiration license Provider grants the Commission in this **Section 8.6**, the Commission agrees to pay a reasonable royalty to Provider in an amount to be negotiated in good faith between the Parties in the future. In the event the Parties cannot reach agreement, then a Financial Expert shall be engaged to determine the amount and payment terms of such royalty in accordance with **Section 20.8**.

8.7 General Rights.

8.7.1 Legal Notices and Legends. Each Party agrees to reproduce all applicable legal legends, including patent, trademark, copyright or confidentiality markings that may appear on any portion of the Intellectual Property and/or copies or materials embodying the Intellectual Property that may be owned by the other Party or Third Parties.

8.7.2 Cooperation on Enforcement of Intellectual Property Rights. Each Party agrees to reasonably cooperate with and reasonably assist the other Party, at the other Party's expense, in connection with the investigation or pursuit of any third party in enforcing and/or investigating violations of the Intellectual Property rights of such Party. The Party seeking to enforce its Intellectual Property rights is entitled to retain any monies so recovered.

8.7.3 Assistance in Perfecting Intellectual Property Rights. Each Party agrees to execute any documents or take any other actions as may reasonably be necessary, or as the other Party may reasonably request, to perfect such other Party's ownership of, as applicable, any Commission Intellectual Property, Provider Intellectual Property or Jointly Developed IP.

8.7.4 Residual Knowledge. Nothing in this Agreement shall restrict a Party from using the generic data processing or business process ideas, concepts, or know-how developed by or disclosed to a Party in connection with this Agreement and inadvertently retained in the unaided memory of the receiving Party's employees and representative (and not intentionally memorized for the purpose of later recording or use) who have rightful access to such information under the terms of this Agreement; *provided, however*, that such use does not infringe or misappropriate the Intellectual Property rights of a Party or breach any confidentiality obligations or other obligations under this Agreement.

8.7.5 No Implied Rights. Except as expressly specified in this Agreement, nothing in this Agreement shall be deemed to grant to one Party, by implication, estoppel or otherwise, license rights, ownership rights or any other Intellectual Property rights in any Intellectual Property owned by the other Party.

8.8 Software Escrow.

8.8.1 Original Software. On or before the Transition Completion Date, with respect to any Software code owned by Provider used in the delivery of Services to the Commission under this Agreement, including the generation or validation of lottery tickets, Provider agrees to place copies of the source code with an escrow agent mutually acceptable to the Parties and enter into an appropriate Software escrow agreement to be negotiated in good faith and agreed upon among the escrow agent, Provider and the Commission. The Provider shall deposit current versions of the code to the escrow agent at least annually. Escrow-related expenses shall constitute Lottery Expenses.

8.8.2 Third-Party Software. On or before the Transition Completion Date, with respect to any Software code for Provider Third Party Intellectual Property which relates to a gaming system, Provider agrees to use commercially reasonable efforts to secure the authority from the third-party owner of the right to place copies of the source code with an escrow agent mutually acceptable to the Parties and enter into an appropriate Software escrow agreement to be negotiated in good faith and agreed upon among the escrow agent, Provider, third-party Software owner, and the Commission. To the extent possible Provider shall deposit current versions of the code to the escrow agent at least annually Escrow-related expenses shall constitute Lottery Expenses.

ARTICLE 9

DATA PROTECTION, SECURITY AND CONFIDENTIALITY

9.1 Ownership of Commission Data. As between the Commission and Provider, Commission Data is and shall remain the property of the Commission at all times relevant herein. Except as provided in **Section 9.3.6**, and except to the extent prohibited by applicable Force of Law Requirements, Provider shall promptly deliver Commission Data (or the portion of such Commission Data specified by the Commission) to the Commission in the format and on a media acceptable to the Commission: (a) at any time upon reasonable notice; and (b) at the end of the Term after the completion of all Disentanglement Services (except Contract Records, which shall be retained by Provider for the Record Retention Period, unless otherwise directed in writing by the Commission). Thereafter, except as provided in **Section 9.3.6**, Provider shall return or destroy (and with respect to Provider Personnel, shall ensure the return or destruction of), as requested and directed by the Commission, all copies of Commission Data in the possession of or under the direct or indirect control of Provider (and/or its Subcontractors, and/or any of their respective employees, consultants or agents), as soon as possible, but in no event later than thirty (30) days, and shall upon the Commission's written request, deliver to the Commission written certification of such return or destruction signed by an authorized representative of Provider or the applicable Provider Personnel. Provider shall not withhold any of Commission Data as a means of resolving any Dispute. Commission Data shall not be utilized by Provider for any purpose other than the strict performance of Services under this Agreement and Provider shall at all times comply with the Commission's policies set forth in the Operating Standards as may be amended by the Commission from time to time in accordance hereunder. Commission Data shall not be sold, assigned, leased, encumbered, commercially exploited or otherwise provided to Third Parties, including Provider Affiliates not performing any Services under this Agreement, or on behalf of Provider or any Provider Personnel. Provider shall promptly notify the Commission in writing if Provider believes that Commission Data has been used in a manner inconsistent with the foregoing.

9.2 Security.

9.2.1 Safeguarding Procedures. Provider shall establish and maintain physical, environmental, safety and facility procedures, data security and disaster recovery procedures and other safeguards consistent with the requirements of the Operating Standards against the destruction, loss, unauthorized access or alteration of Commission Data in the possession of or under the direct or indirect control of Provider (and/or its Subcontractors, and/or any of their respective employees, consultants or agents) that are: (a) no less rigorous than those maintained by the Commission prior to the Agreement Effective Date; (b) no less rigorous than those maintained by the Provider and its Affiliates for its own information of a similar nature or for other customers of Provider and its Affiliates, as modified from time to time, with respect to information of a similar nature; (c) adequate to meet the requirements of the Commission's privacy, security and records retention policies and Applicable Requirements; and (d) no less rigorous than generally accepted industry standards including of first tier providers of services similar to the Services. With respect to Commission Data in Provider's possession or direct or indirect control, Provider shall periodically provide the Commission with downloads of Commission Data in Provider's possession, as frequently as requested by the Commission, to enable the Commission to maintain backup security or backup copies of Commission Data. Provider shall remove all Commission Data from any media taken out of service and shall destroy or securely erase such media in accordance with the Operating Standards or, if not specified therein, generally accepted industry standards. No media on which Commission Data is stored may be used or re-used to store data of any other customer of Provider or to deliver data to a Third Party, including another Provider customer, unless absolutely securely erased. In the event Provider discovers or is notified of a breach or potential breach of security relating to Commission Data in Provider's possession or direct or indirect control, Provider shall expeditiously: (i) notify the Commission in writing of such breach or potential breach in sufficient time to allow the Commission to comply with any applicable notification or other Applicable Requirements; (ii) investigate such breach or potential breach and perform a Root Cause Analysis thereon and provide such Root Cause Analysis report to the Commission; (iii) remediate the effects of such breach or potential breach of security, *provided* that the Commission, its Third Parties or its Affiliates are not the direct cause of the breach or potential breach; (iv) provide the Commission with such assurances as the Commission shall request that

such breach or potential breach shall not recur, *provided* that the Commission, its Third Parties or its Affiliates are not the direct cause of the breach or potential breach; (v) provide periodic updates of any investigations to the Commission; and (vi) cooperate with the Commission with respect to any investigation by the Commission.

9.2.2 Reconstruction and Disaster Recovery Procedures. As part of the Services, Provider shall be responsible for developing and maintaining procedures for data backup and restoration to the last back-up and/or restoration of lost Commission Data using other generally accepted data restoration techniques which are: (a) no less rigorous than those maintained by the Commission prior to the Agreement Effective Date; (b) no less rigorous than those maintained by Provider and its Affiliates, as modified from time to time, with respect to information of a similar nature; (c) adequate to meet the requirements of the Commission's privacy, security and records retention policies and Applicable Requirements; and (d) no less rigorous than generally accepted industry standards including of first tier providers of services similar to the Services.

9.2.3 Corrections. Provider shall at all times adhere to the procedures and safeguards specified in the Operating Standards, and shall correct (including data backup and restoration from scheduled backups or, if not available on such backups, using other generally accepted data restoration techniques), at no charge to the Commission, any unauthorized destruction, loss or alteration of any Commission Data in Provider's possession or direct or indirect control, attributable to the failure of Provider or Provider Personnel.

9.2.4 Data Access. Upon reasonable notice to Provider, the Commission shall have the right to access all computer or other files to the extent such computer or other files contain Commission Data, as well as all systems and network logs, system parameters and documentation to the extent such systems, logs, parameters and documentation contain Commission Data (collectively "**Commission Data Files**"). Provider shall maintain Commission Data Files in a format acceptable to the Commission. At no time shall any of such files or other materials or information be stored or held in a form or manner not readily accessible to the Commission. Provider shall provide to the Commission all passwords, codes, comments, keys, documentation and the locations of any such files and other materials promptly upon the request of the Commission, including Equipment, Products and Software keys and such information as to format, encryption (if any) and any other specification or information necessary for the Commission to readily retrieve, read, revise and/or maintain such files and information. Upon the request of the Commission, Provider shall confirm in writing that, to the best of its knowledge after due inquiry, all Commission Data Files provided to the Commission are materially complete and that no material element, amount or other fraction of such Commission Data Files has been deleted, withheld, disguised and/or encoded in a manner inconsistent with the purpose and intent of providing full and open access to the Commission as contemplated by this Agreement.

9.2.5 Advice on Best Practices. Provider and the Commission shall discuss, as appropriate at applicable meetings, data security practices, procedures and safeguards in effect for other Provider customers, subject to Provider's confidentiality obligations, where such practices, procedures and safeguards are of a higher standard than those contemplated under this Agreement.

9.3 Confidentiality.

9.3.1 Confidential Information. Provider and the Commission each acknowledge that the other possesses and shall continue to possess Confidential Information that (i) has been developed or received by it, (ii) has commercial value in its or its customers' business, and (iii) is not generally available to the public. The Parties hereto acknowledge and agree that for purposes of the Indiana Access to Public Records Act (APRA) (Indiana Code 5-14-3), information requiring confidential treatment by the Commission shall be designated (inclusive of the applicable statutory citation) by Provider as Confidential Information at the time of delivery of such information to the Commission and such shall be subject to disclosure pursuant to **Section 9.3.4** and **Section 9.5**.

9.3.2 Confidentiality Obligations.

(a) During the Term and at all times thereafter, subject to and as provided in this **Article 9**, Provider and the Commission shall not disclose, and shall maintain the confidentiality of, all Confidential Information of the other Party. The Commission and Provider shall each use at least the same degree of care to safeguard and to prevent disclosing to Third Parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, dissemination, destruction, loss or alteration of its own information (or information of its customers) of a similar nature, but not less than reasonable care. Provider shall require all Subcontractors and Provider Personnel having access to the Commission Confidential Information to be subject to a written agreement (which may be that Provider Personnel's employment agreement) of confidentiality and non-disclosure that contains terms and conditions substantially similar to those set forth in this **Article 9** protecting the Commission Confidential Information, a form of which is set forth in **Exhibit 9.3.2**. Upon the Commission's request, Provider shall cooperate with, and enforce, such terms and conditions. Provider shall ensure that Provider Personnel shall have access to the Commission Confidential Information only to the extent necessary for such Provider Personnel to perform his/her obligations under or with respect to this Agreement or as otherwise naturally occurs in such Provider Personnel's scope of responsibility, *provided* that such access is not in violation of any Applicable Requirements.

(b) The Parties may disclose Confidential Information to their Affiliates, auditors, attorneys, accountants, consultants, contractors and subcontractors, where: (i) use by such Entity is authorized under this Agreement; (ii) such disclosure is necessary for the performance of such Entity's obligations under or with respect to this Agreement or otherwise naturally occurs in such Entity's scope of responsibility; and (iii) the Entity (and its applicable officers and employees) agrees to confidentiality obligations that meet the requirements of **Section 9.3**. The disclosing Party hereby assumes full responsibility for the acts or omissions of such Entity and shall ensure that the Confidential Information is not disclosed or used in contravention of this Agreement. Any disclosure to such Entity shall be under the terms and conditions as provided herein. Each Party's Confidential Information shall remain the property of such Party.

(c) Neither Party shall: (i) make any use or copies of the Confidential Information of the other Party except as contemplated by this Agreement; (ii) acquire any right in or assert any lien against the Confidential Information of the other Party; (iii) sell, assign, transfer, lease or otherwise dispose of Confidential Information to Third Parties or commercially exploit such information; or (iv) refuse for any reason (including a default or material breach of this Agreement by the other Party) to promptly provide the other Party's Confidential Information (including copies thereof) to the other Party if requested to do so.

9.3.3 Exclusions. **Section 9.3.2** shall not apply to any particular information which the Receiving Party can demonstrate: (a) is, at the time of disclosure to it, generally available to the public other than through a breach of the Receiving Party's or a Third Party's confidentiality obligations; (b) after disclosure to it, is published by the Disclosing Party or otherwise becomes generally available to the public other than through a breach of the Receiving Party's or a Third Party's confidentiality obligations; (c) is lawfully in the possession of the Receiving Party at the time of disclosure to it; (d) is received from a Third Party having a lawful right to disclose such information without any restriction on further disclosure; or (e) is independently developed by the Receiving Party without reference to Confidential Information of the Disclosing Party; *provided however*, that the exclusions in the foregoing **subsections (a)**, **(b)** and **(c)** shall not be applicable to the extent that the disclosure or sharing of such information by one or both Parties is subject to any limitation, restriction, consent or notification requirement under any applicable Data Privacy Laws then in effect. The Parties acknowledge and agree that Confidential Information that is not generally available to the public shall not be deemed public or subject to this exclusion merely because it is combined with information that is generally available to the public.

9.3.4 Legally Required Disclosures. The Receiving Party may disclose the Confidential Information of the Disclosing Party to the extent disclosure is based on the good faith written opinion of the Receiving Party's legal counsel that disclosure is required by Force of Law Requirements; *provided, however,* that the Receiving Party shall give advance notice of such requested disclosure and a legal opinion to the Disclosing Party prior to any such disclosure and the Disclosing Party shall have the right to pursue a

protective order or otherwise protect the confidentiality of such Confidential Information. For purposes of this **Section 9.3.4**, the Parties' in-house counsel or law department may act as their respective legal counsel.

9.3.5 Notification and Mitigation. In the event of any impermissible disclosure, loss or destruction of Confidential Information, the Receiving Party shall immediately notify the Disclosing Party and take all reasonable steps to mitigate any potential harm or further disclosure, loss or destruction of such Confidential Information.

9.3.6 Return/Destruction of Confidential Information. Upon the expiration or termination of the Term, and at any other time upon written request by the Disclosing Party, the Receiving Party shall return to the Disclosing Party all applicable Confidential Information (including all documentation in any medium to the extent it contains, refers to, or relates to the Confidential Information) of the Disclosing Party then in its possession or control, in whatever form, or, in the case of a written request by the Disclosing Party, the Confidential Information specified in such request as then in the Receiving Party's possession or control, in whatever form, in any case within thirty (30) days (except Contract Records, which shall be retained by Provider for the Record Retention Period unless and to the extent Provider is directed by the Commission to deliver such Contract Records to the Commission prior to the expiration of such Record Retention Period). In addition, unless the Disclosing Party otherwise consents in writing, the Receiving Party also shall deliver to the Disclosing Party or, if requested by the Disclosing Party, shall delete or destroy, any copies, duplicates, summaries, abstracts or other representations of any such Confidential Information or any part thereof, in whatever form, then in the possession or control of the Receiving Party (and/or its Subcontractors, and/or any of their respective employees, consultants or agents). Notwithstanding the foregoing: (a) Provider may retain a reasonable number copies of documentation and data, excluding Commission Data, for archival purposes or warranty support; *provided, however*, that any subsequent disclosure of such archived data shall comply with this **Article 9**; and (b) the Commission may retain copies of Provider Confidential Information to the extent required by Force of Law Requirements, to the extent otherwise permitted under this Agreement and for legal archival purposes; *provided, however*, that any subsequent disclosure of such archived data shall comply with this **Article 9**. Each Party shall deliver to the other Party written certification of its compliance with this **Section 9.3.6** signed by an authorized representative of such Party.

9.4 Injunctive Relief. If the Receiving Party or anyone acting on its behalf or operating under its control, publishes, transmits, releases, discloses or uses any Confidential Information of the Disclosing Party in violation of this **Article 9**, or if the Disclosing Party anticipates that the Receiving Party may violate or continue to violate any restriction set forth in this **Article 9**, then the Disclosing Party shall have the right to have the provisions of this **Article 9** specifically enforced by any court identified in **Section 20.6** having equity jurisdiction, without being required to post bond or other security and without having to prove the inadequacy of available remedies at law, it being acknowledged and agreed that any such violation shall cause irreparable injury to the Disclosing Party and that monetary damages shall not provide an adequate remedy.

9.5 Information Request. Notwithstanding anything contained herein to the contrary (including **Section 9.3.4**), if (a) any Person shall request any information from the Commission (including any Confidential Information), (b) the Commission has given ten (10) Business Day's notice to Provider of such request, and (c) Provider fails to assert in a notice given to the Commission by such tenth (10th) day that, consistent with **Section 9.3.4**, it has determined such information is not subject to disclosure pursuant applicable Force of Law Requirements and Provider instructs the Commission in such notice to protect information from disclosure (or Provider fails to assume and pursue the defense, at Provider's sole cost and expense, of any related administrative or judicial proceeding that the Commission has given Provider notice of), then the Commission may in its discretion release any such information (including any Confidential Information) to such Person without any further consent or approval from the Provider. Nothing in this **Section 9.5** shall prevent or restrict the Commission from making any disclosure of any information (including any Confidential Information) pursuant to any other provision of this Agreement or any applicable Force of Law Requirements.

ARTICLE 10

COMPENSATION AND PAYMENT TERMS

10.1 Compensation. During the Term, as the only payments for all of the Services and other tasks and obligations to be performed by Provider hereunder, the Commission shall pay to Provider (i) the Operating Expenses and certain Incentive Compensation set forth in **Schedule 10.1**, and (ii) if applicable, the Operating Expenses of Provider as specified in the Ramp-up Period Plan and (iii) such additional amounts specifically called for in this Agreement to be paid by the Commission to the Provider (together, the "**Payments**"). The Commission shall not be liable for and shall not pay any additional fees, amounts or charges other than as specifically set forth in this Agreement or Approved by the Commission. Except as otherwise expressly provided in this Agreement (including any Approved Ramp-up Period Plan) or separately Approved by the Commission, the Commission shall not pay Provider any additional fees, assessments, reimbursements or expenses for labor and general business expenses (including travel, meals and overhead expenses) for the Services and other tasks, services and obligations of Provider hereunder, or any costs incurred by Provider prior to the Base Services Commencement Date.

10.2 Invoices.

10.2.1 General Requirements. On the first Business Day of each calendar month during the Term, beginning with the first month following the Base Services Commencement Date, Provider shall deliver to the Commission or its designee an invoice in the form and format set forth in **Exhibit 10.2** for payment of the percentage equal to one-twelfth (1/12) of the aggregate Operating Expenses set forth in the Budget payable to Provider during such Contract Year. Each monthly invoice shall be accompanied by backup data and information documenting Lottery Expenses during the previous month. It is understood and agreed by the Parties that: (i) such backup data and information shall be provided with the monthly invoices solely for information purposes and that actual invoiced Lottery Expenses will be reconciled following the end of the Contract Year, with any Budget surpluses being returned to the Commission pursuant to **Section 10.3.2,** and (ii) the amounts of the monthly invoices may not, on a month to month basis, reconcile with the backup data and information provided with such invoices during the course of the Contract Year. The invoice(s) and data underlying each invoice shall be delivered to the Commission electronically (if requested by the Commission) in a form and format compatible with the Commission's accounting systems. All invoices shall be subject to the Commission's review and Approval based on the requirements of this **Section 10.2.1** prior to payment, and any Dispute shall be raised in accordance with **Article 20.** Invoices for Operating Expenses incurred through June 30 of any year must be submitted to the Commission no later than July 31 of that year. By no later than July 31 of each year, Provider shall submit to the Commission final data and information sufficient to reasonably demonstrate to the Commission Provider Net Income for such Contract Year. In addition to the rights of the Commission under **Section 10.4**, all invoices are subject to withholding and set off for payments of taxes, permit fees or other statutory, regulatory or judicially required payments currently due to the State by Provider, Provider Key Personnel or Affiliates. Any payments that the Commission may delay, withhold, deny or apply under this **Section 10.2** shall not be subject to penalty or interest except as provided in **Section 10.2.3**.

10.2.2 Annual Invoice for Incentive Compensation or Net Income Shortfall Payment. By no later than July 31 of each year, Provider shall submit to the Commission a final annual invoice demonstrating and setting forth the amount of the Incentive Compensation or Net Income Shortfall Payment, as applicable. Notwithstanding anything contained herein to the contrary, Provider hereby acknowledges and agrees that any Incentive Compensation or Net Income Shortfall Payment, as applicable, payable in any Contract Year shall be limited as set forth **Sections 3(b)** and **5(b)** in **Schedule 10.1**, respectively.

10.2.3 Payment Due Date; Late Payment. Unless otherwise provided (e.g., in the Transition Plan or the Ramp-up Period Plan) invoices for Payments other than those described in **Sections 10.2.1** and **10.2.2**, shall be submitted monthly. Unless subject to a Dispute, the Commission shall pay Provider the amounts stated in each such invoice within thirty-five (35) days after the Commission's receipt of an invoice that complies with the requirements of this Agreement.

10.3 Budget Overruns and Surpluses.

10.3.1 Budget Overruns. Provider shall be solely responsible for all operating costs and expenses that are in excess of the Lottery Expenses set forth in the Budget unless such additional costs and expenses are Approved. If any such additional expenses are Approved by the Commission, then the applicable Annual Business Plan shall be adjusted to include such additional expenses in the calculations of the Lottery Expenses to be paid corresponding to such adjusted Annual Business Plan.

10.3.2 Budget Surpluses. If at the end of any Contract Year any portion of the Lottery Expenses allocated for such Contract Year has not been used to pay Lottery Expenses, then the balance of Payments in respect of Lottery Expenses for such Contract Year shall be returned (to the extent previously paid to Provider) to the Commission within thirty (30) days of the end of such Contract Year and shall be credited in the calculation of Provider Net Income for such Contract Year.

10.4 Right to Apply Monies. The Commission shall have the right to deduct, from any funds or monies due to Provider, any amounts due or to become due to the Commission from Provider as a result of any losses, costs, expenses, damages, obligations or liabilities for which Provider is responsible pursuant to the terms and provisions of this Agreement. In the event it is determined after undertaking (a) the Dispute Resolution Procedures in **Article 20** or (b) any Financial Expert's Upward Adjustments or Financial Expert's Downward Adjustments process in accordance with **Schedule 10.1**, that any of such monies were improperly withheld (or any of Provider's Security improperly converted to cash pursuant to **Article 18**), the Commission shall pay such sums to Provider, with interest accruing from the date such monies were first due to be paid to Provider, at a rate equal to the lesser of (a) one percent (1%) per month or (b) the then applicable rate for overpayment of tax prescribed by the Commissioner of the Indiana Department of Revenue pursuant to Indiana Code 6-8.1-10-1.

10.5 Taxes. Each Party shall be responsible for their own taxes, if any, arising under or in connection with this Agreement.

ARTICLE 11

RECORDKEEPING AND AUDIT RIGHTS

11.1 Contract Records.

11.1.1 Records. With respect to the performance of Services and as reasonably needed to validate Provider's compliance with this Agreement, Provider shall maintain complete and accurate records of and supporting documentation for all Payments, all Commission Data and all transactions, authorizations, changes, implementations, soft document access, reports, plans, projections, proposals, submittals, Subcontracts, invoices, schedules, budgets, forecasts, income statement, balance sheets, statements of cash flow and changes in financial position, filings, returns, analysis, materials, documents, working papers, presentations, procedures, samples, specifications, diagrams, drawings, controls, records, reports, papers, certificates, settlements, correspondence, expert analysis, investigations, notices, requests, complaints, studies, surveys, tests, test results, statements, agreements, data (including test data) or information created, generated, collected, processed or stored by Provider, whether in printed, handwritten, coded, magnetic or other form, during the course of the performance of its obligations under this Agreement ("**Contract Records**").

11.1.2 Access to Contract Records. Provider shall make all Contract Records available for inspection by the Commission and its authorized representatives, designees and legal counsel. Provider shall make the same available at Provider's principal offices in the State, at all times during normal business hours, or at other reasonable times, in each case, without charge, throughout the Term of this Agreement and thereafter. Provider shall furnish copies at no cost to the Commission when reasonably requested by the Commission. The Commission may conduct any such inspection upon forty-eight (48) hours' prior notice, or unannounced and without prior notice where there is good faith suspicion of fraud. The right of inspection includes the right to make extracts and take notes. To avoid confusion, this **Section 11.1.2** shall remain in full force and effect regardless of whether either Party or both of the Parties have invoked the Dispute Resolution Procedures under **Article 20**.

11.2 Recordkeeping. Provider shall maintain Contract Records in accordance with Applicable Requirements and in accordance with the Commission's record retention policy set forth in the Operating Standards as modified from time to time in accordance hereunder (the "**Record Retention Period**").

11.3 Commission Audit Rights.

11.3.1 Audit Procedures. In connection with any and all audits conducted by the Commission under this **Section 11.3**, the Parties shall follow the procedures set forth below in **subsections (a)** through **(h)** and in the Operating Standards during the Term and the Contract Record retention period, as required in the Operating Standards.

(a) The Commission and the Commission's internal and external auditors, regulators and other representatives, including customers, clients, vendors, licensees and other Third Parties to the extent the Commission is legally or contractually obligated to submit to audits by such entities (all such parties and entities, the "**Permitted Auditors**"), shall have the right to conduct audits of Provider, Provider Affiliates and Subcontractors pursuant to this **Section 11.3**, *provided* that such Permitted Auditors have agreed in writing to be bound by the confidentiality terms that are substantially similar to those in this Agreement.

(b) Provider shall provide such cooperation and assistance as may be reasonably requested by the Commission and/or its Permitted Auditors in conducting any audit, and shall make requested Provider Personnel and Contract Records available. In performing audits, the Commission shall give Provider fifteen (15) days advance notice of audits; provided, however, the fifteen (15) day advance notice requirement shall not apply in connection with audits by or in connection with Governmental Authorities.

(c) Upon the Commission's request, Provider shall assist the Commission, in conducting and/or responding to any audit or audit request, including assisting in the Commission's attempts to obtain certifications or other confirmations required by the Applicable Requirements.

(d) Notwithstanding anything contained herein to the contrary including in this **Section 11.3**, the Commission and its Permitted Auditors shall not be given access to: (i) the proprietary information of other Provider customers; (ii) Provider locations or facilities, or areas in locations or facilities, that are not involved in, directly or indirectly in whole or part, the provision of Services to the Commission; or (iii) Provider's internal costs or pricing models, except to the extent such costs are the basis upon which the Commission is charged and/or are necessary to calculate the applicable variable Payments.

(e) In performing any audits, the Commission and its Permitted Auditors shall use commercially reasonable efforts to avoid unnecessary disruption of Provider's operations and unnecessary interference with Provider's ability to perform the Services in accordance with this Agreement. Access for such audits shall be provided during normal business hours, except as may reasonably be required on an emergency basis or by Force of Law Requirements.

(f) Provider shall provide to the Commission (and its Permitted Auditors) reasonable private workspace in which to perform an audit, plus access to photocopiers, telephones, facsimile machines, computer hook-ups and any other facilities or equipment reasonably requested for the performance of the audit.

(g) Provider acknowledges that the Commission may engage in unannounced physical or electronic audits, inspections and visitations of Provider Service Locations if required by applicable Force of Law Requirements, or if the Commission in good faith has a reasonable suspicion that Provider may not be performing in compliance with this Agreement, then upon twenty-four (24) hour advance verbal notice.

(h) The Commission (and its Permitted Auditors) shall not audit Provider more than two (2) times per Contract Year. The foregoing limitation on the number of audits shall not apply: (i) if additional audits are required by applicable Force of Law Requirements; (ii) if additional audits are required as a result of Provider's non-compliance with this Agreement; or (iii) to audits by Governmental Authorities other than the Commission in accordance with **Section 11.5**.

11.3.2 Operational Audits. The Commission and its Permitted Auditors shall have the right to conduct any reasonable type of operational audit to verify that the performance of the Services is in compliance with this Agreement including the Highest Standards. Such audit shall, as determined by the Commission: (a) verify the integrity of Commission Data in Provider's possession or under its control; (b) examine the systems that process, store, support and transmit that data; (c) examine the internal controls (e.g., IT, finance and accounting, procurement, organizational controls, input/output controls, system modification controls, processing controls, system design controls and access controls) and the security, disaster recovery, business continuity and back-up practices and procedures; (d) examine Provider's performance of the Services; (e) verify Provider's reported performance against the applicable SLAs; (f) examine Provider's measurement, monitoring and management tools; and (g) enable the Commission to meet applicable Force of Law Requirements and contractual requirements (including those associated with the Sarbanes-Oxley Act of 2002 and the implementing regulations promulgated by the United States Securities and Exchange Commission and Public Company Accounting Oversight Board), in each case to the extent applicable to the Services.

11.3.3 Financial Audits. The Commission and its Permitted Auditors shall have the right to conduct any type of reasonable financial audit to verify that the Provider's invoices have been calculated in compliance with the invoicing and pricing terms and conditions and the compliance of the foregoing with the terms and conditions of this Agreement. Such audit may, in addition, as determined by the Commission: (a) verify the accuracy and completeness of Contract Records; (b) verify the accuracy and completeness of the Incentive Compensation and Operating Expenses and any other Approved expenses; (c) examine the financial controls, processes and procedures utilized by Provider; and (d) enable the Commission to meet applicable Force of Law Requirements and contractual requirements, in each case to the extent applicable to the Services and/or the Payments for such Services.

11.4 Audit Results.

11.4.1 Results of Operational Audits. If an operational audit under **Section 11.3.2** reveals that Provider is not in compliance with any of the Applicable Requirements or any other term of this Agreement, Provider shall be responsible for and liable for, at Provider's sole cost and expense, promptly taking any and all actions necessary to comply with such Applicable Requirements or term of this Agreement. In addition, Provider shall promptly reimburse the Commission for the actual cost of such audit and any damages, fees, fines or penalties assessed against or incurred by the Commission as a result thereof.

11.4.2 Results of Financial Audits. If a financial audit under **Section 11.3.3** reveals an overcharge by Provider, Provider shall promptly pay to the Commission the amount of such overcharge, together with interest from the date of Provider's receipt of such overcharge at then applicable rate for overpayment of tax prescribed by the Commissioner of the Indiana Department of Revenue pursuant to Indiana Code 6-8.1-10-1. In addition, if any such audit reveals an overcharge of more than three percent (3%) of the audited Payments in any Payment category, Provider shall promptly reimburse the Commission for the actual cost of such audit (including all fees of any Permitted Auditors) and any damages, fees, fines or penalties assessed against or incurred by the Commission as a result thereof.

11.4.3 Audit Follow-Up. Provider and the Commission shall meet promptly upon the completion of a Commission audit (but in no event more than fifteen (15) days after completion) conducted pursuant to this **Article 11** (i.e., an exit interview) and/or the issuance of an interim or final report to Provider and the Commission following an audit. Provider shall develop for Commission Approval an action plan for Provider to take (within thirty (30) days, unless a shorter resolution time is mutually agreed to by the Parties in writing) any and all actions necessary for Provider to rectify, at its sole cost and expense, its non-compliance with any Applicable Requirements or term of this Agreement, or otherwise resolve any deficiencies, problems, concerns or issues and/or any recommendations identified in such exit interview and/or audit report.

11.5 Governmental Audits of the Commission. The Commission may be subject to regulation and audit by Governmental Authorities or standards organizations under Applicable Requirements or contract provisions. If a Governmental Authority or standards organization exercises its right to examine or audit the Commission's books, records, documents or accounting practices and procedures pursuant to such Applicable Requirements or contract provisions Provider shall provide all assistance reasonably requested by the Commission in responding to such audits or requests for information (including allowing the Commission to conduct an audit pursuant to **Section 11.3**), and shall do so in a timely and expeditious manner to facilitate the prompt closure of such audit or request.

11.6 Provider Internal Investigations and Audits.

11.6.1 Provider Investigations. In accordance with the Operating Standards, Provider shall commence a complete and thorough financial and operational investigation promptly following (a) every third (3rd) Contract Year during the Term and (b) the final Contract Year.

11.6.2 Internal Audits. If Provider determines as a result of its own internal audit that it has: (a) overcharged the Commission, then Provider shall (i) promptly pay to the Commission the amount of such overcharge, plus interest from the date of Provider's receipt of such overcharge at the then applicable rate for overpayment of tax prescribed by the Commissioner of the Indiana Department of Revenue pursuant to Indiana Code 6-8.1-10-1 and (ii) investigate why such overcharge occurred and identify in writing to the Commission what actions Provider is taking to ensure that such overcharge shall not occur again; and/or (b) failed to perform a task, activity or process in compliance with any applicable Force of Law Requirements or terms of this Agreement, then Provider shall (i) investigate why such failure occurred and identify in writing to the Commission what actions Provider is taking to ensure that such failure shall not occur again, and (ii) work with the Commission to identify the portion of the Services that may have been impacted and the Commission personnel affected by such failure. In any case, Provider shall comply with the requirements of **Section 11.4.3** to address any deficiencies, problems, concerns or issues.

11.7 Provider Response to External Audits. If an audit by a Governmental Authority other than the Commission or by a standards organization having jurisdiction over the Commission or Provider results in a finding that Provider is not in compliance with any Applicable Requirements, including any generally accepted accounting principle or other audit requirement relating to the performance of its obligations under this Agreement, Provider shall, at its sole cost and expense and within the time period specified by such auditor, address and resolve any deficiencies, problems, concerns and issues identified by such Governmental Authority or standards organization.

11.8 Audit Costs. Provider shall provide the audit-related Services and the audit assistance and compliance described in this **Article 11** at no additional charge or expense to the Commission.

ARTICLE 12

REPRESENTATIONS, WARRANTIES AND COVENANTS

12.1 Provider Representations, Warranties and Covenants.

12.1.1 Legal and Corporate Authority. Provider represents and warrants to the Commission that:

(a) (i) Provider is a special purpose entity which is an Indiana limited liability company and wholly-owned subsidiary of the Guarantor and is qualified and registered to transact business in all locations where the performance of its obligations hereunder would require such qualification and registration; (ii) Provider was and shall remain incorporated under the laws of the State, its principal place of business is and will continue to be in Marion County, Indiana, and its principal assets are and will continue to be located in the State; (iii) Provider has all necessary powers and authority to enter into and perform this Agreement, and the execution, delivery and performance of this Agreement by Provider have been duly authorized by all necessary corporate action; (iv) the execution and performance of this Agreement by Provider shall not breach any agreement, court order, judgment or

decree to which Provider is a party or by which it or its property is bound; (v) Provider has, and promises that it shall maintain in effect, all Governmental Approvals necessary for it to provide the Services contemplated by this Agreement, except to the extent the failure to obtain any such Governmental Approvals is, in the aggregate, immaterial; and (vi) Provider is in compliance in all material respects with all Applicable Requirements.

(b) (i) Guarantor is GTECH Corporation and is qualified and registered to transact business in all locations where the performance of its obligations hereunder would require such qualification and registration; (ii) Guarantor has all necessary powers and authority to enter into and perform the Guaranty, and the execution, delivery and performance of the Guaranty by Guarantor have been duly authorized by all necessary corporate action; (iii) the execution and performance of the Guaranty by Guarantor shall not breach any agreement, court order, judgment or decree to which Guarantor is a party or by which it or its property is bound; (iv) Guarantor has, and promises that it shall maintain in effect, all Governmental Approvals necessary for it to provide the Services contemplated by the Guaranty, except to the extent the failure to obtain any such Governmental Approvals is, in the aggregate, immaterial; and (v) Guarantor is in compliance in all material respects with all Applicable Requirements.

12.1.2 Performance of the Services. Provider represents and warrants to the Commission that Provider, directly or through Affiliates and/or Subcontractors, has the skills, resources and expertise to provide and covenants that it shall provide all Services in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, Provider represents and warrants to the Commission that all Services provided under this Agreement shall be provided in a timely, professional and workmanlike manner consistent with the generally accepted industry standards of quality and integrity; *provided, however*, that where this Agreement specifies a particular standard or criteria for performance, including applicable SLAs, this warranty is not intended to and does not diminish that standard or criteria for performance. Provider hereby certifies that each of the representations and warranties set forth in this **Section 12.1.2** and in **Schedule 12.1.2** attached hereto are true and correct as of the date hereof and covenants that it shall maintain compliance with each such representation and warranty (the "**Provider's Standard Certifications**").

12.1.3 Equipment. Provider shall possess (a) good title, free and clear of all liens, to the Equipment or (b) good and transferable interests or contract rights to Equipment that is leased by or supplied to Provider under valid and enforceable leases or contracts that may be assigned to the Commission and/or the Replacement Provider (and/or their Affiliates) at no cost or expense to the Commission and/or the Replacement Provider (and/or their Affiliates). Provider shall cause all Equipment to be maintained in a state of good operating condition and repair (except for ordinary wear and tear), in conformity with Applicable Requirements, and in a manner that is consistent with past practice of the Commission prior to the Agreement Effective Date and with acceptable and prudent business practices equal to or higher than the generally accepted industry standards of first tier providers of services similar to the Services.

12.1.4 Products. Provider shall have good title, free and clear of all liens, to the Products that are purchased as a Lottery Expense. Provider shall cause all Products to be of a quality and quantity usable, in the ordinary course of business, and in a manner that is consistent with past practice of the Commission prior to the Agreement Effective Date and with acceptable and prudent business practices equal to or higher than the generally accepted industry standards of first tier providers of services similar to the Services.

12.1.5 Efficiency and Cost Effectiveness. Provider covenants to the Commission that Provider shall use commercially reasonable efforts to provide the Services in a cost-effective manner consistent with the required levels of quality and performance. Without limiting the generality of the foregoing, such actions shall include: (a) making adjustments in the timing of actions and the performance of non-critical functions (consistent with the Commission priorities and schedules for the Services and Provider's obligation to meet the SLAs); (b) scheduling usage of Commission system resources to low utilization periods where practicable and in Provider's control; and (c) efficiently using the processes and resources for which the Commission is charged hereunder, consistent with industry norms.

12.1.6 No Inducements. Provider represents and warrants to the Commission that neither Provider nor any of its Affiliates, nor any Provider Personnel, has accepted or shall accept anything of value based on an understanding that the actions of Provider, any such Affiliates or any such Provider Personnel

would be influenced thereby in connection with this Agreement. Provider further represents and warrants that it has not given, nor has any of its officers, directors, employees, agents or representatives given, any payments, gifts, or other thing of value to any Commission Personnel (or any commissioner of the Commission) in violation of the Ethics Code.

12.1.7 Financial Condition and Accuracy of Financial Information. Provider represents and warrants to the Commission that Provider now possesses, and covenants that it shall maintain throughout the Term, sufficient financial resources to comply with all of the requirements of Provider under this Agreement, including any contingent obligations under any Subcontract. If Provider experiences a change in its financial condition that would materially and adversely impact its ability to perform under this Agreement, then it immediately shall notify the Commission of such change. Provider further represents and warrants to the Commission that all financial statements, reports and other information furnished by Provider to the Commission as part of the Provider Bid or otherwise in connection with the award of this Agreement fairly and materially accurately represent the business, properties, financial condition and results of operations of Provider as of the respective dates, or for the respective periods, covered by such financial statements, reports or other information. Since the respective dates or periods covered by such financial statements, reports or other information, there has been no material adverse change in the business, properties, financial condition or results of operations of Provider.

12.1.8 No Litigation. Provider represents and warrants to the Commission that as of the Agreement Effective Date there is no pending or, to its knowledge, anticipated claim, suit or proceeding that involves Provider that would materially and adversely impact Provider's ability to perform its obligations under this Agreement including actions pertaining to the proprietary rights described in **Section 12.1.9**. At all times during the Term, Provider shall notify the Commission, within a reasonable period of time after Provider's knowledge of any such claim, suit or proceeding initiated by or against Provider that would materially adversely impact Provider's ability to perform under this Agreement.

12.1.9 Non-Infringement; Authority to Grant Rights. Provider represents and warrants to the Commission that, to its knowledge, the Work Product, Provider Intellectual Property, Software, Equipment, Products, tools and processes furnished or used by Provider in providing the Services and the Commission's use (in compliance with this Agreement) thereof, shall not infringe, misappropriate or violate any Intellectual Property rights of any Third Party. Provider further represents and warrants that Provider: (a) has the right to grant the rights and/or licenses granted to the Commission in this Agreement; and (b) is the owner of or authorized to use all Provider Intellectual Property, Software, Equipment, Products, tools, processes and Intellectual Property furnished or used by Provider in providing the Services.

12.1.10 Information Furnished to the Commission. Provider represents and warrants to the Commission that to the best of its knowledge after due inquiry: (a) the Provider Bid; (b) all written clarifying responses and other written information submitted by or on behalf of Provider as part of the RFI process; (c) all pricing information and disclosures; and (d) all the information provided by Provider made a part of this Agreement contains no untrue statement of a material fact or omits any material fact necessary to make such information not misleading.

12.2 Covenant Regarding Malicious Code. Provider shall cooperate with the Commission and shall take commercially reasonable actions and precautions consistent with **Section 9.2.1** to prevent the introduction and proliferation of Malicious Code into the Commission's networks, environments and/or systems (including all subcomponents thereof) or networks, environments and/or systems (including all subcomponents thereof) used by Provider to provide the Services. Without limiting Provider's other obligations under this Agreement, in the event Malicious Code is found in any Provider Intellectual Property, Work Product, Equipment, Products, Software, networks, environments and/or systems (including all subcomponents thereof): (a) managed, supported and/or provided by Provider hereunder; (b) used or accessed by Provider to provide the Services; and/or (c) used or accessed by the Commission to receive the Services, then in any such case Provider shall, at no additional cost or charge to the Commission, eliminate and reduce the effects of such Malicious Code and, if the Malicious Code causes a loss of operational efficiency or loss of data, to mitigate such losses and restore such data with generally

accepted data restoration techniques; *provided that* in the case of clauses (b) or (c), Provider's obligations shall apply only if such Malicious Code was introduced by Provider, Provider's Affiliates or Provider's Subcontractors.

12.3 Covenant Regarding Facilities, HQ Space Arrangement and Transferred Assets.

12.3.1 Facilities. Provider and the Commission shall enter into sublease agreements in a usual and customary form as presented by the Commission to Provider (collectively, the "**Sublease Agreements**") whereby Provider subleases from the Commission the entirety of the South Bend Facility, Distribution Facility and Evansville Facility as described in the attached **Schedule 12.3.1** (collectively, the "**Facilities**") on the same terms and conditions as stated in the lease agreements entered into by the Commission to lease the Facilities in effect on the Transition Completion Date. The Sublease Agreements shall be entered into by, and effective on, the Transition Completion Date. Provider shall cooperate with the Commission in its efforts to obtain landlord consent to sublet the South Bend Facility and Evansville Facility to Provider. Notwithstanding the foregoing provisions of this **Section 12.3.1**, if requested by the Commission (whether prior to or after the Transition Completion Date), Provider shall cooperate with the Commission by the Provider entering into direct leases with the landlords for the Facilities on the substantially the same terms and conditions as stated in such existing lease agreements of the Commission to permit the existing lease agreements of the Commission related to the Facilities (and any Sublease Agreements) to be terminated at no cost to the Commission.

12.3.2 HQ Space Arrangement. The Commission agrees to make available for the benefit of Provider's operations (including providing a principal office location for Provider Key Personnel) office space on a shared, non-exclusive basis at the Commission's HQ Facility which shall be (i) consistent with the requirements of the HQ Lease (the "**HQ Space Arrangement**") and (ii) of such a scope, nature of arrangement and location of space use arrangements that are both consistent with past practices of the Commission and as the Parties shall mutually agree upon, mindful of their respective and collective operating, security and integration needs. The HQ Space Arrangement shall remain in effect until the sooner of when (a) the HQ Lease terminates or (b) the Commission otherwise directs pursuant to ninety (90) day's notice and Approves in a Budget (either in an Updated Annual Business Plan or in an Budget amendment) an amount that it reasonably determines to be sufficient to facilitate locating such operations of the Provider in a separate facility located in Marion County, Indiana meeting Provider's reasonable needs.

12.3.3 Transferred Assets. Provider and the Commission shall enter into such assignments, bills of sale or other instruments in a usual and customary form as presented by the Commission to Provider (collectively, the "**Transfer Instruments**") whereby the Commission grants or transfers use rights related to the provision of Services to Provider, and Provider acquires or otherwise assumes such use rights from the Commission (and any related obligations), to the property and interest as described in **Schedule 12.3.3** to be mutually agreed upon by the Parties during Transition (collectively, the "**Transferred Assets**") on the same terms and conditions as the Commission possesses regarding, and is entitled to such use of, the Transferred Assets as of the Transition Completion Date. The Transfer Instruments shall be entered into by, and effective on, the Transition Completion Date.

ARTICLE 13

TERM AND TERMINATION

13.1 Term of Agreement.

13.1.1 Term and Termination Date. The term of this Agreement (the "**Term**") shall commence on the Agreement Effective Date and shall continue until the earlier of the following dates (the "**Termination Date**"):

(a) June 30, 2028 or such later date as the Term may be extended pursuant to **Section 13.1.2**; or

(b) the date on which this Agreement terminates in accordance with this **Article 13**.

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

13.2 Termination For Convenience by Commission.

13.2.1 Commission's Rights to Terminate for Convenience. Subject to its payment obligations set forth in **Section 13.2.2** below, the Commission shall have the right to terminate this Agreement for its convenience, without penalty or liability, including any penalty or liability for any future Provider lost revenue or severance costs, by delivering to Provider a Termination Notice no less than ninety (90) days prior to the Termination Date specified therein.

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

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

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

(c) in the event that Bid Net Income was exceeded in each of the three Contract Years prior to the Termination Date, an amount equal to one hundred fifty percent (150%) of the average annual Incentive Compensation (excluding any Incentive Compensation determined by reference to Provider's Unrecovered Shortfall Amount) Provider received during the three previous Contract Years; ***plus***

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

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

(f) the Unamortized Amount of any capital expenditures made or incurred by Provider directly related to the provision of the Services; *provided that* Provider shall, as and if directed by the Commission: (I) take all reasonable measures to mitigate such costs pursuant to this **Section 13.2.2** and **Section 16.7** including by

causing a redeployment of such remaining assets or contractual rights to other productive opportunities for their continued use that may be available to Provider or its Affiliates (in which event the amount payable under this **Section 13.2.2(f)** shall be reduced accordingly) or (II) cause any Equipment and Products that have been fully paid for by the Commission associated with such Payments (and not redeployed pursuant to the foregoing clause (I)) to be transferred to the Commission, as the Commission may request, free and clear of all liens and encumbrances; ***plus***

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

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

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

13.3 Termination for Consistent Net Income Shortfalls. Subject to any adjustments contemplated by **Schedule 10.1**, the Commission shall have the right to terminate this Agreement and without payment of any Termination Payment and without penalty or liability, including any penalty or liability for any future Provider lost revenue or severance costs, in the event that Net Income Shortfalls equal to more than ten percent (10%) of the applicable Bid Net Income that occur for (i) any consecutive two (2) Contract Year periods or (ii) any three (3) Contract Years in a five (5) Contract Year period, which termination shall be effected by delivery by Commission to Provider of a Termination Notice no less than ninety (90) days prior to the Termination Date.

13.4 Termination for Change in Control. The Commission shall have the right to terminate this Agreement, without payment of any Termination Payment and without penalty or liability, including any penalty or liability for any future Provider lost revenue or severance costs, in the event of a Change in Control of Provider that is not Approved by the Commission by delivering to Provider a Termination Notice no less than ninety (90) days prior to the Termination Date.

13.5 Termination for Events of Default.

13.5.1 Types of Events of Default. The following events, if not attributable to a Force Majeure Event or the material fault of the Commission, shall constitute "**Events of Default**", and the occurrence of any one (1) or more of such Events of Default shall constitute a material breach of this Agreement by Provider, and the Commission may, in its sole discretion, terminate this Agreement and/or the impacted portion of the Services, without payment of any Termination Payment:

(a) Provider: (i) fails to comply with or materially breaches its obligations with respect to the provision of Transition Services; or (ii) fails to meet a Transition Milestone set forth in the Transition Plan, and *provided* further, that such failure is not cured by Provider within ten (10) Business Days following receipt of written notice of such failure;

(b) Provider's failure or inability to achieve recovery in accordance with the Continuity Plans, except in the event that such failure does not have a material adverse impact on the Lottery;

(c) Provider's failure to obtain any Governmental Approval as set forth in **Section 19.1**, except in the event that such failure does not have a material adverse impact on the Lottery and *provided*, that such failure is not cured by Provider within ten (10) Business Days following receipt of written notice of such failure;

(d) Provider's failure to implement a Commission-required Provider Personnel removal as set forth in **Section 6.3.3,** *provided* that such failure is not cured by Provider within thirty (30) days following receipt of written notice of such failure;

(e) Provider's material breach of any representation or warranty if such breach is not curable, or if such breach is curable, if not cured within the time frames, if any, specified in this Agreement, by the Commission in writing, or, if not otherwise specified, then within thirty (30) days, in each case following receipt of written notice of such breach;

(f) Provider fails to maintain all of the insurance coverages as specified in **Article 17** or the Provider's Security as specified in **Article 18**, *provided* that such failure is not cured by Provider within the earlier of (i) thirty (30) days following receipt of written notice of such failure or (ii) the expiration date of the Provider's Security;

(g) The: (i) institution of bankruptcy, receivership, insolvency, reorganization or other similar proceedings by Provider under any section or chapter of the Bankruptcy Code, as amended, or under any similar laws or statutes of the United States (or any state thereof); (ii) institution of bankruptcy, receivership, insolvency, reorganization or other similar proceedings against Provider under any section or chapter of the Bankruptcy Code, as amended, or under any similar laws or statutes of the United States (or any state thereof), if such proceedings have not been dismissed or discharged within forty five (45) days after they are instituted; (iii) insolvency or making of an assignment for the benefit of creditors or the admittance by Provider of any involuntary debts as they mature; the institution of any reorganization arrangement or other readjustment of debt plan of Provider not involving the Bankruptcy Code; (iv) initiation of any corporate action taken by the governing body of Provider in furtherance of any of the above actions; or (v) assignment by Provider of all or substantially all of its assets for the benefit of creditors, or Provider's governing body takes any corporate action by in furtherance of the above action;

(h) Provider's breach of any of the terms, conditions or requirements of **Article 9,** except in the event that such breach does not have a material adverse impact on the Lottery;

(i) Provider's breach of any of the terms, conditions or requirements of **Article 19,** except in the event that such breach does not have a material adverse impact on the Lottery;

(j) Provider's attempted assignment, transfer or delegation of its rights and duties hereunder in breach or violation of **Section 22.1**;

(k) Provider's material breach of any of its other duties, responsibilities and/or obligations under this Agreement that is not cured within thirty (30) days following receipt of written notice of such breach; and

(l) Except with respect to a Force Majeure Event or events due to the material fault of the Commission, if (i) in any two month period (the "**Affected Period**") during any rolling twelve (12) month period during the Term, the revenue derived from the Lottery in such Affected Period is more than Three Million Dollars ($3,000,000) lower than the two month average for the revenue derived from the Lottery in the other ten (10) months of the rolling twelve (12) month period and (ii) during such Affected Period Provider's gaming system failed to operate as intended by the Parties.

13.5.2 Termination Notice. Upon the occurrence of an Event of Default by or with respect to Provider with respect to which the Commission exercises its termination rights, the Commission shall have the right to terminate this Agreement, without penalty or liability, including any penalty or liability for any future Provider lost revenue or severance costs, by delivering to Provider a Termination Notice prior to the Termination Date specified therein.

13.6 Step-In Rights. The Commission may assign Commission staff or Third Parties to step in and perform any element of the Services that fails to meet the requirements of this Agreement (regardless of whether or not such failure would constitute an Event of Default, with or without the passage of any time or the giving of any notice), which step in shall be in accordance with this **Section 13.6** until such time as Provider can demonstrate the ability to resume provision of such Services to the satisfaction of the Commission or the Commission exercises other rights under this Agreement ("**Step-In Rights**").

13.6.1 Step-In Notice. The Commission may exercise its Step-In Rights by giving Provider notice (the "**Step-In Notice**") if: (a) if Provider commits a breach of this Agreement that (i) the Commission reasonably believes will have a material adverse impact on the Lottery, the Commission or provision of Services and (ii) Provider is unable to cure such breach within seventy-two (72) hours; or (b) the Commission has reasonable suspicion that acts of fraud are being committed in relation to the Services. The Step-In Notice must specify in reasonable detail the basis on which the Commission is entitled to exercise its Step-In Rights and the affected Services.

13.6.2 Exercise of Step-In Rights.

(a) As soon as possible, but not longer than twenty-four (24) hours, following Provider's receipt of the Step-In Notice, the Commission and Provider shall discuss any alternative course of action which Provider may undertake to remedy the event giving rise to the Step-In Rights, and the manner in which the Commission shall exercise its Step-In Rights, including how the Commission may engage any Third Party to act on its behalf. If Provider and the Commission fail to reach agreement within three (3) Business Days after Provider's receipt of the Step-In Notice, the Commission may exercise its Step-In Rights. The Commission's exercise of its Step-In Rights shall not prejudice any other rights of the Commission under this Agreement.

(b) In exercising its Step-In Rights, the Commission may itself provide, or may employ a replacement Third Party provider to provide, the affected Services in whole or in part. Provider shall cooperate fully with and provide all necessary assistance to the Commission and any replacement Third Party provider to enable the affected Services to resume. Provider's assistance shall include: (i) granting the Commission or the replacement Third Party provider management control over relevant Provider Personnel; (ii) granting the Commission or the replacement Third Party provider access to Provider's premises and materials as needed to provide the Services; (iii) granting the Commission or the replacement Third Party provider access to management records and systems which relate to the affected Services as needed to provide the Services; and (iv) if the Commission requests, providing written confirmation that the Commission may give to Third Parties confirming that the Commission is exercising its rights in compliance with this Agreement.

(c) So long as the Commission exercises its Step-In Rights for reasons set forth in **Section 13.6.1** above: (i) the Commission shall not be obliged to pay or make any payments (whether Payments or otherwise) to Provider for Services that the Commission or a replacement Third Party provider is providing; and (ii) Provider shall be liable to pay any additional cost or charge directly incurred by the Commission as a result of the exercise of the Step-In Rights. The Commission's exercise of its Step-In Rights shall not constitute a waiver by the Commission of any termination rights or rights to pursue a claim for damages arising out of the failure that led to its exercise of the Step-In Rights.

13.6.3 Step-Out Notice. The Commission's Step-In Rights shall end when the event(s) or circumstance(s) giving rise to the Step-In Rights is resolved to the Commission's reasonable satisfaction. The Commission shall deliver a sufficiently prior written notice to Provider specifying the date the Commission plans to conclude its Step-In Rights (the "**Step-Out Notice**"). Provider shall, following receipt of a Step-Out Notice, meet with the Commission to discuss the Commission's findings as a result of the exercise of its Step-in Rights. Within ten (10) Business Days after the meeting, Provider shall develop and deliver to the Commission a plan to resolve any deficiencies, problems, concerns or issues related to the exercise of such Step-In Rights by the Commission and/or any related recommendations identified by the Commission.

13.6.4 Effect of Step-In. During any period it has exercised the Step-In Rights, the Commission shall be entitled to recover from Provider either an equitable adjustment to the Management Fee or a reimbursement by Provider of amounts, or a combination thereof, that in the aggregate are sufficient to compensate the Commission for its costs and expenses directly or indirectly incurred by the Commission (including through any of its Vendors) in connection with the Commission's exercise of such Step-In Rights. If the Commission exercised the Step-In Rights pursuant to **Section 13.6,** the Commission shall submit no later than two (2) months from the **Step-Out Notice,** a "**13.6.4 Settlement Proposal**" to Provider which shall set forth Commission's requested equitable adjustment to the Management Fee or a reimbursement by Provider of amounts, or a combination thereof determined in accordance this Section 13.6. If the Parties cannot agree on the 13.6.4 Settlement Proposal, then a Financial Expert shall be engaged in accordance with **Section 20.8** to determine the final amount to be paid by the Commission pursuant to this **Section 13.6.4**

13.7 Limitation on Termination by Provider. Except as provided in **Section 13.8** and **Section 13.9**, Provider shall not have the right to terminate this Agreement for any other reason or cause.

13.8 Termination For Convenience by Provider.

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

13.8.2 Termination For Convenience Obligations. If Provider terminates this Agreement for its convenience pursuant to Section 13.8.1, then Provider shall:

(a) as and if directed by the Commission (at its discretion) and upon the payment to Provider of the lesser of (i) the fair market value of any capital assets in use on the Termination Date that resulted from capital expenditures made or incurred by Provider directly related to the provision of the Services or (ii) the Unamortized Amount of any capital expenditures made or incurred by Provider directly related to the provision of the Services, cause any Equipment and Products that have been fully paid for by the Commission associated with such Payments to be transferred to the Commission free and clear of all liens and encumbrances;

(b) if a Re-Bid Process has been commenced by the Commission prior to the expiration of the Term, cause to be paid to the Commission an amount equal to any and all Re-Bid Costs that the Commission transmits notice of to Provider, which amount shall be paid by Provider within thirty (30) days after its receipt of any such invoiced Re-Bid Cost; and

(c) cause all amounts owed by Provider to the Commission as of the Termination Date to be paid including any Provider Owed Amounts.

13.8.3 Termination For Convenience Payments. If Provider terminates this Agreement for its convenience pursuant to **Section 13.8**, then Provider shall: (i) take all measures required by **Article 14** and (ii) submit no later than two (2) months from the Termination Date a "**13.8.3 Termination Settlement Proposal**" to the Commission which shall set forth Provider's requested termination fee determined in accordance with the criteria in **subsections (a) through (e)** of this **Section 13.8.3**. If Provider fails to submit such proposal within such two (2) month period, the Commission may determine, on the basis of information available and the criteria set forth below, the amount, if any, due to Provider and shall pay Provider such amount and such payment shall be deemed full satisfaction and settlement. If the Parties cannot agree on the 13.8.3 Termination Settlement Proposal, then a Financial Expert shall be engaged in accordance with **Section 20.8** to determine the final amount to be paid by the Commission pursuant to this **Section 13.8.3** (any sum to be paid by the Commission in accordance with this **Section 13.8.3**, the **"13.8.3 Termination Payment"**). The 13.8.3 Termination Payment shall be based on the aggregate of the following:

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

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

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

(d) as and if directed by the Commission pursuant to **Section 13.8.2(a)**, then such Payments as provided by **Section 13.8.2(a)** but only if the Commission at its option has directed a transfer be made by Provider pursuant to **Section 13.8.2(a)**; ***less***

(e) any accrued and unpaid amounts as of the Termination Date owed to the Commission from Provider pursuant to this Agreement including any Provider Owed Amounts.

The 13.8.3 Termination Payment shall be the Commission's sole and exclusive liability to Provider, and Provider's sole and exclusive remedy from the Commission, resulting from the Provider's exercise of its rights under this **Section 13.8**. For the avoidance of doubt: (i) payment of the 13.8.3 Termination Payment shall only apply to a termination for convenience by the Provider as set forth in this **Section 13.8**, and under no circumstances except those shall the Commission be liable for the payment of the 13.8.3 Termination Payment or any other liabilities, costs, fees and expenses in connection with the Provider's exercise of any of its other termination rights under this **Article 13**; (ii) to the extent the Commission pays any amount under this **Section 13.2.2** for Management Fees, Lottery Expenses, Incentive Compensation or otherwise, the Commission shall not be obligated to make any such payments under any other provision of this Agreement; and (iii) no 13.10 Termination Payment shall accrue or otherwise be payable under **Section 13.10**. Any Dispute with respect to the calculation of the 13.8.3 Termination Payment shall be resolved by the Financial Expert selected pursuant to **Section 20.8.** A termination of this Agreement pursuant to **Section 13.8** shall not terminate any provisions of this Agreement relating to 13.8.3 Termination Payment, including their calculation and Provider's right to payment thereof, and all such provisions shall continue in full force and effect until Provider has received full payment of such 13.8.3 Termination Payment.

13.9 Termination due to Federal Force of Law Requirements or Action by Federal Governmental Authority. Either Party shall have the right to terminate this Agreement, without penalty or liability, including any penalty or liability for any future Provider or Commission lost revenue or severance costs including without payment of any Termination Payment on the part of the Commission, by delivering to the other Party a Termination Notice (specifying with reasonable particularity the nature and extent of the reason for such termination) no less than thirty (30) days prior to the Termination Date in the event that (a) the terminating Party determines in its reasonable judgment that changes in applicable federal Force of Law Requirements will materially affect the validity or legality of the arrangements contemplated by this Agreement and/or create the reasonable likelihood of civil or criminal prosecution, liability, sanction or penalty; or (b) either Party receives notice of any actual or threatened decision, finding, or action of any federal Governmental Authority, which materially affects the validity or legality of the arrangements contemplated by this Agreement and/or creates the reasonable likelihood of civil or criminal prosecution, liability, sanction or penalty. During the thirty (30) day notice period, the Parties shall use commercially reasonable efforts to negotiate in good faith conforming amendments to this Agreement or other remedial action in a manner that will achieve the business purposes hereof.

13.10 Post-Term Recovery of Approved Significant Investment Costs. At end of the Term (other than a termination pursuant to **Sections 13.2, 13.3, 13.4, 13.5, 13.8 or 13.9**), Provider shall have an opportunity to recover an amount equal to the Unamortized Amount of any pre-Approved Significant Investment where the opportunity to earn such Incentive Compensation would otherwise extend beyond the Term (an "**13.10 Termination Payment**"). Any 13.10 Termination Payment shall be calculated according to a formula mutually agreed upon by the Parties at the time of Approval of the Significant Investment. Provider shall be responsible for identifying and proposing an 13.10 Termination Payment by submit no later than two (2) months from the Termination Date a "**13.10 Termination Settlement Proposal**" to the Commission which shall set forth Provider's requested 13.10 Termination Payment determined in accordance with the criteria in this **Section 13.10**. If Provider fails to submit such proposal within such two (2) month period, the Commission may determine, on the basis of information available and the criteria, the amount, if any, due to Provider and shall pay Provider such amount and such payment shall be deemed full satisfaction and settlement. If the Parties cannot agree on the 13.10 Termination Settlement Proposal, then a Financial Expert shall be engaged in accordance with **Section 20.8** to determine the final amount to be paid by the Commission pursuant to this **Section 13.10**.

13.11 Remedies. The remedies provided in this **Article 13** and elsewhere in this Agreement are neither exclusive nor mutually exclusive, and the Parties shall be entitled to any and all such remedies, and any and all other remedies that may be available to the Parties at law or in equity, by statute or otherwise, individually or in any combination thereof. The election by a Party of any remedy provided for in this Agreement or otherwise available to such Party shall not preclude such Party from pursuing any other remedies available to such Party at law, in equity, by contract or otherwise. For the avoidance of doubt, the **Sections 13.8 and 13.9** provide Provider's only termination rights under this Agreement.

13.12 Survival.

13.12.1 General. The provisions of **Articles 8 (except for Sections 8.1.2 and 8.3.4), 9, 10, 14, 15, 16, 17, 18, 20, 21 and 22 and Sections 11.1, 11.2, 12.1, 13.2.2, 13.8, 13.10, 13.11, 13.12** and any other Sections, Schedules or Attachments of this Agreement that by their nature may reasonably be presumed to survive any termination or expiration of this Agreement, shall survive termination of this Agreement.

13.12.2 Confidentiality Requirements Survival. Provider's obligations with respect to Commission Personal Data shall survive the expiration or termination of this Agreement for any reason and shall be perpetual. The Parties' obligations of non-disclosure and confidentiality with respect to all other Confidential Information shall survive the expiration or termination of this Agreement for a period of ten (10) years from the expiration or termination of this Agreement; *provided, however*, that: (a) the passage of this ten (10) year period shall not absolve either Party of responsibility for any breach of **Article 9** occurring prior to the expiration of such ten (10) year period; and (b) with respect to any Confidential Information that constitutes a trade secret (as determined under applicable Force of Law Requirements), such restrictions on disclosure and/or use shall survive the termination, expiration or non-renewal of this Agreement for as long as such Confidential Information remains a trade secret but, in no event, shall such restrictions on disclosure

and/or use cease prior to the expiration of ten (10) years following the expiration or termination of this Agreement.

ARTICLE 14

DISENTANGLEMENT OBLIGATIONS

14.1 General Obligations. Provider shall, with the Commission's cooperation, accomplish a complete transition from Provider to the Commission, its Affiliates or to any replacement provider designated by the Commission (the "**Replacement Provider**") as directed by the Commission, of any terminated Services being provided by Provider as of the Termination Date, without any material interruption of, or material adverse impact on, the Services being provided or on the Lottery (including the Commission's operations and Commission Net Income), except as mutually agreed by the Parties and set forth in the applicable Disentanglement Services Plan. As part of the Services, Provider shall perform the obligations set forth in this **Article 14** and the Disentanglement Services Plan (collectively, the "**Disentanglement Services**"), *provided* that no Disentanglement Services shall be required to be performed after the Term except as may be requested by the Commission pursuant to **Section 22.9**.

14.2 Disentanglement Process and Performance.

14.2.1 Disentanglement Services Plan. Provider shall perform the Disentanglement Services as specified in a plan for implementing the provision of the Disentanglement Services set forth in **Article 14** to be prepared and submitted by Provider and Approved by the Commission prior to the Base Services Commencement Date and which shall be attached hereto as **Exhibit 14.2.1** (the "**Disentanglement Services Plan**"). Such Disentanglement Services Plan shall be updated annually by Provider as part of the Commission Approved Annual Business Plan.

14.2.2 Charges for the Disentanglement Services. Provider's Disentanglement Services obligations through the Termination Date specified in the Termination Notice, as applicable, shall be provided as part of the Payments payable for all of the Services.

14.2.3 Firm Commitment. During the Term, Provider shall provide the Disentanglement Services to the Commission, its Affiliates and/or the Replacement Provider regardless of the reason for the expiration or termination of this Agreement. At the Commission's request, Provider shall provide the Disentanglement Services directly to a Replacement Provider, *provided* that provision for adequate protection of Provider Intellectual Property shall be made.

14.3 Specific Disentanglement Services Obligations. The Disentanglement Services shall include the performance of the specific obligations described in this **Section 14.3** and in the Services Exhibit. In connection with the initiation of the Disentanglement Services, but in no event longer than ten (10) Business Days after such initiation of the Disentanglement Services, Provider shall provide to the Commission in writing a complete and accurate list of all items (including all Equipment and Products transferred to, or purchased as an Operating Expense by, the Provider from the Agreement Effective Date through the end of the Term) that shall be subject to conveyance or re-conveyance to the Commission and/or the Replacement Provider (and/or their Affiliates) as provided in this **Section 14.3**.

14.3.1 Full Cooperation, Information and Knowledge Transfer. During the provision of the Disentanglement Services, the Parties shall reasonably cooperate with one another to facilitate a smooth transition of the terminated/expired Services from Provider to the Commission, its Affiliates and/or the Replacement Provider. Without limiting the generality of the foregoing, Provider shall: (a) cooperate with the Commission, its Affiliates and/or the Replacement Provider and otherwise promptly take all steps required to assist the Commission in effectuating the Disentanglement Services; (b) provide to the Commission, its Affiliates and/or the Replacement Provider full, complete, detailed and sufficient information (including all information then being utilized by Provider with respect to data conversions, interface specifications, programs, tools, utilities and other resources used to provide the Services) and

knowledge transfer with respect to all such information in order to enable the Commission's, its Affiliate's and/or the Replacement Provider's personnel (or that of Third Parties) to fully assume, become self-reliant with respect to and continue without interruption the provision of the Services; (c) provide for the prompt and orderly conclusion of all work, as the Commission may direct, including completion or partial completion of Services, documentation of work in progress, and other measures to assure an orderly transition to the Commission, its Affiliates and/or the Replacement Provider; and (d) accomplish the other specific obligations described in this **Article 14** and the Disentanglement Services Plan. In addition to the foregoing requirements, as directed by the Commission, Provider shall deliver to the Commission, its Affiliates and/or the Replacement Provider all documentation and data related to the Commission, including Commission Data, as well as all procedures, standards and operating schedules (including the Operating Standards), held by Provider.

14.3.2 Third Party Contracts and Provider Subcontracts. Without limiting the obligations of Provider elsewhere set forth in this Agreement, if requested by the Commission as part of the Disentanglement Services, Provider shall procure at no charge to the Commission any Third Party consent necessary to grant the Commission and/or the Replacement Provider (and/or their Affiliates) the use and benefit of any Subcontracts (that have an aggregate value in excess of the Subcontractor Threshold Amount or involve a Major Procurement matter) used by Provider to provide the Services. Provider shall, at the Commission's request, cause any such Subcontractors to permit the Commission and/or the Replacement Provider (and/or their Affiliates) to assume prospectively any or all such contracts or to enter into new contracts with the Commission and/or the Replacement Provider (and/or their Affiliates) on substantially the same terms and conditions, including price (except where Provider's price is based on volume-based discounts not otherwise reasonably comparable to the volume expected to result from the combined usage of the Commission and/or the Replacement Provider (and/or their Affiliates). There shall be no charge or fee imposed on the Commission and/or the Replacement Provider (and/or their Affiliates) by Provider or its Subcontractors, Affiliates or Third Party contractors for any such assumption by the Commission. Provider shall: (a) represent and warrant that it is not in default under such Subcontracts and Third Party contracts; (b) represent and warrant that all payments thereunder through the date of assignment are current; and (c) notify the Commission of any Subcontractor's or Third Party contractor's default with respect to such Subcontracts and Third Party contracts of which it is aware at the time.

14.3.3 Provider Intellectual Property. Provider shall comply with the post-termination license rights and obligations with regard to Provider Intellectual Property set forth in **Article 8**.

14.3.4 Provider Personnel. Other than for those Provider Key Personnel positions identified in the Disentanglement Services Plan, Provider and its Affiliates shall not adopt, institute or undertake any policy or practice, or enter into any agreement, that restricts, disincentivizes or otherwise interferes with any other Provider Personnel from accepting an offer of employment from the Commission and/or the Replacement Provider (and/or their Affiliates) in respect of the Commission's operation of the Lottery during and after the Term. Provider shall provide such cooperation and assistance as may be reasonably requested by the Commission or any Replacement Provider in conducting interviews, providing information and otherwise facilitating the making of any such offer of employment in connection with a complete transition from Provider to the Commission (or any Replacement Provider) pursuant to this **Article 14**.

14.3.5 Equipment and Products. Any Equipment and Products transferred by the Commission to, or purchased as an Operating Expense by, Provider from the Agreement Effective Date through the end of the Term, as may be in the possession, or under the control, of Provider (and/or their Affiliates or Subcontractors) shall be transferred, conveyed and delivered to the Commission and/or the Replacement Provider (and/or their Affiliates or Subcontractors) as and when directed by the Commission during the Term.

ARTICLE 15

INDEMNIFICATION

15.1 Indemnifications By Provider.

15.1.1 Provider General Indemnifications. To the extent permitted by law, Provider shall indemnify, defend and hold harmless the Commission Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Commission Indemnitees, based upon, relating to or arising from, any and all actual, threatened and/or alleged Claims in connection with any of the following:

(a) Any actual or alleged bodily injury or death, damage to tangible personal or real property, notwithstanding the form in which any such action is brought (e.g., contract, tort or otherwise), to the extent such injuries or damages arise directly or indirectly from acts, errors or omissions that constitute negligence, willful misconduct or violations of Force of Law Requirements, by Provider and/or any Affiliates of Provider, Subcontractors (excluding however any claim related to acts, errors or omissions of Subcontractors occurring prior to the Transition Completion Date under Existing Commission Contracts) or Provider Personnel;

(b) Provider's breach of any of the representations and warranties set forth in **Article 12**.

(c) Provider's breach of any of its obligations under any Third Party contract (including with any Affiliates of Provider, Subcontractors or Provider Personnel) to which Provider is a party and is used by Provider to provide the Services or otherwise perform its obligations under this Agreement;

(d) Any actual or alleged breach by Provider of a Replacement Contract, to the extent the claim, suit or proceeding accrues after the date of assignment to and assumption by Provider with respect to such Replacement Contract, and is a result of (i) Provider's failure to fulfill its obligations under the Replacement Contract, and/or (ii) Provider's breach of any term or condition of this Agreement;

(e) Any aspect of the employment of Provider Personnel (including Former Commission Employees solely with respect to Losses accruing on or after their applicable employment dates with Provider), or the termination of such employment, including claims relating to (i) any violation by Provider or its officers, directors, employees, representatives and/or agents of Applicable Requirements protecting persons or members of protected classes or categories and/or prohibiting discrimination or harassment on the basis of a protected characteristic, (ii) payment or failure to pay any salary, wages or other compensation due and owing to any Provider Personnel, (iii) payment or failure to pay any pension or other benefits of any Provider Personnel, (iv) liability for (A) any social security or other employment taxes for Provider Personnel, (B) workers' compensation claims and premium payments for Provider Personnel, and (C) contributions applicable to the wages and salaries of such Provider Personnel, (v) claims by Provider Personnel for wages, benefits, discrimination or harassment of any kind, wrongful termination and/or denial of severance or termination payments upon leaving their applicable place of employment, and (vi) wrongful discharge of such Provider Personnel, claims for breach of express or implied employment contract of such Provider Personnel and claims that the Commission is an employer, co-employer or joint employer of any Provider Personnel, *provided* the Commission has not mandated Provider to act in any way that would cause any such claims by Provider Personnel;

(f) Any improper disclosure, misuse or theft of Commission Personal Data by Provider or Provider Personnel;

(g) Any introduction by Provider or Provider Personnel of Malicious Code in the Commission's environment, network or systems, to the extent Losses caused by such introduction arise from acts, errors or omissions of Provider or Provider Personnel;

(h) Provider's breach of or failure to perform or comply with any of Provider obligations set forth in **Article 19**;

(i) Provider's breach of or failure to obtain, maintain or comply with any Governmental Approvals required to be maintained by Provider under this Agreement;

(j) Provider's breach of or failure to obtain, maintain or comply with any Third Party consent or to comply with any Third Party consent;

(k) Any failure by Provider to pay applicable taxes, together with any interest and penalties, assessed or imposed against the Commission for which Provider has responsibility pursuant to **Section 10.5** or Applicable Requirements;

(l) A Provider Affiliate or Subcontractor asserting rights under this Agreement, or any entity to which Provider assigned, transferred, pledged, hypothecated or otherwise encumbered its rights to receive payments from the Commission under this Agreement; and

(m) Any claim or allegation by, on behalf of or regarding any Person including Provider Personnel for or relating to matters referenced in **Section 3.1.2** or **Section 3.1.3**.

15.1.2 Provider Infringement Indemnification.

(a) To the extent permitted by law, Provider shall indemnify, defend and hold harmless the Commission Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Commission Indemnitees, based upon, relating to or arising from, any and all actual, threatened and/or alleged Claims that: (i) Services, Provider Intellectual Property, and any other Provider and/or Third Party services, technologies, techniques, Equipment or Products used by Provider to provide the Services; (ii) the Work Product or any other deliverables provided by Provider; and/or (iii) the receipt or use by the Commission of any of the foregoing items referenced in **subsections (i)** and **(ii)** (collectively referred to as "**Provider Items**"), infringes, misappropriates and/or violates any patent, copyright, trademark, trade secret and/or other intellectual property, proprietary, moral or privacy rights of any Third Party.

(b) If the Commission's right to use, receive or enjoy the Provider Items is enjoined or appears likely to be enjoined, Provider promptly shall, at Provider's sole cost and expense and in such a manner as to minimize the disturbance to the Commission's business activities (including the Lottery) and rights under this Agreement, do one of the following: (i) obtain for the Commission the right to continue receiving and using such Provider Items free of claims of infringement, misappropriation and/or violation; (ii) modify the Provider Items so that they no longer infringe, misappropriate and/or violate (*provided* that such modification does not degrade the performance or quality of the Services or adversely impact the Commission's intended use as contemplated by this Agreement); or (iii) replace Provider Items with non-infringing, non-misappropriating and non-violating functional equivalents acceptable to the Commission.

15.2 Indemnifications by the Commission.

15.2.1 Commission Indemnifications.

(a) To the extent permitted by law, the Commission shall indemnify, defend and hold harmless Provider Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the Provider Indemnitees, based upon, relating to or arising from, any and all actual, threatened and/or alleged Claims that the Commission Intellectual Property infringes, misappropriates and/or violates any patent, copyright, trademark, trade secret and/or other intellectual property, proprietary, moral or privacy rights of any Third Party.

(b) If Provider's right to use, receive or enjoy the Commission Intellectual Property is enjoined or appears likely to be enjoined, the Commission promptly shall, at the Commission's sole cost and expense and in such a manner as to minimize the disturbance to Provider's business activities and rights under this Agreement, do one of the following: (i) obtain for Provider the right to continue receiving and using such Commission Intellectual Property free of claims of infringement, misappropriation and/or violation; (ii) modify the

Commission Intellectual Property so that they no longer infringe, misappropriate and/or violate or (iii) replace the Commission Intellectual Property with non-infringing, non-misappropriating and non-violating functional equivalents acceptable to the Commission.

(c) Each of the Commission indemnification obligations hereunder are subject to **Section 20.10** hereof.

15.3 Indemnification Procedures.

15.3.1 General. In the event of an actual, threatened and/or alleged Claim governed by this **Article 15** against an Indemnified Party, such Indemnified Party shall give prompt written notice thereof to the Indemnifying Party; *provided, however*, that failure to give prompt notice shall not reduce the Indemnifying Party's obligations under this **Article 15**, except to the extent the Indemnifying Party can demonstrate that it is prejudiced thereby. After such notice, if the Indemnifying Party acknowledges in writing to the Indemnified Party that the right of indemnification under this Agreement applies with respect to such Claim, then the Indemnifying Party shall be entitled, if it so elects in a written notice delivered to the Indemnified Party not fewer than ten (10) Business Days prior to the date on which a response to such Claim is due, to take control of the defense and investigation of such Claim and to employ and engage attorneys of its choice, that are reasonably satisfactory to the Indemnified Party, to handle and defend same, at the Indemnifying Party's expense. The Indemnified Party shall cooperate in all reasonable respects with the Indemnifying Party and its attorneys, at the Indemnifying Party's expense, in the investigation, trial and defense of such Claim and any appeal arising therefrom; *provided, however*, that the Indemnified Party may participate, at its own cost and expense, through its attorneys or otherwise, in such investigation, trial and defense of such Claim and any appeal arising therefrom.

15.3.2 Defense Accepted. Notwithstanding anything contained herein to the contrary, if the Indemnifying Party accepts defense of a Claim as provided in this Section, the Indemnified Party shall have the right to engage, at its own cost and expense, independent counsel to monitor and participate in the defense of the matter as such counsel or the Indemnified Party deems fit to protect its interests. The Indemnifying Party and its counsel must reasonably cooperate with the Indemnified Party's counsel at the Indemnified Party's expense to enable such counsel to adequately represent the interests of the Indemnified Party.

15.3.3 Defense Declined. If the Indemnifying Party declines to assume defense of a Claim as provided in this Section, without limiting any other rights or remedies available to the Indemnified Party: (a) the Indemnified Party may assume such defense and, if such defense is assumed, unless the Parties otherwise agree in writing, the Indemnifying Party thereafter shall be barred from assuming such defense at a later time; and (b) if it is later determined by a court of competent jurisdiction, without right of further appeal, that such Claim was eligible for indemnification by the Indemnifying Party under this **Article 15**, within thirty (30) days following such determination, the Indemnifying Party shall reimburse the Indemnified Party in full for all settlements, judgments, costs and expenses (including reasonable attorneys' fees) incurred by the Indemnified Party in connection with such Claim.

15.3.4 Settlement of Claims. No settlement of a Claim that involves a remedy other than the payment of money by the Indemnifying Party along with standard settlement terms, specifically including a dismissal of all Claims with prejudice in favor of the Indemnified Party as well as a non-admission of liability or other wrongdoing by the Indemnified Party, shall be entered into by the Indemnifying Party without the prior written consent of the Indemnified Party not to be unreasonably withheld, conditioned or delayed. In no event shall an adverse judgment be entered against the Indemnified Party as part of a settlement without its express written consent.

15.3.5 Waiver of Subrogation. Each Party hereby waives its respective rights to subrogation against the other Party with respect to any claims or defenses as to which any indemnification relates.

15.4 Escrow for Benefit of Commission Indemnitees.. In the event of an actual, threatened and/or alleged Claim governed by this **Article 15** against any Commission Indemnitees that has resulted in formal proceedings having been commenced in a federal or state court, the Commission may cause an amount, up the amount of any such Claim made therein, to be transferred into an escrow account held by a Third-Party trustee from any Incentive Compensation due and owing to Provider to meet and provide for any such Claim adjudicated and awarded from the time to time in respect of such Claim or otherwise approved by Provider to be paid therefrom; *provided* that in the event Provider establishes to the satisfaction of the Commission (as Approved) an acceptable and quantifiable reserve value or amount to protect against the recovery of all such pending Claims, then the Commission shall only require such portion of any such pending Claims that are, in the aggregate, in excess of Five Million Dollars ($5,000,000) to be so reserved and escrowed.

ARTICLE 16

LIMITATIONS ON LIABILITY

16.1 Cap On Commission Liability for Direct Damages. SUBJECT TO **SECTION 16.3**, THE APPLICABLE PROVISIONS OF TITLE 34, ARTICLE 13 OF THE INDIANA CODE, AND EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN **SECTION 16.4.1** THE AGGREGATE CUMULATIVE MONETARY LIABILITY OF THE COMMISSION FOR ANY AND ALL DIRECT DAMAGES FOR ANY AND ALL CLAIMS, EVENTS OR OCCURRENCES ARISING UNDER OR RELATING TO THIS AGREEMENT, NOTWITHSTANDING THE FORM IN WHICH ANY SUCH ACTION IS BROUGHT, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED TO AN AMOUNT EQUAL TO TWENTY MILLION DOLLARS ($20,000,000) IN THE AGGREGATE FOR THE TERM (THE "**COMMISSION CAP**").

16.2 Cap on Provider's Liability for Direct Damages. SUBJECT TO **SECTION 16.3** AND EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN **SECTION 16.4.2**, THE AGGREGATE CUMULATIVE MONETARY LIABILITY OF PROVIDER FOR ANY AND ALL DIRECT DAMAGES FOR ANY AND ALL CLAIMS, EVENTS OR OCCURRENCES ARISING UNDER OR RELATING TO THIS AGREEMENT, NOTWITHSTANDING THE FORM IN WHICH ANY ACTION IS BROUGHT, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED TO AMOUNTS EQUAL TO FIFTY MILLION DOLLARS ($50,000,000) IN THE AGGREGATE PER YEAR AND TWO HUNDRED MILLION DOLLARS ($200,000,000) IN THE AGGREGATE FOR THE TERM (THE "**PROVIDER CAP**"); *PROVIDED* THAT THE TWO HUNDRED MILLION DOLLARS ($200,000,000) IN THE AGGREGATE FOR THE TERM PORTION OF THE PROVIDER CAP SHALL BE INCREASED BY AN AMOUNT EQUAL TO TWENTY MILLION DOLLARS ($20,000,000) IN THE AGGREGATE PER YEAR FOR EACH YEAR THE TERM IS EXTEND PURSUANT TO **SECTION 13.1.2** UNLESS NO SUCH MONETARY LIABILITY OF PROVIDER SUBJECT TO THE PROVIDER CAP HAS ARISEN UNDER THIS AGREEMENT AS OF THE ORIGINAL TERMINATION DATE SET BY **SECTION 13.1.1(a)**.

16.3 Limitation on Non-Direct Damages. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN **SECTION 16.4**, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY AND/OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS OR LOSS OF BUSINESS, REGARDLESS OF THE FORM OF THE ACTION OR THE THEORY OF RECOVERY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF THE FORM IN WHICH ANY ACTION IS BROUGHT.

16.4 Exclusions from Limitations on Liability.

16.4.1 Commission Exclusions. As to the Commission's liability, subject to **Section 20.10,** the Commission Cap for direct damages liability and the **Section 16.3** limitation on non-direct damages shall not apply to: (a) Losses arising under or relating to the Commission's material failure to comply with **Article 8**, (b) Losses arising under or relating to the gross negligence, willful misconduct or fraud of the Commission or (c) any Payment owed by the Commission to Provider including any Termination Payment.

16.4.2 Provider Exclusions. As to Provider's liability, the Provider Cap for direct damages liability and the **Section 16.3** limitation on non-direct damages shall not apply to: (a) Losses arising under or relating to Provider's failure to comply with **Article 8**; (b) Losses resulting from Provider's failure to comply with any Force of Law Requirements; (c) Losses arising under or relating to the gross negligence, willful misconduct or fraud of Provider; (d) any introduction by Provider or Provider Personnel of Malicious Code in the Commission's environment, network or systems, to the extent Losses caused by such introduction arise from acts, errors or omissions of Provider or Provider Personnel that constitute gross negligence or willful misconduct; (e) personal injury, including death, and damage to tangible personal or real property caused by the grossly negligent, willful or intentional acts of a Provider or Provider Personnel; (f) amounts owed by Provider due to a Net Income Shortfall under **Section 5.3.4;** or (g) Provider's wrongful termination of this Agreement or repudiation or wrongful abandonment of all or any part of the Services.

16.5 Indemnification Payments. Notwithstanding anything contained herein to the contrary (including in **Section 15.1** and **Section 15.2**), all Loss payments made by the Commission or Provider, as applicable, in respect of Claims that are indemnified pursuant to this **Article 16** shall be considered direct damages, not consequential, incidental, indirect, special, exemplary and/or punitive damages, without regard to the nature of the Claim which gave rise to such obligation to indemnify.

16.6 Acknowledged Direct Damages. The following shall be considered direct damages and neither Party shall assert that they are indirect, incidental, collateral, consequential, exemplary or special damages or lost profits to the extent they result directly from either Party's failure to perform in accordance with this Agreement:

(a) Costs and expenses of restoring any lost, stolen or damaged Commission Data as a result of Provider's failure to provide the Services or any part thereof in accordance with this Agreement;

(b) Costs and expenses of implementing a Workaround in respect of a failure to provide the Services or any part thereof in accordance with this Agreement;

(c) Costs and expenses incurred by the Commission as a result of Provider's breach of or failure to comply with **Section 9.2.1**;

(d) Costs and expenses of replacing lost, stolen or damaged Commission and/or Provider Equipment, Products, Software or other materials;

(e) Cover damages, including the reasonable expenses incurred by the Commission to procure the Services or corrected Services from an alternate source, to the extent in excess of the Payments that the Commission is obligated to pay Provider under this Agreement; and

(f) Straight time, overtime, or related expenses incurred by the Commission, including overhead allocations of the Commission for the Commission's employees, wages and salaries of additional employees, travel expenses, overtime expenses, telecommunication charges, and similar charges, due to the failure of Provider to provide the Services or incurred in connection with **subsections (a)** through **(e)** above.

16.7 Duty to Mitigate. Each Party shall have a duty to mitigate damages for which the other Party is liable.

ARTICLE 17

INSURANCE AND RISK OF LOSS

17.1 Required Insurance Coverages. During the Term and for a minimum of ninety (90) days after the expiration or termination of this Agreement, at Provider's sole cost and expense, Provider shall provide and maintain insurance consistent with acceptable and prudent business practices including (a) equal to or higher than the generally accepted industry standards of first tier providers of services similar to the Services and (b), at a minimum, the types of insurance and the amounts described in **Schedule 17.1**. The fact that Provider has obtained the insurance required in this **Article 17** shall in no manner lessen nor otherwise affect Provider's other obligations

or liabilities set forth in this Agreement including its obligations to defend, indemnify and hold the Commission Indemnitees harmless in accordance with **Article 15**. For any Subcontract having an aggregate value of in excess of the Subcontractor Threshold Amount or involving a Major Procurement matter, Provider shall require all such Subcontractors to carry the coverages that are commensurate with the services being performed by each such Subcontractor and are equal to or higher than the generally accepted industry standards of first tier providers of such services.

17.2 General Provisions.

17.2.1 Satisfaction of Insurance Requirements. Provider may satisfy the minimum limits requirements of **Section 17.1** by any combination of primary liability and umbrella and/or excess liability coverage that result in the same protection to Provider and the Commission Indemnitees. To satisfy this insurance requirement for non-owned and hired vehicles, Provider may extend its commercial general liability insurance to provide insurance for such vehicles. Any annual aggregate limit must be stated separately as to the Services or twice the required limit. The policies required under **Section 17.1** must be on a per occurrence basis except for professional liability insurance which is on a per claim basis.

17.2.2 Endorsements. Provider's insurance policies as required in this Agreement for Commercial General Liability Insurance and Commercial Business Automobile Insurance shall name the Commission Indemnitees as "Additional Insureds" for any and all liability caused by Provider's performance under this Agreement, with the standard separation of insureds provision or an endorsement for cross-liability coverage. Should any policy expire or be canceled during the Term and Provider fails to immediately procure replacement insurance as specified, the Commission reserves the right (but not the obligation) to procure such insurance. Prior to the Commission procuring such insurance, the Commission shall provide Provider with prior written notice of its intent to procure such insurance, and if Provider shall fail to procure such insurance within thirty (30) days of receipt of the Commission's written notice, the Commission shall have the right to procure such insurance and to deduct the cost thereof from any sums due Provider under this Agreement. All insurance required under **Article 17** shall be primary insurance and any other valid insurance existing for the Commission's benefit shall be excess of such primary insurance. Provider shall obtain such agreements within its policy or policies of insurance as are necessary to cause the policy or policies to comply with the requirements stated in this Agreement.

17.2.3 Evidence of Insurance. Within ten (10) Business Days after the Agreement Effective Date and thereafter at the Commission request (and at least annually with the Annual Business Plan if not requested sooner), Provider shall deliver to the Commission certificates of insurance evidencing the insurance required hereunder.

17.2.4 Claims-Made Coverage. If coverage is written on a "claims-made" basis, the certificate of insurance shall clearly so state. In addition to the coverage requirements specified above, Provider shall make commercially reasonable efforts to provide that:

(a) the policy's retroactive date shall coincide with or precede Provider's commencement of the performance of Services (including subsequent policies purchased as renewals or replacements);

(b) equivalent policies are maintained for at least four (4) years after the expiration or termination of this Agreement;

(c) if insurance is terminated for any reason, Provider shall purchase a replacement claims-made policy with the same or an earlier retroactive date or shall purchase an extended reporting provision to report claims arising in connection with this Agreement to the extent such insurance is commercially and reasonably available; and

(d) all claims-made policies shall allow the reporting of circumstances or incidents that might give rise to future claims.

17.2.5 Notice of Cancellation or Change of Coverage. All certificates of insurance provided by Provider must evidence that the insurance provider shall give the Commission thirty (30) days' written notice in advance of any cancellation, lapse, material reduction or other material adverse change in respect of such insurance.

17.2.6 Insurance Subrogation. With respect to worker's compensation and employer's liability coverage to be provided by Provider, the insurance policies shall provide that the insurance companies waive all rights of subrogation against the Commission and its respective employees, excepting without limit claims caused by the Commission's willful misconduct. Provider waives its rights to recover against the Commission and its respective employees, excepting without limit claims caused by the Commission's willful misconduct.

17.2.7 Qualifying Insurers. All policies of insurance required hereby (excepting professional liability insurance) shall be issued by companies that have been approved to do business in the State of Indiana, unless a company lacking such approval is otherwise Approved by the Commission. All providers of insurance shall have an A.M. Best Financial Strength Rating (FSR) rating of A or better.

17.3 No Implied Limitation. The obligation of Provider and its Subcontractors to provide the insurance specified in this Agreement shall not limit in any way any obligation or liability of Provider provided elsewhere in this Agreement.

17.4 Risk of Loss.

17.4.1 General. Each Party shall be responsible for risk of loss of, and damage to, any Equipment, Products or Software in its possession or control, and such Party shall be responsible for the cost of any necessary repair or replacement of such Equipment, Products or Software due to an Event of Loss (defined below). Each Party shall promptly notify the other Party of any damage (except normal wear and tear), destruction, loss, theft or Governmental Authority taking of any item of the other Party's Equipment, Products or Software ("**Event of Loss**") in its possession or control. For Events of Loss for which the Commission is responsible, such repair or replacement shall not be considered part of Provider's Service obligations, but Provider shall, if requested by the Commission, coordinate and oversee repair or replacement performed by a Third Party as a Lottery Expense.

17.4.2 Waiver. Each Party waives all rights to recover against the other Party for damage, destruction, loss, theft or Governmental Authority taking of their respective real or tangible personal property (whether owned or leased) from any cause to the extent: (a) covered by insurance required to be maintained by such Party under this Agreement, including their respective deductibles or self-insured retentions; and (b) insurance proceeds are actually received by such Party for such loss. Provider and the Commission shall cause their respective insurers to issue appropriate waivers of subrogation rights endorsements to all property insurance policies required to be maintained by each Party.

ARTICLE 18

PERFORMANCE SECURITY

18.1 Provider's Security. No later than ten (10) days after the Agreement Effective Date, Provider shall, at its sole cost and expense, furnish and deliver to the Commission and maintain thereafter, until the end of the Term and for a minimum of ninety (90) days after the Termination Date ("**Post-Term 90-day Period**"), one or more forms of Provider's Security, issued by Eligible Institutions for the benefit of the Commission in the aggregate amount of TWENTY MILLION DOLLARS ($20,000,000) together with Provider's Security Legal Opinion; *provided, however,* that after the Post-Term 90-day Period has ended, notwithstanding the foregoing, Provider's Security shall be maintained and remain in effect after the expiration of such Post-Term 90-day Period until the later of: (a) the end of a continuous period of ninety-five (95) consecutive days during which no petition in bankruptcy is pending or has been filed by or against the Provider or any Affiliate under the United States Bankruptcy Code, which period shall

commence on the day after the last date of any payment owed by Provider to the Commission has been made including any made in settlement of any Dispute or (b) if and until any Dispute as raised by the Commission asserting a payment is owed by Provider to the Commission has been resolved pursuant to this Agreement; and *provided, further,* that for any such extension of the Provider's Security after the Post-Term 90-day Period, the amount of the Provider's Security may be reduced to an amount that is in the aggregate no less than the sum of payments and amounts described in foregoing clauses (a) and (b). Such Provider's Security shall be maintained in the applicable amount during the applicable time period, unless Provider provides and/or the Provider's Security (or any component thereof) is replaced by alternate security Approved by the Commission, to the extent such is required in order to provide security in the applicable amount. In the event any institution from time to time providing Provider's Security under this **Section 18.1** was previously, but is no longer, an Eligible Institution, then Provider shall cause one or more instruments of Provider's Security, to be issued by replacement Eligible Institutions for the benefit of the Commission no later than thirty (30) days after the date any such institution no longer qualifies as an Eligible Institution. In the event there is more than one instrument comprising the Provider's Security, the Commission may, at its sole discretion, call upon any of such instruments or combination of such instruments and in such amounts as the Commission deems necessary. The instruments comprising the Provider's Security may be renewable annually (to the extent necessary to equal the applicable aggregate amount), *provided* that (i) each instrument making up Provider's Security provides that, in the event it will not be renewed for an additional year (and is necessary to ensure that the Provider's Security is in the applicable aggregate amount), the applicable Eligible Institution will provide the Commission with written notice thereof at least thirty (30) days prior to the expiration thereof; (ii) if any such instrument comprising the Provider's Security is not renewed for an additional year (to the extent such instrument is necessary to ensure that Provider's Security is in the applicable aggregate amount), Provider must obtain a replacement Provider's Security from an Eligible Institution and Approved by the Commission to be in place so that at no time is Provider in violation of its obligation pursuant to this **Section 18.1** to maintain in place Provider's Security instruments Approved by the Commission throughout the Term in the applicable aggregate amount; and (iii) if any such instrument comprising the Provider's Security is not renewed for an additional year by the tenth (10th) Business Day prior to the stated expiration of the then existing instrument, the Commission may cause such then existing instrument to be drawn upon with the proceeds thereof to be deposited and held in an escrow depository account that is acceptable to the Commission until such time as a Provider's Security instrument from an Eligible Institution and Approved by the Commission has been provided to the Commission. Notwithstanding anything contained herein to the contrary, neither non-renewal by the issuer of an instrument that is part of the Provider's Security nor the failure or inability of Provider to renew an instrument that is part of the Provider's Security for a subsequent year shall constitute a loss to the Commission recoverable under the Provider's Security, *provided* that replacement Provider's Security are put in place on a timely basis so that at no time is Provider in violation of its obligation pursuant to this **Section 18.1** to maintain in place Provider's Security as aforesaid.

18.2 Provider's Security as Collateral. The Commission and Provider agree that the Provider's Security shall serve as collateral and security in the hands of the Commission to be drawn upon for the applicable amount in the event of any amount owed by Provider to the Commission including any of the following: (a) Provider's failure to perform any of its obligations in respect of the Services under this Agreement by reason of becoming insolvent; (b) non-performance by Provider of its obligations regarding the Services which renders Provider to be in breach of this Agreement which breach was not remedied within any applicable cure period (or if no such cure period is specifically provided hereunder, then which has not been remedied within thirty (30) days, it being acknowledged and understood that such thirty (30) day grace period applies solely for purposes of this **Section 18.2**), (c) Provider is liable to the Commission for Transition Credits pursuant to **Section 3.1.6** or SLA Credits in accordance with **Section 5.6**, and such Transition Credits or SLA Credits remain due and payable ten (10) days after the due date for payment and notice of default from the Commission, (d) Provider owes amounts to the Commission due to (i) a Net Income Shortfall Payment in accordance with **Section 5.3.4,** (ii) an overcharge and related audit costs in accordance with **Sections 11.4.2** and/or **11.6,** (iii) a budget surplus in accordance with **Section 10.3.2** (iv) a 13.6.4 Settlement Proposal made in accordance with **Section 13.6.4** and/or (v) a Re-Bid Cost in accordance with **Section 13.8.2,** and such amounts remain due and payable ten (10) days after the due date for payment and notice of default from the Commission, (e) any amount related to the exercise of any right or remedy in respect of the occurrence of an Event of Default and/or (f) Provider owes amounts to the Commission pursuant to **Article 15**. (Each of clauses (a) through (f) above shall be called "**Trigger Events**" and such amounts also called "**Provider Owed Amounts**".) The Provider's Security shall serve as security for the payment of amounts owed by Provider to the Commission including against any Trigger Events and Provider Owed Amounts. Prior to the Commission's draw upon the

Provider's Security, Commission shall provide written notice as to the occurrence of a Trigger Event (or any other event to which a draw relates) and the amount which the Commission intends to draw under the Provider's Security. Provider shall have ten (10) days from its receipt of such written notice to pay to the Commission an amount equivalent to the amount proposed to be drawn by the Commission from the Provider's Security, failing which the Commission may draw upon the Provider's Security up to the proposed amount; *provided however* that in the event the Provider's Security expires within such ten (10) day period, then such notice period shall not apply.

18.3 Guaranty. On the Agreement Effective Date, Provider shall have delivered to the Commission an executed copy of a guaranty issued by GTECH Corporation, a Delaware corporation (the "**Guarantor**"), covering the full and faithful performance and completion of the Services and payment obligations of Provider under this Agreement, substantially in the form of **Exhibit 18.3** or in such other form satisfactory to the Commission (the "**Guaranty**").

ARTICLE 19

LEGAL COMPLIANCE

19.1 Governmental Approvals. Provider shall obtain or provide, at Provider's sole cost and expense, all Governmental Approvals applicable to Provider that are necessary for Provider to commence and complete the Transition Services and to provide the Services.

19.2 Compliance with Applicable Requirements. Provider shall comply with the Applicable Requirements and shall be responsible for any fines or penalties imposed on Provider or the Commission resulting from Provider's failure to comply with the Applicable Requirements.

19.3 Commission Compliance Directives. From time to time the Commission may instruct Provider in writing as to the manner in which Provider should implement compliance with any Applicable Requirements and changes in Provider's policies, procedures and processes relating to such compliance. Provider shall promptly implement and comply with each such "Commission Compliance Directive" in the performance and delivery of the Services. The Commission shall notify Provider in writing of any new Applicable Requirements or changes in the Applicable Requirements that are applicable to the Services of which Commission becomes aware, and Provider shall work with the Commission to the extent necessary to identify the impact of such new Applicable Requirements and changes in the Applicable Requirements on Provider's performance and the Commission's receipt and use of the Services. Provider shall promptly notify the Commission of any new Applicable Requirements or changes in the Applicable Requirements that are applicable to the Services of which Provider becomes aware.

ARTICLE 20

DISPUTE RESOLUTION; GOVERNING LAW

20.1 Dispute Governed by These Procedures.

(a) **Except** as expressly set forth in **Article 9** and except for Disputes related to a party's right to terminate pursuant to **Article 13**, the Parties agree that any Dispute arising out of, relating to, or in connection with this Agreement (including any breach thereof) that is not resolved by the Informal Resolution Procedures, including the question as to whether such Dispute is subject to nonbinding arbitration, shall be resolved pursuant to this **Article 20,** and the Dispute Resolution Procedures provided for in this **Article 20** shall be the sole and exclusive means for resolving any Dispute arising out of, relating to, or in connection with this Agreement.

(b) Resolutions of Disputes pursuant to this **Article 20** shall be final, binding, conclusive and enforceable as set forth in this **Article 20**.

(c) FAILURE OF PROVIDER TO CONFORM TO THE DISPUTE RESOLUTION PROCEDURES RESPECTING ANY DISPUTE SUBJECT THERETO SHALL CONSTITUTE A FAILURE TO PURSUE DILIGENTLY AND EXHAUST THE ADMINISTRATIVE PROCEDURES IN THIS AGREEMENT AND SHALL OPERATE AS A BAR TO THE DISPUTE.

(d) The Parties adopt these methods for resolving Disputes between the Commission and the Provider, each of whom are proper Parties to these Dispute Resolution Procedures.

(e) The Party bringing a Dispute shall bear the burden of proving the same.

20.2 Informal Resolution as Condition Precedent. As a condition precedent to the right to have any Dispute resolved pursuant to the Formal Dispute Resolution Procedures or by the Marion County, Indiana Circuit/Superior Court, the claiming Party must first attempt to resolve the Dispute directly with the responding Party through the Informal Resolution Procedures. Time limitations set forth for those Informal Resolution Procedures may be changed by mutual written agreement of the Parties. Changes to the time limitations for the Informal Resolution Procedures agreed upon by the Parties shall pertain to the particular Dispute only and shall not affect the time limitations for Informal Resolution Procedures applicable to any other or subsequent Disputes.

20.3 Informal Resolution Procedures.

20.3.1 Notice of Dispute to Designated Agent

(a) The claiming Party shall initiate the Informal Resolution Procedures by serving a written notice on the other Party's designated agent. Unless otherwise indicated by written notice from one Party to the other Party, each Party's designated agent shall be its Dispute Representative. The notice shall contain a concise statement describing: (i) the date of the alleged act, inaction or omission or threatened action or inaction giving rise to the Dispute; (ii) an explanation of the Dispute, including a description of its nature, circumstances and cause; (iii) a reference to any pertinent provision(s) from this Agreement; (iv) the estimated dollar amount of the Dispute, and how that estimate was determined (including any cost and revenue element that has been or may be affected) or if the claiming Party contends that this provision is not applicable, a statement as to why it is not applicable; (v) if applicable, an analysis of the Transition Plan and all associated dates and milestones showing any changes or disruptions (including an impacted delay analysis reflecting the disruption in the manner and sequence of performance that has been or will be caused, delivery schedules, staging, and adjusted Transition Milestones); (vi) the claiming Party's plan for mitigating the amount claimed and/or the delay claimed, or if the claiming Party contends that this provision is not applicable, a statement as to why it is not applicable; (vii) the claiming Party's desired resolution of the Dispute, and if seeking a monetary award, a detailed calculation to support the desired resolution; and (viii) any other information the claiming Party considers relevant.

(b) The notice shall be signed by the Dispute Representative of the claiming Party, and shall contain a written certification by the claiming Party that: (i) the notice of Dispute is served in good faith; (ii) except as to specific matters stated in the notice as being unknown or subject to discovery, all supporting information is reasonably believed by the claiming Party to be accurate and complete; (iii) the Dispute accurately reflects the amount of money or other right, remedy or relief to which the claiming Party reasonably believes it is entitled; and (iv) the Dispute Representative is duly authorized to execute and deliver the notice and such certification on behalf of the claiming Party.

(c) The Parties shall attempt in good faith to resolve such Dispute within fifteen (15) days of delivery of the notice of Dispute to the responding Party. If the responding Party agrees with the claiming Party's position and desired resolution of the Dispute, it shall so state in a written response signed by the responding Party's Dispute Representative and delivered to the claiming Party. The notice of the Dispute and such response shall suffice to evidence the Parties' resolution of the subject Dispute unless either Party requests further documentation. Upon either Party's request, within five (5) Business Days after the claiming Party's receipt of the responding Party's response in agreement, the claiming Party's Dispute Representative shall state the resolution of the Dispute in a signed writing.

20.3.2 Commission Director Meetings. If the Dispute is not resolved pursuant to **Section 20.3.1(c)**, then commencing within fifteen (15) days after the notice of Dispute is served and concluding fifteen (15) days thereafter, the Chief Executive Officer of Provider and the Commission Director, shall meet and confer, in good faith, to seek to resolve the Dispute raised in the claiming Party's notice of Dispute. If they succeed in resolving the Dispute, Provider and the Commission shall memorialize the resolution in a signed writing.

20.3.3 Failure to Resolve Dispute with Informal Resolution Procedures

(a) If a Dispute is not timely resolved under the Informal Resolution Procedures, then the Parties may mutually agree to initiate mediation.

(b) If a Dispute is not timely resolved under the Informal Resolution Procedures or by mediation, or the Parties do not mutually agree to initiate mediation or other alternative dispute resolution process, either Party may: (i) as a condition precedent to the right to have any Dispute within the jurisdiction of the arbitrator resolved by the Marion County, Indiana Circuit/Superior Court, pursuant to **Section 20.4.2(a)** refer the Dispute to the arbitrator for an arbitrator decision; or (ii) with respect to all other Disputes, as well as Disputes submitted to but not finally resolved through the arbitrator, pursue any other relief that may be available in the Marion County, Indiana Circuit/Superior Court pursuant to **Section 20.4.2**.

20.4 Formal Resolution Procedures

20.4.1 Non-binding Arbitration

(a) It is the intent of the Parties to resolve the Dispute between them whenever possible by mutual and voluntary settlement rather than through any binding dispute resolution process. In support of this, the Parties acknowledge that, except as otherwise provided herein, if the Dispute cannot be settled through the Informal Resolution Procedures, the Parties agree first to submit their Dispute to non-binding arbitration as a condition precedent to filing litigation under **Section 20.4.2**. The Parties recognize that non-binding arbitration is a process to assist them in resolving their Disputes by making their own free and informed choices and that the arbitrator will have no authority to impose a binding award on any Party but only to issue an advisory decision. The non-binding award cannot be entered as a judgment in any court, except on mutual consent of the Parties, nor can it be cited as evidence or precedent with any preclusive effect in any court or other proceeding.

(b) A Party shall initiate the non-binding arbitration process by serving a written demand for arbitration on the other Party's designated agent. Unless otherwise indicated by written notice from one Party to the other Party, each Party's designated agent shall be its Dispute Representative. The arbitration demand shall contain a concise statement of the matters set forth in **Section 20.3.1(a)**.

(c) The receiving Party shall respond to the demand for arbitration within ten (10) Business Days of receipt thereof.

(d) The Parties shall attempt in good faith to select an arbitrator to which they mutually agree within ten (10) Business Days of the notice of non-binding arbitration. If the Parties are unable to agree on an arbitrator, the Parties agree to select from the most current list of mediators as maintained by the Indiana Supreme Court Division of State Court Administration (the "List of Mediators"). In the event the Parties cannot agree, the arbitrator shall be selected through a striking process by which (i) each Party shall propose ten (10) names appearing on the List of Mediators, (ii) Provider shall strike two (2) names, followed by Commission striking two (2) names and thereafter each Party shall alternately strike two (2) additional names until eight (8) remain, and (iii) from such eight (8) remaining names Provider shall then strike one (1) name, followed by the Commission striking one (1) name and thereafter each Party shall alternately strike one (1) additional name until two (2) names remain, at which point the Parties shall select the arbitrator from the remaining candidates by coin flip or other act of random chance. In the event that the arbitrator selected does not agree to serve, then the arbitrator whose name was stricken immediately before shall be selected. This procedure shall be repeated, if necessary, until an arbitrator who agrees

to serve is selected. Unless mutually agreed otherwise, the Parties shall complete the process of selecting an arbitrator within twenty (20) days of the notice initiating non-binding arbitration.

(e) The cost of the arbitration shall be equally divided between the Parties, regardless of outcome.

(f) Unless otherwise agreed, the arbitration hearing shall take place in Indianapolis, Indiana, at a location to be mutually agreed upon or determined by the arbitrator. The hearing shall be scheduled for a date no later than 90 days after the demand for arbitration is sent.

(g) The rules of discovery shall apply. Unless agreed otherwise, each Party shall be entitled to take no more than two depositions.

(h) No later than thirty days before the hearing, each Party shall provide the arbitrator and the opposing Party with a listing of witnesses and documentary evidence to be considered. The listing of witnesses shall designate those to be called in person, by deposition and/or by written report.

(i) Unless otherwise agreed, all documents the Parties desire to be considered in the arbitration process shall be filed with the arbitrator and exchanged between the Parties no later than thirty (30) days prior to the arbitration hearing. In addition, no later than fifteen (15) days prior to hearing, each Party may file with the arbitrator a pre-arbitration brief setting forth the factual and legal positions as to the issues being arbitrated.

(j) Unless agreed otherwise, the arbitration hearing shall be limited to three days, and the arbitrator shall issue its written determination within twenty (20) days of the close of the hearing and shall serve a copy of this determination on the Parties who participated in the arbitration.

(k) If the non-binding arbitration is not completed and the Parties do not reach a mutually agreeable settlement within one hundred and twenty (120) days after initiation of the non-binding arbitration, either Party may continue to pursue the Dispute by filing a complaint in the Marion County, Indiana Circuit/Superior Court, or the Parties may mutually agree to extend the time for non-binding arbitration.

(l) If neither Party rejects the arbitrator's non-binding determination within thirty (30) days of its being issued by the arbitrator, such decision shall become final and binding as between the Parties, and shall be enforceable in any court of competent jurisdiction.

(m) In the event one Party rejects the arbitrator's determination, it shall send a notice of its objection/rejection to the other Party within thirty (30) days of such decision and either Party may proceed with state court litigation as provided in **Section 20.4.2**.

(n) The non-binding arbitration proceedings shall be considered as settlement negotiations and shall be governed by **Section 20.5(a)**.

(o) In the event the amount at issue in the Dispute is greater than Two Million Dollars ($2,000,000), then at the Commission's sole discretion the Dispute may proceed directly from the Informal Resolution Procedures to state court litigation pursuant to **Section 20.4.2.** The Commission shall advise Provider of its decision to forgo the non-binding arbitration procedures by written notice submitted no later than the date by which the response to an arbitration demand is due. For avoidance of doubt, if there is no arbitration hearing and decision under **Section 20.4.1**, then attorneys' fees provisions in **Section 20.4.2(b)** shall not apply.

20.4.2 State Court Litigation

(a) In the event a Party rejects the arbitrator's determination in accordance with **Section 20.4.1(m)**, or the Commission determines to forego non-binding arbitration in accordance with **Section 20.4.1(o)**, then either Party may thereafter file a lawsuit in the Marion County, Indiana Circuit/Superior Court located in Marion County, Indiana.

(b) In the event the Party that rejected the arbitrator's decision does not obtain a more favorable result at the trial court level in the state court litigation, that Party shall be responsible to pay for the litigation costs, including the attorneys' fees, incurred by the other Party in the state court litigation.

20.5 Confidentiality of Settlement Negotiations and Other Documents Used in Dispute Resolution Process

(a) All discussions, negotiations, Informal Resolution Procedures described in **Section 20.3** and non-binding arbitration proceedings described in **Section 20.4** between the Parties to resolve a Dispute, and all documents and other written materials furnished to a Party or exchanged between the Parties during any such discussions, negotiations, procedures or proceedings, shall be considered Confidential Information and not subject to disclosure by either Party.

(b) During any arbitration, alternative dispute resolution or judicial proceeding regarding a Dispute, all information that has been deposited in an Intellectual Property escrow pursuant to **Section 8.8** shall be available as evidence but treated as Confidential Information and subject to a protective order issued by the arbitrator or court to protect the information from public disclosure.

(c) The Parties may also request a protective order in any arbitration, alternative dispute resolution or judicial proceeding to prohibit the public disclosure of any other information they believe is confidential. Determinations of such requests by the arbitrator or court shall be governed by the standards in the Indiana Rules of Evidence and Indiana Rules of Trial Procedure and/or Indiana's Administrative Rules, as applicable.

20.6 Venue and Jurisdiction. The Parties agree that the exclusive original jurisdiction and venue for any legal action or proceeding, at law or in equity, that is permitted to be brought by a Party in court arising out of this Agreement shall be the Marion County, Indiana Circuit/Superior Court. Service of process on a Party may be made either by registered or certified mail addressed as provided for in **Section 22.3** or by delivery to the applicable Party's registered agent for service of process in the State. If the Party is presented with a request for documents by any administrative agency or with a subpoena duces tecum regarding any documents which may be in its possession by reason of this Agreement, such Party shall give prompt notice to the other Party, at the address specified in **Section 22.3**. The Commission may contest such process by any means available to it before such records or documents are submitted to a court or other third party; *provided, however*, that Provider shall not be obligated to withhold such delivery beyond that time as may be ordered by the court or administrative agency or required by law, unless the subpoena or request is quashed or the time to produce is otherwise extended.

20.7 Performance of Agreement, Continuation of Services, and Payments

(a) At all times during Dispute Resolution Procedures or until this Agreement is terminated pursuant to **Article 13**, Provider shall continue with the performance of the Services and obligations, including any Dispute as to the scope of Services or obligations, diligently and without delay, in accordance with this Agreement, except to the extent enjoined by order of a court or otherwise Approved. Provider acknowledges that it shall be solely responsible for the results of any delaying actions or inactions taken during the course of Dispute Resolution Procedures relating to any Dispute as to the scope of Services or obligations even if Provider's position in connection with the Dispute ultimately prevails.

(b) During the course of any Dispute Resolution Procedures, the Parties shall continue to comply with all provisions of this Agreement including Applicable Requirements.

(c) Throughout the course of any Dispute, Provider shall keep complete records that provide a clear distinction between the incurred direct and indirect costs related to the Dispute and that which is not in Disputed. Provider shall provide the Commission access to all Contract Records as the Commission desires to evaluate the Dispute. The arbitrator shall have similar access to all such Contract Records. All such Contract Records shall be retained for a period of not less than one year after the date of resolution of any Dispute pertaining to such Dispute (or for any longer period required under any other applicable provision of this Agreement).

(d) During the course of any Dispute Resolution Procedures, the Commission shall continue to pay to Provider when due all undisputed amounts owing under this Agreement.

(e) In addition to the foregoing, under no circumstances shall a Party repudiate this Agreement, in whole or part, or otherwise refuse to perform all or any portion of this Agreement including, with respect to Provider, the Services, except as a Party's refusal to perform is expressly excused by a contractual provision in this Agreement or a Party is permitted to terminate this Agreement or the Services. Provider expressly acknowledges and agrees that, pending resolution of any Dispute, it shall not deny, withdraw, or restrict Provider's provision of the Services to the Commission under this Agreement, except as specifically and expressly agreed in writing by the Commission and Provider. The time frame for a Party to cure any breach of the terms of this Agreement shall not be tolled by the pendency of any Dispute Resolution Procedures.

20.8 Financial Expert Engagement. When any provision of this Agreement requires the Parties to engage a Financial Expert, such engagement shall be initiated by the Commission, which shall be required to be initiated no sooner than the later of (a) thirty (30) days after the date the Commission has received any applicable proposed and complete analysis that would be the subject of such engagement or (b) ten (10) Business Days after notice of Provider requesting such action.

20.8.1 Selection of a Financial Expert. If the Parties cannot mutually agree upon the Financial Expert to be so engaged within fifteen (15) days after notice to the other Party indicating a desire to initiate such an engagement, then either Party may request that the selection be made pursuant to the Dispute Resolution Procedures, with such Informal Resolution Procedures to be commenced by each Party proposing three (3) Persons to the other Party to serve in such role as the Financial Expert (which may or may not be selected from the List of Mediators and which may be proposed by a Party only to the extent that such person clearly satisfies the requirements set forth in the definition of Financial Expert); *provided* that in the event that such Informal Resolution Procedures involves the use of an arbitrator pursuant to **Section 20.4.1**, then the selection of a Financial Expert by an arbitrator shall be binding on the Parties. After the selection of the six (6) potential Financial Experts but prior to ranking, the Parties shall ensure that each potential Financial Expert (a) satisfies the subject matter and independence requirements, including if deemed necessary by either Party, through interviews of each candidate and (b) has indicated their willingness to serve, if selected. The candidates will be ranked by each Party assigning a score of one through six with highest candidate being scored a six; the total of such scores assigned by both Parties shall establish the rankings for each of the proposed Financial Experts. The candidate with the highest total ranking shall be selected the Financial Expert. In the event of a tie between two (2) or more Financial Experts in rank, a Party may eliminate any such tied Financial Experts proposed by the other Party until there are only two (2) Financial Experts remaining, at which point the Parties shall select the Financial Expert from the remaining candidates by coin flip or other act of random chance; *provided* however the Commission may in lieu of any such randomly selected Financial Expert accept at any point any of the three (3) Financial Experts proposed by Provider. In any event, the selection of the Financial Expert shall occur within forty-five (45) days following the initiation of the engagement to select a Financial Expert under this **Section 20.8**. The costs of the Financial Expert shall be borne at the sole cost and expense of the Provider.

20.8.2 Nature of a Financial Expert Determination. The Financial Expert shall be deemed to act as an expert and not as an arbitrator. The Financial Expert shall be instructed to notify its determination to both Parties within sixty (60) days of engagement by means of a written determination which shall (except in the case of manifest error) be final and binding on both Parties for purposes of this Agreement except as otherwise provided in this **Section 20.8.2** or in **Section 4** of **Schedule 10.1**. The failure of any Party to respond in writing to any finding of Financial Expert's proposed amount related to such a Dispute within fourteen (14) days of receipt of the applicable notification shall be deemed acceptance of it. The following sentence shall apply to any matter herein in which a Financial Expert is made applicable by the provisions of this Agreement other than a matter pursuant **Section 4** of **Schedule 10.1**. If either Party disagrees, in writing, within fourteen (14) days of receiving such finding of the Financial Expert and:

(a) If the adjustment found by the Financial Expert in any one instance is less than five percent (5%) from the adjustment or the amount proposed by the Commission, then such Financial Expert's adjustment, if any, shall be final and binding upon the Parties; or

(b) If adjustment found by the Financial Expert in any one instance is equal to or greater than five percent (5%) from the adjustment or the amount proposed by the Commission, then the Dispute over the appropriate amount of adjustment shall be settled in accordance with the other Dispute Resolution Provisions of this **Article 20** of this Agreement; and

(c) *Provided* that such five percent (5%) threshold shall apply to each instance, and the phrase "in any one instance" as used in this **Section 20.8.2** shall mean each discrete event for which the opinion of a Financial Expert is sought, and does not mean each time a Financial Expert is engaged. The Financial Expert shall have the authority to determine whether claims presented are discrete events.

20.9 Governing Law. This Agreement shall in all respects be interpreted under, and governed by, the laws of the State of Indiana including as to validity, interpretation and effect, without giving effect to the State of Indiana' conflicts of laws principles.

20.10 Sovereign Immunity. Except as provided in Indiana Code 34-13, the Commission shall not be made a defendant or party in any court whatsoever. Provider's remedies hereunder are expressly limited to the remedies afforded to it under this Agreement. Notwithstanding the foregoing, the Commission hereby reserves any and all rights to sovereign immunity with respect to all claims that may be asserted by Provider arising out of this Agreement. The Commission does not waive sovereign immunity by entering into this Agreement.

ARTICLE 21

ADVERSE ACTIONS

21.1 Adverse Actions.

21.1.1 Adverse Actions. An "**Adverse Action**" shall consist of (i) any affirmative action by the Commission, (ii) any failure of the Commission to act where such action is required by this Agreement and such failure to act results in a breach of this Agreement by the Commission, (iii) any affirmative action by another Indiana Governmental Authority, or (iv) any affirmative action by a federal Governmental Authority, which at any time during the Term meets each and all of the following requirements of **subsections (a) through (f)** of this **Section 21.1.1**:

(a) meets one of the following requirements set forth in clause (1), (2) or (3) below:

1. Such act (or failure to act) shall have had the effect of countermanding or revoking Approval for (A) a clear and conspicuous action plan that was set forth in and established by the initial Detailed Portion of the Plan related to the first two (2) Contract Years, or in an updated Detailed Portion of the Plan related to later Contract Years that had previously been Approved, as applicable, but which shall not be established by reference to general or generic descriptions related to any action plan in any such Detailed Portion of the Plan; or (B) a business practice or activity that is substantially the same in scope and effect as was in use by the Commission during the fiscal year ending June 30, 2012; or

2. Such act (or failure to act) shall have had the effect of being inconsistent with a clear and conspicuous action plan that was set forth in and established by (A) any Detailed Portion of the Plan related to the first two (2) Contract Years, or (B) any updated Detailed Portion of the Plan related to later Contract Years, in each case that had been previously Approved; or

3. Is an act set forth in foregoing clauses (iii) or (iv), which is not an act set forth in **Section 21.1.2** or an act that is an Upward Adjustment Trigger; and

(b) Provider shall establish by clear, convincing and demonstrable evidence that there is a direct causal relationship between such potentially Adverse Action and the asserted economic effect thereof; and

(c) Provider shall establish by clear, convincing and demonstrable evidence that such potentially Adverse Action will have (a) an adverse impact on Provider Net Income in any one applicable Contract Year in an amount in excess of One Million Dollars ($1,000,000), as and when determined for each separate, discrete and distinct matter asserted to be a potentially Adverse Action (rather than in aggregate for all unrelated matters), and (b) an adverse impact on Provider's ability to earn and collect Incentive Compensation (or increases the Net Income Shortfall Payment owed by the Provider); and

(d) Such act (or failure to act) shall not be any act and omission that is in response to any act or omission on the part of Provider that (i) is illegal (other than an act or omission rendered illegal by virtue of the Adverse Action) or (ii) constitutes a material breach of this Agreement by Provider; and

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

(f) The Commission shall not have given notice to Provider within ten (10) Business Days after its receipt of the notice under the foregoing **subsection (e)** of its intent to consider and/or take steps to eliminate or mitigate such adverse impact (or if such notice under the foregoing **subsection (e)** has been so given, the Commission shall have failed to eliminate or mitigate such adverse impact within ninety (90) days after it was so given or such longer period that the Commission may inform Provider that it is diligently pursuing the elimination or mitigation of such adverse impact) (such failure to give such notice or take such action under this **subsection (f)**, an "**Adverse Action Trigger**").

21.1.2 No Adverse Action. Notwithstanding anything in Section 21.1.1 to the contrary, an Adverse Action shall not be deemed to have occurred in the following circumstances: (a) an Indiana Governmental Authority enacts or amends any of the Force of Law Requirements in a manner that permits or requires (i) new Gambling Game activities that are similar to Gambling Game activities being conducted at all or any one Casino Facility in the State as of the date the Provider Bid was submitted to the Commission, (ii) new charity gaming activities (under Indiana Code 4-32.2) which are similar to the charity gaming activities being conducted in the State as of the date the Provider Bid was submitted to the Commission, (iii) new pari-mutuel wagering on live races (under Indiana Code 4-35) at racetracks or satellite facilities in the State, which is similar to the pari-mutuel wagering being conducted at existing racetracks or satellite facilities as of the date the Provider Bid was submitted to the Commission; or (iv) new type II gambling activities (under Indiana Code 4-36) which are similar to the type II gambling activities being conducted in the State as of the date the Provider Bid was submitted to the Commission; (b) the imposition of, or an increase in taxes of general application; (c) any final decision, judgment, opinion or interpretation by the Commission, any other Indiana Governmental Authority or a court of competent jurisdiction interpreting the Lottery Law as it existed as of the date the Provider Bid was submitted to the Commission; (d) any action by the Commission contemplated in an Annual Business Plan; or (e) any act or failure to act by the Commission in connection with the Transition Plan (or activities, events or matters related to it), the Ramp-up Period Plan (or activities, events or matters related to it), or anything related to activities, events or matters occurring prior to the Base Services Commencement Date, to the extent that such act or failure to act by the Commission was necessary

to prevent or avoid an adverse impact on achieving the result shown as *Surplus Revenue to the State* in the Commission's original budget for its fiscal period ending on June 30, 2013.

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

ARTICLE 22

MISCELLANEOUS

22.1 Assignment.

22.1.2 General. Neither Party shall assign, transfer or delegate its rights and duties under this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the other Party, except in the following circumstances: (a) Provider can subcontract certain of its obligations as permitted by **Article 7** and (b) the Commission may assign its rights or obligations under this Agreement, without approval of Provider, to another Indiana Governmental Authority which expressly assumes the Commission's obligations and responsibilities hereunder. Any assignment in contravention of this **Section 22.1** shall be null and void *ab initio*. Subject to all other provisions herein contained, this Agreement shall be binding on the Parties and their successors and permitted assigns.

22.1.3 Restriction on Assignment. The Parties further agree that the Services to be rendered under this Agreement were determined by the Commission after having undertaken a detailed, sophisticated and significant (a) selection process that included a broad solicitation pursuant to the RFI, (b) evaluation processes involving multiple responses to the RFI including the Provider Bid and (c) diligence processes including matters dealing with Highest Standards and compliance with the requirement of the Lottery Law. Provider acknowledges that the Commission's selection of Provider included the Commission's analysis of the Provider Bid and Provider's capacity to perform its obligation under this Agreement (including undertaking its Transition Plan, Ramp-up Period Plan, Annual Business Plan and Disentanglement Services Plan) to maximize sales and Commission Net Income from the Lottery while maintaining and acting consistent with the Highest Standards. Provider further acknowledges that Indiana Code 4-30-8-1 requires the Commission in all procurement decisions (including this Agreement) to take into account the particularly sensitive nature of the Lottery and to consider the competence, quality of product, experience, and timely performance of any Vendor (including Provider) in order to promote and ensure security, honesty, fairness, and integrity in the operation and administration of the Lottery and the objective of raising net revenues for the benefit of the public purposes described in Lottery Law. Provider acknowledges that given the nature of the Services and the applicable Lottery Law governing the Commission and the Lottery, the Services to be rendered hereunder are non-assignable by Provider (unless Approved) for purposes of Section 365(c)(1) of the Bankruptcy Code.

22.2 Third Party Beneficiaries. This Agreement is entered into solely between, and may be enforced only by, the Commission and Provider and their respective permitted successors and assigns. Except for the Commission Indemnitees and the Provider Indemnitees, this Agreement shall not be deemed to create any rights or causes of action in or on behalf of any Third Parties, including employees, agents, representatives, contractors, suppliers or customers of a Party or any other Third Party Entity.

22.3 Notices. Any written notice, request, consent, approval or other communication required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed to have been given: (a) upon delivery if delivered personally; (b) upon transmission if sent via facsimile or electronic mail (with the original sent by recognized overnight courier); or (c) one (1) Business Day after deposit with a national overnight courier, in each case addressed to the following mailing addresses/facsimile numbers/electronic mail addresses, or to such other mailing addresses/facsimile numbers/electronic mail addresses as may be specified by a Party upon written notice to the other in accordance with the terms of this **Section 22.3**:

If to the Commission:

Hoosier Lottery
1302 N. Meridian St.
Indianapolis, IN 46202
Attention: Director

With a copy to:

Hoosier Lottery
1302 N. Meridian St.
Indianapolis, IN 46202
Attention: General Counsel

If to Provider:

GTECH Indiana, LLC
1302 N. Meridian St.
Indianapolis, IN 46202
Attention: Chief Executive Officer

With a copy to:

GTECH Corporation
GTECH CENTER
10 Memorial Boulevard
Providence, RI 02903
Attention: General Counsel

22.4 Waivers. A delay or omission by either Party hereto to exercise any right or power under this Agreement shall not be construed to be a waiver thereof. A waiver by either of the Parties hereto of any of the covenants to be performed by the other or any breach thereof shall not be construed to be a waiver of any succeeding breach thereof or of any other covenant herein contained. All waivers shall be in writing and signed by the Party waiving its rights.

22.5 Relationship Between the Parties. Neither Party (nor any employee, subcontractor or agent thereof) shall be deemed or otherwise considered a representative, agent, employee, partner or joint venturer of the other Party. Further, neither Party (nor any employee, subcontractor or agent thereof) shall have the authority to enter into any agreement, nor to assume any liability, on behalf of the other Party, nor to bind or commit the other Party in any manner, except as expressly provided in this Agreement. Provider, in furnishing Services to the Commission hereunder, is acting as an independent contractor, and Provider has the sole obligation to supervise, manage, contract, direct, procure, perform or cause to be performed, all work to be performed by Provider under this Agreement.

22.6 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, that provision shall be deemed stricken and the remainder of this Agreement shall continue in full force and effect insofar as it remains a workable instrument to accomplish the original intent and purposes of the Parties, and, if possible, the Parties shall replace the severed provision with a provision that reflects the intention of the Parties with respect to the severed provision but that shall be valid and enforceable.

22.7 Bankruptcy Protection. All rights and licenses granted under or pursuant to this Agreement by Provider to the Commission are, and shall otherwise be deemed to be, for purposes of Section 365(n) of Title 11 of the Bankruptcy Code, licenses to rights to "intellectual property" as defined under the Bankruptcy Code. The Parties agree that the Commission, as licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and remedies available to it under the Bankruptcy Code, including Section 365(n) thereof.

22.8 Counterparts. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

22.9 Further Assurances. Subsequent to the execution and delivery of this Agreement and without any additional consideration, each Party shall execute and deliver any further legal instruments and perform any acts that are or may become reasonably necessary to effectuate the purposes of this Agreement.

22.10 Covenant Regarding Pledging. To the extent permitted by **Section 22.1** or by Commission Approval, if Provider assigns, transfers, pledges, hypothecates or otherwise encumbers its rights to receive payments from the Commission under this Agreement, Provider shall continue to be the Commission's sole point of contact with respect to this Agreement, including with respect to payment. The Entity to which such rights are assigned, transferred, pledged, hypothecated or otherwise encumbered shall not be considered a Third Party beneficiary under this Agreement and shall not have any rights or causes of action against the Commission.

22.11 Covenant of Good Faith. Each Party agrees that, in its respective dealings with the other Party under or in connection with this Agreement, it shall act in good faith.

22.12 Acknowledgement. The Parties each acknowledge that the terms and conditions of this Agreement have been the subject of active and complete negotiations, and that such terms and conditions should not be construed in favor of or against any Party by reason of the extent to which any Party or its professional advisors participated in the preparation of this Agreement.

22.13 Entire Agreement. This Agreement, the Services Exhibit and the Other Attached Documents are an integral part of this Agreement and shall be read and interpreted together with this Agreement as a single document. This Agreement, consisting of all of the pages of this instrument, together with the Services Exhibit and Other Attached Documents, sets forth the entire, final and exclusive agreement between the Parties and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, between the Parties related to the subject matter herein.

22.14 Time is of the Essence. The times for performance provided in this Agreement are essential due to the obligations and expenditures of the Parties. If a time is not specified, performance shall be required promptly and with due regard to the conditions of performance of other parties in reliance thereon.

[END OF PAGE; SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, this Integrated Services Agreement is effective as of the Agreement Effective Date.

STATE LOTTERY COMMISSION OF INDIANA

By: Karl B. Browning
Karl B. Browning, Director

GTECH INDIANA, LLC

By: Cornelia Laverty O'Connor
Cornelia Laverty O'Connor
Chief Executive Officer

Schedule 1.2
Definitions

"**Adverse Action**" is defined in **Section 21.1.1.**

"**Adverse Action Trigger**" is defined **subsection (f)** of **Section 21.1.1.**

"**Affected Period**" is defined in **Section 13.5.1(l).**

"**Affiliate**" means (i) any Entity that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with the Entity specified; and (ii) any Entity in which the Entity specified has a direct or indirect, through one or more intermediaries, financial interest either through ownership, contract or otherwise.

"**Agreement**" means this Integrated Services Agreement, the Services Exhibit and the Other Attached Documents, all as amended from time-to-time.

"**Agreement Effective Date**" has the meaning set forth in the preamble hereto.

"**Amortization Methodology**" means the more rapid methodology used to depreciate or amortize consistent with the following – either: (1) the methodology, consistent with GAAP, to be used to depreciate or amortize any capital expenditure investment (including any Significant Investment), in respect of which the applicable depreciation or amortization period and the rate of depreciation or amortization for any applicable period shall in no event (a) delay such depreciation or amortization more than would occur using a straight line depreciation/amortization methodology over a useful life that is reasonably acceptable to the Commission; or (b) be less rapid (in duration or percentage) than that in practice by any first tier provider in the industry for comparable capital investments; or (2) the methodology in use by the Person to depreciate or amortize any capital expenditure investment (including any Significant Investment) in respect of federal income taxation by the United States of America.

"**Annual Business Plan**" means either the Initial Annual Business Plan or the then current Updated Annual Business Plan, as the case may be.

"**Applicable Requirements**" means (a) the standards, policies, practices, processes, procedures, controls and rules of the Commission regarding confidentiality, security, record retention, safety and health and personal, professional and ethical conduct (including those contained in the Ethics Code, the Operating Standards and other written policies and procedures) applicable to the provision of the Services and (b) all Force of Law Requirements, policies, and rules applicable to the provision of the Services, including those set forth in the Operating Standards, and all additions and modifications to each of **subsections (a)** and **(b)**.

"**Approval**", "**Approved**" and similar expressions mean approved or consented to in writing by the Commission, in each case at the discretion of the Commission, as such Approvals are obtained in accordance with the Governance Protocols.

"**Assumed Commission Contracts**" has the meaning set forth in **Section 3.3.1**.

"**Bankruptcy Code**" means the United States Bankruptcy Code, as amended.

"**Base Services**" is defined in **Section 4.1**.

"**Base Services Commencement Date**" means the later of (i) the Scheduled Base Services Commencement Date and (ii) the date following the Transition Completion Date.

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

"**Budget**" is defined in **Section 5.3.2.**

"**Business Days**" means any day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State are authorized to close.

"**Casino Facility**" means any facility where Gambling Games are conducted under the jurisdiction of the Indiana Gaming Commission pursuant to Indiana Code 4-33 or Indiana Code 4-35.

"Central Gaming System" means one or more computer systems designed to control, monitor, and communicate with the Terminals and to record the plays and transactions processed by the Terminals for Draw Games and Instant Lottery Games.

"**Certificate of Transition**" is defined in **Section 3.1.7.**

"**Change in Control**" means: (a) any transaction or combination of transactions as a result of which an Entity that presently is in Control of a Party ceases to be in Control of such Party; (b) the direct or indirect sale, transfer, exchange or other disposition (including disposition in full or partial dissolution) to an Entity other than an Excluded Person of twenty percent (20%) or more of the beneficial ownership (as defined in Section 13(d) of the Securities Exchange Act of 1934) of the voting power of a Party, or of the assets of such Party that constitute a substantial or material business segment of such Party; or (c) with respect to Provider, the unit, division or operating group of Provider that is responsible in providing the Services to the Commission is directly or indirectly sold or transferred in whole or in part to an Entity other than an Excluded Person or otherwise experiences a change in ownership or Control.

"**Claim**" means any civil, criminal, administrative or investigative suit, action or proceeding brought by a Third Party against a Party.

"**Commission**" has the meaning set forth it the preamble hereto.

"**Commission Cap**" is defined in **Section 16.1**.

"**Commission Data**" means, in or on any media or other form of any kind: (a) all data that is in the possession of the Commission as of the Agreement Effective Date, all data updating and/or manipulating such data and all data concerning or indexing such data (regardless of whether or not owned by the Commission or generated or compiled by or for the Commission); (b) all other records, data, files, input materials, reports, forms and other such items that may be received, computed, developed, used or stored by Provider from, for or on behalf of the Commission, or in connection with the Services; and (c) Commission Personal Data.

"**Commission Data Files**" is defined in **Section 9.2.4**.

"**Commission Designee**" shall mean the "Commission Designee" as from time to time provided for in the Operating Standards and, in the absence thereof, the Commission Director.

"**Commission Director**" shall mean the Person appointed to the role of the Director of the Commission as specified by the Lottery Law (or, if such role is not from time to time specified by the Lottery Law or established or filed by the Commission, the Person from to time to time serving as the acting chief executive officer for or behalf of the Commission or the governing body of any successor in interest as permitted by **Section 22.1**), which shall not be the Provider Lead or any employee of the Provider.

"**Commission Facilities**" means any facility or site owned, leased, or under the control of the Commission at which the Commission receives Services and/or is used by Provider to provide the Services.

"**Commission Indemnitees**" means the Commission and each of its respective commissioners, directors, officers, employees, attorneys, agents, representatives, consultants, successors and assigns.

"**Commission Intellectual Property**" means, collectively: (a) the Intellectual Property (including the Commission Licensed Technology), that is (i) owned, acquired or developed by the Commission prior to or after the Agreement

Effective Date, or (ii) licensed or leased by the Commission from a Third Party prior to or after the Agreement Effective Date; and (b) Commission New Intellectual Property.

"**Commission Lead**" is defined in **Schedule 5.1**.

"**Commission Licensed Technology**" means the Commission owned and licensed Intellectual Property set forth on **Schedule 8.1.2** and as mutually agreed and supplemented during Transition.

"**Commission Net Income**" means all revenue derived from the Lottery, *less* paid Prize Claims, commissions to Lottery Retailers, Operating Expenses, Incentive Compensation and any other expense of the Commission other than Operating Expenses and Incentive Compensation, all determined in accordance with GAAP.

"**Commission New Intellectual Property**" means (a) any modifications and enhancements to, and derivatives of, Intellectual Property described in **clause (a)** of the definition of "Commission Intellectual Property" whether developed by the Commission or jointly by the Parties, (b) any Intellectual Property developed by the Commission on or after the Agreement Effective Date with no assistance from Provider, Provider's Affiliates and/or Provider's Subcontractors and without incorporating the Confidential Information of any of those Entities; (c) any Intellectual Property licensed or leased by the Commission from a Third Party on or after the Agreement Effective Date; and (d) any modifications and enhancements to, and derivatives of, Intellectual Property described in clauses (b) and (c) of this definition whether developed by the Commission or jointly by the Parties.

"**Commission Personal Data**" means, collectively, all data or information, in any form, that is provided to Provider by or from a Third Party on behalf of the Commission or any data or information that is collected, generated or processed by Provider for the benefit of the Commission, that alone, or in combination with other information: (a) is considered "sensitive personal data" defined under any Applicable Requirements; and/or (b) uniquely identifies (i) a current, former or prospective customer, agent, vendor or contractor of the Commission, or (ii) any employee of any of the foregoing or an employee of the Commission, or their respective spouses or families, and includes customer names, addresses, telephone numbers and/or any other personally identifiable information, including copies of such information, and materials derived from such information.

"Commission Personnel" are the employees from time to time of the Commission while any such Person is employed by the Commission.

"Commission's Unrecovered Shortfall Amount" means the remainder, if any, by which Bid Net Income for any Contract Year exceeds the sum of Provider Net Income and Net Income Shortfall Payment for such Contract Year.

"**Commission Transition Activities**" is defined in **Section 3.1**.

"**Confidential Information**" means (subject to **Section 9.5**): (a) all information marked confidential, restricted or proprietary by either Party; and (b) any other information that is treated as confidential by the Disclosing Party and would reasonably be understood to be confidential, whether or not so marked. In the case of the Commission, Confidential Information also shall include Commission Intellectual Property, Commission Data, attorney-client privileged materials, attorney work product, customer lists, customer contracts, customer information and transaction data, rates and pricing, information with respect to competitors, strategic plans, account information, research information, financial/accounting information (including assets, expenditures, mergers, acquisitions, divestitures, billings collections, revenues and finances), IT and personnel information, marketing/sales information, information regarding businesses, plans, operations, Third Party contracts, licenses, internal or external audits, law suits, regulatory compliance or other information or data obtained, received, transmitted, processed, stored, archived or maintained by Provider under this Agreement; *provided however* that Confidential Information shall not mean or include this Agreement other than such portion of the Annual Business Plan as may be marked "PROPRIETARY INFORMATION."

"**Continuity Plans**" is defined in **Section 4.4**.

"**Contract Records**" is defined in **Section 11.1**.

"**Contract Year**" means, as applicable, each consecutive twelve (12) month period during the Term ending on June 30 with (a) the initial Contract Year beginning on the Base Services Commencement Date and ending on the following June 30 and (b) each subsequent Contract Year commencing on each July 1st thereafter during the Term with the final Contract Year ending on the Termination Date; *provided, however*, that (i) if the Base Services Commencement Date occurs after July 1, 2013, then the initial Contract Year shall begin on the Base Services Commencement Date and shall end on the next following June 30th with such initial Contract Year then having a duration of less than twelve (12) months and (ii) if the Termination Date is any date other than June 30th, then such final Contract Year which commences on July 1st in such final year and shall have a duration of less than twelve (12) months (as the case may be, such abbreviated Contract Years described in clause (i) or (ii) are referred to herein as "**Stub Contract Years**"); *provided, further*, that each such Contract Year shall commence at 12:00:01 A.M. local time in the City of Indianapolis, Indiana, on such date.

"**Control**" means, with respect to any Entity, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such entity, whether through the ownership of voting securities (or other ownership interests), by contract or otherwise. For this purpose, and without limiting the foregoing, any Entity that owns more than twenty percent (20%) of the outstanding voting securities of any other Entity shall be deemed to Control such other Entity.

"**Data Privacy Laws**" means all applicable data and/or privacy Applicable Requirements in connection with all processing of Commission Personal Data by Provider, including any relevant recommendation issued by the applicable data protection Governmental Authority.

"**Detailed Portion of the Plan**" is defined in **Section 5.3.2**.

"**Disclosing Party**" means the Party that has disclosed Confidential Information to the other Party.

"**Disentanglement Services**" is defined in **Section 14.1**.

"**Disentanglement Services Plan**" is defined in **Section 14.2.1**.

"**Dispute**" means any dispute or problem arising out of or relating to this Agreement, including those that relate to any of the following: (a) an alleged failure by either Party to perform its obligations under this Agreement; (b) an alleged inadequacy or delay of either Party's performance under this Agreement; (c) a request for products, services or resources, where the Parties disagree whether such products, services or resources are within the scope of the Services (and therefore included in the Payments) or otherwise within the scope of this Agreement; and/or (d) a disagreement as to the responsibilities either Party has under this Agreement.

"**Dispute Representative**" means the representative or agent of the applicable Party with due authority to act on behalf of and represent the Party in the applicable matter.

"**Dispute Resolution Procedures**" means the procedures, requirements and provisions provided for in **Article 20**.

"**Distribution Facility**" means the area of real estate, located at 5252 Decatur Boulevard, Indianapolis, Indiana, leased by the Commission pursuant to that certain Lease Agreement, as amended, between the Commission and KPJV 5252 Decatur Boulevard LP (successor in interests to ProLogis NAPF XI, which was successor in interest to Midwest Logistics Partners) and dated October 23, 1997.

"**Draw Game**" means a Lottery Game in which a player selects a combination of numbers or symbols, either manually or by a quick pick, and winning tickets are determined by appropriately matching the combination of numbers or symbols randomly selected by the Commission at a designated future drawing or selection event.

"**Drawing**" means the random generation or selection of one or more numbers or symbols that may result in making a Player or Players eligible to redeem a Prize in a Lottery Game.

"**Due Diligence Information**" is defined in **Section 1.4**.

"Eligible Institution" means a Third Party that is (i)(a) as to any letter of credit constituting Provider's Security, a financial institution domiciled in the United States of America that is unless otherwise Approved at all times (and not merely at the time a Provider's Security instrument is issued) rated at least A3 by Moody's Investors Service, Inc. and A- by Standard & Poor's Ratings Services (and their successors and assigns, *provided* that, in the event that either of the foregoing are dissolved or liquidated or the Commission determines that such entity no longer performs the function of a credit rating agency or that another rating agency performs a substantially similar function, such other nationally recognized securities rating agency or agencies as the Commission may from time to time designate) or (b) as to any other Approved form Provider's Security, a company meeting such other credit indicia as the Commission sets forth as part of its initial Approval thereof, (ii) duly licensed to do business in the State of Indiana, and (iii) without any equity interest, directly or indirectly, in Provider or any of its Affiliates.

"Entity" means any natural person, corporation, limited liability company, limited liability partnership, general partnership, limited partnership, joint venture, trust, association, governmental organization or agency, political subdivision, body politic or other legal person or entity of any kind, legally constituted.

"Equipment" means all telecommunications, electronic, computing, network, office and facilities equipment and machinery, vehicles and tools owned or leased by a Party and used to provide or in connection with the Services, including the following (to the extent owned or leased by a Party and used to provide or in connection with the Services): (a) mainframe, midrange, server and distributed computing equipment and associated attachments, features, accessories, peripheral devices and cabling; (b) personal computers, laptop computers, workstations and personal data devices and associated attachments, features, accessories, printers, multi-functional printers, peripheral or network devices and cabling; and (c) voice, data, video and wireless telecommunications and network and monitoring equipment and associated attachments, features, accessories, cell phones, peripheral devices and cabling.

"Ethics Code" means Provider's code of ethics as required by the Operating Standards.

"Evansville Facility" means the area of real estate, located at 5625 East Virginia Street, Evansville, Indiana, leased by the Commission pursuant to that certain Lease Agreement, as amended, between the Commission and Spurling Properties, LLP and dated August 30, 2007.

"Event of Loss" is defined in **Section 17.4.1**.

"Events of Default" means any of the events described in **Section 13.5.1**.

"Excluded Person" means: (a) a Party; (b) any one hundred percent (100%)-owned Affiliate of a Party; or (c) a new corporation owned directly by the shareholders of a Party in the same proportions as their ownership in such Party.

"Existing Commission Contracts" means those Lottery related contracts to which the Commission is a party as of the Agreement Effective Date as listed in the attached **Schedule 3.3**, together with any additional Lottery related contracts thereafter (and prior to the Base Services Commencement Date) entered into in the ordinary course of business by the Commission either (a) at the request of Provider or (b) when such contract (i) was found necessary by the Commission for the continuing operation of the Lottery and (ii) terminates (or at the option of the Commission or its assignee may by its terms be terminated without material cost) on or prior to the Base Services Commencement Date.

"Facilities" is defined in **Section 12.3**.

"Financial Expert" means an independent expert of national standing qualified in financial and economic analysis engaged by the Commission pursuant to **Section 20.8**, which Financial Expert shall (i) not have been engaged by the Commission (or the State) or Provider (or any Affiliate) in any matter or (ii) not have had a commercial relationship with any key personnel of either the Commission or the Provider (or any Affiliate), in each case within the three (3) year period preceding the date of its engagement other than another Dispute undertaken pursuant to **Section 20.8.**

"**For Cause**" means the applicable employee committed or participated in actions that are or were dishonest, fraudulent, illegal, unethical, involving insubordination or moral turpitude, or involving disclosure or trade secrets, proprietary information or other forms of confidential information, or otherwise violated in any material respect the Commission's or Provider's code of conduct or policies, as applicable.

"**Force Majeure Event**" means: (a) fire, flood, earthquake, pandemics, elements of nature or acts of God; (b) wars (declared and undeclared), acts of terrorism, sabotage, riots, civil disorders, rebellions or revolutions; or (c) acts of any Governmental Authority with respect to any of the foregoing, except, in each case, to the extent that the non-performing Party is at fault in failing to take reasonable precautions to prevent or causing such default or delay, and *provided* that such default or delay cannot reasonably be circumvented by the non-performing Party through the use of reasonable alternate sources, work-around plans or other means. Notwithstanding the foregoing, "Force Majeure Event" expressly excludes: (y) a strike, walkout, lockout, labor shortage or labor dispute involving Provider (including Provider Subcontractors or Affiliates) and their respective Provider Personnel; and (z) any non-performance of a Subcontractor or Provider Affiliate, regardless of cause except for a Force Majeure Event affecting such Subcontractor or Provider Affiliate.

"**Force of Law Requirements**" means all federal, country, state, provincial, regional, territorial, local and other laws, rules and regulations, ordinances, interpretive letters and other official releases of or by any Governmental Authority, decrees, orders and codes (including any requirements for permits, certificates, approvals and inspections), as the same are promulgated, supplemented and/or amended from time to time, that directly or indirectly apply to the delivery or receipt of Services and performance of this Agreement.

"**Formal Resolution Procedures**" means the procedures, requirements and provisions provided for in **Section 20.4**.

"**Former Commission Employees**" means those former personnel of the Commission who have severed their employment with the Commission in order to become employed by Provider pursuant to the terms of this Agreement. Provider Personnel includes Former Commission Employees.

"**GAAP**" means generally accepted accounting principles as in effect from time to time in the United States.

"**Gambling Game**" shall have the meaning set forth in Indiana Code 4-33-2-9 and Indiana Code 4-35-2-5.

"Game Rules" means a set of written rules that govern the manner of playing a Lottery Game and, at a minimum, include the following: identification of the Lottery Game; Lottery Ticket price; manner of winning each Prize; approximate odds of winning each Prize, such odds of winning to be based on a mathematically defensible formula; and Prize structure.

"**Governance Protocols**" are the guidelines, principles and protocols governing the Parties' relationship during the Term of this Agreement attached hereto as **Schedule 5.1**, as may be amended or supplemented from time to time in accordance hereunder.

"**Governmental Approval**" means any license, consent, permit, approval or authorization of any person or entity, or any notice to any person or entity, the granting of which is required by Applicable Requirements for the consummation of the transactions and the performance of the Services contemplated by this Agreement.

"**Governmental Authority**" means any federal, State, regional or local legislative, executive, judicial or other governmental board, department, agency, authority, commission, administration, court or other body, or political subdivision or instrumentality thereof (including the Commission), or any official thereof, having jurisdiction in any way over or in respect of any aspect of the performance of this Agreement.

"**Guarantor**" is defined in **Section 18.3**.

"**Guaranty**" is defined in **Section 18.3**.

"**Highest Standards**" means, in relation to all matters affecting or bearing upon any aspect of the operation and conduct of the Lottery (including provision of any Service) demonstrating, or acting with, as approximate to the

context (including when demonstrating as a matter may deal with (i) background or historical matters, (ii) a Person's capacity to so act or (iii) any course of actual conduct), the highest degrees of integrity, security, honesty, probity, character, competence, dependability, financial responsibility, dignity and fairness in furtherance and compliance with Applicable Requirements including the Lottery Law.

"HQ Facility" means the area of real estate, located at 1302 North Meridian Street, Indianapolis, Indiana, leased by the Commission pursuant to the HQ Lease.

"HQ Lease" means that certain Lease, as amended, between the Commission and 1300 Lexington Partners, LLC and dated August 30, 2007, related to the HQ Facility.

"HQ Space Arrangement" is defined in **Section 12.3.1.**

"Incentive Compensation" is defined in **Section 3** of **Schedule 10.1.**

"**Indemnified Party**" means either the Commission Indemnitees, in the case of claims, suits or proceedings subject to indemnification by Provider under **Section 15.1** of this Agreement, or Provider, in the case of claims, suits or proceedings subject to indemnification by the Commission under **Section 15.2** of this Agreement.

"**Indemnifying Party**" means Provider or the Guarantor, in the case of claims, suits or proceedings subject to indemnification by Provider under **Section 15.1** of this Agreement, or the Commission Indemnitees, in the case of claims, suits or proceedings subject to indemnification by the Commission under **Section 15.2** of this Agreement.

"Indiana Governmental Authority" means the State or any political subdivision or instrumentality thereof (including the Commission).

"**Informal Resolution Procedures**" means the procedures, requirements and provisions provided for in **Section 20.3**.

"**Initial Annual Business Plan**" is defined in **Section 5.3.1**.

"Instant Lottery Game" means a Lottery Game the outcome of which is immediately available to the Player upon playing the game, and is not contingent upon a Drawing.

"**Intellectual Property**" means any: (a) formulae, algorithms, methodologies, processes, process improvements, procedures, designs, ideas, concepts, research, discoveries, work product, materials, inventions and invention disclosures (whether or not patentable or reduced to practice), know-how, and technology; (b) Software, databases, tools, and machine-readable texts and files; and (c) literary work or other work of authorship, including documentation, reports, drawings, charts, graphics and other written documentation, together with all patents, copyrights, trademarks, service marks, trade secrets and other intellectual property rights in or appurtenant to any of the foregoing.

"**Jointly Developed IP**" is defined in **Section 8.3.3**.

"**Limit Amount**" means the amount from time to time in the Operating Standards or as otherwise Approved.

"**Losses**" means settlements, judgments, awards, fines, penalties, sanctions, interest, liabilities, losses, costs, damages and expenses, including reasonable attorneys' fees and disbursements and court costs.

"**Lottery**" means the Hoosier Lottery gaming system including the Lottery Games as authorized by the Lottery Law.

"**Lottery Expenses**" is defined in **Section 1** of **Schedule 10.1.**

"Lottery Game" means all games presently offered by the Lottery, together with new games introduced during the Term.

"**Lottery Law**" means Indiana Code 4-30 and all other Force of Law Requirements additive or supplemental thereto, including Applicable Requirements, as each of the foregoing may be amended or supplemented from time to time.

"**Lottery Retailer**" means a Person who complies with the requirements of the Lottery Law and has entered into an agreement to be an authorized agent for the retail sale of Lottery Tickets to the public, which is additionally defined in Indiana Code 4-30-2-7.

"**Lottery Ticket**" means an official Lottery Game ticket, receipt, voucher, token or other acknowledgment capable of being validated on sale through the Lottery.

"**Major Procurement**" has the meaning set forth in Indiana Code 4-30-2-5.

"**Malicious Code**" means: (a) any virus, worm, code, program, or sub-program whose knowing or intended purpose is to damage or interfere with the operation of the computer system containing the code, program or sub-program, or to halt, disable or interfere with the operation of the Software, code, program, or sub-program, itself; (b) any device, method, or token that permits the circumvention of the normal security of the Software or the system containing the code; or (c) any adware, spyware, Internet bots, malware, bugs, web bugs or other surreptitious code.

"**Management Fee**" is defined in **Section 1** of **Schedule 10.1.**

"**Net Income Shortfall**" is defined in **Section 5.3.4.**

"**Net Income Shortfall Payment**" is defined in **Section 5** of **Schedule 10.1.**

"**Non-Provider Transition Delay Event**" is defined in **Section 3.1.5.**

"**Noticed Potential Downward Adjustment**" is defined **subsection (e)** of **Section 21.1.1.**

"**Operating Expenses**" is defined in **Section 1** of **Schedule 10.1**.

"**Operating Standards**" is defined in **Section 5.2.1.**

"**Other Attached Documents**" means, individually or collectively, the other schedules (such being **Schedules 1.2, 3.3, 5.1, 5.3.3, 5.5, 6.3.1, 7.2, 8.1.2, 8.2.1, 10.1, 12.1.2, 12.3.1, 12.3.3, 17.1** and **20.3**), the exhibits (such **Exhibits 3.1, 5.3.2, 9.3.2, 10.2, 14.2.1, 18.1** and **18.3**), and appendices, addenda and other documents attached to (or incorporated or referenced in) such schedules and exhibits, each and all as so attached and existing as of the Agreement Effective Date.

"**Party**" or "**Parties**" means, individually or collectively, the Commission and/or Provider.

"**Payments**" is defined in **Section 10.1.**

"**Permitted Auditors**" is defined **Section 11.3.1(a)**.

"**Person**" means any individual (including the heirs, beneficiaries, trusts, executors, legal representatives or administrators thereof), corporation, partnership, joint venture, trust, limited liability company, limited partnership, joint stock company, unincorporated association or other entity.

"**Player**" means any Person who legally seeks to purchase or purchases a Lottery Ticket.

"**Post-Term 90-day Period**" is defined **Section 18.1**.

"**Prize**" means any award, financial or otherwise, owed or awarded to one or more Persons pursuant to the Game Rules or Promotion Rules.

"**Prize Claim**" means a claim made to collect on a winning Lottery Ticket.

"**Products**" means all products, supplies and materials used to operate the Lottery and Lottery Games including the portfolio or inventory of Lottery Tickets used in connection with Lottery Games from time to time offered.

"**Promotion**" means a benefit or contest offered to encourage sales of Lottery Tickets and to generate goodwill for the benefit of the Commission.

"**Promotional Drawing**" means a Drawing or other event involving the random selection of one or more winners that may not require participants to purchase or hold a Lottery Ticket in order to win.

"**Promotion Rules**" means a set of written rules that govern the manner of participating in a Promotion and, at a minimum, include the following: identification of the Promotion, and the manner of winning each Prize.

"**Provider**" has the meaning set forth it the preamble hereto.

"**Provider Bid**" is defined in the recitals hereto.

"**Provider Cap**" is defined in **Section 16.2**.

"**Provider Indemnitees**" means Provider and its Affiliates, and each of their respective officers, directors, employees, attorneys, consultants, agents, successors and assigns.

"**Provider Intellectual Property**" means, collectively, the Provider Proprietary Intellectual Property, the Provider Third Party Intellectual Property and the Provider New Intellectual Property.

"**Provider Items**" is defined in **Section 15.1.2(a)**.

"**Provider Key Personnel**" means, initially, those employees of Provider and its Subcontractors who are so designated in the Services Exhibit, and any other Provider Personnel at the director level or at the vice-president level and above.

"**Provider Lead**" is defined in **Schedule 5.1**.

"**Provider Net Income**" means all revenue derived from the Lottery, *less* paid Prize Claims, commissions to Lottery Retailers and Operating Expenses determined in accordance with GAAP.

"**Provider New Intellectual Property**" means, collectively, subject to the Commission's ownership of Commission Data and Commission Intellectual Property: (a) to the extent not covered by the definition of Commission New Intellectual Property or Jointly Developed IP, the Intellectual Property that is developed or provided by Provider in connection with the provision of the Services; and (b) all modifications and enhancements to, and derivatives of, Provider Intellectual Property whether developed by the Provider or jointly by the Parties.

"**Provider Owed Amounts**" is defined in **Section 18.2**.

"**Provider Personnel**" means those employees, representatives, contractors, subcontractors and agents of Provider, Subcontractors and Provider Affiliates who perform any Services under this Agreement, and shall not mean any of the Commission Personnel (*provided* that such Person's status may later no longer be part of Commission Personnel and the same Person may become part of Provider Personnel).

"**Provider Proprietary Intellectual Property**" means, collectively, the Intellectual Property and Related Documentation used in connection with the Services that was owned, acquired or developed by or on behalf of the Provider prior to the Agreement Effective Date.

"**Provider Service Locations**" means, individually and collectively, the facilities owned or leased by Provider (or its Affiliates or Subcontractors) from or through which Provider (or its Affiliates or Subcontractors) provides or supports any Services.

"**Provider Transition Notice**" is defined in **Section 3.1.7**.

"**Provider Third Party Intellectual Property**" means, collectively, the Intellectual Property and Related Documentation used in connection with the Services that is licensed, leased or otherwise obtained by or on behalf of Provider prior to or after the Agreement Effective Date from a Third Party or Subcontractor.

"**Provider's Commission Expense Payment**" means any unrecovered portion of the amount paid by Provider to the Commission by means of the release and payment of the Bid Deposit (as defined in RFI) to the Commission consistent with Section 5.6.2 of the RFI, which shall not in any event exceed the lesser of (a) Five Million Dollars ($5,000,000) as paid by Provider (or its Affiliate) or (b) the portion of the Management Fee attributable thereto as itemized in the Budget for Contract Years 1 through 5 in the Initial Annual Business Plan. For avoidance of doubt, such "unrecovered portion" shall only be that portion of the Management Fee (which was so designed in the itemized Budget in the Initial Annual Business Plan) that, as of the Termination Date, has not been paid to Provider in respect of such itemized cost as a Management Fee.

"**Provider's Security**" shall mean (a) an unconditional and irrevocable standby letter of credit payable upon presentation of a demand notice given by the Commission to the issuing Eligible Institution, without any condition or approval (whether involving Provider or otherwise), which shall be issued in a usual and customary form in use in the State which form is Approved and that is consistent with and governed by the Uniform Customs and Practice for Documentary Credits, 2006 Revision, International Chamber of Commerce Publication No. 600 (UCP), or any later version or amendment and applicable uniform commercial code law of a state of the United States of America, the force and effect of which state law is substantially the same as the laws of the State or (b) such performance bonds or alternate security instruments as may be Approved.

"**Provider's Security Legal Opinion**" shall mean opinions of outside or inside legal counsel to Eligible Institution regarding usual and customary matters pertaining to the Provider's Security (including the Eligible Institution being organized and existing, the due authorization and enforceability of such Provider's Security).

"**Provider's Standard Certifications**" is defined in **Section 12.1.2.**

"**Provider's Unrecovered Shortfall Amount**" means the amount (if positive in value) from time to time that equals (a) the sum of all Net Income Shortfall Payments made by Provider to the Commission *less* (b) the sum of all Commission's Unrecovered Shortfall Amounts for all completed Contract Years *less* (c) any amount that has been paid to Provider as part of Incentive Compensation resulting from the application of the formula referencing this term under **Section 3(b)** of **Schedule 10.1.**

"**Quick Pick**" means any numbers or symbols randomly generated by a Terminal to compose or complete a play in a Draw Game.

"**Ramp-up Period**" means the period commencing on the Transition Completion Date and terminating on the Base Services Commencement Date, during which Provider shall provide all of the services required for, and perform all functions necessary for, the Commission to operate the Lottery, at the Commission's cost and expense in preparation for implementation of the Initial Annual Business Plan commencing on the Base Services Commencement Date. Provider shall not be entitled to any compensation during the Ramp-up Period other than for Operating Expenses specified in the Ramp-up Period Plan.

"**Ramp-up Period Plan**" is defined in **Section 3.1.1.**

"**Ramp-up Period Services**" is defined in **Section 3.1.7.**

"**Re-Bid Costs**" means any and all costs, expenses and charges incurred by and through the commercially reasonable efforts of the Commission (including reasonable attorneys' and transaction consultant fees) in

undertaking the Re-Bid Process; *provided* that such costs, expenses and charges shall not include any cost payable to any Replacement Provider; *provided* further that such costs, expenses and charges in the aggregate shall in no event exceed Five Million Five Hundred Thousand Dollars ($5,500,000).

"**Re-Bid Process**" means any process undertaken the Commission to secure or facilitate by or through one or more Replacement Providers the provision of services, equipment and/or products for the operation of the Lottery by the Commission in replacement of any terminated Service (including all Equipment and Products necessary for the performance of Provider's obligations under this Agreement).

"**Receiving Party**" means the Party that has received Confidential Information from the other Party.

"**Record Retention Period**" is defined in **Section 11.2**.

"**Related Documentation**" means, with respect to Software, all materials, documentation, specifications, technical manuals, user manuals, flow diagrams, file descriptions and other written information that describe the function and use of such Software.

"**Replacement Contracts**" is defined in **Section 3.3.1.**

"**Replacement Provider**" is defined in **Section 14.1**.

"**Reports**" is defined **Section 5.8**.

"**RFI**" is defined in the recitals.

"**Root Cause Analysis**" means the problem analysis process undertaken to identify and quantify the underlying cause(s) of a Service Level failure or some other failure, and to document the necessary corrective actions to be taken to prevent recurring deficiencies, problems, concerns or issues and/or trends which could result in deficiencies, problems, concerns or issues, whether such have an identifiable economic cost or not.

"**Scheduled Base Services Commencement Date**" means July 1, 2013.

"**Services Exhibit**" means **Schedule 2.1** and **Schedule 2.2** attached hereto.

"**Service Level**" or "**SLA**" means a service level requirement and is a standard for performance for particular Services, each as set forth in the Service Level Exhibit and as provided in **Section 5.5**.

"**Service Level Credits" or "SLA Credits"** has the meaning set forth in **Section 5.6**.

"**Service Level Exhibit**" is **Schedule 5.5** attached hereto.

"**Services**" is defined in **Section 4.1**.

"**Significant Investment**" is defined in **Schedule 5.3.3.**

"**Software**" means any and all applications programs, operating system software, computer software languages, utilities and other computer programs (and all modifications, replacements, upgrades, enhancements, documentation, materials and media related thereto) owned, leased or licensed by a Party and used to provide or in connection with the Services, including the following (to the extent owned, leased or licensed by a Party and used to provide or in connection with the Services): (a) all development, testing, deployment, management and maintenance tools used with or for such software programs used to support day-to-day business operations and accomplish specific business objectives; and (b) software programs that perform tasks basic to the functioning of the Equipment and are required to operate the tools and items described in preceding **subsection (a)**, including operating systems, systems utilities, data security software, compilers, performance monitoring and testing tools and database managers used in connection with such programs.

"South Bend Facility" means the area of real estate, located at 1539 N. Ironwood, South Bend, Indiana, leased by the Commission pursuant to that certain Lease Agreement, as amended, between the Commission and J.V. Realty, Inc. and dated March 11, 2008.

"**Standing Meeting**" is defined in **Schedule 5.1**.

"**State**" is the State of Indiana.

"**Step-In Notice**" is defined in **Section 13.6.1**.

"**Step-In Rights**" is defined in **Section 13.6**.

"**Step-Out Notice**" is defined in **Section 13.6.3**.

"**Stub Contract Year**" is defined in the definition of "Contract Year" above.

"**Subcontract**" means any contract between Provider and a Subcontractor for the provision of Services in support of Lottery operations, each of which shall contain provisions permitting transfers consistent with **Section 14.3.2**.

"**Subcontractor**" means, subject to the terms of **Article 7**, any Third Party Entity that provides Services to the Commission pursuant to an agreement or other arrangement with Provider. An Affiliate of Provider that provides Services to or for the benefit of the Commission shall be considered a Subcontractor.

"**Subcontractor Standard Certifications and Covenants**" means the Subcontractor Standard Certifications and Covenants in the form prescribed from time to time by the Operating Standards.

"**Subcontractor Threshold Amount**" means a Subcontract in an amount which does not exceed three hundred thousand dollars ($300,000), *provided* that if (i) a series of Subcontracts will be awarded for a single classification of goods or services to one (1) Subcontractor, (ii) such Subcontracts are all awarded within a period of six (6) months or less, and (iii) the total contract price on such series of Subcontracts exceeds four hundred thousand dollars ($400,000), then any of the Subcontracts in such series which would cause the total contract price to be in excess of four hundred thousand dollars ($400,000) shall be such Subcontractor Threshold Amount.

"Sublease Agreements" is defined in **Section 12.3.1**.

"**Term**" has the meaning set forth in **Section 13.1**.

"Terminal" means any device which is authorized by the Commission to function in an interactive manner with the Central Gaming System for the purpose of issuing Lottery Tickets or entering, receiving, and processing Lottery transactions. The term shall include all component and peripheral parts and devices, such as communication equipment and check writing equipment.

"**Terminated Commission Contracts**" has the meaning set forth in **Section 3.3.1**.

"**Termination Date**" has the meaning set forth in **Section 13.1**.

"Termination Payment" means each and any of the 13.2.2 Termination Payment, 13.8.3 Termination Payment and 13.10 Termination Payment.

"**Termination Notice**" means a written notice of termination delivered by one Party to the other in accordance with **Article 13**.

"**Third Party**" means an Entity other than the Parties and an Affiliate of Provider.

"13.2.2 Termination Payment" is defined in **Section 13.2.2**.

"13.2.2 Termination Settlement Proposal" is defined in **Section 13.2.2**.

"13.6.4 Settlement Proposal" is defined in **Section 13.6.4**.

"13.8. Termination Payment" is defined in **Section 13.8.3**.

"13.8.3 Termination Settlement Proposal" is defined in **Section 13.8.3**.

"13.10 Termination Payment" is defined in **Section 13.10**.

"13.10 Termination Settlement Proposal" is defined in **Section 13.10**.

"Transfer Instruments" is defined in **Section 12.3.3**.

"Transferred Assets" is defined in **Section 12.3.3**.

"Transition" means the period for performance of the Transition Services that commences on the date hereof and expires on the Transition Completion Date.

"Transition Completion Date" is defined in **Section 3.1.7**.

"Transition Credits" means the amounts payable to the Commission by Provider pursuant to **Section 3.1.5** herein if Provider fails to meet Transition Milestones or to complete the Transition Services, as such amounts are set forth in the Transition Plan.

"Transition Milestone" is defined in **Section 3.1.1(c)**.

"Transition Plan" is defined in **Section 3.1**; *provided, however*, notwithstanding any reference in **Exhibit 3.1**, no activities, events or matters listed by reference to a date that is prior to the Agreement Effective Date or after the Transition Completion Date, shall be deemed be part of the Transition Plan.

"Transition Report" is defined in **Section 3.1.4**.

"Transition Services" is defined in **Section 3.1**.

"Trigger Events" is defined in **Section 18.2.**

"Unamortized Amount" shall, consistent with the Amortization Methodology, be the then remaining depreciable or unamortized balance of any Significant Investment or capital asset as of any applicable referenced date.

"Updated Annual Business Plan" is defined in **Section 5.3.1.**

"Vendor" means any Third Party or Affiliate of Provider who is party to a Vendor Contract.

"Vendor Contract" means any agreement (whether written or oral) entered into by Commission (except this Agreement) with any Third Party or any Affiliate of Commission.

"Warn Act" means the federal Worker Adjustment and Retraining Notification Act.

"Work Product" means any Intellectual Property, modifications or enhancements to Intellectual Property and Related Documentation developed pursuant to this Agreement by or on behalf of Provider or any combination of Provider and the Commission.

"Workaround" means an alternative process, approach or solution designed to address, on a temporary basis, a problem that prevents operation as originally intended (e.g., as necessary to address a change in Applicable

Requirements).

[End of Schedule]

SCHEDULE 2.1

OPERATIONAL RESPONSIBILITIES OF PROVIDER

Provider shall, subject to the actual control and oversight of the Commission and in accordance with the terms and conditions of this Agreement, Applicable Requirements, and the Annual Business Plan, and at its sole cost and expense, provide Services (including the provision of all Equipment and Products) and perform all functions necessary for the Commission to operate the Lottery, as more fully described below and in Schedule 5.5; *provided that* such are subject to direction and control consistent with Applicable Requirements. Provider may provide such Services (including Equipment and Products), and perform such functions, either directly or through Subcontractors. Except for those functions or services specifically identified in **Schedule 2.2** (which are reserved by the Commission) and subject to direction and control consistent with Applicable Requirements, Provider's functions and responsibilities shall be comprised of those functions and responsibilities set forth below and other functions not specifically described below but which are an inherent, necessary or customary part of the functions and responsibilities associated with the Services.

Area	**Description**
Technology	
Central Gaming System	Install, secure, maintain, and update as necessary a central gaming system, and provide for a disaster recovery system, which includes hardware, Software, communications, network, and equipment and other components necessary for the sales, validation, and inventory management of the Lottery. Select, contract with, and manage a Person that will verify and certify: (i) the randomness of the Central Gaming System Software code (including updates) and (ii) that said code is free of malicious Software that may impact the integrity of the Quick Pick randomization process.
Data and Reports	Collect and provide in a usable format to the Commission all data and information related to Provider's obligations and activities under this Agreement including any and all reports that the Commission deems necessary or desirable.
Websites	Design, maintain, and host the Commission's public website. Design, maintain, and host a separate and distinct website for Provider's internal and/or public communications.
Sales Channels	
Retail Hardware	Provide, install, maintain, and update as necessary all retail hardware and Software components necessary for the sales, validation, and inventory management of the Lottery.

Area	Description
Ticket Vending	Provide, install, stock, maintain, and update as necessary ticket vending equipment and components including dispensing machines, distribution channels, networking, and other components necessary for the sale of Lottery Games.
Products	
Lottery Game Design	Design, format, and maintain the appearance and specifications of all Lottery Games that are not multi-jurisdictional in nature.
Product Portfolio	Continually analyze and develop the Commission's portfolio of Lottery Games, including: (i) the type of Lottery Games to be offered; (ii) the sales price of Lottery Tickets; (iii) the number and size of Prizes; (iv) the method of selecting winning Lottery Tickets; (v) the manner and payment of Prizes; and (vi) the frequency of Drawings.
Promotions	Continually develop, manage and implement Promotions. Perform Promotional Drawings involving Prizes valued at the Limit Amount or less.
Subscriptions	Develop and implement a subscription program for Lottery Games.
Platform and Channel Development	Analyze, develop and implement new platforms and channels for Lottery Games.
Logistics	
Printing	Print Lottery Tickets
Distribution	Distribute Lottery Tickets and consumables (including management of ticket returns and ticket destruction).
Warehousing	Warehouse Lottery Tickets.
Inventory Management	Develop and implement an inventory management and predictive ordering system.
Lottery Retailers	
Recruitment	Recruit new Lottery Retailers.
Training	Develop and implement training for Lottery Retailers.

Area	Description
Liaison	Serve as the Commission's liaison with respect to day-to-day operations of Lottery Retailers.
Commissions and Incentives	Recommend commissions and other incentives for Lottery Retailers.
Customer Relations	Provide all front-line customer relations services with respect to Lottery Retailers.
Retail Activities	Apply for and acquire certificate(s) of authority and act as a Lottery Retailer as appropriate.
Marketing	
Advertising	Design, implement, and maintain advertising campaigns and Promotions.
Branding	Continually analyze, recommend, and implement concepts for the improvement and development of the Commission's brands.
Loyalty Program	Design, recommend, maintain, and operate a player loyalty program.
Strategy	Create and implement a multi-faceted marketing strategy.
Sponsorships	Identify, select, negotiate and implement sponsorship opportunities.
Customer Insights	Design and implement a consumer research strategy to inform and measure marketing strategies, Equipment and Products.
Publication of Results	Be responsible for publicizing Drawings and Promotional Drawings, including the results thereof.

Area	Description
Customer Service Centers – Player and Lottery Retailer	
Operation	Design, operate, and maintain service and call centers for Lottery Retailers and Lottery customers (call centers may be combined).
Support Prize Payment Activities	Provide adequate physical locations for Commission employees to pay Prize Claims not redeemed by Lottery Retailers.
Responsible Gaming Program	
Program	Develop, implement, and maintain an Indiana-specific responsible gaming program that includes the prevention of underage play and excessive play.
Staffing	
Administration of Provider Personnel	Direct and administer the duties of all Provider Personnel by or through whom Provider provides Services under this Agreement.
Qualifications and Training	Ensure that all Provider Personnel are properly qualified and trained to perform Services under this Agreement.
Procurement	
Bidding	Create proposals necessary to procure bids for Services under this Agreement.
Subcontractor Selection	Select Subcontractors.
Subcontractors Contracts	Prepare, negotiate and monitor contracts with Subcontractors.
Subcontractors Management	Manage day-to-day activities of Subcontractors.
Compliance	
Multi-Jurisdictional games	Understand and comply with applicable conventions related to multi-jurisdictional games offered by the Commission.
Legal	
Applicable Requirements	Monitor and maintain compliance with all Applicable Requirements.

Area	Description
Intellectual Property	Maintain the legality and validity of, conduct searches regarding, and investigate claims made against, Intellectual Property that is owned, licensed, or otherwise related to the operations of the Lottery in any way; maintain compliance with Applicable Requirements applicable to Intellectual Property; and perform any and all registrations, renewals, transfers, assignments, procedural oppositions, and, if necessary, prosecution activities with respect to Intellectual Property that is owned, licensed, or otherwise related to the operations of the Lottery in any way.

For the avoidance of doubt, the Parties acknowledge and agree that this **Schedule 2.1** shall not be construed as a waiver by the Commission of its actual control and authority, or any part thereof, over the Lottery.

In addition to the functions and responsibilities described in this **Schedule 2.1**, the Parties acknowledge and agree that, subject to the terms and conditions of this Agreement, Provider shall undertake all activities customarily associated with operating a commercial business that may not be directly related to the provision of Services to the Commission including employing personnel, leasing office space and related facilities, acquiring furniture, fixtures, equipment and supplies.

[End of Schedule]

SCHEDULE 2.2

OPERATIONAL RESPONSIBILITIES OF COMMISSION

The Commission shall, subject to the terms and conditions of this Agreement and at its own expense, perform the specific functions and services set forth below. The Commission shall continue to have actual control and oversight over all Lottery operations by retaining the authority to direct or countermand Provider's decisions, maintaining ready access to information regarding all aspects of Lottery operations, and retaining ownership of all Lottery assets including all Intellectual Property associated with the Lottery. All functions or responsibilities not explicitly provided below but which are explicitly set forth in **Schedule 2.1** or which are an inherent, necessary, or customary part of the functions and responsibilities associated with the Services shall be the responsibility of Provider.

Area	**Description**
Validation	
Validation	Validate and verify winning Lottery Tickets with any Prize valued at more than the Limit Amount.
Games & Prizes	
Jackpot Setting	Set jackpot levels for Draw Games according to game structures, based on sales.
Payment of Prizes	Pay all Prize Claims not redeemed by Lottery Retailers.
Deferred Payments	Be responsible for administering all funds and investments for the payment of Prize Claims where deferred payment is selected by the winner.
Offsets	Provide for and execute offsets of prizes for collection of debts owed to the State, delinquent child support payments of certain Persons or Players, and other allowable liabilities.
Unclaimed Prizes	Maintain all responsibility for unclaimed Prize money.

Area	Description
Game Operation	Be responsible for the promulgation of administrative rules regarding the operation of all Lottery Games, including: (i) the type of Lottery Games to be conducted; (ii) the sales price of Lottery Tickets; (iii) the number and size of Prizes; (iv) the method of selecting winning Lottery Tickets; (v) the manner of payment of Prizes; and (vi) the frequency of Drawings; (vii) the number and type of locations at which Lottery Tickets may be purchased; (viii) the methods to be used in selling Lottery Tickets.
Technology	
Internal Control System	Implement and maintain an internal control system on gaming operations.
Drawings	
Operation	Manage and operate all Drawings. Manage and operate all Promotional Drawings involving Prizes valued at more than the Limit Amount.
Communication with Provider	Supply Provider with data and information necessary to publicize Drawings and their results.
Multi-Jurisdiction	Enter into and maintain agreements with other jurisdictions or governing bodies for the operation and promotion of multiple jurisdiction Lottery Games.
Draw Machines	Acquire, operate, secure and manage the hardware and Software necessary to facilitate the random winning number selection for each Drawing.
Software Certification	Select, contract with, and manage a Person that will verify and certify: (i) the randomness of the draw Software code (including updates) and (ii) that said code is free of malicious Software that may impact the integrity of the randomization process.
Integrity	Select, contract with, and manage an independent auditor to witness all Drawings and certify that all required processes and procedures for the Drawings are followed.

Area	Description
Collections	
Transfers	Control the transfer of Lottery proceeds into the appropriate funds.
Collection from Lottery Retailers	Collect all Lottery Game funds from Lottery Retailers including performance of electronic fund transfers from Lottery Retailer bank accounts.
Collection of Past Due Accounts	Collect past-due accounts from Lottery Retailers, including authorized penalties and interest.
Retailer Accounting	Process all adjustments and associated queries from Lottery Retailers
Commissions	Determine and pay commissions to Lottery Retailers.
Contracting with and Certifying Lottery Retailers	
Processing	Process certificate of authority applications for Lottery Retailers.
Issuance	Manage and control the approval and issuance of certificates of authority for Lottery Retailers.
Disciplinary Actions	Manage and control the revocation, suspension and/or other disciplinary actions against Lottery Retailer certificates of authority.
Contracting	Enter into and maintain contracts with Lottery Retailers.
Internal Audit	

Area	Description
Administration	Directly employ and maintain an internal auditor and related audit staff.
Internal Controls	Continually develop and implement system of internal controls and an annual audit plan to safeguard Commission assets and analyze all aspects of operational sufficiency.
Security Division and Investigations	
Administration	Directly administer, employ, and maintain a division of security as a department of the Commission.
Probity Investigations	Conduct investigations of vendors, Lottery Retailers, and employees of the Commission necessary to ensure the security and integrity of the Lottery.
Allegations of Fraud	Investigate, document, and where necessary, take or effectuate appropriate enforcement action or proceedings in response to credible allegations of fraud by a player, Lottery Retailer, or other persons or entities.
Infringement Investigations	Conduct all activities necessary to investigate potential violations of the Lottery Law.
Operate Lottery Games	Conduct all activities necessary to operate devices or other mechanisms under the direct control of the Commission and that determine the outcome of Lottery Games.
Tax Reporting	
Prize Payments	Report tax obligations for payments of Prize Claims made through prize payment centers.
Annual Report and Published Accounts of Lottery	Production of the annual financial and other reports of the Lottery as required by law.

Area	Description
Lottery Retailers	Report tax obligations for Lottery Retailer commissions and bonuses.

[End of Schedule]

SCHEDULE 3.3

TERMINATED COMMISSION CONTRACTS AND/OR ASSUMED COMMISSION CONTRACTS

Contract Vendor	Description	Start Date	Expiration Date
Arrow International	Contract for printing pull-tab tickets	9/1/2011	10/31/2013
Boyden and Youngblutt	Advertising/Marketing	Not Avail.	9/30/13
Fort Wayne MadAnts	Sponsorship	Not Avail.	5/1/13
GTECH Corporation	Contract for ITVM Maintenance	4/30/2012	3/31/2014
Indiana Ice	Sponsorship	Not Avail.	6/30/13
Indianapolis Airport Authority	Lottery Machine License Agreement	1/1/2010	12/31/2013
Indianapolis Airport Authority	For airport kiosk	5/11/2011	4/30/2014
Indianapolis Colts	License agreement to sell tickets	7/28/2009	7/27/2013
Indy Sports Foundation	Greening of Canal for St. Patrick's Day	3/1/2012	2/28/2014
K &D Marathon Inc	Purchase and Maintenance of Electronic Sign (Hammond, IN)	7/15/2009	7/14/2013
Pitney Bowes	Regional Sales	12/18/11	12/17/15
Pollard Banknote LP	Pull-Tab Ticket Printing	9/1/2011	8/31/2013
Scientific Games	Electronic Triple Jackpot Sign Maintenance Agreement	9/22/2011	9/21/2015
Scientific Games	On-Line Services	10/22/2009	8/28/2016*
Scientific Games	Provide Maintenance for PTVMs	2/8/2011	2/7/2014
Sunshine Billboards	Outdoor Advertising	1/21/2011	1/4/2016

* See "Contract for On-Line Gaming System and Related Services" as "made and entered into as of the __ day of October, 2009" and last executed on October 22, 2009.

SCHEDULE 5.1

GOVERNANCE PROTOCOLS

1. STATEMENT OF POLICY

The General Assembly of the State has found that it is in the public's interest to conduct the functions of the Lottery as much as possible as an entrepreneurial business enterprise and, therefore, the Commission has secured the assistance of an entrepreneurial provider of services, acting pursuant to the Integrated Services Agreement. Provider shall at all times consider the sensitive nature of a state-conducted lottery, its public image, and the social implications attendant thereto, and conduct its operations consistent with the Highest Standards and in compliance with Applicable Requirements. The Commission must exercise actual control over all significant business decisions made by Provider at all times. The objective of these Governance Protocols is to establish the guidelines and principles of the Parties' communications and relationship, including Commission Approval procedures, during the Term of this Agreement.

2. ORGANIZATION

2.1 Contact Persons. The Parties shall designate the following positions:

(a) Provider Lead. Provider shall designate one individual (the "**Provider Lead**") as the primary individual to communicate with the Commission, its designee. Unless otherwise Approved by the Commission, the Provider Lead shall initially be a corporate officer of Provider, having corporate authority to bind Provider and resident in the State unless otherwise Approved (which Approval may be subject to conditions subsequent).

(b) Commission Lead. The Commission shall designate one individual (the "**Commission Lead**") as the primary individual to communicate with Provider. The Commission Director, or his/her designee if he/she should be unavailable, shall initially serve as the primary individual to communicate with Provider.

2.2 Direct Communication. Nothing in Section 2.1 of this Schedule shall be construed to limit the Commission or Provider, or any of their employees, from freely communicating with each other as often as either shall desire.

3. COMMUNICATION

3.1 The Annual Business Plan. The Annual Business Plan (subject in all respects to this Agreement), and Provider's performance of the activities and objectives therein, shall serve as the basic framework of the relationship between the Parties.

3.2 Meetings.

(a) Standing Meetings. A regular meeting of the Commission Lead and the Provider Lead (each, a "**Standing Meeting**") shall be held on regular dates and times as the Parties may reasonably agree. The Standing Meeting shall be held at least once a month, either in person or by telephone conference. Five (5) days prior to each Standing Meeting, the Provider Lead shall provide a Report in writing to the Commission Lead. Each Report shall, at a minimum, include a description of progress made against each objective of the Annual Business Plan, which shall include the following: (i) progress toward implementing a program to promote responsible gaming; (ii) ensuring participation of "minority business enterprises" and "women's business enterprises" in the operation of Provider's activities and functions related to the Lottery; (iii) financial forecasts (include reasons for any material changes and Provider's planned responses to them); (iv) media contacts and inquiries including any historical or planned responses; (v) Lottery Retailer, Player or other Third Party complaints or other communications involving matters having any potential to implicate brand or other goodwill concerns; (vi) any significant disruption in offering of the Lottery Games to the public and any historical or planned responses by Provider; and (vii) any information not previously communicated concerning any other decision, issue, or complaint that bears significantly on the public interest, or that the Commission would reasonably want to know (or has

requested to be made aware of) with respect to the Commission's operation of the Lottery. In addition, each Report shall discuss any material changes proposed to the Annual Business Plan concerning: (1) the Lottery Games to be offered and the related Game Rules; (2) planned media or marketing campaigns and promotional activities, outlining the scope, objectives, and key messages to be delivered to the public or targeted audience; (3) sponsorship relationships valued at more than the Limit Amount (including all sponsorship requests (regardless of the amount) received by Provider at any time following Approval of the Business Plan and Provider's anticipated response to each such request); and (4) Subcontracts having an aggregate value of in excess of the Subcontractor Threshold Amount, involving a Major Procurement matter or having the potential for involving matters related to the sensitive nature of a state-conducted lottery, its public image, social implications, and/or other acts implicating the Highest Standards. The Commission Lead may, at his/her sole discretion, establish thresholds, ranges, or other measures limiting the scope of changes to the Annual Business Plan that the Provider is to address in the each Report.

(b) Other Meetings. In addition to the Standing Meeting, each Party reserves the right to meet with the other Party by providing notice to the other Party at least twenty-four (24) hours prior to the meeting. Nothing in this section shall be construed as preventing the Parties from meeting at any time by mutual agreement.

(c) Additional Information. The Provider Lead shall provide the Commission Lead, orally or in writing (as reasonably requested by the Commission Lead), with any and all material information that the Provider Lead reasonably believes the Commission would want to know (or that the Commission Lead has reasonably requested) promptly after the Provider Lead's receipt of such information. The Commission Lead shall provide the Provider Lead, orally or in writing (as the Commission Lead may reasonably determine appropriate), with any and all material information that the Commission Lead reasonably believes Provider would want to know (or that the Provider Lead has reasonably requested) promptly after the Commission Lead's receipt of such information.

3.3 Acceptance of Reports. The Commission Lead may approve, disapprove, amend, or modify any of the proposed or requested changes or actions set forth in the Reports, or any part thereof, within ten (10) business days following receipt of the Report. Failure by the Commission Lead to approve, disapprove, amend, or modify any Reports, or any part thereof, shall be deemed to be an approval of said Reports (inclusive of the proposed or requested changes or actions set forth therein).

4. DECISION MAKING

4.1 Material Governance Areas. For purposes of these Governance Protocols, the phrase "Material Governance Area" shall be deemed to include any decision or action concerning any of the following subject matters (not otherwise previously Approved by the Commission): (i) Lottery Games and Games Rules; (ii) marketing campaigns, Promotions, and Promotional Rules; (iii) Prizes and Prize structures; (iv) Prize pay-outs outside of established ranges, (v) Subcontracts having an aggregate value of in excess of the Subcontractor Threshold Amount, involving a Major Procurement matter or having the potential for involving matters related to the sensitive nature of a state-conducted lottery, its public image, social implications, and/or other acts implicating the Highest Standards; (v) meeting the Commission's important stakeholder transparency needs; (vi) collection and provision in a usable format to the Commission all data and information related to Provider's obligations and activities under this Agreement including any and all reports that the Commission deems necessary to allow it to resume all activities and functions related to the Lottery consistent with Article 14; and (vii) timely delivery and reconciliation of operating data (including financial data, sales data, Lottery Retailer data, Player data and price points).

4.2 Day-To-Day Decision Making. Provider is not obligated to comply with the advance reporting requirements set forth herein with respect to the day-to-day responsibilities of Provider that are not Material Governance Areas. However, Provider shall comply with the advance reporting requirements with respect to the day-to-day responsibilities that are Material Governance Areas. Notwithstanding anything contained herein to the contrary, Provider shall have the continuing duty to inform the Commission of any information that Provider reasonably believes the Commission would want to know (or that the Commission Lead has reasonably requested) prior to Provider's decision on such matter.

4.3 Unconditional Veto Power of Commission. Notwithstanding anything contained herein to the contrary, the Parties understand and agree that the Commission must retain actual control over all significant business decisions affecting the Lottery at all times. Because such actual control is fundamentally imperative to a fully-compliant governance structure, the Parties expressly agree that the Commission, directly or through the Commission Lead, shall have the sole, absolute, and unconditional right to veto or countermand, with or without conditions, any action taken by Provider whatsoever, regardless of whether such action falls within the Material Governance Area or not. Further, the Commission reserves the right to take any and all measures necessary or desirable to protect the interests of the Commission (including the Lottery) from the actions or inactions of Provider.

[End of Schedule]

SCHEDULE 5.3.3

ANNUAL BUSINESS PLAN REQUIREMENTS

Subject to **Section 5.3.3** of this Agreement and the additional particular requirements pertaining to the Initial Annual Business Plan as described in **Section 5.3.2** of this Agreement, each Annual Business Plan shall include a description of each of Provider's goals and objectives for the immediately following Contract Year (the "**Base Year**") and each of the following four (4) Contract Years thereafter (the "**Out Years**"), including at a minimum the following:

1. The Bid Net Income for the Base Year and each of the Out Years; *provided*, that for the Base Year and the first three (3) Out Years of each Annual Business Plan, the Bid Net Income will have been set pursuant to the preceding Annual Business Plan and, for purposes of determining a "Net Income Shortfall" in accordance with **Section 5.3.4** of this Agreement, such Bid Net Income shall not be modified from those set forth in the Annual Business Plan first establishing the Bid Net Income for the applicable Contract Year except as they may be adjusted in accordance with **Section 10.1** and **Schedule 10.1.** For avoidance of doubt, each Updated Annual Business Plan shall establish a Bid Net Income only for the fourth (4th) Out Year (subject to the minimum Bid Net Income requirement of **Section 2** of **Schedule 10.1**) and the Bid Net Income for the Base Year and the first three (3) Out Years shall be carried over from the prior Annual Business Plan.

2. Provider's requested Operating Expenses for the Base Year and its estimated Operating Expenses for each of the Out Years, which shall update the five (5) year rolling Budget.

3. Provider's proposed goals and objectives for the Base Year and each of the Out Years for each of the activities set forth in **Schedule 2.1** to this Agreement.

4. Provider's assumptions on which its Bid Net Income and updated Budget are based (including the projected fiscal impacts of each change, addition or elimination from the immediately prior Annual Business Plan).

5. Plans to assure participation of minority-owned and woman-owned business in Lottery related employment and contracts consistent with **Section 7.4** of this Agreement.

6. If in an Annual Business Plan Provider proposes one or more capital investment(s) equal to or in excess of Twenty-five Million Dollars ($25,000,000) per investment (a "**Significant Investment**"), then Provider must also describe (a) the anticipated annual increase in Provider Net Income directly resulting from the Significant Investment over the amortization period of such Significant Investment using the Amortization Methodology, (b) whether Provider proposes any such Significant Investments are to serve as a basis for potentially recovering of one of the following: (i) any element of 13.2.2 Termination Payment pursuant to **subsection (d)** of **Section 13.2.2,** or (ii) any element of 13.8.3 Termination Payment pursuant to **subsection (c)** of **Section 13.8.3** or (iii) any 13.10 Termination Payment pursuant to **Section 13.10,** and (c) if so proposed, the basis proposed for determining the Amortization Methodology applicable to any such Significant Investment. If and only if Approved by the Commission, will these estimates form the basis for potentially recovering of one of the following: (i) any element of 13.2.2 Termination Payment pursuant to **subsection (d)** of **Section 13.2.2,** or (ii) any element of 13.8.3 Termination Payment pursuant to **subsection (c)** of **Section 13.8.3** or (iii) any 13.10 Termination Payment pursuant to **Section 13.10.2.**

[End of Schedule]

SCHEDULE 5.5

SERVICE LEVEL EXHIBIT

SERVICE LEVEL	SERVICE LEVEL CREDITS
CENTRAL GAMING SYSTEM SERVICE LEVELS	
Central Gaming System "Down" Provider will ensure that the Central Gaming System is not "down" for more than two (2) minutes during the Sales Day. The Central Gaming System is considered "down" if during any portion of a Sales Day, no Lottery Tickets can be sold or canceled (pursuant to permitted conditions), and/or or no winning Lottery Tickets can be validated in the State.	If the Central Gaming Systems are down for more than two (2) minutes for sales and/or validation during any Sales Day, the Commission may assess SLA Credits in an amount equal to Estimated Lost System Net Revenue System Down. The Estimated Lost System Net Revenue System Down shall be used to calculate the damages during this period (less the two (2) minute grace period). The total time during which the Central Gaming System is down during the Sales Day will be calculated as the sum of all time during such Sales Day when the Central Gaming System is down. For example, two (2) one-minute long instances of down time in one Sales Day constitute two (2) minutes of daily down time.
Central Gaming System "Degraded Performance" Provider will ensure that the Central Gaming System does not evidence "degraded performance" for more than ten (10) minutes during any Sales Day. The Central Gaming System shall be considered as having degraded performance if: i. The Central Gaming System processes transactions from less than 95% of the installed and operational Terminals; ii. The Central Gaming System processes transactions from all installed and operational Terminals, but not for all Lottery Games and/or for other gaming related activities conducted by Lottery Retailers, *including but not limited to:* prize payments, cancellations for draw games, and activating or disabling instant tickets; iii. transactions do not log to at least: (a) a Provider-controlled real-time back-up system, and (b) the Commission-controlled internal control system; iv. Critical functions of Central Gaming System management and administration cannot be conducted by the management workstations (e.g., file transfers to the Commission);	If the Central Gaming System experiences degraded performance for more than ten (10) minutes during any Sales Day, the Commission may assess SLA Credits in an amount equal to Estimated Lost System Net Revenue System Degraded. The Estimated Lost System Net Revenue System Degraded shall be used to calculate the damages during this period (less the ten (10) minute grace period). The total time during which the Central Gaming System is degraded during the Sales Day will be calculated as the sum of all time during such Sales Day when the system is operating at a degraded performance level. For example, ten (10) one-minute long instances of degraded performance time in one Sales Day constitutes ten (10) minutes of daily degraded performance.

SCHEDULE 5.5

SERVICE LEVEL EXHIBIT

SERVICE LEVEL	SERVICE LEVEL CREDITS
v. Instant ticket inventory management is compromised (e.g., the ability to receive, order, pack, and ship instant tickets in a manner concordant with production schedules); or vi. During a defined promotion period the Central Gaming System cannot issue tickets or conduct transactions to support an intended promotion.	
Terminal and Peripheral Repair Provider shall ensure that "non-operational" Terminals are made operational (either through repair or replacement) within two (2) hours of receiving notification from either a Lottery Retailer or a network monitoring process. A Terminal is considered non-operational if during any Sales Day: (i) Lottery Tickets cannot be sold or canceled (under permitted conditions); (ii) validations cannot be performed, or (iii) the reader and/or scanner cannot process wagers or play slips.	In the event Provider fails to correct one or more non-operational Terminals within two (2) hours of receiving notice, the Commission may impose SLA Credits in an amount equal to Estimated Lost Terminal Net Revenue for time periods in excess of the two (2) hour grace period.
Communications Network Provider is required to provide a telecommunications network to serve the Lottery. The Lottery (and including operating Lottery Games) requires a communications network that provides sufficient bandwidth to meet the gaming and multimedia requirements of modern lottery distribution channels.	In the event a failure of the telecommunications network results in the Central Gaming System being either down or degraded (as prescribed in this Schedule 5.5), the Commission may assess SLA Credits in an amount equal to Estimated Lost System Net Revenue System Down or Estimated Lost System Net Revenue System Degraded, as applicable.
SECURITY	
Physical Security Provider must implement stringent security measures to prevent unauthorized entry and activity at the site(s) of the Central Gaming System (a "**Physical Security Breach**"), as well as support any applicable federal and local fire and safety regulations. At a minimum, Provider's security measures must include the following	Ten Thousand Dollars ($10,000) per incident of Physical Security Breach due to Provider's failure to maintain Physical Security Requirements.

SERVICE LEVEL	SERVICE LEVEL CREDITS
(the "**Physical Security Requirements**"): • Prevent unauthorized persons from accessing the facilities; • Provide a record of all entries and exits from each facility; • Include an access control and an intrusion detection/alarm system at each site; and • Provide a system to monitor and record all activities at entrances/exits and all other high security/sensitive areas of the facilities.	
Data Security The Central Gaming System must adhere to the data protection requirements set forth in the Agreement and Operating Standards (the "**Data Security Requirements**"). Any intrusion or attack on Commission Data which results in unauthorized access to or disclosure of Commission Data shall be a "**Data Security Breach**".	Ten Thousand Dollars ($10,000) per incident of Data Security Breach due to Provider's failure to maintain Data Security Requirements.
OPERATING STANDARDS	
Failure to Abide Provider must fulfill and abide by all Operating Standards including any of Provider's internal policies, procedures, and internal controls that are required by the Operating Standards.	As determined by the Commission relative to the nature, scope, extent, and general materiality of the failure: • Up to Two Thousand Five Hundred Dollars ($2,500) per incident. • Up to Five Thousand Dollars ($5,000) per incident for repeat offenses and/or offenses that occur over multiple days. *Provided*, that no amount shall be payable if the failure was for reasons attributable to the fault of the Commission; and *provided further* that higher amounts will be assessed to Provider for failures that follow the Commission giving prior notice to Provider regarding the matter.
REPORTING REQUIREMENTS	
Performance Report Provider must supply to the Commission each of the following reports (each, a "**Performance Report**"): • a weekly, monthly, quarterly and annual report on each of the "Central Gaming System Service	Beginning with the second day after a Performance Report was due, One Thousand Dollars ($1,000) per day of delay until such Performance Report is delivered to the Commission.

SERVICE LEVEL	SERVICE LEVEL CREDITS
Levels" included above, including measurement and analysis of performance against such Service Levels; • an immediate report of any security violation, Central Gaming Systems compromise, or violations of law (*e.g.*, theft); • an immediate report of the involvement of any of Provider's employees, owners, or agents in any known criminal arrest or investigation.	

DEFINED TERMS FOR PURPOSES OF THIS SCHEDULE 5.5

As used in this Schedule 5.5, the following terms have the following meanings:

"**Actual Sales**" means the aggregate net Lottery Ticket sales during the Applicable Period.

"**Average Comparison Sales**" means the average weekly Lottery Ticket sales for the Applicable Period during the thirteen (13) operating weeks preceding the week in which the gaming system was down.

"**Applicable Period**" means the period of time which the Central Gaming System is down or experiencing degraded performance, expressed in minutes, hours, and/or days as appropriate under the circumstances.

"**Comparison Terminal Sales**" means: (a) with respect to non-operational Terminals that have been deployed for at least thirteen (13) operating weeks, the weekly average of the net online Lottery Ticket sales generated by the applicable non-operational Terminal during the thirteen (13) operating weeks preceding the week in which such Terminal became non-operational; and (b) with respect to non-operational Terminals that have been deployed for less than thirteen (13) operating weeks, the weekly average of the net online Lottery Ticket sales generated by the applicable non-operational Terminal during the operating weeks preceding the week in which such Terminal became non-operational.

"**Duration**" means the duration of the Applicable Period in operating minutes.

"**Estimated Lost System Net Revenue System Down**" means the product of (i) the ratio of (A) the Average Comparison Sales to (B) the Duration, (ii) the Net Duration (Down) and (iii) forty percent (40%).

"**Estimated Lost System Net Revenue System Degraded**" means the greater of (a) the product of (i) the ratio of (A) the Average Comparison Sales minus the Actual Sales to (B) the Duration, and (ii) the Net Duration Degraded and (iii) forty percent (40%); and (b) zero.

"**Estimated Lost Terminal Net Revenue**" means the product of: (a) the ratio of (i) the applicable Comparison Terminal Sales to (ii) one-hundred thirty-two (132) (note: 132 hours represents the actual Central Gaming System uptime per week in the State); (b) the number of hours (excluding non-operating hours) of maintenance delay in excess of two (2) hours; and (c) forty percent (40%)).

"**Net Duration (Down)**" means the Duration minus three (2) minutes.

"**Net Duration (Degraded)**" means the Duration minus ten (10) minutes.

SCHEDULE 5.5

SERVICE LEVEL EXHIBIT

SERVICE LEVEL	SERVICE LEVEL CREDITS

"Sales Day" means the portion of any calendar day on which sales of Lottery Tickets are intended to be offered to the public during predetermined hours of operation, as established by the Commission, which hours shall not exceed twenty-three (23) hours and forty (40) minutes.

[End of Schedule]

SCHEDULE 6.3.1

PROVIDER KEY PERSONNEL

Title: Chief Executive Officer

Name of Employee: Connie Laverty O'Connor (Transition)

Supervises:

Vice President and Deputy General Manager
Vice President of Marketing: Jessica Powell
Vice President of Sales: Michele Argentieri
Director of Corporate Affairs
Chief Financial Officer
General Counsel
Director of Human Resources
Senior Director of Operations & Technology
Executive Administrative Assistant

Reports to: Governing Board of Provider

Primary Responsibilities:

Leads the Provider organization in the delivery of integrated services
Responsible for effective cooperation between the Provider and the Commission
Primary point of accountability for the Commission
Oversees the strategic direction of the operation
Allocates resources in support of the strategic objectives
Responsible for ensuring the quality of operational services

Title: Vice President and Deputy General Manager

Name of Employee: TBD

Supervises:

Director of Corporate Social Responsibility (CSR) and Integrated Services Agreement (ISA) Compliance
Manager of Procurement
Receptionist

Reports to: Chief Executive Officer

Primary Responsibilities:

Ensures compliance with execution of ISA
Relationship management with State regulators
Translates regulator changes into business practices
Integrates corporate social responsibility
Leads efforts to secure Level 4 World Lottery Association accreditation for responsible gaming
Responsible gaming programs and training
Oversees subcontractor and vendor procurements
Ensures participation of WMBE businesses

Title: Vice President of Marketing
Name of Employee: Jessica Powell
Supervises: Director of Product Management (Draw) Director of Product Management (Instants) Business Analytics Director of Marketing Communications and Advertising Manager of Marketing Research Manager of Retailer Experience Manager of Web Design
Reports to: Chief Executive Officer
Primary Responsibilities: Establishes a comprehensive marketing strategy Manages the Hoosier Lottery's brand Establishes and leads an organization of marketing professionals working closely with the Provider's advertising and communications agency Provides strategic and tactical direction Provides expertise on consumer insights, game design and innovation, promotions development, marketing and advertising communications design and execution Leverages global lottery-industry best practices Communicates a well-balanced product mix, clearly conveying the benefits in a socially responsible manner Maximizes the value of the Hoosier Lottery game portfolio Enables the full potential of the Hoosier Lottery market

Title: Vice President of Sales
Name of Employee: Michele Argentieri (Transition)
Supervises: Sales Director Director of Corporate Accounts Director of Retailer Expansion Senior Manager of Retailer Optimization Manager of Sales and Service Operations Sales Analyst Senior Administrative Assistant
Reports to: Chief Executive Officer
Primary Responsibilities: Establishes strategic and tactical plans Oversees Lottery Retailer recruitment Client relationship management Sales operations and optimization Develops and utilizes sales analytics to drive actionable sales programs Designs and implements marketing campaigns and sales promotions Designs performance-driven incentive programs Develops effective relationships with local corporate accounts Leverages national account relationships
Title: Director of Corporate Affairs
Name of Employee: TBD
Supervises: Social Media Specialist Public Relations Specialist
Reports to: Chief Executive Officer
Primary Responsibilities: Ensures all messaging protects and preserves the integrity of the Hoosier Lottery brand Represents a positive business image of the Provider in the community Establishes the strategy for, and leads external communications with, various media outlets Creates and executes Social Media Plan Develops and implements community outreach programs

Title: Chief Financial Officer (CFO)

Name of Employee: TBD

Supervises:

Financial Analyst

AP/AR Clerk

Reports to: Chief Executive Officer

Primary Responsibilities:

Oversees all financial activities, including:

- Planning and controlling
- Budgeting
- Forecasting
- Balancing sales with revenue
- Managing net income commitments

Accountable for the financial integrity of the business, compliance with accounting standards, and regulatory and legal requirements

Designs and implements internal controls

Maintains accounting records

Prepares financial reports for management and shareholders

Works with the Commission to ensure full transparency and that the trust of the public and players is maintained

Title: General Counsel

Name of Employee: TBD

Supervises:

Corporate Counsel

Paralegal

Reports to: Chief Executive Officer

Primary Responsibilities:

Works closely with the Commission to manage all legal matters for the Provider, including:

- Legal strategy
- Legal compliance
- Litigation
- Regulatory matters
- Security

Serves as senior legal advisor to management team

Counsels on the legal implications of all organization activities and problems

Responsible for issuing RFPs and preparing rules and regulations, as well as required executive directives, for Hoosier Lottery games and promotions

Establishes policies and procedures to ensure compliance with all legal and regulatory requirements

Responsible for drafting, negotiating, and monitoring all legal contracts

Oversees and directs engagements of outside counsel

Title: Director of Human Resources
Name of Employee: TBD
Supervises: HR Representative
Reports to: Chief Executive Officer
Primary Responsibilities: Ensures that a top-tier workforce is established, developed, and retained Oversees creation and implementation of HR strategy and programs that enable the organization to achieve the Business Plan, through people Responsible for integrating the current Commission staff with GTECH's own employees Establishes a common set of policies, procedures, and programs Establishes and administers market competitive benefits and compensation, including performance-based incentives Ensures compliance with all State and federal laws and regulations pertaining to employees
Title: Senior Director, Operations and Technology
Name of Employee: TBD
Supervises: Manager of Technical Operations Information Technology (IT) Specialist Application Developer (Web) Manager of Security Provider Subcontractors Tell Sell Distribution and Logistics
Reports to: Chief Executive Officer
Primary Responsibilities: Establishes and executes technical and operational services Works with internal and external parties to ensure marketing and sales initiatives are executed efficiently Optimizes the player and Lottery Retailer experience Oversees performance of IT infrastructure Manages systems integration of outsourced suppliers Designs and implements enhancements to the technology platform Optimizes efficiency of supply chain
Title: Director of Sales
Name of Employee: TBD

Supervises:

Sales Analyst
Regional Sales Manager, North
Regional Sales Manager, South
Regional Sales Manager, Central

Reports to: Vice President of Sales – Michele Argentieri

Primary Responsibilities:

Achieves sales by game vs goal for each region
Oversight of 3 regional offices
Provides day to day sales focus
Supports development of same store sales (sss) initiatives
Oversees 360 Sales and Marketing execution at Retail
Evaluates and develops the effectiveness of field sales staff

Title: Director, CSR & ISA Compliance

Name of Employee: TBD

Supervises: n/a

Reports to: Vice President & Deputy General Manager

Primary Responsibilities:

Oversees compliance with execution of ISA
Implements changes in business practices in alignment with regulatory changes
Develops and implements corporate social responsibility programs and monitors compliance
Facilitates efforts to secure Level 4 World Lottery Association accreditation for responsible gaming
Implements Responsible Gaming programs and training

Title: Director, Corporate Accounts

Name of Employee: TBD

Supervises:

Corporate Account Associates (3)
Marketing Analyst

Reports to: Vice President of Sales – Michele Argentieri

Primary Responsibilities:

Directs the Corporate Account Team's efforts to recruit, establish, and maintain effective working relationships with Lottery retailer accounts in Indiana
Develops annual recruitment and strategic plans in conjunction with the Sales Director and the Lottery sales teams
Responsible for the creation of recruitment packages as well as Corporate Account sales reporting, strategy building and planning tactics that will maximize sales within the targeted accounts and throughout the state

Title: Director, Retailer Expansion

Name of Employee: TBD

Supervises:

Business Development Associates (BDAs) - 11

Reports to: Vice President of Sales – Michele Argentieri

Primary Responsibilities:

Responsible for growing the retailer network in Indiana

Establishes and oversees all retail recruiting activities to include strategic planning, implementation, training, market research, analysis and general marketing support

Facilitates a streamlined licensing process for prospective retailers

Develops, plans and facilitates new retailer training

Title: Director, Marketing Communications & Advertising

Name of Employee: TBD

Supervises:

Marketing Promotion Specialist (2)

Advertising Specialist

Marketing Communications Specialist

Graphic Designer

Reports to: Vice President of Marketing – Jessica Powell

Primary Responsibilities:

Manages relationship with 3rd party marketing partners to grow the Hoosier Lottery brand, and promote its products

Develop product message propositions and oversee development of creative advertising campaigns

Track marketing and advertising budgets

Title: Dir, Product Management (Draw Games)

Name of Employee: TBD

Supervises: n/a

Reports to: Vice President of Marketing – Jessica Powell

Primary Responsibilities:

Tracks ongoing sales of product portfolio as well as player opinion of games

Ideates, researches and launches new game innovation for the relevant product category

Monitor gaming trends to ensure creation of relevant and exciting games

Responsible for ensuring that all other functions are executing game launches in line with best practices for the Draw-based games product category

Title: Dir, Product Management (Instant Games)
Name of Employee: TBD
Supervises: n/a
Reports to: Vice President of Marketing – Jessica Powell
Primary Responsibilities: Tracks ongoing sales of product portfolio as well as player opinion of games Ideates, researches and launches new game innovation for the relevant product category Monitors gaming trends to ensure creation of relevant and exciting games Responsible for ensuring that all other functions are executing game launches in line with best practices for the Instants product category

NOTE: Persons in each of the above position will devote all or substantial portion of their time to **GTECH Indiana, LLC** / Lottery matters. Names noted as **Transition** are indicate that these individuals are transitional personnel only and not permanent **GTECH Indiana, LLC** employees.

[End of Schedule]

SCHEDULE 7.2

IDENTIFIED SUBCONTRACTS

Provider-identified Subcontracts* are listed below:

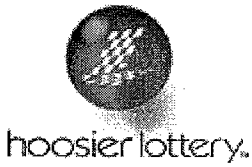
GTECH Corporation	Affiliate
GTECH Printing Corporation	Affiliate
St. Minver Limited	Affiliate
Boss Media AB	Affiliate
Finsoft Limited	Affiliate
Scientific Games International, Inc.	Subcontractor
Pollard BankNote Limited	Subcontractor
Barnes & Thornburg LLP	Subcontractor
Borshoff and Associates	Subcontractor
Heritage Ford	Subcontractor
Keystone Staffing Services	Subcontractor
Imarcsgroup.com, LLC	Subcontractor

* Represents entities identified in Initial Annual Business Plan and with whom GTECH Indiana, LLC may contract with for Services including Products.

SCHEDULE 8.1.2

COMMISSION INTELLECTUAL PROPERTY

The following marks:



[End of Schedule 8.1.2]

SCHEDULE 8.2.1

PROVIDER INTELLECTUAL PROPERTY

SCHEDULE 10.1

PAYMENTS SCHEDULE

Provider shall receive reimbursement for Operating Expenses and payment of Incentive Compensation, and Provider shall make any Net Income Shortfall Payment, in accordance with and pursuant to **Section 5.3.4** and **Article 10** of this Agreement, and as follows:

1. **Operating Expenses.** "**Operating Expenses**" are comprised of (i) a "**Management Fee**" (as defined below), and (ii) "**Lottery Expenses**" (as defined below):

   (a) The "**Management Fee**" shall equal the fixed amount established annually in the Approved Budget to reimburse Provider for the expenses, other than Lottery Expenses (as defined below), incurred by Provider with respect to its activities under this Agreement, including Provider's good faith estimate of its (i) base employee compensation and employee benefits for Provider Personnel and (ii) overhead for its business operations with respect to the Lottery (including travel, meals and entertainment expenses to the extent such conform with the Operating Standards, and the depreciation or amortization expense, consistent with GAAP, in use to depreciate or amortize any capital expenditure investment incurred by Provider). Costs or expenses specified in this Agreement as being at the cost and expense of Provider are not proscribed from being funded from amounts made available to Provider as a Management Fee unless specifically so limited in this Agreement. The Management Fee shall not include (a) any expenses otherwise included as Lottery Expenses or (b) any bonuses for Provider Key Personnel. To the extent included in the Initial Annual Business Plan (and in the related Budget as detailed by investments set out in Figure 1 contained in Part B-Budgets of **Exhibit 5.3.2**), the Management Fee for Contract Years 1 through 5 may include a prorata portion of (a) any start-up overhead expenses for Provider's business operations with respect to providing Transition Services and (b) the amount paid by Provider to the Commission by means of the release and payment of the Bid Deposit (as defined in RFI) to the Commission consistent with Section 5.6.2 of the RFI. Notwithstanding the foregoing, Provider shall be entitled to adjust the Management Fee during a Contract Year (i) only to the extent that a position occupied by a Commission Personnel as of the Base Services Commencement Date becomes a position or role occupied by a person employed directly by Provider after the Base Services Commencement Date, and (ii) only in an amount that equals the base compensation and employee benefits for such Commission Personnel that become employed directly by Provider; *provided however*, that any amount previously paid by the Commission for such position as a Lottery Expense shall no longer be included as a Lottery Expense.

   (b) The "**Lottery Expenses**" shall be comprised of the amount established annually in the Approved Budget and required by Provider to pay (i) Subcontractors for goods and services (including the Replacement Contracts) as provided in support of the operation of the Lottery or (ii) other Third-Parties for other goods and services as initially contained in the Initial Annual Business Plan in Part B-Budgets of **Exhibit 5.3.2**); *provided that* all Subcontractors are procured in compliance with **Article 7** of this Agreement; and *provided, further, that* no cost or expense which this Agreement specifies to be at the sole cost and expense of Provider shall be a Lottery Expense. For avoidance of doubt, Lottery Expenses shall not be any expense for any goods and services that the Commission in its reasonable determination identifies as overhead for Provider's business operations (including travel, meals or entertainment expenses included in the Approved Budget as Management Fee or any depreciation or amortization expense) or any other expense that is not directly related to operating the Lottery. Additionally, in the event there is a change in policy and/or law that would make available new Lottery sales channels or expand existing Lottery sales channels (e.g.: internet, personal mobile devices, etc.) or authorization of game types or platforms currently unavailable to or voluntarily not employed by the Lottery (e.g.: Keno, VLT's, electronic pull-tabs, virtual card games, etc.) and the Commission Approves the pursuit of such activity in an Updated Annual Business Plan, then the costs and expenses associated with Provider pursuing such activity shall be included as Lottery Expenses consistent with the Budget therein.

(c) The Management Fee and Lottery Expenses shall be established for the Initial Contract Year in the Provider Bid and the Initial Annual Business Plan (as initially contained in Part B-Budgets of **Exhibit 5.3.2**), and adjusted each Contract Year thereafter pursuant to the Updated Annual Business Plan process described in **Section 5.3.3** of this Agreement.

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

Contract Year	**"Bid Net Income" ($millions)**
Contract Year 1	**$256.0**
Contract Year 2	**$320.0**
Contract Year 3	**$365.0**
Contract Year 4	**$410.0**
Contract Year 5	**$410.0**
Later Contract Years	*

* Each item so denoted shall be set by Provider pursuant to the Annual Business Plan process described in **Section 5.3.3** of this Agreement; *provided, however*, that:

(1) Bid Net Income for Contract Year 6 shall not be less than the highest Bid Net Income for the first five (5) Contract Years *increased by* two (2) percent; and

(2) Bid Net Income for each subsequent Contract Year thereafter (commencing with Contract Year 7 through and including any Contract Year in any extension pursuant to **Section 13.1.2** of this Agreement) shall not be less than the Bid Net Income in the immediately prior Contract Year *increased by* two (2) percent.

3. **Incentive Compensation**.

(a) "**Incentive Compensation**" shall be based solely upon Provider's achievement of Provider Net Income that exceeds Bid Net Income. If in any Contract Year Provider Net Income exceeds the Bid Net Income for such Contract Year, then pursuant to **Section 10.2.3** of this Agreement and subject to **Section 3(b)** of this **Schedule 10.1** the Commission shall pay Provider an amount equal to the difference between:

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

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

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

Incentive Compensation = (Provider Net Income – Bid Net Income).

(b) Cap on Incentive Compensation: In any given Contract Year the Incentive Compensation payable to Provider shall not exceed five percent (5%) of Provider Net Income for such Contract Year together with an amount equal to the Provider's Unrecovered Shortfall Amount.

4. **Adjustment to Bid Net Income**:

(a) Upward Adjustment to Bid Net Income:

(i) Provider and the Commission agree that the Bid Net Income reflected in **Section 2** above is premised upon the current gaming environment in the State. The Parties acknowledge that should there be a material change in such gaming environment which materially

impacts Provider's ability to increase Provider Net Income (an "**Upward Adjustment Trigger**"), for example (x) a change in policy and/or law that would make available new Lottery sales channels or expand existing Lottery sales channels (e.g.: internet, personal mobile devices, etc.) or authorization of game types or platforms currently unavailable to or voluntarily not employed by the Lottery (e.g.: Keno, VLT's, electronic pull-tabs, virtual card games, etc.) or (y) a change in policy and/or law that would eliminate or reduce any current competing forms of gaming (e.g.: Gambling Games at Casinos, charity gaming under IC 4-32.2, type II gaming under IC 4-36, etc., as such may be amended, supplement or replaced from time to time), then the Commission shall be entitled to recommend in writing (the "**Commission's Recommended Adjustments**") to Provider a proportional increase to the Bid Net Income for (i) the Contract Year in which the Commission sends Provider notice of the Commission's Recommended Adjustments to reflect a material change, and (ii) if applicable, all subsequent Contract Years for the Term of this Agreement.

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

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

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

(b) Downward Adjustment to Bid Net Income:

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

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

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

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

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

5. **Net Income Shortfall Payments.** A Net Income Shortfall will be deemed to have occurred, and the Commission shall have the right to be paid by Provider the following amount (the "**Net Income Shortfall Payment**"):

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

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

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

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

Net Income Shortfall Payment to the Commission = (Bid Net Income – Provider Net Income).

(b) Cap on Net Income Shortfall: In any given Contract Year the Net Income Shortfall Payment payable to the Commission shall not exceed five percent (5%) of Bid Net Income for such Contract Year.

(c) In the event that a Net Income Shortfall occurs, Provider acknowledges and agrees that the Commission shall be entitled to a Net Income Shortfall Payment. In the event that the Commission is entitled to a Net Income Shortfall Payment, (i) the Commission shall set-off such Net Income Shortfall Payment amount, pursuant to **Section 10.4** of this Agreement, against any funds or monies due to Provider, and (ii) if such set-off is insufficient to immediately recover the entire Net Income Shortfall Payment, then the Commission shall demand payment in writing of the balance due, and (iii) if the Commission has not received payment of such amount demanded within ten (10) days of such demand, then it shall be entitled to draw upon Provider's Security.

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

$$\textbf{Prorated Bid Net Income} = \frac{\text{Actual Number of Days Elapsed in Stub Contract Year}}{365} \times \text{each Bid Net Income}$$

[End of Schedule]

SCHEDULE 12.1.2

PROVIDER'S STANDARD CERTIFICATIONS

Section 1 – General Certifications and Covenants

1. Provider acknowledges and agrees that compliance with this **Schedule 12.1.2** and each of its sections for the Term of this Agreement is a material requirement and condition of this Agreement.

2. By executing this Agreement and by delivery of each Subcontractor Standard Certifications and Covenants related to each Subcontract consistent with **Section 7.6** of this Agreement, Provider certifies compliance (including in respect of such Subcontract to which any such Subcontractor Standard Certifications and Covenants applies) with **Section 12.1.2** of this Agreement, and **Schedule 12.1.2** and each of its sections, and is under a continuing obligation to remain in compliance and report any non-compliance by Provider and each such Subcontractor, as applicable. This **Schedule 12.1.2** only pertains to such Subcontract covered by **Section 7.6** of this Agreement.

Section 2 – Bidding and Contracting Certifications and Covenants

A. Provider certifies, represents and warrants no person or selling agency has been employed or retained to solicit or secure this Agreement or any Subcontract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee other than as Approved after full and complete disclosure of the nature, amount and circumstance pertaining thereto.

B. Provider certifies, represents and warrants it has not, nor has any other member, employee, representative, agent or officer of Provider, directly or indirectly, to the best of Provider's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that Provider has not received or paid, any sum of money or other consideration for the execution of this Agreement or any Subcontract other than that which appears upon the face of this Agreement.

C. Provider certifies, represents and warrants it has not entered into a combination or an agreement relative to the price to be offered by a person or business entity, to prevent a person or business entity from making an offer or to induce any person or business entity to refrain from making an offer on this Agreement or any Subcontract.

D. Provider covenants that it, its employees, agent(s) and subcontractor(s) will abide by all ethical requirements that apply to persons who have a business relationship with the State, as set forth in Indiana Code 4-2-6, the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. If Provider is not familiar with these ethical requirements, Provider should refer any questions to the State Ethics Commission, or visit the State Ethics Commission website at http://www.in.gov/ethics/.

Section 3 – Civil Rights Certifications and Covenants

A. Provider (i) certifies, represents and warrants it complies with the Indiana Civil Rights Laws and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies, and (ii) hereby covenants and agrees that no person shall be (1) excluded from participation in, or be denied benefits of, this contract where such participation or benefits are obligated by this Agreement or applicable laws, or (2) 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 applicable law. Provider shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

B. Provider covenants that for all solicitations or advertisements for employees placed by or on behalf of Provider, Provider will state that it is an "affirmative action and equal opportunity employer."

C. Provider covenants that it will cause any Person awarded a Subcontract pursuant to this Agreement to agree, that they will comply with all provisions on Equal Employment Opportunity created by applicable state, federal or local laws, rules and regulations.

D. Provider certifies, represents and warrants that it understands that the Commission is committed to ensuring equitable participation of minority- and women-owned or controlled businesses in all phases of its operations and that if Provider subcontracts to provide any good or services under this Agreement, Provider agrees to undertake reasonable efforts to involve minority- and women-owned business enterprises ("MBE/WBE") in the activities and operations of this Agreement as Subcontractors and sub-Subcontractors. A directory of certified MBE/WBE firms can be obtained from the Indiana Department of Administration Minority and Women's Business Enterprises Division, which is posted at http://www.in.gov/idoa/files/certification_list.xls.

E. Provider covenants and agrees to provide, upon request of the Commission, a copy of any agreements entered into between Provider and each certified MBE/WBE used as Subcontractors or sub-Subcontractors and any other information required by Commission to verify the utilization of certified minority- and women-owned business.

Section 4 – Drug-Free Workplace Certification

A. Provider covenants and agrees that it and its Subcontractor(s) (i) will make a good faith effort to provide and maintain a drug-free workplace and give written notice to the Commission within ten (10) Business Days after receiving actual notice that Provider or a Subcontractor or an employee of Provider or a Subcontractor in the State has been convicted of a criminal drug violation occurring in Provider's or Subcontractor's workplace, and (ii) if the total Contract value exceeds $25,000, will provide a drug-free workplace by:

1. Publication and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in Provider's and its Subcontractors' workplace and specifying the actions that will be taken against employees;
2. Establishing a drug-free awareness program to inform employees about (a) the dangers of drug abuse in the workplace; (b) the Provider's and Subcontractor's policy of maintaining a drug-free workplace; (c) any available drug counseling, rehabilitation, and employee assistance programs; and (d) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;
3. Notifying all employees in the statement required by subparagraph (1) above that as a condition of continued employment the employee will (a) abide by the terms of the statement; and (b) notify the employer of any criminal drug statue conviction for a violation occurring in the workplace no later than five (5) Business Days after such conviction;
4. Notifying in writing the Indiana Department of Administration and Indiana Department of Transportation within ten (10) Business Days after receiving notice from an employee under clause 3(b) above, or otherwise receiving actual notice of such conviction;
5. Within thirty (30) days after receiving notice under clause 3(b) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (a) take appropriate action against the employee, up to and including termination; or (b) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health law enforcement, or other appropriate agency; and
6. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs 1. through 5. above.

Provider further certifies, represents and warrants that it is in compliance with the government-wide requirements for a drug-free workplace as set forth in 45 CFR Part 82.

Section 5 – Criminal History and Background Check Certifications and Covenants

A. Provider certifies, represents and warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State and agrees that it will immediately notify the Commission Designee of any such actions.

B. Provider certifies, represents and warrants that neither Provider nor its principal(s) have been convicted of, or entered a plea of guilty or *nolo contendere* to, a felony committed in the preceding ten (10) years, regardless of adjudication.

C. Provider acknowledges that all Persons who will provide any services to the Commission under a contract with the Commission or its Vendors, as defined in Indiana Code 4-30-2-8, (including Provider's Subcontractors and any sub-Subcontractors) must submit to local, state and, at the discretion of the Commission, national criminal background clearance. Provider further acknowledges and agrees that should the Commission Designee determine that Provider or its principals, employees, agents and representatives are subject to such local, state, or national criminal background clearance, the Commission will undertake a background investigation on behalf of Provider and any affected principals, employees, agents and representatives for the then applicable fee which as of the date hereof is twenty-five ($25.00) per person (the "Investigation") and invoice the Provider for such Investigation. Provider agrees to reimburse the Commission for conducting such Investigations in accordance with the terms of the invoice.

Section 6 – Lottery-Specific Certifications and Covenants

A. Provider certifies, represents and warrants it and each Subcontractor are properly formed and existing legal entities, have registered to conduct business in Indiana and owe no outstanding reports to the Indiana Secretary of State.

B. Provider certifies, represents and warrants it has filed and covenants that it will file appropriate tax returns as provided by Indiana law, and neither it nor its principal(s) is in arrears in payment of its taxes, permit fees or other statutory, regulatory or judicially required payments to the State.

C. Provider covenants and agrees that all services, products, systems, and procedures to be employed by Provider and its Subcontractors will comply, at all times, with the game security and operational standards current at the time of performance of this Agreement and the Operating Standards as issued by any multi-jurisdictional association of which the Commission is a member or in the event the Commission becomes a member.

D. Provider covenants and agrees that its Subcontractors will not use the Commission or Lottery name, logos, images, or any data or results arising from this Agreement or any Subcontract as a part of any commercial advertising without Approval.

E. Provider covenants and agrees that it and its Subcontractors will not issue any news releases pertaining to the execution, delivery or performance of this Agreement or a Subcontract or any associated request for proposal or other proposal without Approval, and then only in cooperation with the Commission.

F. In accordance with Indiana Code 4-30-3-19 through Indiana Code 4-30-3-19.7, Provider certifies, covenants and agrees that neither Provider (or its Subcontractors) nor an officer of Provider (or its Subcontractors) or political action committee (as defined in Indiana Code 3-5-2-37) of Provider (or its Subcontractors):

   i. has made a contribution to a candidate for an Indiana state office or a "Committee" (as defined in Indiana Code 4-30-3-19.5) within three (3) years preceding the award of this Agreement or

ii. will make a contribution to a candidate for an Indiana state office or a Committee while this Agreement is in effect and during the three (3) years following the final expiration or termination of this Agreement.

G. Provider acknowledges and agrees that the Commission shall be a third-party beneficiary to all Subcontracts and shall have the right to enforce the provisions of such Subcontracts, including, without limiting the generality of the foregoing, the Standard Certifications and Covenants executed by Subcontractors and any sub-Subcontractors, on its own behalf, but is not a party thereto and shall have no obligation under such Subcontracts.

H. Provider covenants and agrees to provide, upon request of the Commission, a copy of any agreements entered into between Subcontractor and each certified MBE/WBE used as Subcontractors or sub-Subcontractors and any other information required by Commission to verify the utilization of certified minority- and women-owned business.

I. Provider certifies, represents and warrants its acceptance of full responsibility for and agrees to be strictly liable for the performance of all Subcontractors and sub-Subcontractors that Provider uses on this Agreement.

Section 7 – General State Certifications and Covenants

A. Provider certifies, represents and warrants it and its Subcontractors comply with all applicable federal, state and local laws, rules, regulations and ordinances, including, but not limited to, all health, safety and environmental statutes, rules or regulations, Indiana Code 4-30, and the provisions of Title 65 of the Indiana Administrative Code.

B. Provider certifies, represents and warrants it and its employees and Subcontractors comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by Provider pursuant to this Agreement.

C. Provider certifies, represents, warrants, covenants and agrees that it, its principal(s), and it Affiliates:

i. except for de minimis and nonsystematic violations, have not violated the terms of (1) Indiana Code 24-4.7 (Telephone Solicitation of Consumers), (2) Indiana Code 24-5-12 (Telephone Solicitations), or (3) Indiana Code 24-5-14 (Regulation of Automatic Dialing Machines) in the previous three hundred sixty-five (365) days, even if Indiana Code 24-4.7 is preempted by federal law; and

ii. will not violate the terms of Indiana Code 24-4.7 for the duration of this Agreement, even if Indiana Code 24-4.7 is preempted by federal law.

D. Provider certifies, represents and warrants that no foreign-made equipment, materials, or supplies furnished under this Agreement are produced in whole or in part by forced labor, convict labor or indentured labor under penal sanction (Indiana Code 5-22-15-24.2).

E. Provider acknowledges that the service to be performed by Provider under this Agreement may require access to data, materials, and information containing Social Security numbers or other personally identifiable information maintained by the Commission in its computers or other records, and pursuant to 10 IAC 5-3-1(4) hereby covenants and agrees to comply with the provisions of Indiana Code 4-1-10 and Indiana Code 4-1-11. IF ANY SOCIAL SECURITY NUMBER(S) OR PERSONAL INFORMATION (AS DEFINED IN INDIANA CODE 4-1-11-3) IS / ARE DISCLOSED BY PROVIDER, PROVIDER AGREES TO PAY THE COST OF THE NOTICE OF DISCLOSURE OF A BREACH OF THE SECURITY OF THE SYSTEM IN ADDITION TO ANY OTHER CLAIMS AND EXPENSES FOR WHICH IT MAY BE LIABLE.

F. Provider certifies, represents and warrants and hereby affirms under the penalties of perjury that Provider does not knowingly employ an unauthorized alien and covenants and agrees to no knowingly employ or

contract with an unauthorized alien. Provider further covenants and agrees Provider will not retain an employee or subcontract with a Person that Provider subsequently learns is an unauthorized alien and will require Subcontractors and sub-Subcontractors, who perform work under this Agreement, to certify to Provider that the Subcontractor and sub-Subcontractors do not knowingly employ or contract with an unauthorized alien and that the Subcontractor and sub-Subcontractors have enrolled and are participating in the E-Verify program.

G. Subject to the exceptions set forth in this Section 7.G., Provider covenants and agrees that Provider has enroll in and verifies the work eligibility statute of all newly hired employees through the E-Verify program, as defined in Indiana Code 22-5-1.7-3. Provider is not required to participate in the E-Verify program should the E-Verify program cease to exist.

Section 8 – General Federal Certifications

A. Provider certifies, represents and warrants (i) it is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by an Executive Order, the United States Treasury Department of Homeland Security as a terrorist, "Specifically Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Asset Control or Department of Homeland Security and (ii) it is not engaged in the transaction contemplated by this Agreement, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of any such person, group, entity or nation.

B. Provider (i) certifies, represents and warrants that it is in compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law No. 104-191, 45 CFR Parts 160, 162 and 164, the Social Security Ac, 42 U.S.C. 1320d-7, in that it may not use or disclose protected health information other than as permitted or required by law and agrees to use appropriate safeguards to prevent use or disclosure of the protected health information; and (ii) covenants and agrees that it will maintain, for a minimum of six (6) years, all protected health information.

[End of Schedule]

SCHEDULE 17.1

INSURANCE COVERAGES

1.1 General. During the Term and for a minimum of ninety (90) days after the expiration or termination of this Agreement (and subject to **Section 1.1.5** of this **Schedule 17.1**), at Provider's sole cost and expense, Provider shall provide and maintain in effect at least the following types of insurance and minimum limits of coverage, in addition to any other insurance required by Applicable Requirements.

1.1.1 Workers' Compensation and Employer's Liability Insurance. Provider shall provide and maintain Workers' Compensation insurance of the type and amount required by Applicable Requirements. Provider shall provide and maintain Employer's Liability insurance with limits not less than One Million Dollars ($1,000,000) for each accident for bodily injury and not less than One Million Dollars ($1,000,000) for each employee for bodily injury by disease.

1.1.2 Commercial General Liability Insurance. Provider shall provide and maintain general liability insurance written on an occurrence basis and covering all operations performed by or on behalf of the Provider arising out of or in connection with this Agreement, in an amount not less than Two Million Dollars ($2,000,000) per occurrence and Two Million Dollars ($2,000,000) in the annual aggregate. Such insurance shall provide coverage for: (a) premises and operations; (b) bodily injury; (c) broad form property damage, including products and completed operations; (d) personal injury and advertising injury; (e) contractual liability for bodily injury, property damage, personal injury and advertising injury; and (f) cross-liability. Any exclusion for property damage to "your work" shall include an exception providing that such exclusion does not apply if damaged work or the work out of which the damage arises was performed on Provider's behalf by a Subcontractor. Any exclusion otherwise applicable to Provider's liability for rendering or failing to render "professional services" shall accept Provider's means and methods.

1.1.3 Business Automobile Liability Insurance. Provider shall provide and maintain Business Automobile Liability insurance, including, without limitation, bodily injury, passenger liability (where applicable), and property damage, covering all of Provider's owned, rented (or hired) and non-owned vehicles, and mobile equipment used in connection with the goods and services provided, including any other coverages in types and amounts in accordance with Applicable Requirements. Such insurance shall have limits of not less than One Million Dollars ($1,000,000) each accident for bodily injury and property damage and Two Million Dollars ($2,000,000) each accident for uninsured and underinsured motorists. Such insurance shall provide defense coverage, with costs of defense outside the limits of liability.

1.1.4 Umbrella/Excess Liability. Provider shall provide and maintain Umbrella and/or Excess Liability insurance written on an occurrence basis and in an amount not less than Thirty Million Dollars ($30,000,000) per occurrence and in the annual aggregate, excess of the limits provided by Provider's Employer's Liability, Commercial General Liability and Business Automobile Liability insurance policies. The coverage terms of the Umbrella and/or Excess Liability insurance shall be at least as broad as the underlying Employer's Liability, Commercial General Liability and Business Automobile Liability insurance required by this **Schedule 17.1**. The Umbrella and/or Excess Liability insurance shall include contractual liability coverage.

1.1.5. Professional Liability (E&O) Insurance. Provider shall provide and maintain Professional Liability Errors and Omissions (E&O) Insurance with an aggregate limit of liability not less than Fifteen Million Dollars ($15,000,000). Such insurance shall cover any and all acts, errors, omissions or negligence in the delivery, performance or non-performance of Services (including the provision of all Equipment and Products) under this Agreement. Such E&O Insurance shall include coverage for claims and losses with respect to network or data risks (such as data breaches, release of confidential unauthorized access/use, ID theft, invasion of privacy, damage/loss/theft of data, degradation, downtime, etc.) and intellectual property

infringement, such as copyrights, trademarks, service marks and trade dress (*provided, however,* such intellectual property infringement coverage may be self-insured by Provider, subject to the self-insurance limitations stated herein). The E&O Insurance retroactive coverage date shall be no later than the Agreement Effective Date. Provider shall maintain an extended reporting period providing that claims first made and reported to the insurance company within two (2) years after termination of **this Agreement** will be deemed to have been made during the policy period.

1.1.6 Property Insurance. Provider shall provide and maintain Property Insurance with limits no less than the full replacement value, of all structural and business personal property elements owned by Provider or required by contract to be insured by them.—Such insurance shall be provided on an all-risk basis and shall include, without limitation, coverage against the perils of fire, theft, vandalism, malicious mischief, collapse, earthquake, flood and windstorm. Such insurance also shall include coverage for business interruption, extra expense, expediting expense and soft costs, including, without limitation, architects' and management services required as a result of an insured loss. If not otherwise covered, Provider shall effect and maintain similar property insurance on assets stored off-site or in transit, as well as all tools, equipment and other items provided for use by Provider or any Subcontractor, whether owned, leased, rented, or borrowed.

1.1.7 Crime or Fidelity Bond Insurance. Provider shall provide and maintain a fidelity bond or policy of crime insurance, with a limit of liability not less than Ten Million Dollars ($10,000,000) covering loss of the Commission's funds and property, including all Equipment and Products in Provider's care, custody or control and caused by dishonesty, theft, depositor's forgery, disappearance or destruction on the part of any personnel of Provider.

1.2 Certificates. Within ten (10) Business Days after the Agreement Effective Date, and at any time thereafter following the Commission's request, Provider shall furnish and deliver to the Commission certificates of insurance evidencing the insurance required by this Agreement and this Schedule 17.1. Any receipt of insurance certificates or insurance policies (including endorsements) by the Commission that do not comply with the requirements above, or the Commission's failure to receive certificates or insurance policies, will not limit or relieve Provider of the duties and responsibilities with respect to obtaining and maintaining insurance required by this Agreement, nor will such a failure constitute a waiver or modification of these requirements.

1.3 Notice, Approved Companies. Except for the E&O Insurance and Workers' Compensation and Employer's Liability Insurance (which, for purposes of clarification, shall not name the Commission Indemnitees as an additional insured), all other insurance required by this **Schedule 17.1** shall name each of the Commission Indemnitees as Additional Insureds (including coverage for liability arising out of work performed by or on behalf of Provider under this Agreement at least as broad as that provided pursuant to the prevailing ISO CG form), and each such certificate must provide that the insurer will provide the Commission with at least thirty (30) days advance written notice of cancellation, lapse, material reduction or other material adverse change to the coverage. Any cancellation, lapse, material reduction or other material alteration will not relieve Provider of its continuing obligation to maintain insurance coverage in accordance with this Agreement. All policies described in **Sections 1.1.1, 1.1.2, and 1.1.3** of this **Schedule 17.1** must be "occurrence" type policies. The insurance policies described in **Section 1.1.4** of this **Schedule 17.1** may be a "claims made" type policies. All insurance policies must be issued by companies having a minimum A.M. Best Financial Strength Rating of "A" or better.

1.4 Primary Coverage. Provider's coverage shall be primary and non-contributory with respect to any other insurance or self-insurance program of the Commission.

1.5 Subcontractors. Provider further agrees that any Subcontractors having a Subcontract with an aggregate value in excess of Subcontractor Threshold Amount or involving a Major Procurement matter shall carry insurance of the types set forth in this **Schedule 17.1** at least customary and appropriate for the types and volumes of services being provided by such Subcontractor (and provide such certificates of insurance to the Commission on or prior to the commencement of any services), including additional insured coverage in favor of the Commission Indemnitees, unless a written waiver is obtained from the Commission modifying the requirements for any such Subcontractor.

EXHIBIT 3.1

TRANSITION PLAN

EXHIBIT 5.2.1

INITIAL OPERATING STANDARDS

I. GENERAL PROVISIONS

1.1. PREAMBLE

The mandated mission of the State Lottery Commission of Indiana ("Commission") is to operate the Hoosier Lottery in a manner that provides Indiana residents with Lottery Games that are the best available and that generate significant amounts of money to fund capital improvements and other public purposes as provided by the Lottery Law.

The Commission has engaged Provider to perform certain functions, including sales, distribution, and marketing activities that have historically been performed directly by the Commission. Provider's tasks and responsibilities under the Integrated Services Agreement (as hereinafter defined) are broad and require substantial skill and subject matter expertise as well as the exercise of good judgment and sound organizational management. Prior to engaging Provider, the Commission developed numerous policies and procedures that have enabled it to maintain the Highest Standards in accomplishing its mission and directives under the Lottery Law.

Provider must undertake the Services with an emphasis on executing a holistic integration of Provider's activities with the Commission's continued operation of the Lottery in a manner that permits the Commission to satisfy its continuing obligations and its public mission and directives under the Lottery Law. In recognition of the cooperative nature of the Commission's relationship with Provider, and as an indication of the Commission's openness to innovation and the introduction of various improvements, the Commission has initially elected not to require Provider to formally adopt all of the Commission's pre-existing policies and procedures. Rather, any such pre-existing policies and procedures that the Commission anticipates will have relevance for the Provider in its conduct of the Services have been identified in Appendix A attached to these Operating Standards. The full text of each item in Appendix A has been and will remain available for Provider's review, including any supplements, amendments, and terminations related to such policies and procedures. All items in Appendix A are intended to be illustrative of the Commission's expectations and may be used by Provider as a resource for the development and maintaining of its own Internal Controls.

Where no more specific standard is set out in or required by these Operating Standards, Provider shall develop, maintain and enforce its own Internal Controls which shall be of a number and quality similar to those identified in Appendix A, and all of which shall be provided to the Commission Designee. Although the Commission recognizes that it is impractical for Provider to develop Internal Controls that account for every situation that may arise during the course of the Integrated Services Agreement, Provider shall at all times be responsible for exercising sound and reasonable judgment in performing the Services.

All policies and procedures specifically outlined or required herein are to be interpreted and maintained for the purpose of meeting the Commission's stakeholder transparency needs, furthering Provider's and Commission's compliance with the Lottery Law and achievement of the Highest Standards, and anticipating the strategic and operational needs of the Commission so that it can deftly advance its public mission. To that end, Provider shall at all times have an affirmative duty to work cooperatively with the Commission, including through exercise of the Governance Protocols, in any situation where Provider is unable to anticipate with certainty the propriety or permissibility of a particular action that is reasonably related to the State's interests and/or reputation.

It is this cooperative spirit and philosophy that the Hoosier Lottery needs to thrive and that calls for Provider to work closely with the Commission to continually improve the standards and requirements herein. In turn, Provider's greatest likelihood of avoiding any potential countermand or revocation of Approval by the Commission, will result from Provider seeking guidance from the Commission and its personnel in order to resolve any questions and circumstances that arise regardless of whether the precise matter is expressly addressed herein.

1.2. CONSTRUCTION AND APPLICATION OF OPERATING STANDARDS

1.2.1. Introduction, Reservation of Rights.

(a) The Commission has found that it is in the public's interest of the State and the Commission to conduct the functions of the Lottery with the assistance of **GTECH Indiana, LLC**, an Indiana limited liability company with its principal office located at 1302 N. Meridian Street, Indianapolis, Indiana 46202 (the "Provider") pursuant to that certain Integrated Services Agreement dated as of October 12, 2012 between the Commission and Provider (the "Integrated Services Agreement"), which contemplates that (i) the Lottery will continue to be conducted by the Commission at all times, (ii) Provider will comply with all Applicable Requirements, and (iii) Provider will conduct its functions pursuant to the Integrated Services Agreement consistent with the Highest Standards including paying particular attention to the sensitive nature of a state-conducted lottery and its public image and social implications. While the Commission will continue to exercise actual control over all significant business decisions and will retain the authority to direct and countermand the operating decisions of Provider, the purpose of this document is to establish minimum operating standards and requirements by which Provider shall assist the Commission in its operation of the Lottery.

(b) These Operating Standards are neither intended to be exhaustive of all obligations and controls Provider must exercise in its provision of Services (including Equipment and Products) to the Lottery, nor alter any of the terms and conditions of the Integrated Services Agreement. The Commission anticipates working cooperatively with Provider to revise, alter or otherwise improve these Operating Standards with the goal being to optimize Lottery operations and increase revenue and Provider Net Income from the Lottery, while maintaining the Highest Standards. Nothing herein shall be construed to limit, alter or otherwise impede the Commission's right to control or conduct the Lottery or any of its statutory rights or obligations.

1.2.2. Vendor of the Commission.

(a) Provider shall be subject to the authority and actual control by the Commission at all times. Provided it complies with the Integrated Services Agreement and all Applicable Requirements, Provider shall be deemed to be an authorized Vendor of the Commission, and the Integrated Services Agreement shall be deemed to be a Major Procurement.

(b) The following minimum standards and requirements are issued under and pursuant to the authority of the Commission, as established by Lottery Law including the regulations, rules, directives or orders promulgated in accordance therewith.

(c) The requirements and standards of these Operating Standards shall be construed to the extent possible consistently with the provisions of the Integrated Services Agreement. In the event of a conflict or inconsistency between the terms in these Operating Standards and terms in the Integrated Services Agreement or any Force of Law Requirements, such a conflict or inconsistency shall be resolved by construing same in the context of the authority within the document of the following order of precedence: (a) all Force of Law Requirements; (b) the Integrated Services Agreement; and (c) Operating Standards. Nothing contained within these Operating Standards shall be construed as to conflict with any provision of the Integrated Services Agreement or Force of Law Requirements.

1.2.3. Definitions. Capitalized terms used in these Operating Standards shall have those meanings ascribed to them in the Integrated Services Agreement and in Appendix B or, if defined in a particular Section, ascribed to them in that respective Section. Except when otherwise plainly declared or clearly apparent from the context, words in the present tense shall include the future tense; words in the masculine shall include the feminine and neutral genders; words in the singular shall include the plural and the plural shall include the singular.

1.2.4. Construction and Amendments.

(a) Subject to Section 1.2.2(b), these Operating Standards shall be construed liberally to permit the Commission to conduct its respective statutory functions and to secure an efficient determination of the issues presented by Provider in its assistance with the Commission's operation and administration of the Lottery.

(b) The Commission, at its sole discretion, may relax or permit deviations from these Operating Standards to the extent reasonably requested by Provider for the purpose of fulfilling its responsibilities set forth in Section 2.1 of the Integrated Services Agreement in a manner that is most efficient and productive for the Lottery, and at all times subject to the Highest Standards. These Operating Standards may be amended, supplemented or otherwise modified by the Commission at its sole discretion, with notice provided to Provider in accordance with Section 1.3.

(c) Whenever any provision in these Operating Standards requires that an act or event occur on a specified day or date and such day or date does not fall upon a Business Day, such provision shall be construed to refer to the next business day immediately following such day or date.

(d) Each reference to a statute or statutory provision includes any statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision or which has been amended, extended, consolidated or replaced by the statute or statutory provision and includes any orders, regulations, by-laws, ordinances, codes of practice or instruments made under the relevant statute.

(e) Any report, notice, consent, list, rule, explanation or other communication that may be or is required to be given by a party to the other party under these Operating Standards must be in writing and, where applicable, delivered in accordance with the notice requirements set forth in Section 1.3 and to the Commission Designee specified in these Operating Standards and identified in Appendix F, unless permitted otherwise in the Integrated Services Agreement.

(f) Any use of the term "including" in this Agreement shall be construed as if followed by the phrase "without limitation" or "but not limited to."

1.2.5. Severability and Preemption, Practice Where Standards Are Silent.

(a) If any clause, sentence, subparagraph, paragraph, subsection, section, chapter or other portion of these Operating Standards or the application thereof to any Person or circumstance, shall be held to be invalid, such holding shall not affect, impair or invalidate the remainder of these Operating Standards or the application of such portion not held invalid to any other Person or circumstances, but shall be confined in its operation to the clause, sentence, subparagraph, paragraph, subsection, section, chapter or other portion thereof directly involved in such holding or to the Person or circumstance therein involved.

(b) The Commission has exclusive jurisdiction over these Operating Standards and all matters delegated to it or within the scope of its powers under the provisions of the Lottery Law or the Integrated Services Agreement. In any matter not governed by these Operating Standards, the Commission shall exercise its discretion so as to carry out its obligations and purposes under the Lottery Law.

1.3. OFFICES AND FILINGS

1.3.1. Main Office, Hours. The main office of the Commission is open for the filing of papers and for other business from 8:30 A.M. to 5:00 P.M., Eastern Time, Monday through Friday, unless otherwise authorized by the Commission Director. The offices of the Commission are closed on legal holidays. The main offices of the Commission are located at and all filings and notices shall be sent to, the following address:

State Lottery Commission of Indiana
1302 N. Meridian Street
Indianapolis, IN 46202

1.3.2. Regional Offices. Unless otherwise Approved, Provider must maintain a northern regional office in the vicinity of South Bend, Indiana and a southern regional office in the vicinity of Evansville, Indiana and provide suitable space in each regional office for the Commission Personnel to perform Prize Claim functions.

1.3.3. Filings, Notices.

(a) Except as otherwise required by the applicable Commission Designee, all papers, processes or correspondence required to be delivered upon the Commission hereunder shall be addressed to and delivered upon the Commission (or applicable Commission Designee when required) at the Commission's main office identified in Section 1.3.1. All such papers, process or correspondence shall be deemed to have been received when delivered to (1) the main office of the Commission or (2) if required under these Operating Standards or the Integrated Services Agreement to be delivered to a Commission Designee, upon such designated individual's physical receipt of such applicable paper, process or correspondence.

(b) Except as otherwise specifically provided by the Integrated Services Agreement or any of the Applicable Requirements, notices and other communications from the Commission will be sent to Provider by either ordinary mail or certified mail to the main address of or electronic mail to the electronic mailing address of Provider or to the address designated by Provider, such address being within the State. Notices shall be deemed to have been delivered upon their deposit, postage prepaid, in the United States mail or other common carrier or upon sending the electronic communication, and the time specified in any such notice shall commence to run from that date.

1.4. CONFIDENTIAL INFORMATION, TREATMENT OF RECORDS

1.4.1. Confidential Information. Provider shall hold all Confidential Information in strict confidence and shall not disclose any such Confidential Information to any Third Party or use it for any purpose other than as permitted by the Integrated Services Agreement or any Applicable Requirements.

1.4.2. Records Storage, Retention Schedule, and Requests for Public Records.

(a) Provider shall at all times comply with the then-current records retention and disposition schedule for the Commission, as approved by the Oversight Committee on Public Records (the "Retention Schedule"). A copy of the Retention Schedule is attached hereto as Appendix C. In the event Provider, in the course of providing the Services, creates, maintains or retains a Record that is not covered by the Retention Schedule, Provider shall immediately notify the Commission Designee and cooperate with the Commission in amending the Retention Schedule to include such Record, as necessary.

(b) All Records in Provider's possession considered to be inactive by the Commission Designee but required to be retained by the Commission, may be transferred to a Secure Storage Facility, *provided* that:

1. Access to any Records stored with the Secure Storage Facility shall be limited to authorized personnel of Provider and Commission Personnel;

2. A log is maintained of all authorized personnel who are granted access to or who remove Records stored within the Secure Storage Facility, which log shall include at least the names, addresses and other identifying information about the authorized personnel;

3. Any Records transferred to the Secure Storage Facility is contained in transfer cartons, sealed and marked (or equivalent electronic means and media as

approved) in such a manner so as to preclude the undetected examination of the Records contained therein by any Person other than authorized personnel; and

4. Commission Personnel may inspect and review any such stored Records at any time to assure that it has not been disclosed or removed.

5. Any Records transferred to the Secure Storage Facility are logged by Record name and location within the facility (or other storage device), so as to allow for ease in identifying any particular record as needed.

(c) Any Records in the possession of Provider or stored in the Secure Storage Facility may be destroyed only in accordance with the provisions of the Retention Schedule.

(d) Provider shall periodically review the effectiveness of all security procedures and precautions pertaining to the Records stored at the Secure Storage Facility and report the results of such review to the Commission Designee. Security procedures and precautions that are determined by the Commission Designee to be ineffective shall be immediately corrected.

(e) Confidential Information may be stored in a Secure Storage Facility on micrographics, hard copy (paper), analog or digital media or any other suitable medium, *provided* adequate security measures are maintained to prevent unauthorized access to or use of such information. Such security measures shall include, at a minimum, the following:

1. A coded filing system shall be utilized whenever practicable to prevent unauthorized access to stored Confidential Information.

2. Access to Confidential Information stored on computer or digital or analog media shall be restricted to Provider Key Personnel. Operating keys, code manuals and access codes shall be limited in number and shall be controlled by Provider Key Personnel or as otherwise approved by the Commission Designee.

1.4.3. Requests for Public Records. Provider shall immediately forward any requests for Public Records it receives to the Commission Designee. Provider shall at all times cooperate fully and in good faith with the Commission Designee to ensure that the Commission is able to provide complete and timely responses to all such requests. Provider shall not independently respond to requests for Public Records without the prior approval of the Commission Designee.

1.5. COMPLIANCE PROGRAM, CODE OF ETHICS

1.5.1. Code of Ethics. Provider shall have in place at all times a code of ethics, adopted by Provider's governing board, that embodies standards and requirements for Provider Personnel and Major Vendors that are not less restrictive than the requirements imposed by all Force of Law Requirements, policies and rules applicable to the provision of the Services (the "Ethics Code"). The Ethics Code is hereby incorporated herein by this reference.

1.5.2. Compliance Program. Provider shall establish, adopt and maintain a compliance program for purposes of maintaining the Highest Standards ("Compliance Program"). Such Compliance Program shall include the Ethics Code as a part thereof. Provider may establish a compliance committee, which may assist in protecting the Lottery and Provider against questionable associations and associations with unsuitable Persons.

(a) The Compliance Program shall be reasonably designed, implemented and enforced so that Provider: (1) exercises due diligence to prevent and detect criminal conduct as well as acts and situations that are improper, might give the appearance of impropriety or might impair the good judgment of Provider; and (2) otherwise promotes an organizational culture that encourages ethical conduct and a commitment to comply with all Applicable Requirements.

(b) Due diligence and the promotion of an organizational culture that encourages ethical conduct and a commitment to compliance with the Highest Standards within the meaning of subsection (a) minimally requires the following:

1. Provider shall establish Internal Controls to prevent and detect criminal or unethical conduct. An initial submission of such Internal Controls shall be submitted to the Commission as required by the Transition Milestones and prior to the Transition Completion Date.

2. Provider, Provider's Affiliates, and Provider Personnel shall be knowledgeable about the content and operation of the Compliance Program, and Provider Key Personnel shall exercise oversight with respect to the effectiveness, adequacy and implementation of the Compliance Program. Specific individual(s) of Provider Key Personnel shall be assigned overall responsibility for the Compliance Program. Specific individual(s) of Provider Personnel shall be delegated day-to-day operational responsibility for the Compliance Program. Individual(s) with operational responsibility shall report periodically to such Provider Key Personnel with overall responsibility for the Compliance Program and, as appropriate, to the highest ranking officer of Provider or an appropriate governing authority of Provider, on the effectiveness and adequacy of the Compliance Program. To carry out such operational responsibility, such individual(s) with day-to-day operational responsibility for the Compliance Program shall be given adequate resources, appropriate authority and direct access to the governing authority or an appropriate subgroup of the governing authority.

3. Provider shall take necessary and appropriate steps not to include within the substantial authority of Provider Key Personnel any individual whom Provider knew or should have known through the exercise of due diligence, has engaged in illegal activities or other conduct inconsistent with an effective Compliance Program including the Highest Standards and Ethics Code.

4. Provider shall take necessary and appropriate steps to communicate regularly and in a practical manner its Internal Controls and other aspects of the Compliance Program including the Highest Standards and Ethics Code, to Provider Personnel by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities. The individuals referred to above include the members of Provider Key Personnel, the governing authority of Provider and, as appropriate, the employees, representatives, contractors and subcontractors and agents of Major Vendors and Provider Affiliates who perform any Services under this Agreement.

5. Provider shall take necessary and appropriate steps: (i) to ensure that the Compliance Program including the Highest Standards and Ethics Code is followed, including monitoring and auditing to detect potentially criminal or unethical conduct; (ii) to evaluate periodically the effectiveness of the Compliance Program including the Highest Standards and Ethics Code; and (iii) to have and publicize a system, which may include mechanisms that allow for anonymity or confidentiality, whereby Provider Personnel may report or seek guidance from the Commission Designee regarding potential or actual criminal or unethical conduct without fear of retaliation.

6. The Compliance Program shall be promoted and enforced consistently throughout the Term through (i) appropriate incentives to perform in accordance with the Compliance Program including the Highest Standards and Ethics Code;

and (ii) appropriate disciplinary measures for engaging in criminal or unethical conduct and for failing to take necessary and appropriate steps to prevent or detect criminal or unethical conduct.

7. After potentially criminal or unethical conduct has been detected, Provider shall take necessary and appropriate steps to respond appropriately to such potentially criminal or unethical conduct and to prevent further similar criminal or unethical conduct, including making any necessary modifications to the Compliance Program. Any such allegation of potentially criminal or unethical conduct must be immediately reported to the Commission Designee.

(c) In implementing subsection (b), Provider shall periodically assess the risk of criminal or unethical conduct and shall take appropriate steps to design, implement or modify each requirement set forth in subsection (b) to reduce the risk of criminal or unethical conduct identified through this process.

II. PROVIDER

2.1. PERSONS REQUIRED TO BE QUALIFIED

2.1.1. Persons Required to be Qualified. Any Person that will be employed, retained or contracted by Provider or a Major Vendor in a position that is significantly involved in the Services, regardless of job title, or whose duties predominantly involve the maintenance or operation of Lottery activity or Equipment, Products or other assets associated therewith, may be required to first be found qualified and suitable by the Commission Designee in accordance with the background examinations and Vendor hiring requirements recognized by the Commission. Failure by any Person to be found qualified and suitable by the Commission Director may, in the sole discretion of the Commission Director, prevent that Person from obtaining such employment or enjoying a business relationship with Provider.

2.1.2. Employee Authorization to Work in the United States. No individual shall be employed by Provider in any capacity unless he or she is a citizen of the United States or can demonstrate that he or she holds a current and valid work authorization issued by the United States Department of Justice, Immigration and Naturalization Service and is not restricted from working in the capacity for which employment is sought. "Authorization to work in the United States" may be demonstrated by any one of the following: (a) a permanent resident alien card; (b) a temporary employment authorization card; or (c) any other such documentation that the Commission Designee determines as sufficient evidence of such authorization.

2.2. STANDARDS FOR QUALIFICATION

2.2.1. Generally.

(a) It shall be the affirmative responsibility of each Person required to be qualified pursuant to these Operating Standards to establish by clear and convincing evidence his, her or its qualifications and suitability. Any Person that must be qualified pursuant to these Operating Standards shall provide all information required by the Commission Designee and satisfy all requests for information pertaining to qualification and in the form specified by the Commission Designee. All such Persons shall waive liability as to the Commission and the State and their instrumentalities and agents, for any damages resulting from any disclosure or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations or hearings. All such Persons shall consent to inspections prior to and during the Term as required by the Commission Designee. Failure by any such Person to be qualified under this Section 2.2 may be grounds for the Commission Director to demand Provider immediately to terminate or suspend any and all such employment or relationship with such Person.

(b) All Persons that shall be qualified pursuant to these Operating Standards shall have the continuing duty to provide any assistance or information required by the Commission Designee and to cooperate in any inquiry or investigation conducted at the discretion of the Commission Designee. If, upon issuance of a formal

request to answer or produce information, evidence or testimony, any Person refuses to comply, the qualification of such Person may be denied or revoked.

(c) Each Person required to be qualified shall have a duty to inform the Commission Designee of any action which he, she or it believes would constitute a violation of any Applicable Requirements, the Integrated Services Agreement or these Operating Standards. No Person who so informs the Commission Designee shall be discriminated against or adverse action taken, by Provider because of the supplying of such information.

2.2.2. Natural Person Standards. To the fullest extent permitted by law, each natural person required to be qualified pursuant to these Operating Standards must, in connection with his or her qualification, produce information, documentation and assurances concerning the following qualification criteria:

(a) For the purposes of this Section 2.2.2, each natural person may be required to submit to the Commission the applicant's name, address, and consent for a criminal history record background check and subsequent integrity investigations. Each natural person who is subject to qualification requirements shall also supply handwriting exemplars as required by the Commission Designee. The Commission is hereby authorized to receive criminal history record information from the relevant local, county, or State law enforcement authorities and the Federal Bureau of Investigation consistent with applicable State and federal laws, rules and regulations. The applicant or Provider shall bear all costs for the character and fitness and criminal history background examinations, including all costs of administering and processing the check.

(b) Each Person that must be qualified may be photographed and fingerprinted for identification and investigation purposes in accordance with procedures directed by the Commission Designee.

(c) In order to comply with Indiana Code 22-5-1.7, Provider shall utilize E-Verify for the purposes of determining the employment eligibility status of all new employees.

2.2.3. Organizational Standards. Each organization providing any Services including Provider and each Subcontractor must, in connection with its qualification, produce information, documentation and assurances concerning the following qualification criteria:

(a) Each organization shall disclose to the Commission Designee the items enumerated in Indiana Code 4-30-8-2 and produce such additional information, documentation and assurances as may be required by the Commission Designee to establish by clear and convincing evidence compliance with the Highest Standards including financial stability, integrity and responsibility of the organization, including all financial sources, corporate officers and directors, bank references, business income and disbursements schedules, tax returns, approval by the Secretary of State for the organization to do business in the State and other reports filed with governmental agencies and business accounting and check records and ledgers. In addition, each applicant shall, in writing, authorize the examination of all bank accounts and records as may be deemed necessary or desirable by the Commission Designee.

(b) No organization shall be qualified under these Operating Standards unless: (1) for Provider, the organization shall maintain a principal office within Marion County, Indiana; (2) the organization shall comply with all the requirements of the laws of the State pertaining to like organizations; (3) for Provider, the organization shall maintain a ledger in its principal office which shall at all times reflect (but for public companies on a quarterly basis) the current ownership of every class of security issued by the organization and shall be available for inspection by Commission Personnel and authorized agents of the Commission at all necessary and appropriate times without notice; (4) for Provider, the organization shall include among the purposes stated in its formation documents to assist the Commission in its conduct of Lottery operations; (5) for Provider, the organization, if it is not a publicly traded corporation, shall file with the Commission Designee such adopted corporate charter provisions as may be necessary to establish the right of Approval with regard to transfers of securities, shares and other interests in the applicant organization; and, if it is a publicly traded corporation, provide in its corporate charter that any securities of such corporation are held subject to the condition that if a holder thereof is found to be disqualified by the Commission Director, such holder shall dispose of his interest in the corporation; *provided, however*, that, nothing herein shall be deemed to require that any security of such corporation bear any legend to this effect; and (6) for Provider, the corporation, if it is not a publicly traded corporation, shall establish to

the satisfaction of the Commission Designee that appropriate charter provisions create the absolute right of such nonpublicly traded corporations and companies to repurchase at the market price or the purchase price, whichever is the lesser, any security, share or other interest in the corporation in the event that the Commission disapproves a transfer in accordance with the provisions herein.

(c) For the purposes of this section, each organization may be required to submit to the Commission Designee the organization's name, address, tax identification numbers and consent for a character and fitness and criminal history background examinations to be performed. The Commission is hereby authorized to exchange data with and receive criminal history record information from the local, county, of State law enforcement authorities and the Federal Bureau of Investigation consistent with applicable State and federal laws, rules and regulations. The applicant shall bear all costs for the character and fitness and criminal history background examination, including all costs of administering and processing the check.

2.2.4. Disqualification Criteria. The Commission Director may deny qualification to any Person on the basis of any of the following criteria:

(a) Failure of the Person who is required to be qualified to provide information, documentation and assurances required by these Operating Standards or requested by the Commission Designee, or failure of the Person to reveal any fact material to qualification or the supplying of information which is untrue or misleading as to a material fact pertaining to the qualification criteria.

(b) Any felony conviction, as described in Indiana Code 4-30-8-4, of the Person who is required to be qualified.

(c) Current prosecution or pending charges in any jurisdiction of the applicant or of any Person who is required to be qualified for any disqualifying offenses as described in subsection (b) above; *provided, however*, that at the request of the applicant or the Person charged, the Commission Director may defer decision upon such application during the pendency of such charge.

(d) The commission of any act or acts by the Person who is required to be qualified which would constitute a disqualifying offense under subparagraph (b) above, even if such conduct has not been or may not be prosecuted under the criminal laws of the State or any other jurisdiction or has been prosecuted under the criminal laws of Indiana or any other jurisdiction and such prosecution has been terminated in a manner other than with a conviction.

(e) Contumacious defiance by the Person who is required to be qualified of any legislative investigatory body or other official investigatory body of any state or of the United States when such body is engaged in the investigation of crimes relating to lotteries or gaming, official corruption or organized crime activity.

2.2.5. Financial and Operational Stability of Provider. Provider shall maintain those rights, assets, property interests, working capital, operating reserves and other financial and operational resources that are sufficient at all times to assure its financial and operational stability during the Term including as necessary to perform its obligations under the Integrated Services Agreement. Provider shall, from time to time as determined by the Commission Director at his or her sole discretion, establish and demonstrate its financial and operational stability. The Commission Director may consider any relevant evidence of financial and operational stability; *provided, however*, that Provider shall be considered to be financially and operationally stable if it establishes by reasonable documentation that it meets each and every one of the following standards:

(a) The ability to assure compliance with the Highest Standards including the financial integrity of its operations by the maintenance of cash or credit provisions adequate to pay all expenses and liabilities when due.

(b) The ability to meet ongoing expenses and capital needs which are essential to the maintenance of continuous and stable operations. Provider shall be found to have established this standard if it demonstrates the ability to achieve positive net income, measured on an annual basis pursuant to GAAP.

(c) The ability to pay all liabilities, as and when due, including all local, State and Federal taxes.

(d) The ability to make necessary capital, operating and maintenance expenditures in a timely manner which are adequate to ensure maintenance of a superior service of exceptional quality.

(e) The ability to pay, exchange, refinance or extend debts, including long-term and short-term principal and interest and capital lease obligations, which will mature or otherwise come due and payable during the term or to otherwise manage such debts and any default with respect to such debts.

(f) The ability to perform each and every one of its obligations and responsibilities as set forth in the Integrated Services Agreement including in these Operating Standards and all Applicable Requirements.

(g) Provider not having in force and effect any material debt transaction that has had the effect of adversely impacting Provider's financial or operational stability.

2.2.6. Continuing Assessment of Financial Condition.

(a) At least thirty (30) days prior to Provider or any Affiliate consummating a material debt transaction, Provider shall inform the Commission Designee of the terms of any proposed material debt transaction, its business purpose and the rationale, facts and circumstances that supports Provider's conclusion that its consummation will not adversely impact the financial and operational stability of Provider as required by Section 2.2.5. For purposes of this subsection 2.2.6(a), a material debt transaction means any of the following:

1. An agreement which provides for any borrowing by the Provider for a purpose, other than capital, operations and maintenance expenditures in the ordinary and usual course of business;

2. A guarantee by the Provider of the debt of an Affiliate, whether by cosignatory or otherwise;

3. An assumption by the Provider of the debt of an Affiliate or an agreement to place any encumbrance on Provider's facilities or equipment to secure the debts of an Affiliate; or

4. Any other debt transaction by Provider or a Person other than Provider that has the effect of pledging, granting as security or otherwise committing any of Provider's assets.

Notwithstanding the foregoing, (A) Provider represents and warrants that any material debt transaction existing as of the Agreement Effective Date has been described as required above in the Initial Annual Business Plan and, by its submission of the Initial Annual Business Plan to the Commission, the Provider represents and warrants to the Commission that such existing debt transaction does not and will not have the effect of adversely impacting the financial or operational stability of Provider as provided in Section 2.2.5., and (B) Provider will not enter into any debt transaction that has the effect of pledging, collaterally assigning, granting as security or otherwise committing any of Provider's rights under the Integrated Services Agreement. Prior to Provider or any Affiliate entering into any potentially material debt transaction of the nature described in the foregoing clauses (2) through (4), Provider shall also represent and warrant to the Commission that Provider and its Affiliates have taken commercially reasonable steps, on a best efforts basis, to avoid transactional requirements of the nature described in the foregoing clauses (2) through (4) (including availing themselves of any exceptions that may be available under any existing debt transactions to avoid such transactional requirements and seeking to establish and implement exceptions to avoid such transactional requirements when otherwise modifying, amending or extending any existing debt transactions or when otherwise entering into new debt transactions).

(b) Provider shall notify the Commission Designee upon entering into meaningful negotiations with another state lottery to provide such lottery with services, goods or equipment and inform the Commission Designee of the means and methods for doing so in compliance with Section 12.1.1. of the Integrated Services Agreement. This provision is not applicable to any Affiliate and is only applicable to Provider.

(c) Provider shall file with the Commission Designee, at the end of each calendar year, the following: (1) an annual forecast by calendar quarters of the operating and financial performances of Provider for the upcoming calendar year, including statement of income and balance sheet, which shall be submitted in the standard format prescribed by the Commission Designee or such other format Approved by the Commission Designee; (2) a detailed analysis of compliance with the financial stability requirements stated herein; and (3) such other information as the Commission Designee may deem material or necessary to a showing of financial stability. Provider may accomplish the foregoing by filing same in the Annual Business Plan.

2.2.7. Failure to Demonstrate Financial Stability. In the event that Provider fails to demonstrate financial or operational stability, the Commission Director may take such action against Provider as is necessary to fulfill the purposes of the Lottery Law and to protect the public's interest, including: issuing conditional approvals or determinations; establishing an appropriate cure period; imposing reporting requirements in excess of those otherwise mandated by these Operating Standards; placing liquidity or debt limitations as is necessary or desirable to ensure future compliance with the standards set forth herein; requiring the maintenance of reasonable reserves or the establishment of dedicated or trust accounts to ensure future compliance with the standards set forth herein; denying qualification; or taking any and all such other action as permitted by Applicable Requirements.

2.3. SUBMISSION OF GOVERNING DOCUMENTS, BUSINESS PLANS

2.3.1. Filing of Governing Documents. Provider or holding or parent company thereof shall file with the Commission Designee copies of any original filings, amendments to, restatements of or superseding versions of the governing documents of the business entity, within seven (7) Business Days of their formal adoption. The governing documents include: (1) if a corporation, articles of incorporation, charter and by-laws; (2) if a partnership, partnership agreements and certificates of limited partnership, if applicable; (3) if a limited liability company, then certificates of formation, amendment sand cancellations and operating agreements.

2.3.2. Annual Business Plan. Provider shall prepare and submit Annual Business Plans to the Commission Director as required by Section 5.3 of the Integrated Services Agreement.

2.4. EMPLOYMENT REQUIREMENTS

2.4.1. Employee Organizational Internal Control Submissions. Provider shall submit to the Commission Designee a description of its Internal Controls concerning employee or organizational qualification requirements and the ways and means in which Provider intends to comply with the qualification provisions of these Operating Standards. Unless otherwise directed by the Commission Designee, an initial submission shall be made as required by the Transition Milestones and prior to the Transition Completion Date. Each such submission shall be prepared and maintained in a format acceptable to the Commission Designee; shall contain narrative and, where appropriate, diagrammatic representations of the Internal Control system to be utilized by Provider and shall include addressing the following requirements: (a) procedures for assuring that only properly qualified Persons are employed in each position for which qualification is required; (b) procedures for assuring that no Person whose qualification has been denied or revoked or whose qualification has been suspended is employed in any position which does not require such qualification; and, (c) procedures for assuring that no qualified employee or organization who has committed a disqualifying offense is employed. If the Commission Designee finds any insufficiencies, it shall specify same in writing to Provider, who shall make appropriate alterations. Provider shall maintain on its premises a complete, updated copy of its employee and organizational Internal Control submissions, which shall be made available for review upon request of the Commission Designee. Unless otherwise directed by the Commission Designee, an amendment to a previously Approved employee and organizational Internal Control submission may be implemented by Provider without Approval, *provided* that the amendments are immediately recorded in the copy of the employee and organizational Internal Control submission maintained by Provider on its premises and notice is provided to the Commission Designee without undue delay.

2.4.2. Termination, Suspension or Refusal of Relationship. Except as otherwise Approved, Provider shall terminate or suspend the employment or relationship of any Person or organization whose qualification has been denied, revoked or suspended by the Commission Director; and Provider shall not employ any Person whose qualification has been denied, revoked or suspended. Provider shall not employ any Person if such Person has been convicted of a disqualifying offense pursuant to Section 2.2.4 above. Provider shall terminate or suspend the employment of any such Person within twenty-four (24) hours of receipt of notice of disqualification from the Commission Director.

2.4.3. Employee Reporting and Recordkeeping. Provider shall maintain a complete, accurate and current record of each employee of Provider, minimally including the following information.

(a) For each current employee: (1) social security number, if such information has been voluntarily provided in accordance with section 7 of the Privacy Act, 5 U.S.C. 522a; (2) last name, first name and middle initial; (3) date of birth; (4) address, including zip code; (5) position; (6) initial date of hire ; (7) the effective date of any change in the employee's position or job title; and, (8) the access code, if any, assigned to the employee, which code designates the restricted areas that the employee is permitted to enter and remain in for the purposes of performing his or her normal duties.

(b) For each individual whose employment has been terminated: (1) the information in (a) (1) through (8) above; and (2) the effective date of termination.

(c) A record of any and all designations used by Provider to describe categories of its employees, for example "full time," "part time," or "seasonal," the number of employees in each such category and the total number of all employees in all categories and the date on which the information provided in the report was compiled.

2.4.4. Reimbursable Expenses. Provider shall establish Internal Controls regarding the payment of travel, meal and entertainment expenses for Provider Personnel which shall be Approved by the Commission Designee and reasonably consistent with the Commission's then current "Policy on Reimbursable Expenses." The Commission shall promptly provide to Provider a copy of any changes to such policy.

2.5. REQUIREMENTS FOR DOING BUSINESS WITH SUBCONTRACTORS

2.5.1. General Requirements for Use of Subcontractors and Subcontracts.

(a) Provider may enter into contracts with Subcontractors or Third Parties for the purchase, lease or lease-purchase of such goods or services as are necessary for Provider to provide Services and the fulfillment of Provider's responsibilities under the Integrated Services Agreement. Any expense or cost to be paid by Provider as a Lottery Expense is by definition a Subcontract under this Section 2.5 and shall comply with the requirements and standards prescribed by this Section 2.5 and the terms of Article 7 of the Integrated Services Agreement. Any expense or cost to be paid to a Third Party by Provider from the Management Fees or any means other than as a Lottery Expense is by definition not a Subcontract and shall not be subject to this Section 2.5.

(b) In contracting with Subcontractors, Provider shall at all times consider the particularly sensitive nature of a state-conducted lottery, its public image and social implications, and shall act to promote and ensure it acts consistent with the Highest Standards in the procurement of Subcontractors.

(c) Notwithstanding any other provision herein, Provider shall not enter into any contract with a Subcontractor that:

1. has been found disqualified by the Commission Director;

2. is not qualified to do business in the State for any reason;

3. has not signed a sworn affidavit that it has enrolled and participates in the E-Verify program affirms that it does not employ any unauthorized aliens; or

4. has been determined by the Commission Director, in his or her sole discretion, to be inimical to the interests of the Commission.

(d) All agreements and arrangements between Provider and Subcontractors must be in writing and memorialize the complete and total agreement between the parties. No terms shall be left to an unwritten understanding and Provider must receive a fully executed original of such contracts with Subcontractors.

(e) All Subcontracts must contain the provisions identified under Sections 7.11 and 7.13 of the Integrated Services Agreement.

(f) All Subcontracts having an aggregate value in excess of the Subcontractor Threshold Amount or involving a Major Procurement must contain the provisions identified under Section 7.12 of the Integrated Services Agreement.

(g) Notwithstanding any other provision herein, Provider shall not enter into any contract involving a Major Procurement with a Subcontractor that has not executed the Standard Subcontractor Certificate Form (the current form of which is attached to these Operating Standards as Appendix D).

2.5.2. Approval of Subcontracts.

(a) Prior to entering into or executing any Subcontract for any part of the Services (including Equipment or Products) that involves a Major Procurement and that has an aggregate value that exceeds the Subcontractor Threshold Amount, Provider shall submit such Subcontract to the Commission Director for Approval no later than thirty (30) days prior to the effective date of such Subcontract, except if the Subcontract is for an Emergency Purchase or the Commission Director otherwise Approves. For purposes of this Section 2.5.2 the term "Subcontract" shall include any sub-Subcontract to which Section 7.14 of the Integrated Services Agreement applies. The Commission Director, in his or her sole discretion, may disapprove such Subcontracts, in whole or in part, for any reason, including failure to include the provisions or fully executed exhibit required under Section 2.5.2(b) and Section 2.5.2(c), and without any liability to the Commission. If the Commission Director does not Approve a Subcontract that is subject to this Section 2.5.2(a), Provider shall not execute such Subcontract.

(b) Subcontracts submitted to the Commission Director for review and Approval pursuant to this Section 2.5.2 shall include a provision setting forth Approval as a condition precedent and a provision imposing an affirmative duty on the Subcontractor to mitigate damages for which Provider or its assignee is liable. Such Subcontracts shall also include a provision for its termination without liability on the part of Provider or the Commission in the event that the Commission Director disapproves such Subcontract before it has become effective and demands its withdrawal, modification or termination. Unless otherwise Approved, such Subcontracts shall also include a provision for its termination without liability on the part of Provider or the Commission in the event that the Commission Director disapproves such Subcontract after it has become effective and demands its withdrawal, modification or termination; *provided* that:

1. For any purchase of Equipment or Products that is made by Provider pursuant to the terms of a Subcontract (a) where the Subcontract provides Provider or the Commission is to own all right, title or interest in and to such Equipment or Products as of the date that it is first delivered and available for its intended use and (b) where as of the termination date the Subcontractor has incurred substantial costs in connection with the manufacture, production, purchase of undelivered Equipment or Products (the related costs of which are non-cancellable non-transferrable), then in such circumstances, the Subcontract may contain a continuing payment obligation by Provider but only in respect of such Equipment or Products in production to the extent they are non-cancellable non-transferrable; and

2. For any Subcontract pursuant to which the Subcontractor makes available use a capital asset that is in the sole possession of Provider for the provision of Services (or Subcontractor uses a capital asset solely in respect of the provision of Services to the Commission by Provider), such a Subcontract may contain a liquidated damages provision where the amount thereof shall not exceed the lesser of (i) the fair market value of any such capital assets which are in use on the termination date of the Subcontract or (ii) the Unamortized Amount of any capital expenditures made or incurred by Subcontractor directly related to such provision of the Services; and *provided further* that Subcontractor agrees, as and if directed by Provider or the Commission Designee, to (a) take all reasonable measures to mitigate such costs pursuant to any such clause (1) or (2) above including by causing a redeployment of such remaining assets or contractual rights to other productive opportunities for their continued use that may be available to Subcontractor or its Affiliates (in which event the amount payable pursuant to such clause shall be reduced accordingly) or (b) cause any such Equipment, Products, or capital assets, as applicable, that has been fully paid for by Provider or the Commission by any payments under the Subcontract (and not redeployed pursuant to the foregoing clause (a)) to be transferred to Provider, as Provider may request (or in the absence of a request by Provider and if request by the Commission Designee, transferred to the Commission), free and clear of all liens and encumbrances.

(c) Subcontracts submitted to the Commission Director for review and Approval pursuant to this Section 2.5.2, shall also include, as an exhibit incorporated into such Subcontracts by reference, a fully executed Standard Subcontractor Certificate Form (the current form of which is attached to these Operating Standards as Appendix D).

(d) All Subcontracts for any part of the Services (including Equipment or Products) that do not involve a Major Procurement or do not exceed the Subcontractor Threshold Amount shall be deemed exempt from prior approval requirements pursuant to Section 2.5.2(a), unless otherwise directed by the Commission Director.

2.5.3. Subcontract Amendment and Revocation.

(a) Any amendments, supplements or modifications to a Subcontract for any part of the Services (including Equipment or Products) must be in writing and memorialize the complete and total agreement between the parties, as amended, supplemented or modified. No terms of any amendment, supplement or modification to a Subcontract shall be left to an unwritten understanding. Provider may enter into an amendment, supplement or modification of a Subcontract for any part of the Services (including Equipment or Products) that involves a Major Procurement and that exceeds the Subcontractor Threshold Amount only upon Approval. In the event an amendment, supplement or modification causes any Subcontract involving a Major Procurement to exceed the Subcontractor Threshold Amount, Provider must obtain a Subcontractor Standard Certifications and Covenants signed by the Subcontractor.

(b) Provider may suspend, revoke or refuse to renew any Subcontract for any part of the Services (including Equipment or Products) that involves a Major Procurement for good cause shown and with advanced notice to the Commission Designee. In any such case, Provider shall notify the Commission Designee at least ten (10) Business Days prior to taking any such action, unless otherwise Approved.

2.5.4. Maintenance of Subcontracts. Provider shall be required to maintain, in accordance with the Retention Schedule, fully signed originals of all Subcontract (and any amendments, supplements and modifications) entered into or executed by Provider. Provider shall also be required to maintain fully signed copies of all Subcontracts entered into by Subcontractors.

2.5.5. Internal Controls Submission. Provider shall submit a copy of its Internal Controls concerning compliance with the requirements of this Section 2.5.

2.6. PROCUREMENT OF SUBCONTRACTORS

2.6.1. General Requirements. Provider shall prepare and maintain one or more Subcontract procurement process(es) that favor the selection of Subcontractors that provide the best overall value for the Commission and designed to ensure that the selection of, and work conducted by (or Equipment or Products provided by) the Subcontractors that is in compliance with the Integrated Services Agreement and these Operating Standards. A copy of Provider's procurement process(s) shall be made available to the Commission Designee upon request.

III. ACCOUNTING AND INTERNAL CONTROLS

3.1. ACCOUNTING RECORDS, AUDIT

3.1.1. Maintenance of Accounting Records. Provider shall maintain complete, accurate and legible records of all transactions pertaining to the revenues, expenses and costs whatsoever for all operations of Provider. All costs and expenses (including copies of Vendor invoices) from the operations of Provider shall be reported and transmitted, no less frequently than weekly, to the Commission Designee in a form that permits the Commission to input and utilize such information in (a) its general ledger consistent with the account and source detail that was in use prior to the Agreement Effective Date and (b) its accounting Software as in effect as of the Transition Completion Date and as modified and replaced from time to time.

3.1.2. Standard Financial and Statistical Reports, Financial and Operational Investigations. Provider shall collect and provide in a usable format (the appropriate Great Plains account number) to the Commission Designee all data and information related to Provider's obligations and activities under the Integrated Services Agreement including any and all reports that the Commission Designee deems necessary or desirable. This may include filing daily, weekly, monthly, quarterly and/or annual reports of financial and statistical data as set forth in the Integrated Services Agreement. The Commission may use such data to evaluate the financial position and operating performance of Provider and compile information regarding the performance and trends of the lottery industry in the State. Further, Provider shall be subject to financial and operational investigations by the Commission at any time during the duration of the Integrated Services Agreement as deemed necessary or desirable by the Commission Designee.

3.1.3. Annual Audit and Other Reports. Provider shall cause its annual financial statements to be audited by Permitted Auditors. The annual financial statements shall be prepared as set forth in the Integrated Services Agreement.

3.1.4. Sales and Use Tax Exemption. When applicable and permitted by Force of Law Requirements, Provider may seek exemption from sales and use taxes on those aspect of its Services (including Products and Equipment) by requesting from the Commission any required exemption certifications (and/or meeting any other requirements as provided by any Force of Law Requirements); *provided that* any associated cost savings shall be demonstrated by Provider to the satisfaction of the Commission Designee to have resulted in a lower of Operating Expenses for the benefit of the Commission. The application of any such exemption shall be deemed to be consistent with **Section 10.5** of the Integrated Services Agreement.

3.2. INTERNAL CONTROLS

3.2.1. Provider's System of Internal Controls. Except for the initial set of Internal Controls, each and every set of Internal Control submissions thereafter shall be accompanied by a certification of its Chief Legal Officer or equivalent stating that the submitted Internal Controls conform to the requirements of the Integrated Services Agreement and these Operating Standards, inclusive of a certification by its Chief Financial Officer or equivalent that the submitted Internal Controls are adequate and effective, establish a consistent overall system of internal controls and conform to GAAP. The Commission Designee may review any Internal Control submissions required to be maintained by these Operating Standards at any time and may require that Provider amend its previously Approved Internal Control submissions to include additional procedures in order to conform to the requirements of these Operating Standards and the Commission. In addition to the aforementioned Internal Control

submissions, Provider will also be required to provide to the Commission Designee a copy of the report prepared by a service auditor in compliance with *SSAE 16 "Reporting on Controls at a Service Organization"* on an annual basis, delivered no later than August 1st.

3.2.2. Security Internal Control Submission. Provider must submit to the Commission Designee, in accordance with Section 3.2.1 above and annually thereafter on or prior to each anniversary of the Transition Completion Date, a well-defined security plan and Internal Control including administrative and accounting controls, procedures and records that are concerned with demonstrating compliance with the Highest Standards including the continuous security and integrity of the Lottery, all technology and communication solutions and systems and any delivery or distribution processes or systems (collectively, the "Security Plan").

(a) At a minimum, the Security Plan must address the following: (1) Lottery Ticket standards and Specifications, including embedded security measures, graphic design and ink and paper stock standards, game design security, game ticket construction security and policies relating to the production, testing and sale of Lottery Tickets that meet or exceed all lottery industry standard security tests; (2) Lottery Ticket quality standards; (3) plant security; (4) Lottery Ticket validation methods and processes for the payment of Prizes to holders of winning Lottery Tickets; (5) Lottery Ticket inventory tracking procedures; (6) guidelines regarding concentrations of winning Instant Lottery Tickets and values of such Tickets, per shipment package; (7) Lottery Ticket shipping procedures; (8) methods for the central recording of production, activation or validation of Lottery Tickets such that no production, activation or validation of Lottery Tickets may occur without being recorded; (9) procedures to eliminate exposure to unintentionally removing (plucking) a top-prize that has been included in the End of Game Prize Structure from the game; (10) guidelines detailing screening and hiring processes for Subcontractors; (11) security system and security personnel requirements for the supply, repair, testing and maintenance of Lottery equipment; (12) security system and security personnel requirements for all plants or facilities in which Lottery Tickets are produced; (13) security system and security personnel requirements for all non-Lottery Retailer locations where Lottery Tickets are stored; (14) security system and security personnel requirements for all Lottery Ticket delivery and distribution systems; (15) security system and security personnel requirements for all Lottery websites, databases, Software programs and computer systems including guidelines to ensure that no unauthorized Person may have access to such websites, databases, Software programs and computer systems and ensure that any data or other related Lottery information may not be accessed by Persons developing or performing maintenance on Lottery computer systems; (16) security systems and testing requirements for all Lottery ticket machines, including Instant Ticket Vending Machines ("ITVMs"); (17) anti-counterfeiting procedures and measures; (18) testing, reporting, internal monitoring and auditing procedures to ensure compliance with the Security Plan; (19) procedures and policies for addressing non-compliance, including procedures to timely report any such non-compliance to the Commission; (20) procedures and policies for the destruction of Tickets; (21) Central Gaming System security measures based on risk mitigation objectives, complete with a risk analysis, that include, at a minimum, levels of redundancy and procedures to notify the Commission Designee immediately in the event security is threatened or compromised; and (22) procedures and policies for compliance with the Multi-State Lottery Games.

(b) To the extent that Provider enters into a contract with any Subcontractor for the provision of goods or services in relation to the Lottery, each and every such Subcontractor must submit to Provider a signed certification of compliance with the Security Plan prior to providing any such services or goods. Within seven (7) Business Days of receipt of such certification, Provider must provide a copy of the certification to the Commission Designee. In the event that a Subcontractor wishes to seek exemption from any part of the Security Plan, Provider may request an exemption from the Commission, which the Commission Designee may grant, at his or her sole and absolute discretion.

(c) Provider must explain the manner in which the Lottery will be able to reconstruct mutilated tickets and how the possible misuse of such method will be prevented. Provider must include in the Security Plan a procedure for reporting any requests other than those for game testing. For each ticket reconstruction other than those requested for game testing, Provider must provide a report within five (5) Business Days of the request. Reconstructions must be in accordance with the Lottery's reconstruction policy.

(d) Provider must implement a key dual security system that includes the maintenance of a manufacturing process that separates pack number and pack value of Instant Lottery Tickets. This process shall be included in the Security Plan, the purpose of which is to ensure that Provider's knowledge of winning tickets and

Lottery's knowledge of the location of all tickets are separated by a third-party, without whom the location of winning tickets cannot be ascertained. Game programming personnel will have no information relating to the value of packs.

(e) A current version of the Security Plan shall be maintained in or made available through secure computer access to the Commission at all times. Provider shall also maintain a copy of any superseded changes to its Internal Control submission and the two certifications required for each change for a minimum of five (5) years in a location to be Approved. Each page of the Internal Controls shall indicate, as applicable, the date on which it was submitted to the Commission Designee and the date on which it was either Approved or implemented by Provider.

3.2.3. Business Continuity and Disaster Recovery Plans. No later than sixty (60) days prior to the Base Services Commencement Date, Provider shall submit for Approval disaster recovery and business continuity plans (collectively, the "Continuity Plans"), which, once Approved, shall be attached hereto as Appendix E. Such Continuity Plans must address, at a minimum, the strategic framework for the prevention and mitigation of risks that might cause, and steps to curtail potential adverse effects associated with, any one of the following events: (a) business process failure; (b) loss or destruction of assets in the possession or control of Provider; (c) loss, alteration or unauthorized access to Commission Data in the possession or control of Provider, (d) Commission or Provider liability under any Applicable Requirements; (e) customer service failure; or (f) damages to reputation or brand of the Commission or Provider . The Continuity Plans must address all physical locations in which Provider provides Services including locations where Lottery Game tickets are designed, produced, packaged and stored, and must be based on industry best practices and include both physical and logical recovery processes, recovery timetables, and a recovery testing schedule. The Continuity Plans should also reference the frequency and scope of Provider's operational recovery and business continuity exercises. Such Continuity Plans must also include provisions regarding a disaster recovery system for the Central Gaming System, a backup plan for production if the primary site is unable to produce Lottery Tickets, a solution for ensuring the continuity of the Commission's Instant Lottery Game supply line in the event that inventory becomes damaged or otherwise unmarketable, planning for disaster recovery, and business interruption, resumption, recovery, and contingencies. Upon the occurrence of an event(s) requiring the execution of the Continuity Plans, Provider shall execute the Continuity Plans in consultation with the Commission Designee.

3.2.4. Reviews of Security and Continuity Plan. On the second anniversary of the Transition Completion Date or sooner if the Commission Designee determines necessary, the Commission may engage an independent third-party organization to conduct a comprehensive study and evaluation of all aspects of Security Plan and Continuity Plan. Provider and any Lottery Retailers, Subcontractors, must grant such third party access to their premises, records and personnel to the same extent and co-extensive with that access to which the Commission is entitled under the terms of the Integrated Services Agreement, these Operating Standards and Applicable Requirements. All Internal Control submissions, other than the initial set, shall also be accompanied by a report of an independent certified public accountant licensed to practice in the State, stating that the submitted system of Internal Controls conforms in all respects to the standards of internal control set forth by GAAP and generally accepted auditing standards, where appropriate.

3.2.5. Right of Inspection. The Commission retains the right to inspect any phase of Provider's operations either on a continuing or as-needed basis. With respect to any Lottery Game, the Commission retains the right to inspect any phase of Lottery Game development or Lottery Ticket production at any time.

3.3. PROVIDER'S ORGANIZATION

3.3.1. Tables of Organization. Provider shall prepare, keep and maintain tables of organization. Provider shall be permitted to tailor its organizational structure to meet the needs or policies of its own particular management philosophy; *provided, however*, that the Commission shall have absolute control and final decision making over the conduct of Lottery operations at all times. Provider's tables of organization shall provide for the following: (1) a system of personnel and chain of command which permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility; (2) the segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of his or her duties; (3) primary and secondary supervisory positions

which permit the authorization or supervision of necessary transactions at all relevant times; and (4) areas of responsibility which are not so extensive as to be impractical for one Person to monitor.

3.3.2. Jobs Compendium. Provider shall prepare and maintain a jobs compendium detailing job descriptions and lines of authority for all Provider Key Personnel and other Provider Personnel. Provider shall submit a jobs compendium to the Commission Designee for review and Approval as required by the Transition Milestones and prior to the Transition Completion Date. Provider shall maintain on its premises a complete, updated copy of its jobs compendium which shall be made available for review upon the request of the Commission Designee at any time.

IV. LOTTERY GAMES, RULES, DISTRIBUTION OF TICKETS

4.1. LOTTERY GAMES

4.1.1. Types of Lottery Games. The content of any Lottery Game shall not: be obscene, indecent, political in nature, violent or otherwise offensive; imply nor portray any illegal activity; or target minors. Should any Lottery Game fail to comply with the terms of these Operating Standards, the Integrated Services Agreement or any Applicable Requirements, Provider shall immediately cease offering such Lottery Games upon notice by the Commission Director and the Commission Director may take any and all such additional action as the Commission Director deems necessary or desirable to safeguard and protect Lottery operations.

4.1.2. Game Rules. Prior to Provider distributing Lottery Tickets for sale to Players, Provider must establish Game Rules for each new Lottery Game in writing in a format acceptable to the Commission Designee. Each Lottery Game must be conducted in accordance with Game Rules for that particular Lottery Game and all Applicable Requirements. Game Rules must be filed with the Commission Designee and Approved prior to the respective Lottery Game being offered for sale.

4.1.3. Promotion Rules. Prior to Provider offering a Promotion to Players, Provider must establish Promotion Rules for each such Promotion in writing in a format acceptable to the Commission Designee. Each Promotion made available to Players must be conducted in accordance with the Promotion Rules for that particular Promotion and all Applicable Requirements. Promotion Rules must be filed with the Commission Designee and Approved prior to the commencement of the Promotion and must include, at a minimum, the necessary criteria or conditions for winning a Prize.

4.1.4. Publication of Game Information. Provider shall publish and make publicly available the Promotion Rules for each Promotion, Game Rules for each Lottery Game, the approximate odds for each Lottery Game and, on a daily basis, an accurate number of remaining prizes in each Lottery Game, to be published on the Lottery website. Provider will also maintain copies of all Game Rules and Promotion Rules in Provider's principal office. Provider will not charge any fee for providing copies of the Game Rules or Promotion Rules, in whole or in part or for providing information necessary for Players to determine whether they have won a Prize.

4.1.5. Prize Payout Ratio. For each Lottery Game, the Prize payout ratio must be calculated in accordance with the Game Rules and requirements contained in these Operating Standards.

4.1.6. Subcontractor Restrictions on Game Play. An officer or employee, as well as a relative living in the same household with such officer and employee, of a Subcontractor that has executed a contract with Provider for a Major Procurement may not purchase a Lottery Ticket.

4.1.7. Publishing on Tickets and Play Slips. All Lottery Tickets and Play Slips must include the following information: identification of the "Hoosier Lottery"; price of the Game; language stating that persons must be at least eighteen (18) years of age to play or claim any Prize; cancellation arrangements, where applicable; overall odds of winning, such odds of winning to be based on a mathematically defensible formula; instructions on how Players may claim a Prize, including instructions on where such information can be found; the Claim Period for each Game; instructions on how Game Rules may be obtained; language stating that all winners, tickets and transactions are subject to Hoosier Lottery rules, regulations and state law; a statement that the Lottery is not responsible for lost

or stolen tickets; the following statement: "The Hoosier Lottery encourages you to Play Responsibly"; and the Gambling Addiction Referral Line (1-800-884-8448).

4.1.8. Multi-State Lottery Games. Provider may offer one or more Multi-State Lottery Games, subject to prior Approval. Provider's ability to offer a Multi-State Lottery Game is contingent upon the Commission, at its discretion, entering into an agreement with other participating states or with such appropriate authorities of the other states and Provider acting in strict accordance with the terms of the Game Rules of such Multi-State Lottery Game and all Applicable Requirements. Each and every approved Multi-State Lottery Game is subject to the terms and restrictions of the Integrated Services Agreement, these Operating Standards, Applicable Requirements and Multi-State Lottery Association Rules.

4.1.9. Game Audits. Prior to the start of sales of each Instant Lottery Game, Provider shall provide to the Commission Designee the results of a review of such Instant Lottery Game conducted by an independent accounting firm. Each such report shall be in form and substance satisfactory to the Commission Designee.

4.1.10. Limit Amount – Validations / Promotions / Sponsorships. The Limit Amount for purposes of the Commission's physical validation and verification of winning Lottery Tickets as referenced in Schedule 2.2 of the Integrated Services Agreement shall be $599. The Limit Amount for Provider to conduct Promotional Drawings as referenced in Schedules 2.1 and 2.2 of the Integrated Services Agreement shall be $4,999. The Limit Amount for sponsorship relationships as referenced in Schedule 5.1 of the Integrated Services Agreement shall be $9,999.

4.2. TECHNICAL STANDARDS

4.2.1. Central Gaming System. Provider shall install, secure, operate and maintain a Central Gaming System that provides the following functionality and capabilities.

(a) The installation (if applicable), operation and maintenance of the Lottery's Central Gaming System must at all times be under the direction and supervision of Provider Key Personnel or, if Approved by the Commission Designee, a Subcontractor.

(b) Any such Subcontractor installing, operating or maintaining the Central Gaming System, if Approved, shall be subject to the direction, supervision and control of Provider at all times and Provider shall be jointly and severally responsible for any and all actions or inactions of the Subcontractor installing (if applicable), operating or maintaining the Central Gaming System. Provider shall not enter into any legal or business relationship with a Subcontractor installing (if applicable), operating or maintaining the Central Gaming System, unless and until such Subcontractor has been found qualified and suitable in accordance with the provisions of Section 2.2. Such Subcontractor shall not undergo a Change in Control, unless such is Approved.

(c) Provider must immediately provide notice to the Commission Designee: (i) upon notice of the threatened or anticipated termination or resignation or the actual termination or resignation, whichever is sooner, of a Subcontractor installing (if applicable), operating or maintaining the Central Gaming System; (ii) when Provider has selected a replacement Subcontractor and at least thirty (30) days prior to entering into an agreement with such replacement Subcontractor; or (iii) at least thirty (30) days prior to a Change in Control of such Subcontractor.

(d) The Commission has the right to audit, among other things, Provider with respect to the Subcontractor installing (if applicable), operating or maintaining the Central Gaming System, including Provider's determination that such Subcontractor has met and remains in compliance with the standards in Section 2.2 and possessed and continues to possess the technical capabilities required of a Subcontractor installing, operating or maintaining the Central Gaming System. Without limiting the generality of the foregoing, the Commission may also, at any time, audit a Subcontractor installing, operating or maintaining the Central Gaming System to determine if such Subcontractor possesses the expertise, qualifications and experience to perform in that capacity, as they then exist or as they are anticipated to exist in the future.

(e) If the Commission designee determines that the Subcontractor installing, operating or maintaining the Central Gaming System fails to meet any of the Section 2.2 requirements and Provider fails to take such actions as the Commission Designee may request, then the Commission Director may require Provider immediately to replace such Subcontractor.

(f) Prior to commencing operation of a Central Gaming System not already in use by the Commission, Provider must, as an element of its Transition Plan, as Approved, include provisions regarding the selection, installation and maintenance of a Central Gaming System. In addition to any other requirements imposed by the Integrated Services Agreement or these Operating Standards, such element of Provider's Transition Plan shall include the following:

1. Management of Technology-Related Operational Risk. The Central Gaming System shall be designed, implemented and operated so as to manage the wide range of technology-related operational risks involved. These encompass the risks associated with any incident that may have an adverse impact on any of the required outcomes of the Integrated Services Agreement or objectives of the Ramp-up Period Plan and each Annual Business Plan. The Lottery recognizes that a degree of risk may be acceptable in order to exploit opportunities that have the potential to increase the return to the Commission; however, such degree of risk must be pre-approved by the Commission Designee and such risk, at all times, must be carefully managed and minimized.

2. Sustainability. The Central Gaming System must be based upon modern, global best practice technologies, which are sustainable in a cost-effective manner over the Term. The Ramp-up Period Plan and each Annual Business Plan must specify an appropriate technology maintenance strategy and ensure that all elements of the Central Gaming System are fully supported and are maintainable throughout the Term.

3. Flexibility. The Central Gaming System must be designed, implemented and operated so that it: (i) is responsive to changing requirements, including changes to the legislative, regulatory, political, cultural, technological and market environment; and, (ii) allows for change in usage, functionality, accessibility or technology to be implemented within appropriate timescales and at minimal operational risk, so maximizing returns to the Commission.

4. Openness. The Central Gaming System must be developed, operated and maintained in accordance with accepted principles of open systems design and conform to relevant international consensus-based standards. A lack of openness in the Central Gaming System must not place unnecessary constraint upon Players, Lottery Retailers, Provider, its Subcontractors or a Replacement Provider, which may adversely impact the goals of the Lottery.

5. Resilience and Availability. The Central Gaming System must be designed, implemented and operated to ensure high levels of service availability, as is required to meet the expectations of users, service levels agreed upon with Lottery Retailers and other partners, deliver the objectives of the Annual Business Plan and maximize overall returns to the Commission. The Central Gaming System must exhibit appropriate levels of reliability, resilience and recoverability, meaning: (i) failures of systems or components should be extremely rare; (ii) when failures do occur, key services should continue to function correctly (possibly to a reduced level of function or performance); and, (iii) failures should be repaired and normal services resumed within a reasonable timeframe. The Central Gaming System must be capable of delivering high levels of reliability, resilience and recoverability and availability throughout the Term, as might be expected of a modern lottery operation.

6. Capacity and Performance. The Central Gaming System must have sufficient capacity to ensure adequate system performance at all times, as required to meet the expectations of

users, meet service levels agreed with Lottery Retailers and other Subcontractors, deliver the objectives of the Annual Business Plan and maximize overall return to the Commission. Provider must seamlessly process volumes of transactions and user activity well in excess of those anticipated by the Ramp-up Period Plan and each Annual Business Plan. The Provider or Subcontractor, as applicable, installing, operating or maintaining the Central Gaming System must be sufficiently scalable to seamlessly process situations where: (i) the volume of transactions and/or user activity is much greater than anticipated, e.g. where a game newly launched is significantly more popular than predicted; (ii) there is a surge in transactions and/or user activity, e.g. in the case of the afternoon immediately preceding a large rollover draw; and (iii) there is a gradual but significant growth in transactions and/or user activity over a number of months or years. The Central Gaming System must be capable of delivering high levels of performance and scalability, throughout the Term, as might be expected of a modern lottery operation.

7. Integrity. The Central Gaming System must be designed, implemented and operated to safeguard the compliance with the Highest Standards including integrity of Lottery operations. No Game may be played using Software or other technology that is materially defective or unable to ensure the compliance with the Highest Standards including integrity of Lottery operations. Provider must take all necessary and appropriate steps to identify incidents where compliance with the Highest Standards including integrity has been compromised (Highest Standards including integrity failures) as soon as possible (but no later than twenty-four (24) hours) after their occurrence and to minimize the impact of those incidents.

8. Disaster Recovery System. Provider must provide for a disaster recovery system which includes hardware, Software, communications, network, equipment and other components necessary to provide for the sales, validation and inventory management of the Central Gaming System as indicated in Section 3.2.3.

(g) Provider must contract with and manage a Person, qualified to review, evaluate and analyze Software source code, that will verify and certify: (i) the randomness of the Central Gaming System Software code (including updates)and (ii) that such code is free of malicious Software that may impact the compliance with the Highest Standards including integrity of the Quick Pick randomization process.

4.2.2. Instant Lottery Tickets. Provider shall provide an instant ticket printing and distribution system that that provides, at a minimum, the following functionality:

(a) ITVMs or similar. If Provider's Approved Annual Business Plan calls for the use of a network of instant ticket vending machines (or similar), Provider will, as necessary, provide, install, stock, maintain and update such machines, which shall be equipped with report gathering capabilities. Such vending machines may be established and used on an "as needed" basis, at the discretion of Provider, at current Lottery Retailers and as new retailer locations are established. Such machines must be in compliance with Applicable Requirements and are required to be either within sight of a Lottery Retailer or equipped with age-verification technology.

(b) Warehousing and distribution. Provider will be responsible for the warehousing and distribution of all Instant Lottery Tickets and Lottery Games, as well as other related materials. These responsibilities include auto-allocation of new Lottery Games, returns of Instant Lottery Tickets (including partial-pack returns), and destruction of all Instant Lottery Tickets at the appropriate time.

(c) Testing. Provider must present four (4) pre-rubbed packs of Instant Lottery Tickets pulled from the actual production of each Instant Lottery Game (including all reorders) containing no prizes above $599 for testing purposes by the Commission Designee. At least one (1) prize of $26 to $599 must be present within the set of four (4) test packs. One (1) pre-rubbed pack should be pulled from each third of such Instant Lottery Game and one (1) pack pulled at random. All four (4) packs will be marked as "vendor voids" on the inventory file and will, therefore, not be part of the End of Production Prize Structure. A short reconstruction of all Instant Lottery Tickets from the four (4) packs will be provided as a Portable Document Format (i.e., "PDF") file that is compressed

using the WinZip® application and password protected. This file will be emailed to the Commission Designee. The four (4) test packs will be sent overnight to the Commission Designee, and will be delivered in shrink-wrap and each pack will have the activation card placed as though it was a regular production pack.

(d) Instant Lottery Ticket Systems. Such instant ticket printing and distribution system must process all Instant Lottery Ticket transactions through Lottery Retailer Terminals and provide at least the functionality described herein.

1. Working Papers. Provider must provide Working Papers to the Commission Designee for review that include: final covered, uncovered and overlay ticket art, ticket back, Player Activated Terminal graphics, activation card, approved prize structure, game order information, programming information, play and prize symbols, retailer codes, ticket wireframe, delivery schedule and order confirmation. Executed Working Papers in PDF format must be provided, within a reasonable time after execution, to the Commission Designee via File Transfer Protocol (i.e., FTP). Any post-executed changes must be integrated into the original Working Paper document and noted into a revised version of the original Working Papers.

2. Game and Pack Numbers. Each pack of Instant Lottery Tickets within an Instant Lottery Game must bear a unique pack identification number for use in controlling ticket distribution and accounting. Instant Lottery Game and pack numbers must appear on the back of the Instant Lottery Ticket directly below the inventory barcode image. Provider must have procedures to ensure that the same pack number is on all Instant Lottery Tickets in a pack and that no pack number is duplicated in the Instant Lottery Game as a whole.

3. Individual Ticket Numbers. Each Instant Lottery Ticket within a pack must bear a unique sequential number. Instant Lottery Ticket numbers must appear on the back of the Instant Lottery Ticket directly below the barcode image as well as in the lower left hand corner of the play area on the ticket front and be clearly visible prior to the scratch-off coating being removed from the play area. Provider must have procedures to ensure that individual, consecutive ticket numbers are on each Instant Lottery Ticket in the pack and that there are not any breaks or disruption of ticket numbering in the pack.

4. Validation Numbers. Each Instant Lottery Ticket must have a unique validation number.

5. Lottery Retailer Validation Codes. Each Instant Lottery Ticket must have a validation code for use by Lottery Retailers for visually validating and paying Prizes. The codes must spell out all or a portion of the Prize as dictated by the Commission Designee.

6. Marking System(s). Provider must have the ability to provide marking system(s) on select games such as Bingo and Crossword games.

7. Odds and Randomization. Provider must guarantee delivery of the quantity of top prizes and overall odds for each Instant Lottery Game as specified in the Working Papers. The overall odds of winning a Prize, as indicated on the end of production prize structure for each Instant Lottery Game, must never vary from the Working Papers. The Commission Designee may review the methodology and implementation of randomization on its own or with the aid of a Third Party at any time.

8. Omissions. If any part of a pack fails to meet the requirements specified in these Operating Standards or industry quality standards, the entire pack must be omitted. Omitted packs must be reflected in the validation file and inventory files. Provider must provide an independently audited report showing the disposition of all omitted Instant Lottery Tickets.

9. Game Files. Provider must provide to the Commission Designee four (4) game files for every Instant Lottery Game. The Commission requires a non-winning ticket hash file and second chance pseudo tickets for all Instant Lottery Games to whom a Second Chance Promotion is attached.

10. Barcodes. Provider must utilize validation, inventory and Universal Product Code barcodes. The barcodes must meet ANSI specifications, achieve a first-time read rate of ninety-five percent (95%) and be printed to Commission specifications that includes a quiet area.

11. Ticket Backs. Ticket backs must contain the following provisions, as appropriate:

- Prizes of $__, $__, $__ [amounts up to $599] can be redeemed at any participating Hoosier Lottery Retailer.

- Prizes of $__ [amounts from $600 to $49,999] must be claimed at a Hoosier Lottery office or by mail with a claim form. See hoosierlottery.com for more details.
- Prizes of $__ [amounts $50,000 and greater] must be claimed at Hoosier Lottery headquarters. The address can be found at hoosierlottery.com.
- Prizes must be claimed no later than 180 days after the end of game date.
- End of game dates, official game rules and claim form may be obtained from hoosierlottery.com or contact Customer Service at 1-800-955-6886 (outside of Indiana 317-264-4800).
- All winners, tickets and transactions are subject to Hoosier Lottery rules, regulations, and state law. Liability, if any, is limited to refund of retail sales price. The Hoosier Lottery is not responsible for lost or stolen tickets.
- The number of winning tickets and odds of winning are established at the time of printing.
- Tickets may remain on sale after last top prize is claimed during the game closing process.
- Must be at least 18 years of age to play and claim prizes.

Estimated Overall Odds: _____ Actual odds may vary.
The Hoosier Lottery encourages you to PLAY RESPONSIBLY!
Gambling Addiction Referral Line 1-800-994-8448

(e) Game Volumes. Such Instant Lottery Ticket printing and distribution system must accommodate Lottery Game volumes that meet or exceed the accepted industry standards of first tier providers of such systems.

(f) Prize Payouts. Such Instant Lottery Ticket printing and distribution system must support Prize structures up to or exceeding industry standards and be reflected in the Working Papers for each Instant Lottery Game.

(g) Instant Lottery Ticket accounting. Such Instant Lottery Ticket printing and distribution system must provide Instant Lottery Game account record keeping for every Instant Lottery Game, including Instant Lottery Tickets acquired, stolen, missing, returned, damaged, misprinted or canceled, as well as ending inventory value.

(h) Instant Lottery Ticket Inquiries. Such Instant Lottery Ticket printing and distribution system must provide a wide variety of Instant Lottery Ticket inquiries, including shipped and pending orders, Instant Lottery Ticket pack lookup, Lottery Retailer inventory, Instant Lottery Game definition, Terminal and Instant Lottery Ticket research, sales activity, returned inventory, settled inventory, ended Instant Lottery Games, full and partial pack returns, issued packs and sales representatives' inventory.

(i) Instant Ticket Order Fulfillment. Telemarketing System. Such instant ticket printing and distribution system must provide an application that supports: (i) telemarketing and Lottery Retailer account service functions, (ii) predictive ordering models and (iii) other services that meet or exceed the accepted industry standards of first tier providers of such services.

(j) Instant Lottery Ticket Inventory order, Packing and Distribution. Provider shall provide an application to support warehousing, physical inventory control, packaging, distribution, returns and destruction of Instant Lottery Tickets. Such Instant Lottery Ticket printing and distribution system must provide a solution with a broad range of features that meet or exceed the accepted industry standards of first tier providers of such systems..

4.2.3. Retail Service Center, Customer Service Center. Provider shall, either itself or through a Subcontractor, provide a retail call center and a customer call center that provides, at a minimum, the following functionality for Players, Lottery Retailers and the public: Inbound calls. Inbound calls to be received with the purpose of providing services including answering questions regarding Games, Prizes, eligibility, locations of Lottery Retailers and other matters of Lottery operations, recording complaints and handling other such Player or public inquiries as may occur;

(b) Issue resolution. Call center employees will provide information as necessary to help resolve all Player or public issues and if they are unable to provide a resolution, Provider will provide a process for escalation of the issue, as appropriate.

(c) Systems. Computer and telephone systems will be utilized as necessary to ensure appropriate staffing levels, responsiveness and customer satisfaction.

(d) Reporting. Provider will record weekly and monthly reports of telephone statistics, which shall be made available to the Commission Designee upon request.

(e) Training. Call center employees will be trained with regard to policy changes and updates.

(f) Monitoring. Call center employees will be monitored on at least a monthly basis for quality and training needs.

(g) Electronic inquiries. Provider will provide a system for receiving and responding to electronic inquiries, such as through e-mail or the Internet.

(h) Operating hours. The call center will operate during normal and customary business hours.

(i) Service and Database. Provider shall maintain a service log and database containing, at minimum, entries with the following information: a list of complaints by individuals or reports of lost or stolen Lottery Tickets received by telephone, in person, by mail or by electronic mail containing in each instance, if known, the name of the individual, the address of the individual, the telephone number of the individual, the date that the complaint was received or the date the Lottery Ticket was lost or stolen, the facts and circumstances of the

complaint or of the lost or stolen Lottery Ticket, the date and location of the underlying incident giving rise to the complaint, the resolution of the complaint, any corrective action that was taken and any follow-up that was done with the individual. Provider shall keep the service log and database up to date on a daily basis and review the data to deliver a report to the Commission Designee evaluating any patterns, recurring problems or unresolved issues at such intervals mutually agreed by Provider and the Commission Designee.

(j) Retail Fraud, Player Fraud. Provider shall adopt a procedure and plan to administer and report any and allegations of criminal, unethical or other wrongful conduct allegedly committed by a Lottery Retailer or a Player. Such procedure and plan must prescribe for the immediate reporting of any alleged instances of criminal or other unethical or wrongful conduct to the Commission Designee.

4.2.4. Subscription Service. Notwithstanding anything contained herein to the contrary, Provider may also establish, implement and administer an Internet portal (subject to the Annual Business Plan, as Approved, and all Applicable Requirements), that allows an individual of eighteen (18) years of age or older and having an Indiana mailing address, to apply for and purchase, Lottery Tickets via a subscription service.

4.3. LOYALTY PROGRAM

Provider shall, as part of its Annual Business Plan, prepare and maintain Internal Controls for the authorization and issuance of a Loyalty Program for Players, complete with complimentary services and items, including noncash gifts when Approved. Such Internal Controls shall include the procedures by which Provider intends to attract and retain new customers and the manner by which Provider may delegate to Provider Personnel or Subcontractors the authority to approve the issuance of complimentary services and items, including the procedures by which conditions or limits, if any, which may apply to such authority are established and modified. These Internal Controls shall also include data-security provisions, procedures by which Players may choose to decline any and all marketing or advertisement materials and limits based on relationships between the authorizer and recipient and shall further include provisions that allow for effective auditing. All data collected by Provider under the Loyalty Program is Commission Data and shall not be utilized by the Provider for any purpose other than the strict performance of Services as Commission Personal Data and as Confidential Information.

V. RESPONSIBLE GAMING, CONSUMER PROTECTION

5.1. RESPONSIBLE GAMING

5.1.1. Responsible Gaming Initiatives. Provider shall establish Internal Controls to ensure that advertising content and marketing practices do not target persons under the age of eighteen (18), and to ensure that all advertising is dignified and consistent with the Highest Standards including the principles of integrity of the Commission and State. Provider shall establish a process, which must be Approved, for the review and approval of all advertising and proposed marketing concepts and campaigns to ensure that such concepts and campaigns do not: target persons under the age of eighteen (18); provide inaccurate or misleading information; and violate any of the requirements of these Operating Standards, the Integrated Services Agreement or any Applicable Requirements. If the Commission Designee finds that such advertising or marketing concepts or campaigns conflict with the best interests of the Commission or conflict with such these Operating Standards, the Integrated Services Agreement or any Applicable Requirements, Provider shall immediately cease any and all such advertising or marketing concepts or campaigns upon notice by the Commission Designee. Provider shall submit an initial version of such Internal Controls to the Commission Designee as required by the Transition Milestones and prior to the Transition Completion Date.

5.1.2. Marketing Restrictions.

(a) Provider shall not publish or disseminate or cause to be published or disseminated, by radio or television broadcast or in any newspaper, periodical, mailing, Lottery Ticket, Lottery Game piece, point-of-sale signage or any other publication or through any Internet page or email or by any sign or outdoor advertisement or through any other medium any advertisement of the Lottery, unless such advertisement complies with the requirements set forth in this Section 5.1. Provider shall ensure that all agreements between Provider and any Subcontractor require such Subcontractor to comply with the marketing restrictions contained in this Section 5.1.

(b) All advertisements and marketing materials that advertise a specific Lottery Game or series of Lottery Games shall have overall odds statements that are appropriate and reasonable (excluding TV and radio advertising and outdoor signage.) The mandatory information described in this paragraph shall be stated clearly as part of the marketing materials and shall not be separated in any manner from the remainder of the marketing materials. Such mandatory information shall be stated in such a manner that it will be readily apparent to the Persons reviewing the marketing materials.

(c) Advertising and marketing materials may not portray product abuse, excessive play, a preoccupation with gambling, nor any illegal activity.

(d) Advertising and marketing materials must maintain respect for the individual and may not degrade the image or status of a person based on gender, sexual preference, age, race religion, military status or socioeconomic group.

(e) Advertising and marketing materials must reflect the diversity of the population of the State of Indiana.

(f) Advertising and marketing materials must include "Must be 18 or Older to Play. Please Play Responsibly" where possible and appropriate.

(g) Advertising and marketing materials must make reference to gambling addiction referral information as appropriate and reasonable.

(h) Advertising and marketing materials may not promote the Lottery as an alternative to employment or investment, as a guaranteed or likely way to financial security, or as a means of relieving personal financial difficulties.

(i) Advertising and marketing materials may neither make false promises nor present winning as the probably outcome (i.e., they should distinguish between the potential of winning, which is acceptable, and the promise of winning, which is not).

(j) Advertising and marketing materials may not denigrate a person who does not purchase a Lottery Ticket or unduly praise a person who does purchase a Lottery Ticket except in the context of support for the State's public purpose.

(k) Advertising and marketing materials may not imply that Lottery Games are games of skill.

(l) Advertising and marketing materials must comply with trademark standards for the Lottery and its products. All advertising and marketing materials must comply with and obtain the permissions and/or licenses for marks of other companies and/or products used in all communications materials.

5.1.3. Marketing Code of Conduct. Provider shall adopt a code of marketing and advertising conduct which governs the marketing, advertising, public relations and Promotions of the Lottery. Provider shall submit such marketing code of conduct to the Commission Designee for review and Approval as required by the Transition Milestones and prior to the Transition Completion Date and, thereafter on the Base Services Commencement Date

and annually on the anniversary of the Base Services Commencement Date. Such code shall prescribe the methods by which Provider shall not: target persons under the age of eighteen (18); provide inaccurate or misleading information; or violate any of the requirements of these Operating Standards, the Integrated Services Agreement or any Applicable Requirements. In addition to the foregoing, such code of conduct shall specifically address, in addition to other matters, the following:

(a) The form content of advertisements according to medium and location;

(b) The form and content of Lottery Tickets, publications and other materials associated with the Lottery;

(c) Methods of avoiding targeting those under the age of eighteen (18) and other unsuitable target markets and audiences;

(d) The presentation of information which describes or appears to describe the chances of winning, the nature of Prizes or the cost of playing;

(e) Promotions, co-Promotions and sponsorships entered into between Provider and any Third Party;

(f) Activities ancillary to the Lottery, including merchandise;

(g) The form and content of advertisements on Lottery Tickets or at any other place associated with the Lottery;

(h) Public relations; and

(i) The form and conduct of all sales Promotions.

5.2. CONSUMER PROTECTION

5.2.1. Prohibited Practices. To ensure the protection of the public, Provider and any Lottery Retailer, Subcontractor and any of their Affiliates, are prohibited from engaging in any activity that is contrary to the Lottery Law, any Applicable Requirements, the Integrated Services Agreement or these Operating Standards.

5.2.2. Lottery Game and Contact Information. To serve the public and provide individuals with the information necessary to participate in the Lottery Games, Provider shall make the following information available in the following manner:

(a) Provider shall maintain copies of all Game Rules in accordance with Section 4.1.2.

(b) Provider shall ensure that all Lottery Tickets printed by it or by any Subcontractor, comply with the requirements of these Operating Standards, the Integrated Services Agreement and all Applicable Requirements.

(c) Provider shall design, maintain and host a website for the Lottery and make such website available to the public, in a reasonably accessible and user-friendly format, that, at a minimum, includes the following: copies of the Game Rules available or "how-to-play" instructions for download in PDF format; the mailing address of Provider or Provider's designated agent where individuals may send requests for information, comments, and complaints; a toll-free telephone number for customer service; instructions on how Lottery Ticket holders may ascertain whether they have a winning Lottery Ticket, including instructions on where such information can be found; instructions on how holders of winning Lottery Tickets may complete a Prize Claim and the Claim Period for each Lottery Game; language stating that persons under eighteen (18) years of age may not purchase Lottery Tickets; links to the text of the Lottery Law; and information regarding crisis counseling and referral

services to families experiencing difficulty as a result of problem or compulsive gambling. Provider shall design, maintain and host a separate and distinct website for Provider's internal and/or public communications.

5.2.3. Unauthorized Publication. Provider and its Subcontractors, shall not publish or release any Personal Information of any Player for any purpose other than the administration of Prize Claims, unless prior consent is received from such Player.

5.2.4. Consumer Protection Internal Controls. Provider shall establish Internal Controls that facilitate the creation of a uniform and efficient system that documents public concerns and inquiries, ensures an adequate response when warranted and provides a recoverable record of the steps taken toward achieving such goals. Such Internal Controls shall also include guidelines for preventing compulsive or problem gambling associated with the Lottery, for preventing the sale of Lottery Tickets or the awarding of Prizes to Persons under eighteen (18) years of age, ensuring that winning Lottery Tickets are evenly distributed and providing reasonable accommodations to individuals with disabilities in accordance with all Applicable Requirements.

5.2.5. Means and Method of Communication. Provider shall maintain a toll free number and an electronic mail ("e-mail") address for public complaints and inquiries, publish such toll free number and email address on the website of Provider and Lottery website, and record all telephone calls to the toll-free telephone number and messages sent to the e-mail address. In all communications with callers to the toll-free telephone number and senders to the e-mail address, Provider shall take all reasonably necessary steps to distinguish between itself and the Commission.

5.2.6. Privacy Policy. Provider shall establish and maintain a privacy policy that shall describe the manner and means by which Provider collects, uses and protects the data and information it obtains regarding Players and Persons. Such policy shall, at a minimum, describe the means by which information from Player and Persons is collected, shared, tracked and otherwise used in any manner whatsoever. Such policy shall also describe the means by which such information is protected from unlawful or otherwise wrongful disclosure. Provider is prohibited from using data and information from Players and Persons, including information derived from such data and information, for any commercial purpose other than to perform its obligations to the Lottery under the Integrated Services Agreement.

VI. CONTRACTING WITH MINORITY AND WOMEN'S BUSINESS ENTERPRISES

6.1. GENERAL

6.1.1. MWBE Plan. Provider shall adopt and maintain a minority and women's business enterprises plan ("MWBE Plan") that is designed to assist the Commission in achieving, to the greatest extent possible, the annual goals that are established by the Commission during the Term with respect to the use of "minority business enterprises" and "women's business enterprises" as those terms are defined in Indiana Code 4-13-16.5-1 and Indiana Code 4-13-16.5-1.3. The initial MWBE Plan shall be submitted to the Commission Designee as required by the Transition Milestones and prior to the Transition Completion Date. Provider shall be responsible for updating the MWBE Plan to address any changes to the Commission's annual goals for the use of minority and women's business enterprises.

6.1.2. MWBE Plan Elements. The MWBE Plan, at a minimum, shall include the following provisions:

(a) The designation of an individual to serve as the minority and women's business enterprises ("MWBE") officer, whom shall be directly responsible for the organization and continuing implementation of the MWBE Plan;

(b) Training programs and other educational activities for Provider Key Personnel and Provider Personnel, with the goal being to encourage minority and women's business enterprises to compete for contracts and Subcontracts on an equal basis;

(c) The monitoring and review of all aspects of the contracting procedures and decisions of Provider, including the recommendation, where appropriate, of the suspension of any procedure, decision or transaction which is not consonant with the MWBE Plan or with any Applicable Requirements regarding the use of minority and women's business enterprises;

(d) The preparation of reports, documentation and statistical information concerning Provider's: (1) good faith efforts to implement the MWBE Plan; (2) actual use of MWBE contractors and Subcontractors, including actual dollar amounts spent with MWBE contractors and Subcontractors; (3) contractor and Subcontractor rates of pay and other forms of compensation; and (4) training programs and selection procedures; and

(e) Reporting to the Commission Designee Provider's performance pursuant to the MWBE Plan on at least a quarterly basis.

6.1.3. On-site Monitoring and Inspections. Notwithstanding any other provision herein to the contrary, the Commission Designee may at any time enter the facilities of Provider or any related facilities thereof for the purposes of determining whether Provider is complying with its obligations under this Section 6.1. In making such a determination, the Commission shall be entitled to inspect or copy any relevant books or records.

APPENDIX A

(1) Coupons for Customers
(2) Procedure for Recording / Tracking / Monitoring Coupons
(3) Draw Game Odds
(4) Access to Public Records
(5) Information Technology CMS Workflow
(6) Passwords and Authenticating to Various Computer Systems
(7) Licensing a New Hoosier Lottery Retailer
(8) Message for Closing Games
(9) Message for New Games
(10) Hoosier Lottery-Serviced ITVM Procedures
(11) Regional Partial Returns
(12) Paperwork Process for New Retailers and Change of Ownerships
(13) Website Content Management System (CMS) User Access and Usage Policy
(14) Closing Instant Ticket with Top Prizes Remaining
(15) Digital Outdoor
(16) Digital Outdoor Process (XML RSS Digital Board Feed Specs)
(17) Draw Game Ticket Distribution Procedures
(18) Jackpot Winning Ticket Notifications (Media, Sales Associates, Retailers, and Consumers)
(19) Last Prime Tier or Top Prize Claimed Game Closing Process
(20) Monitoring of Unclaimed Instant Prime Tier Prizes
(21) Print and Digital Jackpot Alert Procedure
(22) Scratch-Off Shelf Game
(23) Sponsorship Selection and Approval Process
(24) Web Page and Web Banner Approvals
(25) Hoosier Lottery Scratch-Off Specifications
(26) Handling Written Complaints
(27) Retailer Event Procedures
(28) Television Alert Procedure
(29) Corporate Charitable Giving Plan
(30) Coupon Tracking
(31) Event Ticket Transportation
(32) Greening of the Canal Emergency Action Plan
(33) Printed and Digital Coupon Request Requirements, Timelines, and Production
(34) Promotional Ticket Request
(35) Fun Zone Promotional Ticket Tracking
(36) Ticket Sales at Special Events
(37) Printed and Electronic Coupon Barcode Generation and Testing Requirements
(38) Auditing the Second Chance Drawing
(39) Terminal Security at Off-Site Locations
(40) Ticket Destruction
(41) Policy on Reimbursable Expenses

APPENDIX B
DEFINITIONS

"Claim Period" means the time period during which a Player may redeem a Prize in the manner prescribed by the Game Rules.

"Commission Designee" means the Commission Director or Commission Director's written designation, whose rank is not lower than the first tier of Commission Personnel below that of the Commission Director, which initial designations are made pursuant to the attached Exhibit F.

"Emergency Purchase" shall mean the acquisition of goods or services by Provider during a circumstance or set of circumstances caused by the occurrence of events beyond the control of Provider and which could reasonably be believed to (a) threaten compliance with the Highest Standards including the security, integrity or the financial status of the Lottery, (b) threaten the public health, welfare or safety or (c) lead to imminent injury or loss. Emergency Purchases shall be made by obtaining pricing information from at least two prospective Subcontractors unless Provider determines in writing that the time required to obtain pricing information will increase the immediate consequences of the emergency, in which case, the pricing requirement shall be excepted.

"End of Production Prize Structure" means the final, printed prize structure for any Instant Lottery Game, which reflects how an Instant Lottery Game printed and how it balances with the Prize structure as stated in the Working Papers.

"Integrated Services Agreement" means that certain Hoosier Lottery Integrated Services Agreement entered into between the Commission and Provider.

"Internet" means a group of World Wide Web pages usually containing hyperlinks to each other and made available on the Internet or any successor, similar or other alternative system.

"Instant Lottery Ticket" means Lottery Tickets for Lottery Games, the outcome of which is immediately available to the Player upon playing the game, and is not contingent upon a Drawing.

"Internal Control" means a narrative description of Provider's initial or revised system of internal policies and procedures and administrative and accounting controls, which are designed to provide necessary and appropriate assurances regarding the achievement of objectives in certain categories including the following: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with all Applicable Requirements including the Highest Standards.

"Loyalty Program" means any program in which Players register with Provider, a Lottery Retailer or a Subcontractor for purposes of accumulating and receiving awards, complimentary items of value or any other things of value for such Player's participation in a Game.

"Major Procurement" means a procurement for a contract for the printing of tickets to be used in a Lottery Game, consultation services for the start up and operation of the Lottery and any goods and services involving any of the following: (1) the official recording for Lottery Game play purposes of a player's selection in Lottery Games involving player selections; (2) the receiving of a player's selection directly from a player in Lottery Games involving Lottery selections; (3) the drawing, determination or generation of winners in Lottery Games; (4) the security services required under the Indiana Code.

"Major Vendor" means a Person that has executed a contract for a Major Procurement.

"Multi-State Lottery Games" means any Game operated by two or more state entities or their designees, in which revenue, expenses and responsibility for Prize payments is shared amongst the participating entities on a proportional basis as determined in a written agreement amongst the entities.

"Permitted Auditors" is defined in Section 11.3.1(a) of the Integrated Services Agreement. Additionally, all Permitted Auditors, unless otherwise Approved, shall mean an independent certified public accountant licensed to

practice in the State; must be a member of the American Institute of Certified Public Accountants; have at least five (5) years of auditing experience, as a firm; have a minimum staff of twenty-five (25) partners, Providers, or professional accountants; and submit a certification that the independent auditor meets the suitability requirements, as determined by the Commission.

"Personal Information" means, with respect to any Player, the name, financial account information (including the names of financial institutions); social security number, driver's license number, telephone number, mailing address, home address, work address, employer, email address and any other contact information, Player's birth date or the names or Personal Information of any member of any Player's immediate family or household.

"Play Slip" means a pre-printed slip having a set of defined fields from which a Player can select a set of numbers as specified for each Drawing.

"Player Activated Terminal" means a touch-screen vending machine which sells Instant Lottery Tickets and Draw Lottery Tickets directly to Players and allows Players to check Instant Lottery Tickets and Draw Lottery Tickets to determine whether they hold winning tickets.

"Proposal," "bid," "quote," and "offer" shall denote that which a Subcontractor provides for competitive consideration or comparison under any competitive procurement process.

"Public Record" has the meaning set forth in Indiana Code 5-14-3-2(n).

"Records" means all internal and external correspondence, accounts, audits, reports, agreement, proposals, sales data, performance data, recorded telephone consumer calls, memoranda, information and all other documentation relating to the processes, procedures or operating of the Lottery. For purposes of this definition, the word "Records" may also include Confidential Information in addition to all other documents.

"Second Chance Promotion" means a Promotion offered by Provider and conducted by the Lottery, if the total value of the Prize(s) to be awarded through the Promotion exceeds $5,000, whereby Prizes are awarded to selected entrants holding non-winning tickets via a random Drawing as dictated in the Promotion Rules.

"Secure Storage Facility" means any area, room, furniture, equipment, machinery or other device used by the Commission or Provider for the storage of Confidential Information, access to which is limited to authorized personnel at all times by locks, alarms, codes, encryption or other appropriate security precautions. The definition of a "Secure Storage Facility" also includes the Indiana State Archives.

"Security Plan" means the security plan that Provider must submit, in writing, to the Commission Designee in accordance with Section 3.2.2 to prevent theft, fraud or misuse relating to the Lottery.

"Specifications" means the descriptions, features, functionality, schedule for performance, performance standards, acceptance criteria and related requirements with respect to any Services, Equipment, Software, Work Product and/or deliverables.

"Working Papers" means the document, agreed upon and signed by Provider's designee and the Instant Lottery Ticket game printing vendor, that defines and describes an Instant Lottery Game, including the game definition, play style, appearance, Prize structure, printing specifications and the information necessary to print the Lottery Game.

"World Wide Web" means a part of the Internet accessed through a graphical user interface and containing documents often connected by hyperlinks – also called *Web* or any successor, similar or alternative network.

APPENDIX C

TRANSMITTAL OF PROPOSED / APPROVED RECORDS RETENTION AND DISPOSITION SCHEDULE
State Form 39443 (R4/7-95)

NOTICE
PLEASE KEEP THIS FORM ATTACHED TO THE SCHEDULE

TO:	FROM:
Carrie Stroud Lottery Commission 1302 N. Meridian St.	Amy Robinson Records Management Division Indiana Commission On Public Records 402 West Washington ST. Room W472 Indianapolis, IN 46204

Division Affected:	No. of pages in schedule	Date sent (month, day, year)	Date returned (month, day, year
	8	6/1/2012	

SECTION I — **PROPOSED RECORDS RETENTION AND DISPOSITION SCHEDULES**

Attached is a proposed retention schedule for your agency. Please have the head of your agency sign this sheet, in the blank provided, to acknowledge approval of the schedule. Then return this packet to the Records Management Division, Commission on Public Records. You will be sent copies of the schedule after it has been approved by the Oversight Committee on Public Records.

SECTION II — **GENERAL INFORMATION**

An approved Records Retention and Disposition Schedule (SF 5) grants your agency the authority to transfer or destroy records on a continuing basis. For each destruction, notify the Commission on Public Records, Records Management Division, by using a Records Destruction Notification (SF 16).

The retention schedule must be current to be effective. If your agency needs to change the schedule, notify the Records Management Division so that it may be updated.

Any questions concerning the implementation of this schedule, once approved, should be directed to the Records Management Division at (317) 232-3285 or (317) 232-3380.

SECTION III — **PRE-MEETING REVIEW BY:**

Signature of Agency Head: Karl B Brown	Date signed (month, day, year): 6.7.12
Signature of State Board of Accounts: Michael G. Spose	Date signed (month, day, year): 6-14-2012
Signature of Indiana Historical Bureau: Pamela J. [illegible]	Date signed (month, day, year): 6-15-2012
Signature of State Archivist: [illegible]	Date signed (month, day, year): 6/17/2012

SECTION IV — **APPROVED RECORDS RETENTION AND DISPOSITION SCHEDULES**

The Oversight Committee on Public Records, at its meeting held on approved the Records Retention and Disposition schedule for your agency.

Please take the following action according to boxes checked:

- [x] The approved schedule is enclosed. The Records Coordinator should retain copy 2 and forward copy 3 to the head of your agency. We suggest that a copy be generated and given to the appropriate division(s) of your agency.
- [ ] Other instructions:

RECORDS RETENTION AND DISPOSITION SCHEDULE

State Form 5 (R4/8-03)

Name of agency: State Lottery Commission	Name of division	Telephone number: 264-4948
Address *(number and street, city, state, zip)*: 1302 N. Meridian St.		
Agency head signature of approval	Name of agency head *(type or printed)*: Karl Browning	Date of draft approval
Commission on Public Records Signature of final approval		Date of final approval 6/27/12

ITEM NO.	RECORD SERIES	TITLE/DESCRIPTION *(This Retention Schedule is approved on a space-available basis)*	RETENTION PERIOD
		This records retention and disposition schedule applies to the State Lottery Commission's headquarters and all regional offices.	
		MARKETING DIVISION	
1	2007-36	ADVERTISING SAMPLES These are typical samples or other related materials received from various advertisements and promotions of the State Lottery Commission. They could include posters, banners, decals, brochures, newspaper advertisements, broadcast tapes, bulletin board displays and/or scratch-off tickets.	TRANSFER one (1) sample of each item to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of STATE BOARD OF ACCOUNTS Audit Report andsatisfaction of unsettled charges. TRANSFER to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, for EVALUATION, SAMPLING or WEEDING pursuant to archival principles after an additional five (5) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION prior to COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION TRANSFER: Seven (7) State Fiscal Years and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
2	2007-37	DEMOGRAPHIC STUDIES, MEDIA PLANS AND OTHER MARKETING MATERIALS Disclosure of these records may be subject to IC 5-14-3-4(b)(6).	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years. TRANSFER to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, for EVALUATION, SAMPLING or WEEDING pursuant to archival principlesafter an additionalthree (3) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION prior to COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION TRANSFER: Five (5) State Fiscal Years.
3	2008-66	PROMOTION RULES This is any promotion rule created outside of a game rule, including consumer promotion, retailer promotions, and retailer incentive promotions. Rules can change often and the State Lottery Commission will be able to study and compare changes and historical development of various rules.	DESTROY after ten (10) calendar years.
		ACCOUNTING DIVISION	
4	2007-39	ANNUITANTS PRIZE WINNER CLAIMS RECORDS A typical record consists of related information, information on the available options for receiving winnings, claim forms, IRS Form 5754 that shows multiple claimants splitting winnings, if applicable, the prize winner's Social Security Number, and the actual winning ticket. Prior to any records destruction, the State Lottery Commission will confirm that all winnings have been fully paid and final settlement of any litigation. Disclosure of these records may be subject to IC 4-1-10-1.	TRANSFER to the RECORDS CENTER two (2) State Fiscal Years after annuitant prize winners have started receiving their winnings and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges and after receipt of the Annual Financial Audit Report. DESTROY after an additional twenty-eight (28) State Fiscal Years in the RECORDS CENTER and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges and after receipt of the Annual Financial Audit Report and after confirmation by the STATE LOTTERY COMMISSION that all winnings have been fully paid and after final settlement of any litigation. TOTAL RETENTION: Thirty (30) State Fiscal Years and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges and after receipt of the Annual Financial Audit Report and confirmation by the STATE LOTTERY COMMISSION that all winnings have been fully paid and after final settlement of any litigation.

Name of Records Analyst: Amy Robinson	Date prepared: 5/18/2012	Date of Oversight Committee on Public Records final approval: 6/27/2012

5	2007-40	PACK TRANSFER REQUEST Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
4	2007-41	RETURN MANIFEST This consists of all instant tickets returned to the distribution center. Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER two (2) State Fiscal Years after conclusion of the game, after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years after conclusion of the game, after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
7	2007-42	WINNER CLAIMS RECORDS-NON-ANNUITANTS A typical record consists of verification of the total amount of the winnings and miscellaneous claim forms and records and the actual winning ticket. A prize winner's Social Security Number may be present. Disclosure of these records may be subject to IC 4-1-10-1, 26 USC 6103(n); and 26 USC 7213(a). Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER two (2) State Fiscal Years after conclusion of the game, after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges and after receipt of the Annual Financial Audit Report. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years after conclusion of the game, after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges and after receipt of the Annual Financial Audit Report.
8	2007-43	MULTI-STATE LOTTERY ASSOCIATION-"MUSL" DRAW REPORTS Multi-state Lottery Draw Reports are used for reconciliations and for payment to the association. Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
9	2007-44	INVENTORY LOGS This is a record of the monthly ticket inventory. Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
10	2007-45	DEBT SET-OFF REPORTS In accordance with IC 4-30-11-11(b), this applies to a winner of a prize of more than $599.99. Disclosure of these records may be subject to IC 4-1-10-1, 26 USC 6103(n), and 26 USC 7213(a). Retention consistent with IC 6-8.1-5-2(b).	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional four (4) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Six (6) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.

11	2007-46	ACCOUNTS RECEIVABLES "NSF" DOCUMENTATION Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
12	2007-47	DEFECTIVE/PREVIOUSLY PAID TICKETS Retention based on IC 34-11-2-7.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional four (4) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Six (6) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
13	2007-48	PROMOTIONAL TICKET LOGS These are records of instant and on-line tickets given away for promotional purposes. Retention consistent with IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
14	2007-49	PRIZE PAYMENT DRAW BALANCING FORMS These records consist of a reconciliation of the Internal Control System to the Scientific Games sales reports.	TRANSFER to the RECORDS CENTER after the end of the State Fiscal Year and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional five (5) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Five (5) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
15	2007-50	RETAILER SALES LOGS These are logs maintained when retailers place ticket orders. Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
16	2007-51	RETAILER RETURN RECEIPT These are the manual entries made when retailers return tickets in the regions and not on the terminals. Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional eight (8) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.

17	2007-61	RETURNED TICKET RECEIPTS This is the record of tickets returned to the State Lottery Commission by retailers. Retailers may return opened or unopened ticket packages. Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER one (1) State Fiscal Year after the end of the game and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional nine (9) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years after the end of the game and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
		INFORMATION TECHNOLOGY DIVISION	
18	2007-52	VENDOR ON-LINE TESTING A contracted vendor provides on-line computer services that support the various lotto-style games by means of an Internal Control System (ICS). These are the user acceptance tests performed using this Internal Control System to balance vendor testing. Disclosure of these records may be subject to IC 5-14-3-4(b)(10) and (11). Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER ninety (90) days after testing changes have been determined to be successful. DESTROY after an additional nine (9) State Fiscal Years and three (3) months in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years after testing changes have been determined to be successful.
19	2007-53	ACCESS REQUEST FORMS State Lottery Commission employees requesting access to that computer system must submit the requests to this Division.	DESTROY after five (5) calendar years.
20	2007-54	SYSTEM CHANGE REPORTS This reports instant validation and inventory system changes.	DESTROY after five (5) calendar years.
		SECURITY DIVISION	
21	2007-58	ON-LINE DRAWING REPORTS AND VIDEO RECORD OF DRAWING These computer reports describe the daily drawings for the various games of the Hoosier Lottery. Any irregularities are reported.	ELECTRONICALLY TRANSFER to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, in a format approved by the COMMISSION ON PUBLIC RECORDS, for EVALUATION, SAMPLING or WEEDING pursuant to archival principles; one (1) State Fiscal Year after the date of the on-line drawing and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
22	2007-59	CRIMINAL FELONY AND MISDEMEANOR INVESTIGATION DOCUMENTATION This record includes reports to law enforcement agencies about illegal gambling. Retention partially based on IC 35-45-5-3 and IC 35-41-4-2(a).	TRANSFER to the RECORDS CENTER five (5) calendar years after submission of the report. DESTROY after an additional five (5) years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) calendar years after submission of the report.
23	2007-60	STOLEN LOTTERY TICKET REPORTS This is the official record of stolen tickets. The information is also maintained in computer format. Disclosure of these records may be subject to IC 5-14-3-4(b)(1), (10) and (11). Retention partially based on IC 35-41-4-2.	TRANSFER paper records to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, for EVALUATION, SAMPLING or WEEDING pursuant to archival principles; six (6) State Fiscal Years after the date of the report and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DELETE computer data at the same time.
24	2007-62	TICKER DELIVERY STATUS This consists of the transfer of tickets between the State Lottery Commission and a retailer.	DESTROY after three (3) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
25	2007-63	ISSUES AND ADJUSTMENTS TRANSCRIPTION This is the record of ticket changes manually initiated by the State Lottery Commission.	DESTROY after two (2) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.

26	2007-64	TICKET INVENTORY RECONCILIATION This file is the record of physical inventories taken.	DESTROY after three (3) State Fiscal Years and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
27	2007-65	GAME PARAMETER MAINTENANCE This is the system record of game prize amounts.	DESTROY three (3) calendar years after the end of the game.
28	2007-66	PACK TRANSFER REQUEST/RECEIPT This consists of the record of ticket shipments to regional offices of the State Lottery Commission by a package and mail delivery service other than the U.S. Postal Service.	DESTROY three (3) calendar years after the end of the game and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
29	2007-67	BACKGROUND INVESTIGATION AND AUTHORIZATION TO RELEASE INFORMATION Disclosure of these records may be subject to IC 5-14-3-4(b)(1), (2), (10) and (11). Retention partially based on IC 35-41-4-2.	DESTROY six (6) calendar years after completion of the investigation.
30	2007-68	INTERNAL SECURITY COURIER LOG This is a log of items delivered to/from the State Lottery Commission by a courier.	DESTROY two (2) State Fiscal Years after the date the items were sent or received and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
31	2007-69	PACK TRANSFER AND PACK LISTINGS	DESTROY three (3) State Fiscal Years after the end of the game and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
32	2007-70	INVENTORY EXCEPTION LOGS These are logs of defective or missing packs.	DESTROY three (3) State Fiscal Years after the end of the game and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
33	2007-71	GAME FILE This consists of electronic and hard copy documents. Contents are: An end of production prize structure, Validation file, Testing file, Reconstruction information, and a game manifest ticket, that is, the listing of the manufacturer's game contents.	DESTROY five (5) State Fiscal Years after the conclusion of the game and after receipt of the Annual Financial Audit Report and after receipt of STTE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
34	2007-72	RECONCILIATION REPORT This is the record of reconciliation of closed game ticket inventories.	DESTROY five (5) State Fiscal Years after completion of the reconciliation and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
35	2007-73	MASTER PACKING LIST This is the shipping record of tickets.	DESTROY after the end of the game and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
36	2007-74	DOCUMENTATION ON ALL INVESTIGATIONS Disclosure of these records may be subject to IC 5-14-3-4(b)(1), (10) and (11). Retention partially based on IC 35-41-4-2.	TRANSFER to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, for EVALUATION, SAMPLING or WEEDING pursuant to archival principles; six (6) calendar years after completion of the investigation.
37	2007-75	FACILITY CHECK DOCUMENTATION This record is an inspection of a Lottery facility regarding alarms, vault security controls and security procedures. The Director of Security receives four (4) security inspection reports per year for each of the seven (7) locations: Lottery Headquarters, the Distribution Center and all of the regions. Disclosure of these records may be subject to IC 5-14-3-4(b)(10) and (11).	DESTROY three (3) calendar years after the date of the last inspection.
38	2007-76	RECONSTRUCTION REQUEST This is a request submitted to the ticket manufacturer for reconstruction and/or identification of a damaged ticket. Retention based on IC 34-11-2-7.	DESTROY six (6) State Fiscal Years after the conclusion of the game and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.

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39	2007-77	BURST MESSAGES These are messages detailing access to the Hoosier Lottery's computer system. Burst messages are ticket security alerts which are registered on the Lottery's computer system when tickets are sold prior to their activations or attempted validations/redemptions or are tickets that have been reported stolen. This is an electronic record with no paper files maintained. Disclosure of these records may be subject to IC 5-14-3-4(b)(10) and (11).	DELETE from the STATE LOTTERY COMMISSION'S computer system one (1) calendar year after completion of any investigation.
40	2007-78	INTERNAL INVESTIGATION REPORTS Disclosure of these records may be subject to IC 5-14-3-4(b)(1), (10) and (11). Retention based on IC 35-41-4-2.	DESTROY five (5) calendar years after completion of the report.
41	2007-79	TICKETS PULLED ON EACH GAME FOR SECURITY TESTING Scratch-off and pull tab tickets have been pulled from distribution for the purpose of security testing. They are documented thru audit reports using from the Security Division of the State Lottery Commission. The audit reports are retained with their respective game file folders by the Hoosier Lottery. Disclosure of these records may be subject to IC 5-14-3-4(b)(10).	DESTROY after conclusion of the testing.
42	2007-80	SECURE ACCESS REPORTS These reports document access attempts reported by the contracted vendor's security system. These are e-mail reports to the Security Director each day and rarely printed. These reports are continuously backed-up. Disclosure of these records may be subject to IC 5-14-3-4(b)(10) and (11). Retention based on IC 35-43-1-4 and IC 35-43-2-2.	DELETE from the computer system five (5) calendar years after the date of the security report.
43	2007-100	SECURITY AUDIT REPORT Pursuant to IC 4-30-6-7(c), after an initial security study, similar studies of security shall be conducted as the (State Lottery) Commission determines to be appropriate but at least once every two (2) years. Pursuant to IC 4-30-6-7(b), part of the security report containing information protected from disclosure by IC 5-14-3 shall not be disclosed by the Commission or by the Governor.	DESTROY four (4) years after completion of the latest security audit.
44	2008-67	ENTRIES SUBMITTED IN A PLAYER BASED PROMOTION DRAWING (NON-WINNING ENTRIES) This record of electronic entries is used for purposes of the drawing and not drawn in a player based Scratch-off ticket promotion drawing to include non-winning entries and non-drawn alternate entries. Retention based on 65 IAC 7-1-8.	DESTROY 90 days after the conclusion of the drawing.
45	2008-68	ENTRIES DRAWN IN A PLAYER BASED PROMOTION DRAWING (WINNING ENTRIES) This record of electronic entries drawn in a player based Scratch-off ticket promotion drawing to include winning entries, drawn alternate entries and disqualified drawn entries.	DESTROY 180 days after conclusion of the drawing.
		INTERNAL AUDIT DIVISION	
46	2007-81	INTERNAL AUDIT The internal audit contains Lotto drawing reports from the independent auditor and audit reports on the Lottery operations.	DESTROY after three (3) State Fiscal Years and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.

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		PROCUREMENT/ADMINISTRATION DIVISION	
47	2007-82	ACCIDENT RECORDS Retention based on IC 34-11-2-4 and -7.	DESTROY three (3) calendar years after any litigation is concluded for property damage accidents and three (3) calendar years after any litigation is concluded for any personal injury accident. TOTAL RETENTION: Six (6) calendar years after conclusion of any litigation resulting from the vehicle accident.
		PUBLIC RELATIONS	
48	2007-83	CUSTOMER SERVICE LETTERS, E-MAIL AND CALL LOGS	DESTROY after three (3) calendar years.
49	2007-84	PACKAGE DELIVERY VENDOR TRACKING FILES	DESTROY after three (3) calendar years.
		EXECUTIVE DIVISION	
50	2007-85	RESEARCH MEMORANDA	TRANSFER to the RECORDS CENTER one (1) calendar year after completion of the project for which the research was needed. DESTROY after an additional one (1) year in the RECORDS CENTER. TOTAL RETENTION: Two (2) calendar years after completion of the project for which the research was needed.
51	2007-86	CONSENT TO USE PROHIBITED TERMS In accordance with IC 4-30-14-6 and IC 4-30-14-7, the State Lottery Commission must authorize in writing the word "lottery" and similar terms in reference to a lottery other than a lottery conducted under this article.	TRANSFER to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, for EVALUTION, SAMPLING or WEEDING pursuant to archival principles; two (2) calendar years after the STATE LOTTERY COMMISSION provides its written consent.
52	2007-87	MINORITY BUSINESS PLAN AND RELATED MINORITY PARTICIPTION MATERIALS In accordance with IC 4-30-1-2, "....it is the intent of the general assembly (5) That the commission ensure the equitable participation of minorities and women in all phases of the lottery,...the commissions shall establish annual goals: (A) for the use of minority and women's business enterprises...in construction, professional services, other services and supplies; and (B) derived from a statistical analysis of utilization study of lottery contracts that are required to be updated every five (5) years. Retention based on IC 4-30-1-2.	TRANSFER to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, for EVALUATION, SAMPLING or WEEDING pursuant to archival principles, five (5) State Fiscal Years after the latest statistical analysis update.
53	2007-88	TRADEMARK RECORDS These are records of trademarks currently owned by the State Lottery Commission, for example, the logo and/or the slogan.	TRANSFER to the COMMISSION ON PUBLIC RECORDS, STATE ARCHIVES DIVISION, for EVALUATION, SAMPLING or WEEDING pursuant to archival principles; when outdated or replaced.
		SALES	
54	2007-89	REGIONAL OFFICE DOCUMENTATION, EQUIPMENT RECORDS AND JANITORIAL CONTRACTS Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after the purchase or contract termination and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional ten (10) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years after purchase or contract termination and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit report and satisfaction of unsettled charges.

55	2007-90	RETAILER APPLICATIONS, CONTRACTS, LICENSES AND BACKGROUND INFORMATION Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER after contract termination and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges. DESTROY after an additional ten (10) State Fiscal Years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years after contract termination and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
56	2007-91	LOTTERY SALES REPRESENTATIVES' RETAILER FILES These files are maintained by sales representatives concerning retailers assigned to them.	TRANSFER to the RECORDS CENTER after the employee has left the STATE LOTTERY COMMISSION. DESTROY after an additional five (5) calendar years in the RECORDS CENTER. TOTAL RETENTION: Five (5) calendar years after the employee has left the STATE LOTTERY COMMISSION.
57	2007-92	LOTTERY SALES REPRESENTATIVE BONUS INCENTIVE RECORDS	DESTROY two (2) State Fiscal Years after the employee has left the STATE LOTTERY COMMISSION and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
58	2007-93	TICKET DISTRIBUTION RECORDS	DESTROY two (2) State Fiscal Years after the game ends and after receipt of the Annual Financial Audit Report and after receipt of STATE BOARD OF ACCOUNTS Audit Report and satisfaction of unsettled charges.
59	2007-94	RETAILER TERMINATION LETTERS Retention based on IC 34-13-1-1.	TRANSFER to the RECORDS CENTER one (1) State Fiscal Year after submission of the termination letter to the retailer. DESTROY after an additional nine (9) years in the RECORDS CENTER. TOTAL RETENTION: Ten (10) State Fiscal Years after submission of the termination letter to the retailer.
60	2007-95	GAME RULES AND EXECUTED WORKING PAPERS Disputes of the State Lottery Commission must be appealed within 72 hours.	DESTROY one (1) calendar year after conclusion of the game.
61	2007-96	RETAILER HEARING RECORDS	ELECTRONICALLY SCAN after the final decision of the STATE LOTTERY COMMISSION. DESTROY paper records twelve (12) calendar months after the final decision of the STATE LOTTERY COMMISSION and verification of the scanned image for accuracy and legibility. DELETE scanned image five (5) calendar years after the final decision of the STATE LOTTERY COMMISSION.
62	2007-97	SMALL CLAIM HEARINGS/JUDGEMENT RECORDS REGARDING RETAILER NON-SUFFICIENT FUNDS (NSFS) Retention based on IC 34-11-2-7.	DESTROY six (6) calendar years after collection is made in full or until the repayment probability is deemed unlikely.

APPENDIX D
STANDARD SUBCONTRACT CERTIFICATE FORM

Section 1 – General Certifications and Covenants

A. To and for the benefit of the State Lottery Commission of Indiana (the "Commission"), a third-party beneficiary of the Referenced Subcontract referenced below its signature (the "Referenced Subcontract") it proposes to enter into with _____[Name of Selected Proposer]_____ (the "Provider"), the undersigned Subcontractor hereby acknowledges that the Referenced Subcontract complies with each section of this Standard Subcontract Certificate Form (this "Form") unless stricken as permitted in Section B below and the undersigned Subcontractor agrees to comply with each of the certifications, covenants, warranties and agreements in each section of this Form unless stricken as permitted in Section B below (the "Standard Certifications and Covenants"). By executing this Form, Subcontractor certifies its compliance is a continuing obligation and it will report any non-compliance to the Commission. If the Referenced Subcontract extends over multiple fiscal years including the initial term and all renewals, Subcontractor shall annually confirm compliance with the Standard Certifications and Covenants in the manner and format determined by the Executive Director of the Commission or the Executive Director's duly appointed representative (the "Commission Designee") on each July 1 that the Referenced Subcontract remains in effect. The Subcontract acknowledges and agrees that the Reference Subcontract is subject to approval by the Commission and shall not be binding on Provider unless and until so approved in writing.

B. Each section of this Form applies to Subcontractor and its performance under the Referenced Subcontract unless stricken because the subject matter of the Referenced Subcontract plainly manifests a context or circumstance that makes such not applicable to it.

C. Subcontractor represents and warrants to Provider and the Commission that all information Provider and the Commission has been and was true, accurate and complete. Subcontractor acknowledges and agrees that should Subcontractor or its subcontractor(s) provide false or incomplete information, or fail to be or remain in compliance with these Standard Certifications and Covenants, one or more of the following sanctions will apply:

1. the Referenced Subcontract may be void by operation of law,
2. the Commission may require suspension, modification or termination of the Referenced Subcontract, and/or
3. the Referenced Subcontractor and it subcontractors may be subject to one or more of the following: suspension, debarment, denial of payment, civil fine, or criminal penalty.

Identifying a sanction or failing to identify a sanction in relation to any of these Standard Certifications and Covenants does not waive imposition of other sanctions or preclude application of sanctions not specifically identified herein.

Section 2 – Bidding and Contracting Certifications and Covenants

A. Subcontractor certifies, represents and warrants no person or selling agency has been employed or retained to solicit or secure the Referenced Subcontract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee with the exception of bona fide employees or bona fide established commercial or selling agencies maintained by Subcontractor for the purpose of securing business.

B. Subcontractor certifies, represents and warrants it has not, nor has any other member, employee, representative, agent or officer of Subcontractor, directly or indirectly, to the best of Subcontractor's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that Subcontractor has not received or paid, any sum of money or other consideration for the execution of the Referenced Subcontract other than that which appears upon the face of the Referenced Subcontract.

C. Subcontractor certifies, represents and warrants it has not entered into a combination or an agreement relative to the price to be offered by a person or business entity, to prevent a person or business entity from

making an offer or to induce any person or business entity to refrain from making an offer on this Contract /Lease (Indiana Code 5-22-16-6).

D. Subcontractor covenants that it, its employees, agent(s) and subcontractor(s) will abide by all ethical requirements that apply to persons who have a business relationship with the State of Indiana, as set forth in Indiana Code 4-2-6, the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. If Subcontractor is not familiar with these ethical requirements, Subcontractor should refer any questions to the State Ethics Commission, or visit the State Ethics Commission website at http://www.in.gov/ethics/.

E. Subcontractor certifies, represents and warrants that he/she/it received a copy of the Operating Standards for State Lottery Commission of Indiana (the "Operating Standards") and Article 7 and Schedule 1.2 (Definitions) of the Integrated Services Agreement ("Article 7") from Provider, read and understands the Operating Standards and Article 7, and have by the terms of the Referenced Subcontract presently follow and will continue to follow the provisions of the Operating Standards and Article 7, as may be amended from time to time.

Section 3 – Civil Rights Certifications and Covenants

A. Subcontractor i) certifies, represents and warrants it complies with the Indiana Civil Rights Laws and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies, and ii) hereby covenants and agrees that no person shall be (1) excluded from participation in, or be denied benefits of, this contract where such participation or benefits are obligated by the Referenced Subcontract or applicable laws, or (2) 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 applicable law. Subcontractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination. (Indiana Code 22-9; 910 IAC 3).

B. Subcontractor covenants that for all solicitations or advertisements for employees placed by or on behalf of Subcontractor, Subcontractor will state that it is an "affirmative action and equal opportunity employer."

C. Subcontractor covenants that it will cause any person or firm awarded a subcontract pursuant to the Referenced Subcontract to agree, that they will comply with all provisions on Equal Employment Opportunity created by applicable state, federal or local laws, rules and regulations.

D. Subcontractor certifies, represents and warrants that it understands that the Commission is committed to ensuring equitable participation of minority- and women-owned or controlled businesses in all phases of its operations and that if Subcontractor subcontracts to provide any good or services under the Referenced Subcontract, Subcontractor agrees to undertake reasonable efforts to involve minority- and women-owned business enterprises ("MBE/WBE") in the activities and operations of the Referenced Subcontractor as subcontractors and sub-subcontractors. A directory of certified MBE/WBE firms can be obtained from the Indiana Department of Administration Minority and Women's Business Enterprises Division, which is posted at http://www.in.gov/idoa/files/certification_list.xls.

E. Subcontractor covenants and agrees to provide, upon request of the Commission, a copy of any agreements entered into between Subcontractor and each certified MBE/WBE used as subcontractors or sub-subcontractors and any other information required by Commission to verify the utilization of certified minority- and women-owned business.

Section 4 – Drug-Free Workplace Certification

A. Subcontractor covenants and agrees that it and its subcontractor(s) i) will make a good faith effort to provide and maintain a drug-free workplace and give written notice to the Commission within ten (10) days after receiving actual notice that Subcontractor or subcontractor or an employee of Subcontractor or

subcontractor in the State of Indiana has been convicted of a criminal drug violation occurring in Subcontractor's or subcontractor's workplace, and ii) if the total Contract value exceeds $25,000, will provide a drug-free workplace by:

1. Publication and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibit in Subcontractor's and its subcontractors workplace and specifying the actions that will be taken against employees;
2. Establishing a drug-free awareness program to inform employees about (a) the dangers of drug abuse in the workplace; (b) the Referenced Subcontractor's and subcontractor's policy of maintaining a drug-free workplace; (c) any available drug counseling, rehabilitation, and employee assistance programs; and (d) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;
3. Notifying all employees in the statement required by subparagraph (1) above that as a condition of continued employment the employee will (a) abide by the terms of the statement; and (b) notify the employer of any criminal drug statue conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
4. Notifying in writing the Indiana Department of Administration and Indiana Department of Transportation within ten (10) days after receiving notice from an employee under clause 3(b) above, or otherwise receiving actual notice of such conviction;
5. Within thirty (30) days after receiving notice under clause 3(b) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug above violations occurring in the workplace: (a) take appropriate personnel action against the employee, up to and including termination; or (b) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health law enforcement, or other appropriate agency; and
6. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs 1. through 5. above.

Subcontractor further certifies, represents and warrants that it is in compliance with the government-wide requirements for a drug-free workplace as set forth in 45 CFR Part 82.

Section 5 – Criminal History and Background Check Certifications and Covenants

A. Subcontractor certifies, represents and warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State of Indiana and agrees that it will immediately notify the Commission Designee of any such actions.

B. Subcontractor certifies, represents and warrants that neither Subcontractor nor its principal(s) have been convicted of, or entered a plea of guilty or *nolo contendere* to, a felony committed in the preceding ten (10) years, regardless of adjudication.

C. Subcontractor acknowledges that all persons and business entities who will provide any services to the Commission under a contract with the Commission or its Vendors, as defined in Indiana Code 4-30-2-8, (including Provider's subcontractors and any sub-subcontractor(s) of the Subcontractor) must submit to local, state and, at the discretion of the Commission, national criminal background clearance. Subcontractor further acknowledges and agrees that should the Commission Designee determine that Subcontractor or its principals, employees, agents and representatives are subject to such local, state, or national criminal background clearance, the Commission will undertake a background investigation on behalf of the Referenced Subcontractor and any affected principals, employees, agents and representatives for the then applicable fee which as of the date hereof is twenty-five ($25.00) per person (the "Investigation") and invoice the Referenced Subcontractor for such Investigation. Subcontractor agrees to reimburse the Commission for conducting such Investigations in accordance with the terms of the invoice.

Subcontractor covenants and agrees that it and its principals, employees, agents and representatives will provide any information, fingerprints, and release forms that are needed by the Commission Designee to carry out any Investigation, including those that may be required under Indiana Code 4-30-6-4, or that are otherwise necessary to facilitate access to state and criminal history information. Subcontractor acknowledges that other background investigations may be performed after the Referenced Subcontract has been executed and covenants and agrees to submit release forms and/or other information that may be requested by the Commission Designee for all new employees performing any work related to the Referenced Subcontract.

Section 6 – Lottery-Specific Certifications and Covenants

A. Subcontractor certifies, represents and warrants it and its subcontract(s) are properly formed and existing legal entities, have registered to conduct business in Indiana and owe no outstanding reports to the Indiana Secretary of State (Indiana Code 4-30-8-8).

B. Subcontractor certifies, represents and warrants it has filed and covenants that it will file appropriate tax returns as provided by Indiana law, and neither it nor its principal(s) is in arrears in payment of its taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana.

C. Subcontractor covenants and agrees that all services, products, systems, and procedures to be employed by Subcontractor and its subcontractors will comply, at all times, with the game security and operational standards current at the time of Contract / Lease performance as issued by any multi-jurisdictional association of which the Commission is a member or in the event the Commission becomes a member.

D. Subcontractor covenants and agrees that it and its subcontractors will not use the Commission or Lottery name, logos, images, nor any data or results arising from the Referenced Subcontract as a part of any commercial advertising without prior written approval by the Commission.

E. Subcontractor covenants and agrees that it and its subcontractors will not issue any news releases pertaining to the execution, delivery or performance of the Referenced Subcontract or any associated request for proposal or other proposal without prior written approval by the Commission, and then only in cooperation with the Commission.

F. Subcontractor acknowledges and agrees that it shall act in an individual capacity and not as an agent, employee, partner, joint venturer or associate of the other part(ies) to the Referenced Subcontract, and neither it nor its employees or agents shall be deemed or construed to be the employees or agents of the other part(ies) to the Referenced Subcontract, Commission or State of Indiana.

G. Subcontractor acknowledges that it may be required by the Commission to submit to an audit of funds paid through the Referenced Subcontract and agrees to conduct such audit in accordance with Indiana Code 5-11-1 and audit guidelines specified by the Commission.

H. Subcontractor acknowledges that the Commission is subject to the Access to Public Records Act, Indiana Code 5-14-3 ("APRA"), such that any writing, paper, report, study, map, photograph, book, card, tape recording, or other material that is created, received, retained, maintained, or filed by or with the Commission or any Vendors, as defined in Indiana Code 4-30-2-8, (including Provider's subcontractors and any sub-subcontractor(s) of Subcontractor), regardless of form or characteristics, may be considered a Public Record and any person may have a right to inspect and copy the same. To the extent that the Referenced Subcontractor or its subcontractor(s) discloses to the Commission or Provider certain information that is considered confidential and proprietary under the APRA, including without limitation trade secrets and confidential financial information, Subcontractor agrees to identify and have its subcontractor(s) identify, when applicable, such confidential or proprietary information by plainly marking the same as "Confidential Information."

I. Subcontractor acknowledges that data, materials, and information disclosed to Subcontractor under the Referenced Subcontract may contain confidential and protected information of the Commission and/or

Provider, and Subcontractor covenants and agrees that data, material and information gathered, based upon, or disclosed to Subcontractor for the purpose of the Referenced Subcontract will not be disclosed to or discussed with third parties without the prior written consent of the Commission and Provider.

J. Subcontractor shall maintain documentation for all payments received and fees or charges incurred by Subcontractor under the Referenced Subcontract and any modifications or amendments thereto. Subcontractor covenants that the books, documents, papers, accounting records and other evidence pertaining to products and/or services to be provided or performed or money received under the Referenced Subcontract shall be (i) maintained for a period of five (5) full years from the date of the final payment and (ii) subject to audit or inspection at any reasonable time and upon reasonable notice by the Lottery or its duly appointed representatives. Subcontractor shall make such materials available at its offices, and copies thereof shall be furnished to the Commission Designee, at no cost to the Commission, if so requested. Such records shall be maintained in accordance with GAAP and any other applicable procedures established by the Indiana Lottery from time to time. Subcontractor further covenants and agrees to provide to the Commission Designee, upon request, invoice-related information in such format and containing such details deemed necessary or desirable for entry into the Commission's then current financial accounting system.

K. Subcontractor covenants and agrees to indemnify, defend and hold harmless the Commission, its members, officers, employees, contractors, agents and representatives from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of the Referenced Subcontractor and / or its subcontractors, if any, in the performance of the Referenced Subcontract.

L. Unless otherwise required in the Referenced Subcontract and without limiting Subcontractor's duty to indemnify the Commission under the Referenced Subcontract, Subcontractor covenants and agrees to secure and keep in force during the term of the Referenced Subcontract, the following insurance coverage, covering the Referenced Subcontractor from any and all claims of any nature which may in any manner arise out of or result from the Referenced Subcontract:
   i. An errors and omissions policy having a limit per occurrence of at least $1,000,000;
   ii. A fidelity bond naming the Lottery as the insured in an amount of at least $1,000,000;
   iii. A comprehensive general liability policy naming the other Part(ies) to the Referenced Subcontract and the Commission as an additional insured and having a limit per occurrence of at least $1,000,000;
   iv. A workers compensation policy for its employees hired and working in the State of Indiana.

M. Notwithstanding anything to the contrary contained in the Referenced Subcontract, Subcontractor acknowledges and agrees that the Referenced Subcontract is non-exclusive to the extent that the Commission and its Vendors, as defined in Indiana Code 4-30-2-8 (including Provider), are free to directly contract for goods and services of any type, including those covered by the Referenced Subcontract, with any party at any time.

N. In the event a new or modification to state or federal law or regulation affecting the Commission requires modifications or changes in this Contract /Lease to ensure compliance with such new or modified state or federal law or regulations, Subcontractor covenants and agrees, subject to any applicable early termination right that it may have in the Referenced Subcontract, to consent to such amendments, modifications, revisions, supplements or deletions of any of the terms, conditions or requirements of the Referenced Subcontract as may be required to achieve compliance.

O. In accordance with Indiana Code 4-30-3-19 through Indiana Code 4-30-3-19.7, Subcontractor certifies, covenants and agrees that neither Subcontractor nor an officer of Subcontractor or political action committee (as defined in Indiana Code 3-5-2-37) of Subcontractor:

   i. has made a contribution to a candidate for an Indiana state office or a "Committee" (as defined in Indiana Code 4-30-3-19.5) within three (3) years preceding the award of this Agreement or

ii. will make a contribution to a candidate for an Indiana state office or a Committee while the Referenced Subcontract is in effect and during the three (3) years following the final expiration or termination of the Referenced Subcontract.

P. Subcontractor and the other part(ies) to the Referenced Subcontract acknowledge and agree that the Commission is a third-party beneficiary to the Referenced Subcontract and shall have the right to enforce the provisions of the Referenced Subcontract, including, without limiting the generality of the foregoing, these Standard Certifications and Covenants, on its own behalf, but is not a party hereto and shall have no obligation under the Referenced Subcontract.

Section 7 – General State Certifications and Covenants

A. Subcontractor certifies, represents and warrants it and its subcontractor(s) comply with all applicable federal, state and local laws, rules, regulations and ordinances, including, but not limited to, all health, safety and environmental statutes, rules or regulations, Indiana Code 4-30, and the provisions of Title 65 of the Indiana Administrative Code.

B. Subcontractor certifies, represents and warrants it and its employees and subcontractor(s) comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by Subcontractor pursuant to the Referenced Subcontract.

C. Subcontractor certifies, represents, warrants, covenants and agrees that it, its principal(s), and it affiliates (as defined in the Referenced Subcontract or if not defined, as defined in Indiana Code 23-1-43-1 and including a parent company or a subsidiary):

i. except for de minimis and nonsystematic violations, have not violated the terms of (1) Indiana Code 24-4.7 (Telephone Solicitation of Consumers), (2) Indiana Code 24-5-12 (Telephone Solicitations), or (3) Indiana Code 24-5-14 (Regulation of Automatic Dialing Machines) in the previous three hundred sixty-five (365) days, even if Indiana Code 24-4.7 is preempted by federal law; and

ii. will not violate the terms of Indiana Code 24-4.7 for the duration of the Referenced Subcontract, even if Indiana Code 24-4.7 is preempted by federal law.

D. Subcontractor certifies, represents and warrants that no foreign-made equipment, materials, or supplies furnished under the Contract are produced in whole or in part by forced labor, convict labor or indentured labor under penal sanction (Indiana Code 5-22-15-24.2).

E. Subcontractor acknowledges that the service to be performed by Subcontractor under the Referenced Subcontract may require access to data, materials, and information containing Social Security numbers or other personally identifiable information maintained by the Commission in its computers or other records, and pursuant to 10 IAC 5-3-1(4) and hereby covenants and agrees to comply with the provisions of Indiana Code 4-1-10 and Indiana Code 4-1-11. IF ANY SOCIAL SECURITY NUMBER(S) OR PERSONAL INFORMATION (AS DEFINED IN INDIANA CODE 4-1-11-3) IS / ARE DISCLOSED BY SUBCONTRACTOR, SUBCONTRACTOR AGREES TO PAY THE COST OF THE NOTICE OF DISCLOSURE OF A BREACH OF THE SECURITY OF THE SYSTEM IN ADDITION TO ANY OTHER CLAIMS AND EXPENSES FOR WHICH IT MAY BE LIABLE.

F. Subcontractor certifies, represents and warrants and hereby affirms under the penalties of perjury that Subcontractor does not knowingly employ an unauthorized alien and covenants and agrees to no knowingly employ or contract with an unauthorized alien. Subcontractor further covenants and agrees Subcontractor will not retain an employee or contract with a person that the Referenced Subcontractor subsequently learns is an unauthorized alien and will require subcontractors, who perform work under the Referenced Subcontract, to certify to Subcontractor that the Referenced Subcontractor does not knowingly employ or contract with an unauthorized alien and that the Referenced Subcontractor has enrolled and is participating in the E-Verify program.

G. Subject to the exceptions set forth in this Section G, Subcontractor covenants and agrees that Subcontractor has enroll in and verifies the work eligibility statute of all newly hired employees through the E-Verify program, as defined in Indiana Code 22-5-1.7-3. Subcontractor is not required to participate in the E-Verify program should the E-Verify program cease to exist.

Section 8 – Pricing Certifications and Covenants

A. Subcontractor certifies all of the prices, terms, warranties and benefits granted by Subcontractor under the Referenced Subcontract are the same as or more favorable than those offered or made available by Subcontractor for comparable products or services to other customers, and covenants and agrees that in the event that during the term of the Referenced Subcontract Subcontractor offers to any other customer any lower unit price for any product or service (or components thereof) provided under the Referenced Subcontract, then Subcontractor will immediately afford such price, effective as of the date on which such price is made available to any other customer.

Section 9 – Real Estate Certification

A. Subcontractor certifies, represents and warrants any premises and common areas leased under the Referenced Subcontract are in compliance in all respects with all applicable laws, codes, ordinances, rules, regulations and orders, including without limitation, all laws governing zoning, health, safety, fire safety, occupational hazards, disability access and environmental and pollution control and any provided parking spaces includes access parking and meet any other requirements for people with disabilities in conformance with local, state and federal statutes including the Americans With Disabilities Act (ADA) 42 USC 101, 1990.

Section 10 – Intellectual Property Warranty and Certification

A. Subcontractor certifies, represents and warrants that the products and services to be provided by Subcontractor under the Referenced Subcontract do not infringe upon any patents, trademarks, or copyrights of any other person or business entity. Subcontractor further certifies that it has and covenants that it will obtain, at its sole expense, any and all licenses or consents of others required to avoid infringement in connection with its performance under the Referenced Subcontract.

Section 11 – Subcontract Certifications

A. Subcontractor certifies, represents and warrants its acceptance of full responsibility for and agrees to be strictly liable for the performance of all subcontractors that Subcontractor uses on the Referenced Subcontract.

B. Subcontractor covenants and agrees not to sell, assign, subcontract or pledge its rights or obligations under the Referenced Subcontract or in any manner to transfer the Referenced Subcontract or any interest (or estate) herein (whether voluntarily or involuntarily) and, if applicable, not to sublet the Leased Premises to any entity, without the prior written consent of the Commission. Notwithstanding any such assignment, transfer or subcontract, the Referenced Subcontractor shall remain obligated to the Provider to the Referenced Subcontract for the performance of the obligations of the Referenced Subcontractor under the Referenced Subcontract.

C. Subcontractor covenants and agrees that if it contemplates entering into a subcontract with an affiliate of Subcontractor or a party to the Referenced Subcontract and such subcontract has an aggregate value in excess of Fifty Thousand Dollars ($50,000), Subcontractor will solicit at least three (3) proposals from potential subcontractors who are not affiliates of Subcontractor or a party to the Referenced Subcontract for the services, equipment, and/or products needed to be covered by such subcontract.

Section 12 – General Federal Certifications

A. Subcontractor certifies, represents and warrants i) it is not acting, directly or indirectly, for or on behalf of any person, group, entity, or nation named by an Executive Order, the United States Treasury Department of Homeland Security as a terrorist, "Specifically Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Asset Control or Department of Homeland Security and ii) it is not engaged in the transaction contemplated by the Referenced Subcontract, directly or indirectly, on behalf of, or instigating or facilitating this transaction, directly or indirectly, on behalf of any such person, group, entity or nation.

B. Provider i) certifies, represents and warrants that it is in compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law No. 104-191, 45 CFR Parts 160, 162 and 164, the Social Security Ac, 42 U.S.C. 1320d-7, in that it may not use or disclose protected health information other than as permitted or required by law and agrees to use appropriate safeguards to prevent use or disclosure of the protected health information; and 2) covenants and agrees that it will maintain, for a minimum of six (6) years, all protected health information.

The undersigned attests, subject to the penalties for perjury, that he / she is Subcontractor, or that he / she is the properly authorized representative, agent, member or officer of Subcontractor and has obtained all necessary or applicable approvals to execute this Standard Subcontract Certificate Form.

Subcontractor (Name and DBA): _____

Name of Authorized Representative: _____

Title of Authorized Representative: _____

Signature of Authorized Representative: _____

Date: _____

Address: _____

Referenced Subcontract: _____

APPENDIX E

BUSINESS CONTINUITY PLAN AND DISASTER RECOVERY
[To Be Attached Once Approved by the Commission And
No Later Than Sixty (60) Days Prior to Base Services Commencement Date]

APPENDIX F
COMMISSION DESIGNEE

As of the Agreement Effective Date and pursuant to Section 2.2 of the Integrated Services Agreement, the Commission has designated the following Commission Personnel as Commission Designees to act as an authorized representative of the Commission to make requests from and determinations affecting Provider and/or Provider Personnel and serve as the initial points of contact in communications between the Commission and Provider Personnel related to the following subject matters for purposes set forth in the sections of the Integrated Services Agreement and the Operating Standards referenced below:

Commission Designee Title	Matters pertaining to the following Subject Matters	Subject Matter References to Section in	
		Integrated Services Agreement	Operating Standards
Director of Internal Controls	Compliance, Internal Controls, Ethics and Complaints	5.6, 5.8 & 5.10	1.1, 1.2.4, 1.3.3, 1.5.2, 2.4.1, 2.4.4, 3.2.1, 3.2.2, & 3.3.2
Executive Director	Qualifications	6.3, 6.6 & 7.7	2.1.1, 2.1.2, 2.2.1, 2.2.2, 2.2.3, 2.2.4, & 2.2.6
Controller	Invoices, Accounting Records and Audits	10.2, 11.3, 11.4, 11.5, & 11.6	3.1.1, 3.1.2 & 3.1.4
Legal	Confidential Information and Records	9.1, 9.2 & 9.3	1.4.2. 1.4.3 & 2.3.1
Executive Director	Lottery Games, Marketing and Sponsorships	Schedule 5.1	4.1.2, 4.1.3, 4.1.9, 4.2.1, 4.2.2, 4.2.3, 5.1.1 & 5.1.3
Director of Administration	MWBE Compliance	7.4	6.1.1, 6.1.2, & 6.1.3
Director of Internal Controls	Continuity Plan	4.4	3.2.3 & 3.2.4
Director of Internal Controls	Subcontractors	7.6, 7.8, 7.9 & 7.14	2.5.2, 2.5.3 & 2.6.1 and Appendix D Certifications
Legal	Intellectual Property	8.3, 8.4, 8.5 & 8.6	
Controller	Financial	4(a)(ii) of Schedule 10.1	

The Commission Designees identified above may be changed at any time by the Commission or Commission Director, as applicable, and the Commission may amend this Appendix F to reflect such changes with or without Provider consent.

[End of Operating Standards]

EXHIBIT 5.3.2

INITIAL ANNUAL BUSINESS PLAN

PART A-PLAN

EXHIBIT 5.3.2

INITIAL ANNUAL BUSINESS PLAN

PART B-BUDGETS

EXHIBIT 9.3.2

FORM OF CONFIDENTIALITY AGREEMENT

This Non-Disclosure Agreement (this "Agreement") is hereby entered into as of this ___ day of _____, 20__ by and between **GTECH Indiana, LLC**, an Indiana limited liability company, on behalf of itself and its Affiliates ("Provider"), and **[NAME OF SUBCONTRACTOR; if EMPLOYEE, global revision from "Company" to "Employee"]** ("Company" and, together with Provider, the "Parties"). For purposes of this Agreement, "Affiliates" of a person or entity shall mean any person, corporation, partnership, limited liability company, professional organization, enterprise, sole proprietorship or other entity or association that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Provider or in which such person has an economic or voting interest of at least twenty percent (20%) of common equity.

BACKGROUND

WHEREAS, Provider and the State Lottery Commission of Indiana (the "Commission") entered into an agreement on October 12, 2012 (the "Integrated Services Agreement") by which Provider shall assist the Commission in its operation of the Commission-conducted lottery (the "Transaction");

WHEREAS, pursuant to the terms of the Integrated Services Agreement, Provider must require all of its Subcontractors and Provider Personnel having access to Commission Confidential Information to be subject to a written agreement of confidentiality and non-disclosure that contains terms and conditions substantially similar to those set forth in Article 9 of the Integrated Services Agreement;

WHEREAS, Company may need, from time to time, access or use of Confidential Information in furtherance of Company's obligations to Provider, and Provider may need, from time to time, to disclose such Confidential Information to Company; and

WHEREAS, the Parties now wish to enter into this Agreement to protect the Confidential Information and restrict its use strictly to the purposes stated herein.

AGREEMENT

NOW, THEREFORE, and in consideration of the promises and covenants hereinafter set forth, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, and with the foregoing recitals being incorporated into this Agreement by this reference, the Parties hereby agree as follows:

1. Definitions.

(a) Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean (i) all information marked confidential, restricted or proprietary by the Commission or the Provider; and (ii) any other information, whether disclosed visually or verbally, that is treated as confidential by the Commission or Provider, and would reasonably be understood to be confidential, whether or not so marked. In the case of the Commission, Confidential Information also shall include Commission Intellectual Property, Commission Data, attorney-client privileged materials, attorney work product, customer lists, customer contracts, customer information and transaction data, rates and pricing, information with respect to competitors, strategic plans, account information, research information, financial/accounting information (including assets, expenditures, mergers, acquisitions, divestitures, billings collections, revenues and finances), IT and personnel information, marketing/sales information, information regarding businesses, plans, operations, Third Party contracts, licenses, internal or external audits, law suits, regulatory compliance or other information or data obtained, received, transmitted, processed, stored, archived or maintained by Provider under this Agreement. "Confidential Information" shall not include information which (i) was already rightfully known to the receiving party prior to the time that it is disclosed to the receiving party hereunder; (ii) is in or has entered the public domain through no breach of this Agreement or other wrongful act of the receiving party; or (iii) is required to be disclosed pursuant to a final binding order of a governmental agency or

court of competent jurisdiction, *provided* that the Commission and the Provider have been given reasonable notice of the pendency of such an order and the opportunity to contest it.

(b) Other Definitions. Capitalized words or phrases used, but not defined, in this Agreement (including any schedules, exhibits, or other documents attached to or otherwise made a part of this Agreement) shall have those meanings ascribed to them in the Integrated Services Agreement.

2. Obligations of Confidentiality. Company understands and agrees that it will be deemed in a relationship of confidence with respect to the Confidential Information disclosed to it by Provider. Company agrees to hold the Confidential Information in strict confidence and not to disclose such Confidential Information to any third party or to use it for any purpose other than for the business purpose permitted herein. Further, Company shall not have any communications whatsoever with any other third party regarding the Confidential Information without the express written consent of Provider and the Company. Company will employ all reasonable steps to protect the Confidential Information from unauthorized or inadvertent disclosure, including, but not limited to, all steps that it takes to protect its own information that it considers confidential, proprietary, or trade secret. Company may disclose the Confidential Information to its responsible employees, auditors, attorneys, accountants, or permitted consultants, but only where: (i) said individual or entity is authorized to perform work or services by Provider; (ii) such disclosure is necessary for the performance of said individual's or entity's obligations pursuant to this Agreement; and (iii) and said individual or entity agrees to the confidentiality obligations prescribed by this Agreement. Company agrees to instruct all such responsible employees, auditors, attorneys, accountants, or permitted consultants to perform his, her, or its obligations in accordance with the terms and conditions of this Agreement and not to disclose such Confidential Information to any third parties, and not to use the Confidential Information for any purpose (other than such business purposes as expressly permitted herein this Agreement), without the prior written permission of Provider. Company shall be responsible for any acts or omissions of such responsible employees, auditors, attorneys, accountants, or permitted consultants in conflict with this Agreement or with any of the instructions required to be given in accordance with the foregoing.

3. Required Disclosure. In the event that Company, or any of its responsible employees, auditors, attorneys, accountants, or permitted consultants, are required by applicable law, regulation or legal process to disclose any Confidential Information (or if an incident has arisen where Company suspects a disclosure or unauthorized use of Confidential Information), Company will notify Provider and the Commission immediately so that Provider (or the Commission) may seek a protective order or other appropriate remedy or, in its sole discretion, waive compliance with the terms of this Agreement, and Company will not disclose any Confidential Information upon such demand or requests without obtaining an opinion from its legal counsel to the effect that disclosure to the applicable authority is required under penalty of law. Company, and its responsible employees, auditors, attorneys, accountants, or permitted consultants, will at all times cooperate timely and fully with Provider and the Commission to protect the confidentiality of the Confidential Information and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information, and will disclose only so much of the Confidential Information as it is legally compelled to disclose (which shall mean and include an effort to redact or "sanitize" any information required to be disclosed to the maximum extent permitted by law).

4. Return of Materials. Upon the termination of the relationship between the Parties as contemplated hereby, including the termination or expiration, for whatever reason, of any Subcontract between the Parties, and in any event upon the written request of Provider or the Commission at any time, whether before or after the completion or abandonment of such relationship and/or agreement, Company shall return to Provider or the Commission (or destroy if requested by Provider or the Commission), within thirty (30) days, all documents, plans, drawings, specifications or other tangible items representing or embodying Confidential Information, and all copies or derivative works thereof. Company shall have an authorized representative execute a written certification of its compliance with this Section 4.

5. Ownership of Confidential Information. Provider, its Affiliates, or the Commission shall be deemed to be the owner of all Confidential Information disclosed by Provider hereunder, including all patent, copyright, trademark, trade secret and other proprietary rights and interests therein, and Company recognizes and agrees that nothing contained in this Agreement shall be construed as granting any rights, by license or otherwise, in or to any Confidential Information disclosed pursuant to this Agreement or in or to any such intellectual property rights therein. Company shall not (i) make any use or copies of the Confidential Information except as contemplated by

this Agreement; (ii) acquire any right in or assert any lien against the Confidential Information; (iii) sell, assign, transfer, lease or otherwise dispose of Confidential Information to third parties or commercially exploit such information; or (iv) refuse for any reason to promptly provide the Confidential Information (including copies thereof) to Provider or the Commission if requested to do so.

6. Injunctive Relief and Attorneys' Fees. Company hereby acknowledges that the unauthorized disclosure, use or disposition of Confidential Information would cause irreparable harm and significant injury to Provider or the Commission, the damages of which would be difficult to quantify or ascertain. Accordingly, the Parties agree that Provider and the Commission shall have the right to an immediate injunction in the event of any breach of the obligations set forth in this Agreement, in addition to any other remedies that may be available to Provider or the Commission at law or in equity. In the event of an action to enforce the provisions of this Agreement, the party seeking such enforcement, if it prevails, shall be entitled, in addition to any other relief granted, to recover from the other party the reasonable costs and expenses of such enforcement, including reasonable attorneys' fees.

7. Duration; Survival. This Agreement shall remain in effect until written notice by Provider to terminate this Agreement. Notwithstanding the termination of this Agreement, the confidentiality obligations set forth in this Agreement shall survive the termination of this Agreement until the later to occur of (1) the date that is three (3) years from the date Company last performs work or services for Provider or (2) the date that is ten (10) years from the expiration or earlier termination of the Integrated Services Agreement.

8. Commission As Beneficiary. The Parties expressly acknowledge and agree that the Commission shall be considered a third-party beneficiary under this Agreement, having all of the legal, equitable, or similar rights (or remedies or claims) that Provider may have under this Agreement.

9. Miscellaneous. If any provision of this Agreement or any portion of any such provision shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect, and the provision or portion thereof affected by such holding shall be modified, if possible, so that it is enforceable to the maximum extent permissible. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana without regard to or application of choice of law rules or principles. Nothing contained herein shall be deemed to obligate Provider to deal exclusively with Company with respect to the Transaction, or any part thereof, and Provider shall be free to engage other parties to perform the same or similar work as is being requested of Company with respect to the Transaction. This Agreement constitutes the entire agreement of the parties regarding the subject matter hereof and may not be modified except by a written instrument signed by an authorized representative of each party. This Agreement shall be for the benefit of the parties and their respective subsidiaries and affiliates.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

"PROVIDER"	**"COMPANY"**
GTECH Indiana, LLC, an Indiana limited liability company	[_____], a _____
By: _____ Name: Title:	By: _____ Name: Title:

[End of Exhibit]

EXHIBIT 10.2

FORM OF INVOICE

Provider shall make application for payment in the form substantially similar to that prescribed below.

Application and Certificate for Payment

Application No.: _____
Date of issue: _____
Currency and Amount: US $_____
Payment Period: _____, 20___ to _____, 20___
Contract Year: FY 20__

ISSUED TO:	**ISSUED BY:**
Hoosier Lottery 1302 N. Meridian St. Indianapolis, IN 46202 Attention: Director	GTECH Indiana, LLC 1302 N. Meridian St. Indianapolis, IN 46202 Attention: Chief Financial Officer

Dear _____:

Pursuant to **Section 10.2** of the Integrated Services Agreement, please allow this correspondence to certify and confirm Provider's application and certification for payment ("Application") of the Operating Expenses due and payable to Provider during the above-stated Contract Year. Capitalized terms used but not otherwise defined herein shall have those meanings ascribed to same in the Hoosier Lottery Integrated Services Agreement dated October 12, 2012 (the "Integrated Services Agreement") by and between the **State Lottery Commission of Indiana** (the "Commission"), and **GTECH Indiana, LLC** ("Provider").

For Services rendered pursuant to, and in accordance with **Article 10**, of the Integrated Services Agreement, Provider hereby submits an invoice to the Commission in the amount of 1/12th of the aggregate Operating Expenses, calculated as follows:

1.	**Management Fee:**	**$**
2.	**Lottery Expenses:**	**$____**
Total Operating Expenses:		**$**

In calculating the Management Fee above, Provider certifies that such monies have, or will be, incurred by Provider with respect to its activities under the Integrated Services Agreement, including Provider's good faith estimate of its base employee compensation and employee benefits (excluding any bonuses for Provider Key Personnel), and overhead for its business operations with respect to the Lottery (including travel, meals and entertainment expenses to the extent such conform with the Operating Standards, and the depreciation or amortization expense, consistent with GAAP, in use to depreciate or amortize any capital expenditure investment incurred by Provider). Provider certifies that the Lottery Expenses does not include any expenses otherwise included or to be paid under the Integrated Services Agreement as Management Fee. Provider further certifies that the Management Fee does not include any expenses (a) otherwise included or to be paid under the Integrated Services Agreement as Lottery Expenses or (b) not permitted pursuant to the Integrated Services Agreement including any bonuses for Provider Key Personnel.

In calculating the Management Fee above, Provider certifies that the following reflects the unrecovered Provider's Commission Expense Payment after the payment of this invoice:

3.	Total as originally budgeted (for Contract Years 1 through 5):	$

4.	Amount paid including this invoice:	$____
Total unrecovered Provider's Commission Expense Payment after this invoice:		$

In calculating the Lottery Expenses above, Provider certifies that such monies are comprised of (i) the amount required by Provider to pay Subcontractors for goods and services provided in support of the operation of the Lottery, and that all Subcontractors have been procured in compliance with **Article 7** of the Integrated Services Agreement and the Operating Standards, and (ii) any amounts owed to the Commission Personnel. Provider further certifies that any and all supporting information or data documenting such Subcontractor requests for payment during the payment period referenced above is attached hereto, marked as Exhibit __, and incorporated into this Application by reference; *provided, however,* it is understood and agreed that: (i) such backup data and information provided herein are solely for information purposes and that all actual invoiced Lottery Expenses will be reconciled following the end of the Contract Year, with any Budget surpluses being returned to the Commission pursuant to **Section 10.3.2** of the Integrated Services Agreement, and (ii) the amounts herein do not, on a month to month basis, reconcile with the backup data and information provided with such invoices during the course of the Contract Year. Upon request by the Commission, Provider shall deliver this Application to the Commission electronically in a form and format compatible with the Commission's accounting systems.

Provider understands that the Commission shall pay Provider the Operating Expenses above within thirty-five (35) days after the Commission's receipt of this Application.

GTECH Indiana, LLC,

By: _____
Name:
Title: Chief Financial Officer
Date:

ACKNOWLEDGED AND ACCEPTED BY
STATE LOTTERY COMMISSION OF INDIANA:

By:_____

Name: _____

Title: _____

[End of Exhibit]

EXHIBIT 18.3

FORM OF GUARANTY

This Payment and Performance Guaranty (this "Guaranty"), dated as of October 12, 2012, is made by **GTECH CORPORATION**, a company incorporated in State of Delaware (the "Guarantor") in favor of **STATE LOTTERY COMMISSION OF INDIANA** (the "Beneficiary").

WITNESSETH:

WHEREAS, contemporaneously with the execution of this Guaranty, **GTECH Indiana, LLC,** an Indiana limited liability company and wholly-owned subsidiary of Guarantor (the "Company") and the Beneficiary are entering into that certain Hoosier Lottery Integrated Services Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Integrated Services Agreement"); and

WHEREAS, as a condition to entering into the Integrated Services Agreement, and in consideration thereof, the Beneficiary has requested, and the Guarantor has agreed to issue, this Guaranty.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees as follows:

ARTICLE I
GUARANTY

Section 1.1 Payment Guaranty. The Guarantor hereby unconditionally, absolutely and irrevocably guarantees to the Beneficiary and its successors and assigns the full and prompt payment when due of all of the payment obligations of the Company under the Integrated Services Agreement, including without limitation all indemnification obligations of the Company thereunder (the "Payment Obligations").

Section 1.2 Performance Guaranty. In addition to the guaranty provided for in **Section 1.1** above, the Guarantor hereby unconditionally, absolutely and irrevocably guarantees to the Beneficiary and its successors and assigns the (i) the full and prompt performance and observance by the Company of each and every obligation, undertaking, liability, promise, warranty, covenant and agreement of the Company in and under the terms of the Integrated Services Agreement; and (ii) the truth of each and every representation and warranty made by the Company in the Integrated Services Agreement (the "Performance Obligations, and together with the Payment Obligations, the "Obligations").

Section 1.3 Reimbursement of Expenses. The Guarantor also agrees that it will reimburse the Beneficiary on demand for all expenses, including reasonable attorneys' fees and expenses, incurred by the Beneficiary in connection with the enforcement of this Guaranty; *provided however* that in the event of a lawsuit, Guarantor shall only be responsible for the payment of attorney's fees if Beneficiary prevails.

Section 1.4 Guaranty Absolute. The Guarantor, as the sole and independent obligor hereunder, hereby guarantees that the Payment Obligations will be paid and the Performance Obligations will be performed strictly in accordance with the terms of the Integrated Services Agreement. This is a present and continuing guaranty of payment and performance and not of collection, and is in no way conditioned upon (and Guarantor in any case hereby waives) any requirement that the Beneficiary first attempt to collect or enforce any of the Obligations from the Company or resort to any security or any other means of obtaining payment or performance of any of the Obligations which the Beneficiary now has or may acquire after the date hereof, or upon any other contingency whatsoever. The Guarantor hereby further waives all notices to which the Guarantor might otherwise be entitled and any demand for payment and/or performance under this Guaranty. The liability of the Guarantor under this Guaranty shall be absolute, unconditional, present and continuing until all of the Obligations have been indefeasibly paid in full or performed, as applicable, irrespective of the validity, regularity or enforceability of any Obligation, and constitutes the full recourse obligations of the Guarantor enforceable against it to the full extent of all its assets and

properties. The obligations of the Guarantor set forth herein shall not be affected by any action taken under the Obligations in the exercise of any right or remedy therein conferred, or by any failure or omission on the part of the Beneficiary to enforce any right given under the Integrated Services Agreement or hereunder or any remedy conferred thereby or hereby. The Guarantor's liability under this Guaranty will not be discharged or impaired by:

a. any amendment, waiver, renewal, extension or release of, or any consent to or departure from or other action or inaction related to, the Integrated Services Agreement;

b. any acceptance by the Beneficiary of partial payment or performance from the Company;

c. any bankruptcy, insolvency, reorganization, arrangement, composition, adjustment, winding up, dissolution, liquidation, or other like proceeding, or any legal limitation, incapacity or lack of corporate power or authority of or relating to the Company, or any action taken with respect to the Integrated Services Agreement or this Guaranty by any trustee or receiver, or by any court, in any such proceeding;

d. any absence of any notice to, or knowledge by, the Guarantor, of the existence or occurrence of any of the matters or events set forth in the foregoing subsections (a) through (c);

e. all notices and demands whether of presentment, protest, dishonor or otherwise, other than any notices and demands expressly set forth herein;

f. any change in the charter documents or corporate identity, structure, existence or ownership or any loss of corporate identity of Guarantor or the Company, or any merger or consolidation of Guarantor or the Company, or by any sale, lease or transfer by the Company or the Guarantor of any or all of its properties;

g. any disability or other defense of the Company or of any successor to the Company;

h. any other action, event or omission whatsoever (whether or not known to the Company) which would or might (but for this clause) operate to impair or discharge the liability of the Guarantor hereunder or any obligation of the Company under the Integrated Services Agreement; and

i. any other circumstance that might otherwise constitute a defense available to, or a discharge of, a guarantor.

Section 1.5 Subrogation Waiver. The Guarantor agrees that it shall not have any rights (direct or indirect) of subrogation, contribution, reimbursement, indemnification, or other rights of payment or recovery from the Company for any payments made by the Guarantor hereunder until all of the Obligations have been finally, indefeasibly and unconditionally paid and performed, and the Guarantor hereby irrevocably waives and releases, to the fullest extent permitted by law, any such rights of subrogation, contribution, reimbursement, indemnification, and other rights of payment or recovery it may now have or hereafter acquire against the Company until all of the Obligations have been paid and performed. Notwithstanding the foregoing, *provided that* Guarantor is not in default of Guarantor's obligations hereunder and is undertaking or causing to be undertaken Company's Obligations, Guarantor shall be entitled to receipt of any payments Company would have been entitled to receive under the Integrated Services Agreement in respect of the performance of the Company's Obligations thereunder but only to the extent such were not off-set by the Beneficiary against the Company's Obligations thereunder.

Section 1.6 Continuing Guaranty. This Guaranty is a continuing guaranty and shall (i) remain in full force and effect until the indefeasible payment of the Payment Obligations and the complete performance of the Performance Obligations, (ii) be binding upon the Guarantor and its respective successors and assigns, and (iii) inure to the benefit of and be enforceable by the Beneficiary and its respective successors, transferees, and assigns;

provided, however, that the obligations of the Guarantor hereunder may not be assigned, transferred, or delegated unless the Guarantor remains liable hereunder. This Guaranty shall continue to be effective, or be automatically reinstated, as the case may be, if at any time payment, or any part thereof, made by or on behalf of the Company or the Guarantor in respect of any of the Obligations is rescinded or must otherwise be restored or returned by the Beneficiary for any reason whatsoever, whether upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company or the Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for the Company or the Guarantor or any substantial part of the property of the Company or the Guarantor, or otherwise, all as though such payment had not been made. The obligations of the Guarantors under this **Section 1.6** shall survive the termination of this Guaranty.

Section 1.7 Limitations. Notwithstanding any other provision in this Guaranty to the contrary, Guarantor's liability under this Guaranty will at all times be subject to the limitations and exclusions of liability under the Integrated Services Agreement. Guarantor will have the benefit of any defenses, liability exclusions and limitations and grace periods available to the Company under or in connection with the Integrated Services Agreement.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1 Guarantor. The Guarantor represents and warrants to the Beneficiary as follows:

b) The Guarantor is, and shall continue to be, a company duly incorporated, validly subsisting and in good standing under the laws of the State of Delaware and has all requisite power and authority to carry on its business as it is currently conducted and to own, lease and operate its properties where such properties are now owned, leased or operated.

c) This Guaranty has been duly authorized, executed and delivered by the Guarantor and constitutes a legal, valid, binding and enforceable obligation of the Guarantor.

d) The consummation by the Guarantor of the transactions contemplated by this Guaranty does not and will not, in any material respect, violate or conflict with:

   i. its governing documents;

   ii. any provision of any agreement or instrument to which the Guarantor is a party; and

   iii. any law, judgment, order, writ, injunction or decree applicable to the Guarantor.

e) No approvals, consents, notifications, filings or registrations of or with any governmental authority or any third party is required to be obtained or made by or with respect to the Guarantor in connection with the execution and delivery of this Guaranty or the performance by the Guarantor of its obligations hereunder.

f) There is no action, litigation, subpoena, suit or proceeding, arbitration or other labor and employment proceeding pending or threatened against or affecting the Guarantor which could reasonably be expected to have a material adverse impact on the Guarantor.

ARTICLE III
MISCELLANEOUS

Section 3.1 Termination of Guaranty. This Guarantee shall remain in full force and effect until the performance in full of the Obligations. This Guaranty shall terminate and be of no further force and effect upon the date on which all of the Obligations have been indefeasibly paid in full or performed, as applicable; *provided, that* this Guaranty shall remain in effect in respect of any claims made hereunder prior to such date until each such claim is finally resolved.

Section 3.2 Binding Effect; Assignment. This Guarantee shall be binding upon the Guarantor and inure to the benefit of the Beneficiary and their respective successors and permitted assigns. The Guarantor may not assign (by contract, operation of law or otherwise) either this Guaranty or any of its rights, interests or obligations hereunder without the prior written consent of the Beneficiary and any attempted assignment, without such consent, shall be null and void.

Section 3.3 No Waiver. No failure or delay on the part of the Beneficiary in exercising any right, power, or remedy under this Guaranty shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or remedy.

Section 3.4 Notices. All notices and other communications provided for in this Guaranty ("Notices") shall be in writing. The "Notice Addresses" of the parties for purposes of this Guaranty are as follows:

The Guarantor:

GTECH Corporation
GTECH CENTER
10 Memorial Boulevard
Providence, RI 02903
Attention: President

With a copy to:

GTECH Corporation
GTECH CENTER
10 Memorial Boulevard
Providence, RI 02903
Attention: General Counsel

The Beneficiary:

Director of the Hoosier Lottery
State Lottery Commission of Indiana
1302 N. Meridian Street
Indianapolis, IN 46204

With a copy to:

General Counsel of the Hoosier Lottery
State Lottery Commission of Indiana
1302 N. Meridian Street
Indianapolis, IN 46204

or such other address as a party may designate by notice duly given in accordance with this **Section 3.4** to the other parties. A Notice to a party shall be effective when delivered to such party's Notice Address by any means, including, without limitation, personal delivery by the party giving the Notice, delivery by United States regular, certified or registered mail, or delivery by a commercial courier or delivery service. If the Notice Address of a party includes a facsimile number or electronic mail address, Notice given by facsimile or electronic mail shall be effective when delivered at such facsimile number or email address. If delivery of a Notice is refused, it shall be deemed to have been delivered at the time of such refusal of delivery. The party giving a Notice shall have the burden of establishing the fact and date of delivery or refusal of delivery of a Notice.

Section 3.5 Applicable Law. This Guaranty shall be governed by and construed under the laws of the State of Indiana without regard to its principles pertaining to conflict of laws.

Section 3.6 Litigation Provisions.

(a) THE GUARANTOR CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS LOCATED IN THE STATE OF INDIANA.

(b) THE GUARANTOR AGREES THAT PROCESS IN ANY LEGAL PROCEEDING RELATING TO THIS GUARANTY MAY BE SERVED ON THE GUARANTOR AT ANY LOCATION.

(c) THE GUARANTOR AGREES THAT ANY LEGAL PROCEEDING RELATING TO THIS GUARANTY MAY BE BROUGHT AGAINST THE GUARANTOR IN ANY COURT LOCATED IN THE STATE OF INDIANA. THE GUARANTOR WAIVES ANY OBJECTION TO VENUE IN ANY SUCH COURT AND WAIVES ANY RIGHT THEY MAY HAVE TO TRANSFER OR CHANGE THE VENUE FROM ANY SUCH COURT.

Section 3.7 Severability. If any part, term or provision of this Guaranty shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other part, term or provision hereof and this Guaranty shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 3.8 Amendments. No supplement, modification, or amendment of this Guaranty shall be binding unless executed in writing by the Guarantor and the Beneficiary.

Section 3.9 Time of Essence. Time is of the essence of this Guaranty and of each and every provision hereof.

Section 3.10 Headings. The subject headings of the articles, sections, subsections and clauses of this Guaranty are included for purposes of convenience only, and shall not affect the construction or interpretation of any of its provisions.

Section 3.11 Currency. All payments hereunder shall be made in immediately available funds and in United States Dollars and all references to currency herein shall be to United States Dollars.

(END OF PAGE; SIGNATURE ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, this Guaranty is issued by the Guarantor as of the date first written above.

GUARANTOR:

GTECH CORPORATION

By: _____
Name: Alan Eland
Title: Senior Vice President and Chief Operating Officer of North America

Address:
GTECH CENTER
10 Memorial Boulevard
Providence, RI 02903
Attention: Senior Vice President and Chief Operating Officer of North America
Facsimile: 401-392-0391

[End of Exhibit]