AGREEMENT

THIS AGREEMENT is entered by and between Bally Gaming, Inc., with a principal place of business at 6601 South Bermuda Road, Las Vegas, NV, 89119 ("Bally"), and the Delaware State Lottery, an agency created pursuant to 29 Del. - chapter 48, with a principal place of business at 1575 McKee Road, Suite 102, Dover, DE 19904 ("Lottery").

WHEREAS, the Lottery issued a Request for Proposals on April 5, 2013 (the "RFP") to invite interested manufacturers of video lottery terminals to submit proposals for the implementation and operation of video lottery terminals ("VLTs") (hereinafter, as more fully defined in section 1.10 of the RFP);

WHEREAS, Bally submitted to the Lottery its responsive proposal to supply VLTs (the "Proposal") on or about May 3, 2013;

WHEREAS, the Lottery desires to obtain certain services from Bally: and

WHEREAS, Bally desires to provide such services to the Lottery on the terms set forth below;

WHEREAS, the Lottery and Bally represent and warrant that each party has full right, power and authority to enter into and perform under this Agreement;

FOR AND IN CONSIDERATION OF the premises and mutual agreements herein, the Lottery and Bally agree as follows:

1.0 Definitions

Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in section 1.10 of the RFP, incorporated by reference.

2.0 Lease of VLT Units

Bally agrees to lease to the Lottery for an operational term of five (5) years ("Lease Term") the number of VLTs that the Lottery deems appropriate based on the Lottery's goal of maximizing revenue while protecting the public welfare and security of the operations. The Lottery reserves the right to request Bally lease to the Lottery an additional number of VLTs and/or decrease the number of VLTs leased, subject to the terms of the agreement, the RFP and the Proposal. VLTs will consist of the models as described in Bally's Proposal and any new models that Bally may develop during the term of the Agreement.

2.1 Governing Law

The proposal process, the award procedure, and this Agreement resulting from the RFP

shall be governed by the laws of the State of Delaware. The RFP is subject to 29 Del. C. §§4820(b), 6981-82 of the Delaware Code. Any and all litigation arising under the RFP or the Agreement shall be instituted in the appropriate court of the State of Delaware; and, by submitting a proposal, Bally is deemed to waive access to any other court which may have concurrent jurisdiction within or without Delaware.

2.2 Contract Elements

2.2.1 Any conflict or inconsistency between the provisions of the following documents shall be resolved by giving precedence to such documents in the following order: (a) this Agreement (including any amendments or modifications thereto); (b) the Lottery's request for proposals, attached hereto as Appendix A; and (c) Bally's response to the request for proposals, attached hereto as Exhibit B. The aforementioned documents are specifically incorporated into this Agreement and made a part hereof.

2.2.2 The Lottery may, at any time, submit to Bally by written order, a request to make changes in the scope of this Agreement and in the services or work to be performed The parties agree to make good faith efforts to reach a mutual agreement on any such changes, however, the decision of the Lottery will be final. No services for which additional compensation may be charged by Bally shall be furnished without the written authorization of the Lottery. When the Lottery desires any addition or deletion to the deliverables or a change in the services to be provided under this Agreement, it shall notify Bally, who shall then submit to the Lottery a "Change Order" for approval authorizing said change. The Change Order shall state whether the change shall cause an alteration in the price or the time required by Bally for any aspect of its performance under this Agreement. Pricing of changes shall be consistent with those established within this Agreement. In the event any Change Order(s) are not approved by the Lottery, Bally shall have no obligation to perform under such Change Order(s) for the benefit of the Lottery. Any alterations, variations, changes, modification or waivers of or to provisions of the contract shall only be valid when they have been reduced to writing and duly executed and approved by each of the parties.

2.3 Term of Agreement

2.3.1 This Agreement will be in effect for a five (5) year operational term, or such shorter period as the Lottery may determine due to causes such as contract termination or loss of State funding by the Lottery. The Agreement will be in effect from the date of execution until October 28, 2018 which the parties expect to be five years after the date of installation and operation of the first new VLT under this Agreement.

2.3.2 The Lottery reserves the right to extend this Agreement, with the concurrence of Bally, for up to three, two-year periods, at a rate of compensation negotiated by the parties. Any extension of the Agreement or any notice by the Lottery of intent to solicit new bids must be noticed ninety (90) days prior to the expiration of the Agreement term or at any time mutually agreed upon by both parties.

2.3.3 The Lottery further reserves the right to reactivate or further extend the initial Agreement, or any extension thereof, on thirty days' notice for ninety day periods if a different bidder's terminals are chosen for subsequent contracts and Bally's terminals do not meet the requirements of the Lottery.

2.3.4 Exercising this right shall not be construed as obligating the Lottery to repeat the procurement process for any subsequent contracts or conferring any right or expectation for Bally to continue operating their video lottery terminals after the expiration of any such 90 day period.

2.4 Bally's Responsibilities as Prime Contractor

2.4.1 Bally will assume sole responsibility for delivery, installation and maintenance of all equipment, software and support services offered in its proposal. The Lottery will consider Bally to be the sole point of contact with regard to contractual matters.

2.4.2 It shall be the duty of Bally to assure that all products provided by Bally pursuant to this Agreement of its effort are technically sound and in conformance with all Federal, State and Local statutes, codes, ordinances, resolutions and other regulations applicable to such product. Bally will not knowingly produce a work product that violates or infringes on any copyright or patent rights. Bally shall, without additional compensation, correct or revise any errors or omissions in its work products.

2.4.3 Permitted or required approval by Delaware of any products provided by Bally pursuant to this Agreement or services furnished by Bally shall not in any way relieve Bally of responsibility for the professional and technical accuracy and adequacy of its work. The Lottery's review, approval, acceptance, or payment for any of Bally's services herein shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and Bally shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages to the Lottery caused by Bally's performance or failure to perform under this Agreement.

2.4.4 Bally shall appoint a project manager who will manage the performance of services by Bally for the Lottery. All of the services specified by this Agreement shall be performed by the project manager directly, or by Bally's associates and employees under the personal supervision of the project manager.

2.4.5 Bally agrees that its officers and employees will cooperate with the Lottery in the performance of services under this Agreement and will be available for consultation with the Lottery at such reasonable times with advance notice as to not conflict with their other responsibilities

2.4.6 Bally has or will retain such employees as it may need to perform the services required by this Agreement. Such employees shall not be employed by the Lottery or any other political

subdivision of Delaware.

2.4.7 The rights and remedies of the Lottery provided for in this Agreement are in addition to any other rights and remedies provided by law.

2.5 Lottery Responsibilities

2.5.1 The Lottery shall, without charge, furnish to or make available for examination or use by Bally as it may request, any data which the Lottery has available, including as examples only and not as a limitation:

a. Copies of reports, surveys, records, and other pertinent documents;

b. Copies of previously prepared reports, job specifications, surveys, records, ordinances, codes, regulations, other document, and information related to the services specified by this Agreement.

Bally shall return any original data provided by the Lottery upon request.

2.5.2 The Lottery shall assist Bally in obtaining data on documents from public officers or agencies and from private citizens and business firms whenever such material is necessary for the completion of the services specified by this Agreement.

2.5.3 Bally will not be responsible for accuracy of information or data supplied by the Lottery or other sources to the extent such information or data would be relied upon by a reasonably prudent contractor.

2.5.4 The Lottery agrees not to use Bally's name, either express or implied, in any of its advertising or sales materials. Bally reserves the right to reuse the nonproprietary data and the analysis of industry-related information in its continuing analysis of the industries covered.

2.5.5 The rights and remedies of the Lottery provided for in this Agreement are in addition to any other rights and remedies provided by law.

2.6 Independent Contractor

2.6.1 It is understood that in the performance of the services herein provided for, Bally shall be, and is, an independent contractor, and is not an agent or employee of Delaware and shall furnish such services in its own manner and method except as required by this Agreement. Bally shall be solely responsible for, and shall indemnify, defend and save the Lottery and the State of Delaware harmless from all matters relating to the payment of its employees, including compliance with social security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever.

2.6.2 Bally acknowledges that Bally and any subcontractors, agents or employees employed by Bally shall not, under any circumstances, be considered employees of Delaware, and that they shall not be entitled to any of the benefits or rights afforded employees of Delaware, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits. Delaware will not provide or pay for any liability or medical insurance, retirement contributions or any other benefits for or on behalf of Bally or any of its officers, employees or other agents.

2.6.3 As an independent contractor, Bally has no authority to bind or commit the Lottery or the State of Delaware. Nothing herein shall be deemed or construed to create a joint venture, partnership, fiduciary or agency relationship between the parties for any purpose.

2.7 Background Investigations

2.7.1 The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees, or any other associates of Bally as it deems appropriate. Such background investigations may include fingerprint identification by the Delaware State Police and the Federal Bureau of Investigation, or the appropriate non-U.S. equivalent, with all investigation expenses to be paid by Bally.

2.7.2 By submission of a proposal, Bally consents to such investigations, and to cooperate with such investigations. The Lottery may reject a proposal or terminate an agreement based upon the results of these background checks.

2.8 Minority/Women-Owned Business Participation

It has been and remains the policy of the State of Delaware to promote equality of economic opportunity for minority and women-owned business enterprises (MBE/WBEs) in contracting activities. Accordingly, Bally is strongly encouraged to utilize MBE/WBE subcontractors in the performance of this Agreement.

2.9 Termination

2.9.1 Termination by default: This Agreement may be terminated in whole or in part by either party in the event of substantial failure of the other party to fulfill its obligations under this Agreement through no fault of the terminating party; but only after the other party is given:

a. Not less than 30 calendar days written notice of intent to terminate; and

b. An opportunity for consultation with the terminating party prior to termination.

2.9.2 Termination for convenience: This Agreement may be terminated in whole or in part by the Lottery for its convenience, but only after Bally is given:

a. Not less than 30 calendar days written notice of intent to terminate; and

b. An opportunity for consultation with the Lottery prior to termination.

The Lottery may not terminate this Agreement pursuant to this section for the primary purpose of obtaining a more favorable compensation rate from another technology provider or from Bally.

2.9.3 If termination for default is effected by the Lottery, the Lottery will pay Bally that portion of the compensation which has been earned by Bally or otherwise due and payable to Bally as of the effective date of termination but:

a. No amount shall be allowed for anticipated profit on performed or unperformed services or other work, and

b. Any payment due to Bally at the time of termination may be adjusted to the extent of any additional costs occasioned to the Lottery by reason of Bally's default.

2.9.4 If after termination for failure of Bally to fulfill contractual obligations and it is determined that Bally has not so failed, the termination shall be deemed to have been effected for the convenience of the Lottery. In the instance of any termination or expiration of this Agreement for convenience by the Lottery, the Lottery will not be released from the obligation to make payment of all amounts then or thereafter due and payable under the terms of this Agreement.

2.9.5 The rights and remedies of the Lottery and Bally provided in this section are in addition to any other rights and remedies provided by law or under this Agreement.

2.9.6 Gratuities.

2.9.6.1 Delaware may, by written notice to Bally, terminate this Agreement if it is found after notice and hearing by the Lottery that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by Bally or any agent or representative of Bally to any officer or employee of the Lottery with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending or making of and determinations with respect to the performance of this Agreement.

2.9.6.2 In the event this Agreement is terminated as provided in 2.9.6.1 hereof, the Lottery shall be entitled to pursue the same remedies against Bally it could pursue in the event of a breach of this Agreement by Bally.

2.9.6.3 The rights and remedies of the Lottery provided in Section 2.9.6 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

2.10 Covenant Against Contingent Fees

Bally warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, the Lottery shall have the right to annul this agreement without liability or at its discretion deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

2.11 Accounting Records

Bally is required to maintain books, records and all other evidence pertaining to this Agreement in accordance with generally accepted accounting principles (GAAP) and such other procedures specified by the Lottery. These records shall be available to the Lottery, and its internal or external auditors (and other designees) at all times during the agreement period and any extension thereof, and for three (3) full years from the expiration date and/or final payment on the agreement or extension thereof, whichever is later.

2.12 Audit Requirements

Bally must meet the following specific auditing obligations during the term of this Agreement:

a. Bally will have a complete financial audit conducted annually. A copy of Bally's certified financial statements shall be provided to the Lottery annually.

b. In addition, a complete internal control audit of Bally's Delaware operations may be required by the Lottery, to be conducted annually by an independent certified public accounting firm. This audit shall be conducted pursuant to Statement on Auditing Standards No. 70, as issued by the American Institute of Certified Public Accountants. The Lottery reserves the right to specify the type of report and the control objectives to be examined. The Lottery also reserves the right to approve the accounting firm chosen to perform the internal control audit and reserves the right to designate the annual period to be covered by the report and the date by which the report is due. "Delaware operations" refers to local and corporate support of this Agreement, not including Bally's business in general.

c. The Lottery reserves the right to require the first internal control audit to be conducted within 90 days of installation of Bally's first terminal.

d. Both the aforementioned types of audits shall be conducted at the expense of Bally.

e. The Lottery's certified public accounting firm or other designate will be given the right to review the work papers of these audits, if considered necessary by the Lottery.

f. The Lottery and its independent certified public accountants shall be given a copy of all reports including any management letters issued as a result of the specified audits.

g. Bally is required to provide, upon request, copies of filings to the Securities and Exchange Commission.

2.13 Right to Additionally Audit Bally's Delaware Operations

The Lottery reserves the right to audit Bally's records and operations as they relate to Delaware. Such audits may be conducted by the Lottery's own auditors or an independent firm specified by the Lottery, upon prior written notice to Bally and to the extent possible, the audits will be performed during normal business hours.

2.14 Authority of the Lottery

On all questions concerning the interpretation of specifications, the acceptability and quality of material furnished and/or work performed, the classification of material, the execution of the work, the assessment of liquidated damages, and the determination of payment due or to become due, the decision of the Lottery shall be final and binding.

2.15 Cooperation of the Parties

Bally and the Lottery agree that their officers and employees will cooperate fully in the performance of services under this Agreement and will be available for consultation at such reasonable times with advance notice as to not conflict with their other responsibilities. Neither party will unreasonably withhold its approval of any act or request of the other to which its approval is necessary or desirable.

2.16 Indemnification

2.16.1 Bally shall indemnify and hold harmless the Lottery, the State, its agents and employees, from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees) directly arising out of (A) the negligence or other wrongful conduct of Bally, its agents or employees, or (B) Bally's or its subcontractor's negligent performance of any work, duties, responsibilities, actions or omissions not cured after due notice and opportunity to cure, provided as to (A) or (B) that (i) Bally shall have been notified promptly in writing by the Lottery of any notice of such claim; and (ii) Bally shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise.

2.16.2 If the Lottery promptly notifies Bally in writing of a third party claim against the Lottery that any deliverable infringes a copyright or a trade secret of any third party, Bally will defend such claim at its expense and will pay any costs or damages that may be finally awarded against the Lottery. Bally will not indemnify the Lottery, however, if the claim of infringement is caused by (1) the Lottery's misuse or modification of the deliverable; (2) the Lottery's failure to

use corrections or enhancements made available by Bally; (3) the Lottery's use of the deliverable in combination with any product or information not owned or developed by Bally; (4) the Lottery's distribution, marketing or use for the benefit of third parties of the deliverable or (5) information, direction, specification or materials provided by a third party. If any deliverable is, or in Bally's opinion is likely to be, held to be infringing, Bally shall at its expense and option either (a) procure the right for the Lottery to continue using it, (b) replace it with a noninfringing equivalent, (c) modify it to make it noninfringing. The foregoing remedies constitute the Lottery's sole and exclusive remedies and Bally's entire liability with respect to infringement.

2.16.3 The Lottery agrees that Bally's total liability to the Lottery for any and all damages whatsoever arising out of or in any way related to this Agreement from any cause, including but not limited to contract liability or Bally negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed fees paid to Bally.

2.16.4 In no event shall Bally be liable for special, indirect, incidental, economic consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought, and even if Bally has been advised of the likelihood of such damages.

2.17 Bonds and Insurance

All required bonds and insurance must be issued by companies which are at least 'A' rated by A.M. Best & Co., are duly licensed, admitted, and authorized to do business in the State of Delaware and are acceptable to the Lottery. Required coverage must be put into effect as of the effective date of the agreement and must remain in effect throughout the term. Bally must submit copies of each required insurance contract or certificates attesting to such insurance coverage, and any renewals thereof, to the Lottery. The Lottery must receive thirty (30) days advance written notice of cancellation, termination, or failure to renew any policy.

Bally shall purchase adequate insurance for the performance of the agreement and, by submission of a bid, agrees to indemnify and save harmless and to defend all legal or equitable actions brought against the State, any agency, officer and/or employee of the State, for and from all claims of liability which is or may be the result of Bally's actions during the performance of the agreement. The purchase or nonpurchase of such insurance or the involvement of Bally in any legal or equitable defense of any action brought against Bally based upon work performed pursuant to the agreement will not waive any defense which the State, its agencies and their respective officers, employees and agents might otherwise have against such claims, specifically including the defense of sovereign immunity where applicable, and the State and all agencies, officers and employees thereof shall not be financially responsible for the consequences of work performed, pursuant to said agreement.

2.17.1 Insurance

Bally shall purchase and maintain insurance for claims set forth below which may arise out of or result from Bally's operations under the Agreement, whether such operations be by Bally or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

a. Claims under workers' compensation, disability benefit and other similar employee benefit acts per statute in each state in which Bally does business

b. Claims for damages because of bodily injury, occupational sickness or disease, or death of Bally's employees

c. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Bally's employees

d. Claims for damages because of injury to or destruction of tangible property, including loss of use resulting there from

e. Comprehensive General Liability Insurance coverage with limits of not less than $1,000,000.

f. Property Insurance on all buildings, furniture, fixtures, computer and communications equipment used in operating and supporting the video lottery terminals in an amount equal to or greater than the actual replacement cost thereof. Coverage shall include an All Risk Property Floater to insure personal property including contents, equipment, and mobile items against fire, theft, collision, and flood. The State of Delaware, the Lottery, and Lottery agents will not be responsible for insuring any equipment or facilities included in or associated with the agreement.

g. Automotive Liability Insurance covering drivers and vehicles employed in connection with the operation of the Agreement with limits of not less than $300,000 for personal injury to each person and $25,000 for property damage

h. Professional Liability/Errors and Omissions/Product Liability Insurance with limits of not less than $1,000,000 per claim, to be in force and effect at all times which will indemnify Bally and the Lottery for direct loss which may be incurred due to any error caused by Bally, its officers, employees, agents, subcontractors or assigns regardless of negligence

A STATEMENT OF SELF-INSURANCE TO COVER THE ABOVE REQUIREMENTS SHALL BE CONSIDERED NON-RESPONSIVE.

Errors and Omissions Insurance must continue until one year past the term of the Agreement. All other insurance covered by this section must be effective when performance commences under the Agreement and continue through the life of the Agreement and any authorized extensions.

Certificates of insurance must be furnished to the Lottery Director on date of contract execution, with the exception of the certificate for Errors and Omissions Insurance, which must be furnished to the Lottery Director prior to installation of the first terminal.

The required insurance coverage shall be written for not less than any limits of liability as required by the Agreement, and shall include contractual liability as applicable to Bally's obligations under the Indemnification clause of the agreement.

In no event shall the State of Delaware be named as an additional insured on any policy required by this agreement.

2.17.2 Litigation Bond

Bally must maintain a litigation bond in the amount of $250,000. A claim upon the bond may be made by the Lottery if the following two conditions are met:

a. Bally sues the Lottery, the State of Delaware, or any of their officers, employees, or agents with regard to any matter relating to the award of contracts pursuant to this RFP.

b. The Lottery is the prevailing party in such suit.

The purpose of the bond is to discourage unwarranted litigation by permitting the Lottery to recover damages, including reasonable attorneys' fees, resulting from such litigation. The litigation bond shall remain in effect for a period of two (2) years from the date of proposal submission.

Upon execution of this Agreement, the litigation bond may be released with the approval of the Lottery if Bally completes a covenant not to sue.

2.18 Liquidated Damages

Bally acknowledges:

a. If Bally does not fulfill the obligations of the Agreement, damage to the Lottery will result. Establishing the precise value of such damage would be costly, difficult, and time consuming.

b. The liquidated damage amounts specified herein are good faith efforts to quantify the damages that could be reasonably anticipated at the time of the making of the

Agreement.

c. The Lottery may, therefore, in its discretion, deduct liquidated damages set forth in Sections 2.18.7 through 2.18.13 from the compensation otherwise due to Bally. All assessments of liquidated damages shall be within the discretion of the Lottery and shall be in addition to, and not in lieu of, the right of the Lottery to terminate the Agreement or to pursue other appropriate remedies.

d. The Lottery shall notify Bally in writing of the assessment of liquidated damages for any default specified herein and payment of such damages shall be initiated within thirty (30) days of receipt of the assessment notice by deducting such damages from the compensation otherwise due to Bally. If timely payment is not made, the Lottery may collect such damages by making a claim against the professional liability insurance or by any other lawful method.

e. Excessive liquidated damages, and events leading to such, in the sole discretion of the Lottery, may be grounds for termination of the agreement.

2.18.1 Notification of Liquidated Damages

All assessments of liquidated damages shall be made by the Lottery Director. Upon determination that liquidated damages are to be or may be assessed, the Lottery shall notify Bally of the potential assessment in writing.

2.18.2 Conditions for Termination of Liquidated Damages

As determined appropriate by the Director, the following are the conditions under which Bally may obtain relief from the continued assessment of liquidated damages that have been imposed:

a. Except as waived in writing by the Director, no liquidated damages imposed shall be terminated or suspended until Bally issues a written notice verifying the correction of the condition(s) for which liquidated damages were imposed, and all the corrections have been subjected to system testing or other verification at the discretion of the Director.

b. If appropriate, Bally shall conduct systems testing of any correction as the Director deems necessary. Such testing shall be developed jointly by the Lottery and Bally, and approved by the Lottery, including the test script, test environment, and test results.

c. The documentation necessary for verification and approval shall be determined by the Director. The Director shall be the sole judge of the accuracy of any documentation provided.

Bally's notice of correction will not be accepted until the correction is verified by the Lottery.

2.18.3 Severability of Individual Liquidated Damages

If any portion of the liquidated damages provisions is determined to be unenforceable in one or more applications, that portion remains in effect in all applications not determined to be invalid and is severable from the invalid applications. If any portion of the liquidated damages provisions is determined to be unenforceable, the other provision or provisions shall remain in full force and effect.

2.18.4 Waivers of Liquidated Damages

It is expressly agreed that the waiver of any liquidated damages due the Lottery shall constitute a waiver only as to such liquidated damages and not a waiver of any future liquidated damages. Failure to demand payment of liquidated damages within any period of time shall not constitute a waiver of such claim by the Lottery.

2.18.5 Payment of Liquidated Damages

All assessed liquidated damages will be deducted from any moneys owed Bally by the Lottery and in the event the amount due from Bally is not sufficient to satisfy the amount of the liquidated damages, Bally shall pay the balance to the Lottery within thirty (30) calendar days of written notification. If the amount due is not paid in full, the balance will be deducted from subsequent payments to Bally. At the Lottery's sole option, the Lottery may obtain payment of assessed liquidated damages through one (1) or more claims upon the professional liability insurance.

2.18.6 Applicability of Liquidated Damages

Bally shall not be required to pay liquidated damages for delays solely due to matters as enumerated in the section entitled "Force Majeure," for outages related solely to regulated communications carriers, due solely to the Lottery's central system provider, nor for time delays specifically due to, or approved by, the Lottery.

2.18.7 Late Installation

If Bally does not have the ordered quantities of terminals installed and accepted by the Lottery by a date specified by the Lottery, the Lottery may assess liquidated damages in the amount of two hundred dollars ($200) per terminal for each day of delay. The units will be considered operational when they have been installed, tested and accepted by the Lottery and are ready to be activated by the central computer system for customer play. Any additional shipments of video lottery terminals may be subject to a reasonable penalty schedule to be established by the Lottery, not to exceed amounts set forth in this subsection.

2.18.8 Untimely Terminal Repair

2.18.8.1 Bally shall ensure that all terminals are repaired or replaced and operational within the "maximum repair time." "Maximum repair time" shall be measured from the time of receipt of a service call, and a repair shall be considered completed when the technician who completed the repair informs the central system provider that the terminal is repaired and ready to be activated for play.

2.18.8.2 For the purposes of this provision, "maximum repair time" shall be defined as follows: Two Hours for any video lottery terminal.

2.18.8.3 If terminal maintenance is not completed within the "maximum repair time," liquidated damages may be assessed at the rate of one hundred dollars ($100) per hour or a fraction thereof that the terminal remains unrepaired beyond the "maximum repair time."

2.18.9 Lack of Video Lottery Terminal Preventive Maintenance

Each type of terminal delivered shall have a preventive maintenance cycle established by Bally and accepted by the Lottery. For each event of neglected preventive maintenance, liquidated damages of one hundred dollars ($100) per terminal, per day, may be assessed.

2.18.10 Deficient Terminal Field Service

2.18.10.1 Bally shall employ sufficient resources and inventory to meet the performance standards for terminal field service specified in this RFP. Within thirty (30) calendar days after notification from the Lottery that a performance standard is not being met, Bally shall employ such additional resources as are necessary to meet the performance standard.

2.18.10.2 If Bally does not bring deficient performance up to the standards specified within thirty (30) calendar days of notification, the Lottery may impose liquidated damages in the amount of five hundred dollars ($500) per day until performance is in compliance with the Agreement.

2.18.11 Failure to Provide Enhancements

2.18.11.1 During the term of this Agreement, the Lottery and Bally may agree in writing to a schedule for developing, testing, and implementing or installing a modification or enhancement of an existing game or report or an addition of a new game or report.

2.18.11.2 If Bally fails to meet any date specified in such a schedule, the Lottery may assess liquidated damages of $1,000 per day for each day of delay regarding the modification, enhancement, or addition of a game and $500 per day for each day of delay regarding the modification, enhancement, or addition of a report, or other system change.

2.18.11.3 In addition, at its sole discretion, the Lottery may require Bally to retain and compensate a third party firm to complete system development tasks in order to ensure timely delivery. The third party firm must be approved by the Lottery, and if necessary, will be selected by the Lottery. Bally must ensure that the third party retained under these circumstances properly complies with non-disclosure agreements regarding proprietary materials and Lottery business plans.

2.18.12 Unauthorized Modifications

2.18.12.1 Bally shall not modify any software, firmware, or hardware in the video lottery terminals without the prior written consent of the Lottery; provided however that Bally may make immaterial modifications to the hardware in the video lottery terminals in the ordinary course of business without obtaining the Lottery's written consent.

2.18.12.2 If an unauthorized modification occurs, the Lottery may assess initial liquidated damages of $25,000 and additional liquidated damages of $5,000 per day for each day between the issuance of a removal order and the actual removal of the unauthorized modification and restoration of the device to itsprevious operating state.

2.18.13 Unauthorized Access

2.18.13.1 Bally shall use its best efforts to prevent persons not authorized by the Lottery from accessing the terminals or computer systems.

2.18.13.2 If Bally fails to prevent unauthorized access, the Lottery may impose liquidated damages of $10,000 for each incident of unauthorized access by an unauthorized person.

2.19 Ownership of Materials and Right of Use

2.19.1 Ownership of all data, documentary material, and operating reports originated and prepared for the Lottery pursuant to this Agreement shall belong exclusively to the Lottery.

2.19.2 Ownership of the video lottery equipment and software shall be retained by Bally at the close of the Agreement or any extension thereto.

2.19.3 If for any reason other than a breach of agreement by the Lottery, Bally loses the ability to comply with the terms of the Agreement, the Lottery shall retain the right to use the equipment, source program instructions and documentation for those items owned by Bally and that are necessary to provide contractual services. Said right shall be limited to the right of the Lottery to possess and make use of such solely for the use and benefit of the Lottery in maintaining, altering and improving the operational characteristics of the programs and systems being used under the Agreement.

2.19.4 If the Lottery exercises its right to use the contract items, all software programs, documentation, operating instructions, hardware, and the like, including modifications or alterations thereof, shall be kept in confidence and shall be returned together with all copies to Bally when their use has been completed.

2.20 Game Playing and Prize Payment Restrictions

No officer or employee of Bally or of any subcontractor or owner of a 10% or greater share of either who is involved in Delaware operations shall play the video lottery games of the Delaware State Lottery or be paid a prize in any video lottery game. Bally shall ensure that this requirement is made known to each officer and employee of Bally and of any subcontractor.

2.21 Force Majeure

2.21.1 A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled. As herein used, Force Majeure means acts of war, terrorism, action of the elements, governmental interference, rationing, or any other cause which is beyond the control of the party affected and which by the exercise of reasonable diligence said party is unable to prevent.

2.21.2 Neither Bally nor the Lottery shall be liable to the other for any delay in or failure of performance under the Agreement due to a Force Majeure occurrence. Any such delay in or failure of performance shall not constitute default or give rise to any liability for damages. The existence of such causes of such delay or failure shall extend the period for performance to such extent as determined by the Lottery Director to be necessary to enable complete performance by Bally if reasonable diligence is exercised after the cause of delay or failure has been removed.

2.21.3 If Force Majeure conditions for Bally shall be expected to continue unabated for an indefinite period and Bally cannot service the Agreement, the Lottery retains the right to operate the terminals (see RFP 2.16) and/or to terminate the Agreement so that business continuity can be restored.

2.22 Security Program

2.22.1 Prior to operations under the Agreement, Bally shall establish a physical and software security program for its equipment, subject to the prior written approval of the Lottery.

2.22.2 The Lottery reserves the right to require at any time such further and additional security measures as deemed necessary or appropriate to ensure the integrity of the equipment or the games.

2.22.3 The Lottery reserves the right, at any time and without prior notice, to inspect and otherwise evaluate all phases of performance specified in the Agreement and the premises in which such work is performed.

2.23 Taxes, Fees and Assessments

2.23.1 Bally shall pay all taxes, fees and assessments upon the terminals, however designated, levied or based.

2.23.2 Delaware is a sovereign entity and shall not be liable for the payment of federal, state and local sales, use and excise taxes, including any interest and penalties from any related deficiency, which may become due and payable as a consequence of the Agreement.

2.24 News Releases

Bally shall not issue any news releases pertaining to the award of or performance of the Agreement without prior approval by the Lottery, and then only in cooperation with the Lottery.

2.25 Advertising

Bally agrees not to use the Lottery's name, logos, images, nor any data or results arising from the RFP process or this Agreement as a part of any commercial advertising without prior written approval by the Lottery.

2.26 Hiring of Lottery Personnel

At all times during the proposal evaluation period and continuing for one year following either the award of contracts or the rejection of all proposals, Bally is prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Evaluation Committee personnel, advisors and Lottery employees involved in the evaluation of proposals, the contract awards, or contract negotiations. Knowingly making such an offer or proposed business arrangement may result in the termination of this Agreement.

2.27 Code of Conduct

The Delaware State Lottery is an extremely sensitive enterprise because of the nature of the business and because it is government-affiliated. Therefore, it is essential that its operation, and the operation of other enterprises that would be linked to it in the public mind, avoid not only impropriety but also the appearance of impropriety. Because of this, Bally is expected to:

a. Offer goods and services only of the highest standards

b. Use its best efforts to prevent the industry from becoming embroiled in unfavorable publicity

c. Make sales presentations in a responsible manner. When pointing out the perceived superiority of their goods or services over those of competitors, Bally

shall do so in such a manner as to avoid unfavorable publicity for the industry

d. Avoid promotional activities which could be interpreted as improper and provide embarrassment to the industry

e. Report security problems or potential security problems immediately and only to the Lottery

f. Comply with all Video Lottery Regulations.

2.28 Tests Following Award

a. Certification Tests. The Lottery requires that the game algorithms be certified by an independent laboratory (The Lottery currently contracts with Gaming Laboratories International). Bally must cooperate in submitting chips and/or other appropriate materials for the testing. Certification is an expense that must be borne by Bally.

b. Functional Tests. The Lottery will conduct a series of acceptance tests to fully determine Bally's communication functionality with the Lottery's central system. Failure of Bally to pass these tests may result in Bally paying liquidated damages. Cooperation of Bally in these tests is required. Bally will not be responsible for expenses resulting from this form of testing.

The terminals will be tested for each and every requirement in the RFP. Bally's assistance in arranging tests will be necessary. The Lottery, at its sole discretion, will determine whether performance against the acceptance tests is adequate, and installation can proceed.

2.29 End of Contract Conversion

2.29.1 At the end of this Agreement, the Lottery shall be solely responsible for identifying the milestones and dates of conversion for video lottery terminals, and Bally shall cooperate fully and in good faith in said conversion.

2.29.2 Bally shall remove all its equipment and materials from each agent location on a Lottery-specified schedule of calendar days.

2.30 Funding Out Clause

If sufficient funds are not appropriated by the Delaware General Assembly or other appropriate Federal or State agency to sustain, in whole or in part, the Lottery's performance under this Agreement, or if such support is reduced such that it is insufficient to sustain said performance, then the Agreement shall be null and void at the insistence of the Lottery. The Lottery's termination of This Agreement under this section shall not limit Bally's legal rights to

pursue appropriate legal recourse in a proper forum for money's claimed to be due and owed by the Lottery under this Agreement.

2.31 Equipment and Software Changes and Upgrades

a. Bally's services shall include software changes, including fixes to all software errors and design defects, improved versions of the software, software enhancements and new gaming features, software changes for promotions, new games from Bally's library, new games defined by the Lottery, and changes to reports. Bally is further required to maintain the video terminal software with supported releases for any third party products incorporated.

   All these changes and upgrades shall be included in Bally's base price.

b. Changes and enhancements that exceed contract-specified requirements (and which are not otherwise accommodated by the above or by the pricing method in RFP Part 4) will have the terms and price negotiated.

   Any equipment made available to any of Bally's other clients shall also be made available to the Lottery.

c. Unless otherwise specifically agreed to by the Lottery Director, Bally agrees to provide game conversions and/or terminal replacements for a minimum of 25% per year of the total number of VLTs leased under this Agreement, with replacements not to exceed 10%, for the initial five (5) year term of the agreement. A conversion will be considered a change in game theme software.

2.32 Authority of Lottery

On all questions concerning the interpretation of specifications, the acceptability and quality of material furnished and/or work performed, the classification of material, the execution of the work, the assessment of liquidated damages and the determination of payment due or to become due, the decision of the Lottery shall be final and binding.

2.33 Lottery Approval of Staffing

The Lottery reserves the right to review and if perceived necessary, reject an employee's assignment to this Agreement, either at contract inception or during the term. In addition, the Lottery may require Bally to provide minimum levels of staffing or service to meet the requirements as set out in this Agreement.

2.34 Subcontract Approval

Any proposed subcontracts shall be subject to the prior approval of the Lottery and shall

include such contracting and purchasing requirements as shall be binding on agencies of the Lottery. The proposal and agreement shall identify proposed subcontractors by name.

2.35 Compensation During Contract

Bally will be compensated by the Lottery based on management and accounting reports generated by central system data. Method of payment will be via weekly electronic funds transfer, based on a percentage of net proceeds generated by Bally's video lottery terminals.

2.36 Replacement of Under-Performing Video Lottery Terminals

2.36.1 The purpose of installing video lottery terminals is to maximize revenues for the Lottery. If it becomes clear that a population of Bally terminals is under-performing with regard to generating net proceeds, the Lottery reserves the right to alter the mix of video lottery terminals. The following procedure will apply for determining the need for, and carrying out of, replacement of under-performing Bally terminals.

2.36.2 The Lottery shall maintain reports that define the performance of video lottery terminals. The reports will apply to the overall population of video lottery terminals, to terminals provided by individual successful bidders, and to distinct groups within the population provided by individual successful bidders. Typical groups of "similar" terminals to be compared using such performance data will include, but will not be limited to, video display terminals against other video display terminals, and reel-type terminals against other reel-type terminals.

2.36.3 For comparison purposes, the Lottery will use a rolling eight (8) week review of performance data for identifying under-performing terminals. The Lottery will exercise several tests of the following nature based on the results of these reviews, including:

a. If a group of similar terminals from Bally are under-performing average net proceeds of the total terminal population by 10% or more

b. If a group of terminals from Bally are under-performing the average net proceeds of a comparable set of terminals with a similar play style by 10% or more

c. If a group of terminals from Bally are under-performing the average net proceeds of a comparably located set of terminals by 10% or more.

2.36.4 As a result of such performance tests the Lottery will make a determination whether the group of terminals is "under-performing" and correction or replacement is prudent.

2.36.5 For a group of terminals determined to be "under-performing," Bally shall have thirty (30) days in which to perform adjustments that are acceptable to the Lottery. At the end of the afforded adjustment period the terminals will be monitored for forty-five (45) days. If the adjustments include the replacement of terminals, then Bally shall have forty five (45) days in

which to perform the adjustments.

2.36.6 If the "under-performing" tests still indicate that the population is "under-performing," then the Lottery reserves the right to order that those video lottery terminals be removed within thirty (30) days. The Lottery may then opt to replace the removed terminals with terminals from Bally or a different successful bidder, based on favorable net proceeds experience as determined from the net proceeds reviews described above, or other selection criteria. (Replacement with terminals from another successful bidder will still be subject to the stipulation that no provider may furnish over 65% of the terminals at any one venue.)

2.36.7 For removed terminals, Bally shall receive no further compensation from the Lottery, either related to net proceeds or to the effort and/or expense of removal. For removed terminals, the Lottery will award those terminals as necessary to other successful bidders pursuant to 29 Del. C. §4820(b).

2.37 Reduction of Video Lottery Terminals

It is the Lottery's intent to maintain a sufficient number of VLTs at each Agent's location to maximize revenues for the Lottery while maintaining the highest possible performance levels in the most efficient manner possible. In the event it becomes necessary to reduce the number of terminals at any of the Agents' locations, the Lottery reserves the right to remove terminals based on performance levels of terminals provided by Bally and other individual successful bidders and to distinct groups within the population provided by Bally and individual successful bidders, as determined by the rolling eight (8) week review of performance data as described in section 2.36.

2.38 Patented Devices. Materials and Processes

2.38.1 Bally shall only provide for the use of any patented design, material, or process to be used or furnished under this Agreement by suitable legal agreement with the patentee or owner. Bally shall save and hold harmless the State of Delaware, the Lottery, the Director, the Lottery staff and agents from any and all claims arising out of the use of such patented design, device, material, or process in connection with the work agreed to be performed under this Agreement.

2.38.2 Should patentable or licensable designs, devices, materials, or processes arise from Bally's work under this Agreement, Bally shall retain the right to possess, develop, and commercialize such items. The Lottery shall be granted the right or license to employ said items indefinitely in the execution of Lottery business; however, the Lottery shall not license, distribute, or otherwise commercialize such items.

2.39 Use of Copyrighted or Trademarked Materials

2.39.1 Bally shall have the obligation to ensure that use of materials does not infringe on copyright, trademark, or other intellectual property rights of third parties. This may require Bally

to obtain permission for use, including payments made for such, to third parties. In particular, Bally is required to pay all franchise and/or licensing fees for use of games employing symbols or names involving intellectual property rights of third parties.

2.39.2 If it is determined that use of certain materials constitutes infringement, then Bally is obligated to obtain permission or to cease such infringing use and provide the Lottery with an equivalent product. Bally must indemnify the Lottery and the State of Delaware from any damages sought as a result of infringement pursuant to Section 2.16 of this Agreement.

2.40 Licensing as a Technology Provider

The Lottery can make an award only to vendors that obtain a Technology Provider license, pursuant to 29 Del. C. §4805(a)(17). The denial of a license application will result in the elimination of Bally as a technology provider regardless of the recommendations or findings of the Lottery Evaluation Committee or the Lottery Director. The failure of Bally to maintain its status as a licensed technology provider during the term of the Agreement will result in the termination of the Agreement. Bally must reimburse the Lottery for the cost of periodic background checks related to licensing. This Agreement may be awarded contingent on Bally being awarded a license.

2.41 Removal of Unapproved Equipment and Loss of License

Any video lottery terminal from Bally that does not conform to the VLTs previously provided by Bally for testing and acceptance will be disconnected. If any modification to a video lottery terminal that has not been approved by the Lottery is supplied by Bally and operated at a Video Lottery Agent location, the Lottery may disconnect all of Bally's VLTs and may suspend its Technology Provider License.

2.42 Assignment

This Agreement may not be assigned, transferred, conveyed, sublet, or otherwise disposed of without previous written approval of the Lottery. Any purported assignment in violation of this section shall be null and void. Further, Bally may not assign the right to receive moneys due under the Agreement without the prior written consent of the Lottery.

2.43 Confidential Information

2.43.1 Bally, its officers, employees, agents, representatives, and subcontractors, shall not disclose to any other person or entity any information pertaining to the Lottery's methods, systems, programs, procedures, or operations at any time without prior written approval of the Lottery, except as may be necessary in its performance of the Agreement. The Lottery, its officers, employees, agents, representatives, and contractors, to the extent permitted by law shall not disclose to any other person or entity any confidential, secret, or proprietary information or know-how, concerning the equipment, programming, software, trademarks, trade or commercial

secrets, of Bally or its subcontractors, except as may be necessary in its performance of the Agreement.

2.43.2 In the event that any demand, claim, action, or proceeding of any nature whatsoever is made, asserted, or instituted that has as its purpose or object, or may have as its consequence, the disclosure to any person of any of the information referred to herein, each party shall immediately: notify the other party thereof; and, if legal action is successfully taken by a party to prevent disclosure, the other party shall not disclose such information unless, until, and only to the extent required to do so, by the final order of a judicial, legislative, executive or administrative authority having actual jurisdiction thereof.

2.44 Scope of Agreement

If the scope of any provision of this Agreement or the RFP are declared to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and Bally hereto consents and agrees that such scope may be judicially modified accordingly and that the whole of such provisions of this Agreement or the RFP shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to law.

2.45 Statutory Provisions

2.45.1 The Lottery may require Bally to execute truth-in-negotiation certificates stating that the prices bid and other costs supporting the compensation are accurate, complete, and current at the time of contracting. Under 29 Del. C. §6982(b)(3), the original contract price and any additions thereto shall be adjusted to exclude significant sums where the Lottery determines the contract price was increased due to inaccurate, incomplete, or noncurrent price information. All such contract adjustments shall be made within one (1) year following the end of the contract.

2.45.2 No Agreement shall be executed until Bally has provided the Lottery with its taxpayer identification number or its Delaware business license number.

2.46 Miscellaneous Provisions

2.46.1 In performance of this Agreement, Bally shall comply with all applicable federal, state and local laws, ordinances, codes and regulations. Bally shall solely bear the costs of permits and other relevant costs required in the performance of this Agreement.

2.46.2 Neither this Agreement nor any appendix may be modified or amended except by the mutual written agreement of the parties. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against which it is sought to be enforced.

2.46.3 The delay or failure by either party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that party's right thereafter to enforce

those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

2.46.4 Bally covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Bally further covenants, to its knowledge and ability, that in the performance of said services no person having any such interest shall be employed.

2.46.5 Bally acknowledges that the Lottery has an obligation to ensure that public funds are not used to subsidize private discrimination. Bally recognizes that if they refuse to hire or do business with an individual or company due to reasons of race, color, gender, ethnicity, disability, national origin, age, or any other protected status, the Lottery may declare Bally in breach of the Agreement, terminate the Agreement, and designate Bally as non-responsible.

2.46.6 This Agreement was drafted with the joint participation of both parties and shall be construed neither against nor in favor of either, but rather in accordance with the fair meaning thereof.

3.0 Services

3.1 Delivery

3.1.1 The Units to be delivered to the Lottery are described in Bally's proposal. The allocation as to locations of the units shall be determined by the Lottery. Bally shall be responsible for the assembly and initial operation of the Units and all associated equipment in a manner to be approved by the Lottery. The Units are to be delivered and installed at the direction of the Lottery to the Premises of any one or more of the following video lottery agents in Delaware: Delaware Park in Wilmington, Dover Downs in Dover, Harrington Raceway in Harrington, or any other locations authorized by the Lottery.

3.1.2 Bally also agrees to deliver up to two units of each terminal model to the offices of Scientific Games, located at 1575 McKee Road, Suite 101, Dover, DE for the purpose of acceptance testing as previously described in Section 2.28. Bally also agrees to provide sufficient Unit parts and sufficient information as is required for performance of necessary testing by Gaming Laboratories International ("GLI"), 600 Airport Road, Lakewood, New Jersey.

3.1.3 Bally agrees that the technical specifications detailed in the RFP and this Agreement must be met before the VLTs are approved for use in Delaware.

3.1.4 All game software must be approved and certified by an independent testing laboratory under contract with the Lottery (currently GLI). Bally will be responsible for the costs of independent testing.

3.2 Gaming System Training Program

At the request of the Lottery, Bally shall provide training for agent, subcontractor and/or Lottery staff in the operation of video lottery terminals. Bally must provide the materials, equipment, and personnel for this training effort. Training must be conducted on-site at each of the three (3) Agent locations.

3.3 Gaming Systems Field Maintenance Program

Bally shall maintain a maintenance center and depot in the state to fully support the terminal maintenance and repair program and provide spare parts and technical services to maintain the VLTs. (For purposes of this section, the term "video lottery terminal" or "VLT" shall include all attachments that are provided or serviced by Bally.)

a. Video Lottery Terminal Maintenance Items

Bally will be required during any service call to routinely check mechanical security, safety, electronic reader, and any other attachments provided by Bally. Bally shall be responsible for maintaining the video lottery terminals in the highest level of appearance including, but not limited to cleaning of equipment and a refurbishing of covers.

b. Response Requirements

Bally shall be responsible to determine that all gaming terminals are operable and shall take positive action when hardware malfunction is indicated to ensure that the affected terminal is returned to an operational state within the required time as defined in this Agreement. In all cases, the Lottery reserves the right to make the determination as to whether a VLT is operable and whether Bally responded within the time period specified.

c. Service Documentation

Operating and service manuals for all gaming terminals shall be kept updated and accessible to the Lottery.

d. Parts Supply

Bally shall maintain an adequate supply of parts to sustain the service of terminals that it has supplied and/or is required to maintain.

e. Trouble Tracking and Reporting System

Bally shall maintain and manage a data base and reporting system that fulfills the following criteria:

1. Tracking and various reporting of all video lottery terminals and other problems whether or not actual problems were found. Records on any particular terminal serial number must be maintained for up to three (3) years after their permanent removal from Delaware and must include VLTs in reserve or returned for maintenance.

2. Information for various reports is to be available in real time. The real time retrieval will not be limited to inquiries for the current day only but must include up to twelve (12) months of activity by date.

3. Various reports shall include, but are not limited to:

    a) By licensed agent for a given period
    b) By part or component
    c) Others as defined by the Lottery

4. Data shall include, but not be limited to:

    a) Terminal serial number.
    b) Component, sub-component, part identifiers.
    c) Time and date of reported problem.
    d) Nature of problem reported.
    e) Field service person identifier.
    f) Problem resolution and date and time.
    g) Elapsed time for notification to completed repair (down time).

3.4 Technical Support Services

3.4.1 Bally shall identify at least one staff member to have priority for Delaware service relative to all related aspects of video lottery operations during the term of this Agreement. This responsibility includes the software and mechanical engineering of the products. When no Lottery project requests are outstanding, such an individual can then and only then conduct work for other clients and purposes of Bally.

3.4.2 Bally shall have at least one service technician present at each of the Video Lottery Agents' locations during all operational hours. Technicians must be authorized and capable of conducting all maintenance requirements for Bally's terminals. The Lottery may require Bally to provide minimum levels of on-site staffing based on the number of terminals an individual technician is responsible for, day of the week, time of day, etc. Any exceptions to this requirement must be approved in advance by the Lottery.

4.0 Compensation

The Lottery agrees to compensate Bally by weekly payments for the leased VLTs according to the following schedule:

For the period from the commencement of this Agreement and through the subsequent five (5) year initial term of the Agreement, the Lottery agrees to compensate Bally by weekly payments equal to the following;

a. Seven percent (7.00%) of the net proceeds of each VLT leased by Bally to the Lottery that is delivered after the signing of this Agreement

b. Five point five percent (5.5%) of the net proceeds of each VLT leased by Bally to the Lottery that already exists on the Agents' floors prior to the signing of this Agreement.

Net proceeds are to be determined in accordance with the definition set forth in the RFP.

5.0 Amendments/Merger

This Agreement constitutes the entire Agreement between the Lottery and Bally with respect to the subject matter hereof. The Agreement may be amended only by the signed, written agreement of both parties thereto.

6.0 Release of Bond

Pursuant to section 2.17.2 of the Agreement, the Lottery agrees to release the litigation bond after this Agreement is signed by both parties should Bally complete a covenant not to sue.

7.0 Assignment of Antitrust Claims

As consideration for the award and execution of this agreement by the Lottery, Bally hereby grants, conveys, sells, assigns, and transfers to the Lottery all of its right, title and interest in and to all known or unknown causes of action it presently has or may now or hereafter acquire under the antitrust laws of the United States and the State of Delaware, relating to the particular goods or services purchased or acquired by the Lottery pursuant to this agreement.

8.0 Benefit

This Agreement is solely for the benefit of the Lottery and Bally.

9.0 Notice

The parties agree that all notices given pursuant to the terms of this Agreement shall be sufficient if in writing and sent by certified mail or overnight courier service with receipt

acknowledged. All other communications shall be sufficient if in writing and mailed postage prepaid first class. Any such notice or communication shall be sent to the following address or such other address as may be designated from time to time by the parties in writing:

As to the Lottery:

Vernon A. Kirk, Director
Delaware State Lottery Office
McKee Business Park
Suite 102
1575 McKee Road
Dover, DE 19904-1903

As to Bally:

Mark Lerner
Sr. Vice President for Law and Government, Secretary and General Counsel
Bally Gaming, Inc.
6601 South Bermuda Road
Las Vegas, NV 89119

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the dates indicated below, and the Agreement shall commence upon the later of the two signature dates listed below.

Bally, a Nevada corporation

By: Original on File — 10/21/13
A.C. Ansani — Date
Assistant General Counsel

Original on File — 10/21/13
Witness — Date

Delaware State Lottery

By: Original on File — 28 OCT 2013
Vernon Kirk — Date
Director

Original on File — 28 Oct 2013
Witness — Date

AGREEMENT

THIS AGREEMENT is entered by and between IGT, with a principal place of business at 6355 S. Buffalo Drive, Las Vegas, NV 89113-2133 ("IGT"), and the Delaware State Lottery, an agency created pursuant to 29 Del. - chapter 48, with a principal place of business at 1575 McKee Road, Suite 102, Dover, DE 19904 ("the Lottery").

WHEREAS, the Lottery issued a Request for Proposals on April 5, 2013 (the "RFP") to invite interested manufacturers of video lottery terminals to submit proposals for the implementation and operation of video lottery terminals ("VLTs") (hereinafter, as more fully defined in section 1.10 of the RFP);

WHEREAS, IGT submitted to the Lottery its responsive proposal to supply VLTs (the "Proposal") on or about May 3, 2013;

WHEREAS, the Lottery desires to obtain certain services from IGT: and

WHEREAS, IGT desires to provide such services to the Lottery on the terms set forth below;

WHEREAS, the Lottery and IGT represent and warrant that each party has full right, power and authority to enter into and perform under this Agreement;

FOR AND IN CONSIDERATION OF the premises and mutual agreements herein, the Lottery and IGT agree as follows:

1.0 Definitions

Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in section 1.10 of the RFP, incorporated by reference.

2.0 Lease of VLT Units

IGT agrees to lease to the Lottery for an operational term of five (5) years ("Lease Term") the number of VLTs that the Lottery deems appropriate based on the Lottery's goal of maximizing revenue while protecting the public welfare and security of the operations. The Lottery reserves the right to request IGT lease to the Lottery an additional number of VLTs and/or decrease the number of VLTs leased, subject to the terms of the agreement, the RFP and the Proposal. VLTs will consist of the models as described in IGT's Proposal and any new models that IGT may develop during the term of the Agreement, provided such new models are offered in the Delaware market.

2.1 Governing Law

The proposal process, the award procedure, and this Agreement resulting from the RFP shall be governed by the laws of the State of Delaware. The RFP is subject to 29 Del. C.

§§4820(b), 6981-82 of the Delaware Code. Any and all litigation arising under the RFP or the Agreement shall be instituted in the appropriate court of the State of Delaware; and, by submitting a proposal, IGT is deemed to waive access to any other court which may have concurrent jurisdiction within or without Delaware.

2.2 Contract Elements

2.2.1 Any conflict or inconsistency between the provisions of the following documents shall be resolved by giving precedence to such documents in the following order: (a) this Agreement (including any amendments or modifications thereto); (b) the Lottery's request for proposals, attached hereto as Appendix A; and (c) IGT's response to the request for proposals, attached hereto as Exhibit B. The aforementioned documents are specifically incorporated into this Agreement and made a part hereof.

2.2.2 The Lottery may, at any time, by written order, make changes in the scope of this Agreement and in the services or work to be performed. No services for which additional compensation may be charged by IGT shall be furnished without the written authorization of the Lottery. When the Lottery desires any addition or deletion to the deliverables or a change in the services to be provided under this Agreement, it shall notify IGT, who shall then submit to the Lottery a "Change Order" for approval authorizing said change. The Change Order shall state whether the change shall cause an alteration in the price or the time required by IGT for any aspect of its performance under this Agreement. Pricing of changes shall be consistent with those established within this Agreement.

2.3 Term of Agreement

2.3.1 This Agreement will be in effect for a five (5) year operational term, or such shorter period as the Lottery may determine due to causes such as contract termination or loss of State funding by the Lottery. The Agreement will be in effect from the date of execution until October 28, 2018 which the parties expect to be five years after the date of installation and operation of the first new VLT under this Agreement.

2.3.2 The Lottery reserves the right to extend this Agreement, with the concurrence of IGT, for up to three, two-year periods, at a rate of compensation negotiated by the parties. Any extension of the Agreement or any notice by the Lottery of intent to solicit new bids must be noticed ninety (90) days prior to the expiration of the Agreement term or at any time mutually agreed upon by both parties.

2.3.3 The Lottery further reserves the right to reactivate or further extend the initial Agreement, or any extension thereof, on thirty days' notice for ninety day periods if a different bidder's terminals are chosen for subsequent contracts and IGT's terminals do not meet the requirements of the Lottery.

2.3.4 Exercising this right shall not be construed as obligating the Lottery to repeat the procurement process for any subsequent contracts or conferring any right or expectation for IGT to continue operating their video lottery terminals after the expiration of any such 90 day period.

2.4 IGT's Responsibilities as Prime Contractor

2.4.1 IGT will assume sole responsibility for delivery, installation and maintenance of all equipment, software and support services offered in its proposal. The Lottery will consider IGT to be the sole point of contact with regard to contractual matters.

2.4.2 It shall be the duty of IGT to assure that all products of its effort are technically sound and in conformance with all pertinent Federal, State and Local statutes, codes, ordinances, resolutions and other regulations. IGT will not knowingly produce a work product that violates or infringes on any copyright or patent rights and pursuant to section 2.16.2 will indemnify against any such violation or infringement. IGT shall, without additional compensation, correct or revise any errors or omissions in its work products.

2.4.3 Permitted or required approval by Delaware of any products or services furnished by IGT shall not in any way relieve IGT of responsibility for the professional and technical accuracy and adequacy of its work. The Lottery's review, approval, acceptance, or payment for any of IGT's services herein shall not be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and IGT shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages to the Lottery caused by IGT's performance or failure to perform under this Agreement.

2.4.4 IGT shall appoint a Project Manager who will manage the performance of services. All of the services specified by this Agreement shall be performed by the Project Manager, or by IGT's associates and employees under the personal supervision of the Project Manager.

2.4.5 IGT agrees that its officers and employees will cooperate with Delaware in the performance of services under this Agreement and will be available for consultation with Delaware at such reasonable times with advance notice as to not conflict with their other responsibilities.

2.4.6 IGT has or will retain such employees as it may need in IGT's commercially reasonable judgment to perform the services required by this Agreement. Such employees shall not be employed by the Lottery or any other political subdivision of Delaware.

2.4.7 The rights and remedies of the Parties provided for in this Agreement are in addition to any other rights and remedies provided by law.

2.5 Lottery Responsibilities

2.5.1 The Lottery shall, without charge, furnish to or make available for examination or use by IGT as it may request, any data which the Lottery has available, including as examples only and not as a limitation:

a. Copies of reports, surveys, records, and other pertinent documents;

b. Copies of previously prepared reports, job specifications, surveys, records, ordinances, codes, regulations, other document, and information related to the services specified by this Agreement.

IGT shall return any original data provided by the Lottery.

2.5.2 The Lottery shall assist IGT in obtaining data on documents from public officers or agencies and from private citizens and business firms whenever such material is necessary for the completion of the services specified by this Agreement.

2.5.3 IGT will not be responsible for accuracy of information or data supplied by the Lottery or other sources to the extent such information or data would be relied upon by a reasonably prudent contractor.

2.5.4 The Lottery agrees not to use IGT's name, either express or implied, in any of its advertising or sales materials. IGT reserves the right to reuse the nonproprietary data and the analysis of industry-related information in its continuing analysis of the industries covered.

2.5.5 The rights and remedies of the Parties provided for in this Agreement are in addition to any other rights and remedies provided by law.

2.6 Independent Contractor

2.6.1 It is understood that in the performance of the services herein provided for, IGT shall be, and is, an independent contractor, and is not an agent or employee of Delaware and shall furnish such services in its own manner and method except as required by this Agreement. IGT shall be solely responsible for, and shall indemnify, defend and save the Lottery and the State of Delaware harmless from all matters relating to the payment of IGT's employees, including compliance with social security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever.

2.6.2 IGT acknowledges that IGT and any subcontractors, agents or employees employed by IGT shall not, under any circumstances, be considered employees of Delaware, and that they shall not be entitled to any of the benefits or rights afforded employees of Delaware, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits. Delaware will not provide or pay for any liability or medical insurance, retirement contributions or any other benefits for or on behalf of IGT or any of its officers, employees or other agents.

2.6.3 As an independent contractor, IGT has no authority to bind or commit the Lottery or the State of Delaware. Nothing herein shall be deemed or construed to create a joint venture, partnership, fiduciary or agency relationship between the parties for any purpose.

2.7 Background Investigations

2.7.1 The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees, or any other associates of IGT as it deems appropriate. Such background investigations may include fingerprint identification by the Delaware State Police and the Federal Bureau of Investigation, or the appropriate non-U.S. equivalent, with all investigation expenses to be paid by IGT.

2.7.2 By submission of a proposal, IGT consents to such investigations, and to cooperate with such investigations. The Lottery may reject a proposal or terminate an agreement based upon the results of these background checks.

2.8 Minority/Women-Owned Business Participation

It has been and remains the policy of the State of Delaware to promote equality of economic opportunity for minority and women-owned business enterprises (MBE/WBEs) in contracting activities. Accordingly, IGT is strongly encouraged to utilize MBE/WBE subcontractors in the performance of this Agreement.

2.9 Termination

2.9.1 This Agreement may be terminated in whole or in part by either party in the event of substantial failure of the other party to fulfill its obligations under this Agreement through no fault of the terminating party; but only after the other party is given:

a. Not less than 30 calendar days written notice of intent to terminate; and

b. An opportunity for consultation with the terminating party and a commercially reasonable right to cure prior to termination.

2.9.2 This Agreement may be terminated in whole or in part by the Lottery for its convenience, but only after IGT is given:

a. Not less than 30 calendar days written notice of intent to terminate; and

b. An opportunity for consultation with the Lottery prior to termination.

2.9.3 If termination for default is effected by the Lottery, the Lottery will pay IGT that portion of the compensation which has been earned as of the effective date of termination but:

a. No amount shall be allowed for anticipated profit on performed or unperformed services or other work, and

b. Any payment due to IGT at the time of termination may be adjusted to the extent of additional costs occasioned to the Lottery by reason of IGT's default.

2.9.4 Intentionally omitted.

2.9.5 The rights and remedies of the Lottery and IGT provided in this section are in addition to any other rights and remedies provided by law or under this Agreement.

2.9.6 Gratuities.

2.9.6.1 Delaware may, by written notice to IGT, terminate this Agreement if it is found after notice and hearing by the Lottery that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by IGT or any agent or representative of IGT to any officer or employee of the Lottery with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending or making of and determinations with respect to the performance of this Agreement.

2.9.6.2 In the event this Agreement is terminated as provided in 2.9.6.1 hereof, the Lottery shall be entitled to pursue the same remedies against IGT it could pursue in the event of a breach of this Agreement by IGT.

2.9.6.3 The rights and remedies of the Lottery provided in Section 2.9.6 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

2.10 Covenant Against Contingent Fees

IGT warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, or a percentage, brokerage or contingent fee. For breach or violation of this warranty, the Lottery shall have the right to annul this agreement without liability or at its discretion deduct from the contract price or otherwise recover the full amount of such commission, percentage, brokerage or contingent fee.

2.11 Accounting Records

The Parties are required to maintain books, records and all other evidence pertaining to this Agreement in accordance with generally accepted accounting principles (GAAP) and such other procedures specified by the Lottery. These records shall be available to the Lottery, and its internal or external auditors (and other designees) at all times during the agreement period and any extension thereof, and for three (3) full years from the expiration date and/or final payment on the agreement or extension thereof, whichever is later.

2.12 Audit Requirements

IGT must meet the following specific auditing obligations during the term of this Agreement:

a. IGT will have a complete financial audit conducted annually. A copy of IGT's certified financial statements shall be provided to the Delaware State Lottery annually.

b. In addition, a complete internal control audit of IGT's Delaware operations may be required by the Lottery, to be conducted annually by an independent certified public accounting firm. This audit shall be conducted pursuant to Statement on Auditing Standards No. 70, as issued by the American Institute of Certified Public Accountants. The Lottery reserves the right to specify the type of report and the control objectives to be examined. The Lottery also reserves the right to, as is commercially reasonable, approve the accounting firm chosen to perform the internal control audit and reserves the right to designate the annual period to be covered by the report and the date by which the report is due. "Delaware operations" refers to local and corporate support of this Agreement, not including IGT's business in general.

c. The Lottery reserves the right to require the first internal control audit to be conducted within 90 days of installation of IGT's first terminal.

d. Both the aforementioned types of audits shall be conducted at the expense of IGT.

e. The Lottery's certified public accounting firm or other designate will be given the right to review the work papers of these audits, if considered necessary by the Lottery.

f. The Lottery and its independent certified public accountants shall be given a copy of all reports including any management letters issued as a result of the specified audits.

g. IGT is required to provide, upon request, copies of filings to the Securities and Exchange Commission.

2.13 Right To Additionally Audit IGT's Delaware Operations

The Lottery reserves the right to audit IGT's records and operations as they relate to Delaware. Such audits may be conducted by the Lottery's own auditors or an independent firm specified by the Lottery.

2.14 Authority of the Lottery

On all questions concerning the interpretation of specifications, the acceptability and quality of material furnished and/or work performed, the classification of material, the execution of the work, the assessment of liquidated damages, and the determination of payment due or to become due, the decision of the Lottery shall be final and binding.

2.15 Cooperation of the Parties

IGT and the Lottery agree that their officers and employees will cooperate fully in the performance of services under this Agreement and will be available for consultation at such reasonable times with advance notice as to not conflict with their other responsibilities. Neither party will unreasonably withhold its approval of any act or request of the other to which its approval is necessary or desirable.

2.16 Indemnification

2.16.1 IGT shall indemnify and hold harmless the Lottery, the State, its agents and employees, from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys' fees) directly arising out of (A) the negligence or other wrongful conduct of IGT, its agents or employees, or (B) IGT's breach of any material provision of this Agreement not cured after due notice and opportunity to cure, provided as to (A) or (B) that (i) IGT shall have been notified promptly in writing by the Lottery of any notice of such claim; and (ii) IGT shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise.

2.16.2 If the Lottery promptly notifies IGT in writing of a third party lawsuit (a "Claim") against the Lottery that any equipment provided by IGT to the Lottery ("Equipment") infringes patents, trademarks or copyrights or misappropriates the third party's trade secrets (collectively, "IP Rights"), IGT will defend such Claim at its expense and either (i) indemnify the Lottery with respect to any final, non-appealable judgments, costs, fines or penalties awarded, entered or assessed against the Lottery by a court of competent jurisdiction that directly result from a Claim, or (ii) pay the value of any settlement with the third party agreed to by. IGT will not indemnify the Lottery, however, if the claim of infringement is caused by (1) the misuse or modification of the Equipment by any entity other than IGT; (2) the Lottery's failure to use corrections or enhancements made available by IGT; (3) the Lottery's use of the Equipment in combination with any product or information not owned or developed by IGT; (4) the Lottery's distribution, marketing or use for the benefit of third parties of the Equipment; (5) information, direction, specification or materials provided by a third party; or (6) compliance with the Lottery's designs, specifications or instructions. If a temporary or permanent injunction is obtained against the use of any part of the Equipment for the reason that it infringes any third party's IP Rights, or there is a reasonable likelihood of such an injunction in IGT's opinion, IGT may at its expense and option either (a) procure the right for the Lottery to continue using it, (b) replace it with a non-infringing product that is functionally equivalent, (c) modify it to make it non-infringing. To receive the foregoing defense and indemnities under this Section 2.16.2, the party seeking defense and indemnification must (i) notify the other party in writing of a Claim promptly after learning of the Claim, (ii) tender sole control of the investigation, defense and/or settlement of the Claim to the indemnifying party, (iii) provide reasonable cooperation in the investigation, defense and/or settlement of the Claim, and (iv) make no admission of guilt or liability with respect to the Claim. The indemnified party may, at its sole expense, actively participate in any suit or proceeding, through its own counsel. The foregoing obligations constitute the Lottery's sole and exclusive recourse and remedies and IGT's sole and exclusive liability with respect to any claim or allegation of violation, infringement or misappropriation of an IP right by the Equipment.

2.16.3 The Lottery agrees that IGT's total liability to the Lottery for any and all damages whatsoever arising out of or in any way related to this Agreement from any cause, including but not limited to contract liability or IGT negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed fees paid to IGT during the twelve month period prior to the date of occurrence any such damage and/or liability.

2.16.4 In no event shall IGT be liable for special, indirect, incidental, economic, consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought, and even if IGT has been advised of the likelihood of such damages.

2.17 Bonds and Insurance

All required bonds and insurance must be issued by companies which are at least 'A' rated by A.M. Best & Co., are duly licensed, admitted, and authorized to do business in the State of Delaware and are acceptable to the Lottery. Required coverage must be put into effect as of the effective date of the agreement and must remain in effect throughout the term. IGT must submit copies of each required insurance contract or certificates attesting to such insurance coverage, and any renewals thereof, to the Lottery. The Lottery must receive thirty (30) days advance written notice of cancellation, termination, or failure to renew any policy.

IGT shall purchase adequate insurance for the performance of the agreement and, by submission of a bid, agrees to indemnify and save harmless and to defend all legal or equitable actions brought against the State, any agency, officer and/or employee of the State, for and from all claims of liability which is or may be the result of IGT's actions during the performance of the agreement. The purchase or non-purchase of such insurance or the involvement of IGT in any legal or equitable defense of any action brought against IGT based upon work performed pursuant to the agreement will not waive any defense which the State, its agencies and their respective officers, employees and agents might otherwise have against such claims, specifically including the defense of sovereign immunity where applicable, and the State and all agencies, officers and employees thereof shall not be financially responsible for the consequences of work performed, pursuant to said agreement.

2.17.1 Insurance

IGT shall purchase and maintain insurance for claims set forth below which may arise out of or result from IGT's operations under the Agreement, whether such operations be by IGT or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

a. Claims under workers' compensation, disability benefit and other similar employee benefit acts per statute in each state in which IGT does business

b. Claims for damages because of bodily injury, occupational sickness or disease, or death of IGT's employees

c. Claims for damages because of bodily injury, sickness or disease, or death of any person other than IGT's employees

d. Claims for damages because of injury to or destruction of tangible property, including loss of use resulting there from

e. Comprehensive General Liability Insurance coverage with limits of not less than $1,000,000.

f. Property Insurance on all buildings, furniture, fixtures, computer and communications equipment used in operating and supporting the video lottery terminals in an amount equal to or greater than the actual replacement cost thereof. Coverage shall include an All Risk Property Floater to insure personal property including contents, equipment, and mobile items against fire, theft, collision, and flood. The State of Delaware, the Lottery, and Lottery agents will not be responsible for insuring any equipment or facilities included in or associated with the agreement.

g. Automotive Liability Insurance covering drivers and vehicles employed in connection with the operation of the Agreement with limits of not less than $300,000 for personal injury to each person and $25,000 for property damage

h. Professional Liability/Errors and Omissions/Product Liability Insurance with limits of not less than $1,000,000 per claim, to be in force and effect at all times which will indemnify IGT and the Lottery for direct loss which may be incurred due to any error caused by IGT, its officers, employees, agents, subcontractors or assigns regardless of negligence. Evidence of this insurance coverage will not change, alter or increase the limitation of liability clause found in section 2.16.3. Evidence of this insurance is for informational purposes only.

A STATEMENT OF SELF-INSURANCE TO COVER THE ABOVE REQUIREMENTS SHALL BE CONSIDERED NON-RESPONSIVE.

Errors and Omissions Insurance must continue until one year past the term of the Agreement. All other insurance covered by this section must be effective when performance commences under the Agreement and continue through the life of the Agreement and any authorized extensions.

Certificates of insurance must be furnished to the Lottery Director on date of contract execution, with the exception of the certificate for Errors and Omissions Insurance, which must be furnished to the Lottery Director prior to installation of the first terminal.

The required insurance coverage shall be written for not less than any limits of liability as required by the Agreement, and shall include contractual liability as applicable to IGT's obligations under the Indemnification clause of the agreement.

In no event shall the State of Delaware be named as an additional insured on any policy required under this agreement.

2.17.2 Litigation Bond

IGT must maintain a litigation bond in the amount of $250,000. A claim upon the bond may be made by the Lottery if the following two conditions are met:

a. IGT sues the Lottery, the State of Delaware, or any of their officers, employees, or agents with regard to any matter relating to the award of contracts pursuant to this RFP.

b. The Lottery is the prevailing party in such suit.

The purpose of the bond is to discourage unwarranted litigation by permitting the Lottery to recover damages, including reasonable attorneys' fees, resulting from such litigation. The litigation bond shall remain in effect for a period of two (2) years from the date of proposal submission.

Upon execution of this Agreement, the litigation bond may be released with the approval of the Lottery if IGT completes a covenant not to sue.

2.18 Liquidated Damages

IGT acknowledges:

a. If IGT does not fulfill the obligations of the Agreement, damage to the Lottery will result. Establishing the precise value of such damage would be costly, difficult, and time consuming.

b. The liquidated damage amounts specified herein are good faith efforts to quantify the damages that could be reasonably anticipated at the time of the making of the Agreement.

c. The Lottery may, therefore, in its discretion, deduct liquidated damages from the compensation otherwise due to IGT. All assessments of liquidated damages shall be within the discretion of the Lottery and shall be in addition to, and not in lieu of, the right of the Lottery to terminate the Agreement or to pursue other appropriate remedies.

d. The Lottery shall notify IGT in writing of the assessment of liquidated damages for any default specified herein and payment of such damages shall be initiated within thirty (30) days of receipt of the assessment notice by deducting such damages from the compensation otherwise due to IGT. If timely payment is not made, the Lottery may collect such damages by making a claim against the professional liability insurance or by any other lawful method.

e. Excessive liquidated damages, and events leading to such, in the sole discretion of the Lottery, may be grounds for termination of the agreement.

2.18.1 Notification of Liquidated Damages

All assessments of liquidated damages shall be made by the Lottery Director. Upon determination that liquidated damages are to be or may be assessed, the Lottery shall notify IGT of the potential assessment in writing.

2.18.2 Conditions for Termination of Liquidated Damages

As determined appropriate by the Director, the following are the conditions under which IGT may obtain relief from the continued assessment of liquidated damages that have been imposed:

a. Except as waived in writing by the Director, no liquidated damages imposed shall be terminated or suspended until IGT issues a written notice verifying the correction of the condition(s) for which liquidated damages were imposed, and all the corrections have been subjected to system testing or other verification at the discretion of the Director.

b. If appropriate, IGT shall conduct systems testing of any correction as the Director deems necessary. Such testing shall be developed jointly by the Lottery and IGT, and approved by the Lottery, including the test script, test environment, and test results.

c. The documentation necessary for verification and approval shall be determined by the Director. The Director shall be the sole judge of the accuracy of any documentation provided.

IGT's notice of correction will not be accepted until the correction is verified by the Lottery.

2.18.3 Severability of Individual Liquidated Damages

If any portion of the liquidated damages provisions is determined to be unenforceable in one or more applications, that portion remains in effect in all applications not determined to be invalid and is severable from the invalid applications. If any portion of the liquidated damages provisions is determined to be unenforceable, the other provision or provisions shall remain in full force and effect.

2.18.4 Waivers of Liquidated Damages

It is expressly agreed that the waiver of any liquidated damages due the Lottery shall constitute a waiver only as to such liquidated damages and not a waiver of any future liquidated damages. Failure to demand payment of liquidated damages within any period of time shall not constitute a waiver of such claim by the Lottery.

2.18.5 Payment of Liquidated Damages

All assessed liquidated damages will be deducted from any moneys owed IGT by the Lottery and in the event the amount due from IGT is not sufficient to satisfy the amount of the liquidated damages, IGT shall pay the balance to the Lottery within thirty (30) calendar days of written notification. If the amount due is not paid in full, the balance will be deducted from

subsequent payments to IGT. At the Lottery's sole option, the Lottery may make a claim or claims upon the professional liability insurance (see section 2.17.1h).

2.18.6 Applicability of Liquidated Damages

IGT shall not be required to pay liquidated damages for delays solely due to matters as enumerated in the section entitled "Force Majeure", for outages related solely to regulated communications carriers, due solely to the Lottery's central system provider, nor for time delays specifically due to, or approved by, the Lottery.

2.18.7 Late Installation

If IGT does not have the ordered quantities of terminals installed and accepted by the Lottery by a date specified by the Lottery, the Lottery may assess liquidated damages in the amount of two hundred dollars ($200) per terminal for each day of delay. The units will be considered operational when they have been installed, tested and accepted by the Lottery and are ready to be activated by the central computer system for customer play. Any additional shipments of video lottery terminals may be subject to a reasonable penalty schedule to be established by the Lottery.

2.18.8 Untimely Terminal Repair

2.18.8.1 IGT shall ensure that all terminals are repaired or replaced and operational within the "maximum repair time". "Maximum repair time" shall be measured from the time of receipt of a service call, and a repair shall be considered completed when the technician who completed the repair informs the central system provider that the terminal is repaired and ready to be activated for play.

2.18.8.2 For the purposes of this provision, "maximum repair time" shall be defined as follows: Two Hours for any video lottery terminal.

2.18.8.3 If terminal maintenance is not completed within the "maximum repair time", liquidated damages may be assessed at the rate of one hundred dollars ($100) per hour or a fraction thereof that the terminal remains unrepaired beyond the "maximum repair time".

2.18.9 Lack of Video Lottery Terminal Preventive Maintenance

Each type of terminal delivered shall have a preventive maintenance cycle established by IGT and accepted by the Lottery. For each event of neglected preventive maintenance, liquidated damages of one hundred dollars ($100) per terminal, per day, may be assessed.

2.18.10 Deficient Terminal Field Service

2.18.10.1 IGT shall employ sufficient resources and inventory to meet the performance standards for terminal field service specified in this RFP. Within thirty (30) calendar days after notification from the Lottery that a performance standard is not being met, IGT shall employ such

additional resources as are necessary to meet the performance standard.

2.18.10.2 If IGT does not bring deficient performance up to the standards specified within thirty (30) calendar days of notification, the Lottery may impose liquidated damages in the amount of five hundred dollars ($500) per day until performance is in compliance with the Agreement.

2.18.11 Failure to Provide Enhancements

2.18.11.1 During the term of this Agreement, the Lottery and IGT may agree in writing to a schedule for developing, testing, and implementing or installing a modification or enhancement of an existing game or report or an addition of a new game or report.

2.18.11.2 If IGT fails to meet any date specified in such a schedule, the Lottery may assess liquidated damages of one thousand dollars ($1,000) per day for each day of delay regarding the modification, enhancement, or addition of a game and five hundred dollars ($500) per day for each day of delay regarding the modification, enhancement, or addition of a report, or other system change.

2.18.11.3 In addition, at its sole discretion, the Lottery may require IGT to retain and compensate a third party firm to complete system development tasks in order to ensure timely delivery. The third party firm must be approved by the Lottery, and if necessary, will be selected by the Lottery. IGT must ensure that the third party retained under these circumstances properly complies with non-disclosure agreements regarding proprietary materials and Lottery business plans.

2.18.12 Unauthorized Modifications

2.18.12.1 IGT shall not modify any software, firmware, or hardware in the video lottery terminals without the prior written consent of the Lottery.

2.18.12.2 If an unauthorized modification occurs, the Lottery may assess initial liquidated damages of twenty five thousand ($25,000) and additional liquidated damages of five thousand ($5,000) per day for each day between the issuance of a removal order and the actual removal of the unauthorized modification and restoration of the device to its previous operating state.

2.18.13 Unauthorized Access

2.18.13.1 IGT shall prevent persons not authorized by the Lottery from accessing the terminals or computer systems, when IGT has exclusive access control to such resource and the unauthorized access occurred through the negligence of IGT.

2.18.13.2 If IGT fails to prevent unauthorized access, the Lottery may impose liquidated damages of ten thousand dollars ($10,000) for each incident of unauthorized access by an unauthorized person.

2.19 Ownership of Materials and Right of Use

2.19.1 Ownership of operating data and operating reports originated and prepared for the Lottery pursuant to this Agreement (if any) shall belong exclusively to the Lottery.

2.19.2 Ownership of the video lottery equipment and software shall be retained by IGT during the term of this Agreement or any extension thereto, and thereafter.

2.19.3 If for any reason other than a breach of agreement by the Lottery, IGT loses the ability to comply with the terms of the Agreement, the Lottery shall retain the right to use the equipment, source program instructions and documentation for those items owned by IGT and that are necessary to provide contractual services. Said right shall be limited to the right of the Lottery to possess and make use of such solely for the use and benefit of the Lottery in maintaining, altering and improving the operational characteristics of the programs and systems being used under the Agreement.

2.19.4 If during the term of this Agreement the Lottery exercises its right to use the contract items, all software programs, documentation, operating instructions, hardware, and the like, including modifications or alterations thereof, shall be kept in confidence at all times and shall be returned together with all copies to IGT at the earlier of when their use has been completed or the Agreement has terminated.

2.20 Game Playing and Prize Payment Restrictions

No officer or employee of IGT or of any subcontractor or owner of a 10% or greater share of either who is involved in Delaware operations shall play the video lottery games of the Delaware State Lottery or be paid a prize in any video lottery game. IGT shall ensure that this requirement is made known to each officer and employee of IGT and of any subcontractor.

2.21 Force Majeure

2.21.1 A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled. As herein used, Force Majeure means acts of war, terrorism, action of the elements, governmental interference, rationing, or any other cause which is beyond the control of the party affected and which by the exercise of reasonable diligence said party is unable to prevent.

2.21.2 Neither IGT nor the Lottery shall be liable to the other for any delay in or failure of performance under the Agreement due to a Force Majeure occurrence. Any such delay in or failure of performance shall not constitute default or give rise to any liability for damages. The existence of such causes of such delay or failure shall extend the period for performance to such extent as determined by the Lottery Director to be necessary to enable complete performance by IGT if reasonable diligence is exercised after the cause of delay or failure has been removed.

2.21.3 If Force Majeure conditions for IGT shall be expected to continue unabated for an indefinite period and IGT cannot service the Agreement, the Lottery retains the right to operate the terminals (see RFP 2. 16) and/or to terminate the Agreement so that business continuity can be

restored.

2.22 Security Program

2.22.1 Prior to operations under the Agreement, IGT shall establish a physical and software security program for its equipment, subject to the prior written approval of the Lottery.

2.22.2 The Lottery reserves the right to require at any time such further and additional security measures as deemed necessary or appropriate to ensure the integrity of the equipment or the games.

2.22.3 The Lottery reserves the right, at any time and without prior notice, to inspect and otherwise evaluate all phases of performance specified in the Agreement and the premises in which such work is performed.

2.23 Taxes, Fees and Assessments

2.23.1 IGT shall pay all taxes, fees and assessments upon the terminals, however designated, levied or based.

2.23.2 Delaware is a sovereign entity and shall not be liable for the payment of federal, state and local sales, use and excise taxes, including any interest and penalties from any related deficiency, which may become due and payable as a consequence of the Agreement.

2.24 News Releases

IGT shall not issue any news releases pertaining to the award of or performance of the Agreement without prior approval by the Lottery, and then only in cooperation with the Lottery.

2.25 Advertising

IGT agrees not to use the Lottery's name, logos, images, nor any data or results arising from the RFP process or this Agreement as a part of any commercial advertising without prior written approval by the Lottery.

2.26 Hiring of Lottery Personnel

At all times during the proposal evaluation period and continuing for one year following either the award of contracts or the rejection of all proposals, IGT is prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Evaluation Committee personnel, advisors and Lottery employees involved in the evaluation of proposals, the contract awards, or contract negotiations. Making such an offer or proposition may result in the termination of the agreement.

2.27 Code of Conduct

The Delaware State Lottery is an extremely sensitive enterprise because of the nature of the business and because it is government-affiliated. Therefore, it is essential that its operation, and the operation of other enterprises that would be linked to it in the public mind, avoid not only impropriety but also the appearance of impropriety. Because of this, IGT is expected to:

a. Offer goods and services only of the highest standards

b. Use its commercially reasonable efforts to prevent the industry from becoming embroiled in unfavorable publicity

c. Make sales presentations in a responsible manner. When pointing out the perceived superiority of their goods or services over those of competitors, IGT shall do so in such a manner as to avoid unfavorable publicity for the industry

d. Avoid promotional activities which could be interpreted as improper and provide embarrassment to the industry

e. Report security problems or potential security problems immediately and only to the Lottery

f. Comply with all Video Lottery Regulations.

2.28 Tests Following Award

a. Certification Tests. The Lottery requires that the game algorithms be certified by an independent laboratory (The Lottery currently contracts with Gaming Laboratories International). IGT must cooperate in submitting chips and/or other appropriate materials for the testing. Certification is an expense that must be borne by IGT.

b. Functional Tests. The Lottery will conduct a series of acceptance tests to fully determine IGT's communication functionality with the Lottery's central system. Failure of IGT to pass these tests may result in IGT paying liquidated damages. Cooperation of IGT in these tests is required. IGT will not be responsible for expenses resulting from this form of testing.

The terminals will be tested for each and every requirement in the RFP. IGT's assistance in arranging tests will be necessary. The Lottery, at its sole discretion, will determine whether performance against the acceptance tests is adequate, and installation can proceed.

2.29 End of Contract Conversion

2.29.1 At the end of this Agreement, the Lottery shall be solely responsible for identifying the milestones and dates of conversion for video lottery terminals in accordance with this Agreement,

and IGT shall cooperate fully and in good faith in said conversion.

2.29.2 IGT shall remove all its equipment and materials from each agent location on a Lottery-specified schedule of calendar days.

2.30 Funding Out Clause

If sufficient funds are not appropriated by the Delaware General Assembly or other appropriate Federal or State agency to sustain, in whole or in part, the Lottery's performance under this Agreement, or if such support is reduced such that it is insufficient to sustain said performance, then the Agreement shall be null and void at the insistence of the Lottery.

2.31 Equipment and Software Changes and Upgrades

a. IGT's services shall include software changes, including fixes to all software errors and design defects, improved versions of the software, software enhancements and new gaming features, software changes for promotions, new games from IGT's library, new games defined by the Lottery, and changes to reports. IGT is further required to maintain the video terminal software with supported releases for any third party products incorporated, during the initial term.

   All these changes and upgrades shall be included in IGT's base price.

b. Changes and enhancements that exceed contract-specified requirements (and which are not otherwise accommodated by the above or by the pricing method in RFP Part 4) will have the terms and price negotiated.

   Any equipment made available to any of IGT's other clients shall also be made available to the Lottery.

c. Unless otherwise specifically agreed to by the Lottery Director, IGT agrees to provide game conversions for a minimum of 15% per year of the total number of VLTs leased under this Agreement for the initial five (5) year term of the agreement. A conversion will be considered a change in game theme. A conversion will consist of the game software only and does not include multigame bundles or participation games.

d. Unless otherwise specifically agreed to by the Lottery Director, IGT agrees to replace a minimum of 10% per year of the total number of VLTs leased under this Agreement for the initial five (5) year term of the agreement.

2.32 Authority of Lottery

On all questions concerning the interpretation of specifications, the acceptability and quality of material furnished and/or work performed, the classification of material, the execution of the work, the assessment of liquidated damages and the determination of payment due or to become due, the decision of the Lottery be commercially reasonable and shall be final and

binding.

2.33 Lottery Approval of Staffing

The Lottery reserves the right to review and if perceived necessary, reject an employee's assignment to this Agreement, either at contract inception or during the term. In addition, the Lottery may require IGT to provide commercially reasonable minimum levels of staffing or service to meet the requirements as set out in this Agreement.

2.34 Subcontract Approval

Any proposed subcontracts shall be subject to the prior approval of the Lottery and shall include such contracting and purchasing requirements as shall be binding on agencies of the Lottery. The proposal and agreement shall identify proposed subcontractors by name.

2.35 Compensation During Contract

IGT will be compensated by the Lottery based on management and accounting reports generated by central system data. Method of payment will be via weekly electronic funds transfer, based on a percentage of net proceeds generated by I GT's video lottery terminals.

2.36 Replacement of Under-Performing Video Lottery Terminals

2.36.1 The purpose of installing video lottery terminals is to maximize revenues for the Lottery. If it becomes clear that a population of IGT terminals is under-performing with regard to generating net proceeds, the Lottery reserves the right to alter the mix of video lottery terminals. The following procedure will apply for determining the need for, and carrying out of, replacement of under-performing IGT terminals.

2.36.2 The Lottery shall maintain and provide to IGT weekly reports that define the performance of video lottery terminals. The reports will apply to the overall population of video lottery terminals, to terminals provided by individual successful bidders, and to distinct groups within the population provided by individual successful bidders. Typical groups of "similar" terminals to be compared using such performance data will include, but will not be limited to, video display terminals against other video display terminals, and reel-type terminals against other reel-type terminals.

2.36.3 For comparison purposes, the Lottery will use a rolling eight (8) week review of performance data for identifying under-performing terminals. The Lottery will exercise several tests of the following nature based on the results of these reviews, including:

a. If a group of similar terminals from IGT arc under-performing average net proceeds of the total terminal population by 10% or more

b. If a group of terminals from IGT are under-performing the average net proceeds of a comparable set of terminals with a similar play style by 10% or more

c. If a group of terminals from IGT are under-performing the average net proceeds of a comparably located set of terminals by 10% or more.

2.36.4 As a result of such performance tests the Lottery will make a determination whether the group of terminals is "under-performing" and correction or replacement is prudent.

2.36.5 For a group of terminals determined to be "under-performing", IGT shall have thirty (30) days in which to perform adjustments that are acceptable to the Lottery. At the end of the afforded adjustment period the terminals will be monitored for forty-five (45) days. If the adjustments include the replacement of terminals, then IGT shall have forty five (45) days in which to perform the adjustments.

2.36.6 If the "under-performing" tests still indicate that the population is "under-performing", then the Lottery reserves the right to order that those video lottery terminals be removed within thirty (30) days. The Lottery may then opt to replace the removed terminals with terminals from IGT or a different successful bidder, based on favorable net proceeds experience as determined from the net proceeds reviews described above, or other selection criteria. (Replacement with terminals from another successful bidder will still be subject to the stipulation that no provider may furnish over 65% of the terminals at any one venue.)

2.36.7 For removed terminals, IGT shall receive no further compensation for such removed terminals from the Lottery, either related to net proceeds or to the effort and/or expense of removal. For removed terminals, the Lottery will award those terminals as necessary to other successful bidders pursuant to 29 Del. C. §4820(b).

2.37 Reduction of Video Lottery Terminals

It is the Lottery's intent to maintain a sufficient number of VLTs at each Agent's location to maximize revenues for the Lottery while maintaining the highest possible performance levels in the most efficient manner possible. In the event it becomes necessary to reduce the number of terminals at any of the Agents' locations, the Lottery reserves the right to remove terminals based on performance levels of terminals provided by IGT and other individual successful bidders and to distinct groups within the population provided by IGT and individual successful bidders, as determined by the rolling eight (8) week review of performance data as described in section 2.36.

2.38 Patented Devices, Materials, and Processes

2.38.1 Should patentable or licensable designs, devices, materials, or processes arise from IGT's work under this Agreement, IGT shall be the sole and exclusive owner of such designs, devices, materials, or processes and shall retain the right to possess, develop, and commercialize such items. The Lottery shall be granted personal license to employ said items for the term of this Agreement solely in the execution of Lottery business; however, the Lottery shall not license, sub-license, distribute, or otherwise commercialize such items.

2.39 Use of Copyrighted or Trademarked Materials

IGT represents that to the best of IGT's knowledge it either owns or has the right to license the Lottery's use of the materials embodied in the equipment provided by IGT, without any changes or modification by the Lottery. To the best of IGT's knowledge such material do not infringe on copyright, trademark, or other intellectual property rights of third parties. Further, IGT has provided the Lottery with an indemnity against any such infringement pursuant to section 2.16 of this Agreement.

2.40 Licensing as a Technology Provider

The Lottery can make an award only to vendors that obtain a Technology Provider license, pursuant to 29 Del. C. §4805(a)(17). The denial of a license application will result in the elimination of IGT as a technology provider regardless of the recommendations or findings of the Lottery Evaluation Committee or the Lottery Director. The failure of IGT to maintain its status as a licensed technology provider during the term of the Agreement will result in the termination of the Agreement. IGT must reimburse the Lottery for the cost of periodic background checks related to licensing. This Agreement may be awarded contingent on IGT being awarded a license.

2.41 Removal of Unapproved Equipment and Loss of License

Any video lottery terminal from IGT that does not conform to the VLTs previously provided by IGT for testing and acceptance will be disconnected. If any modification to a video lottery terminal that has not been approved by the Lottery is supplied by IGT and operated at a Video Lottery Agent location, the Lottery may disconnect all of IGT's VLTs and may suspend its Technology Provider License.

2.42 Assignment

This Agreement may not be assigned, transferred, conveyed, sublet, or otherwise disposed of without previous written approval of the Lottery except to an IGT affiliated party appropriately licensed. Any purported assignment in violation of this section shall be null and void. Further, IGT may not assign the right to receive moneys due under the Agreement without the prior written consent of the Lottery, which consent shall not be unreasonably denied or delayed.

2.43 Confidential Information

Any data or information disclosed to fulfill the purpose of this Agreement that is not made available by the disclosing Party to the general public shall be treated as confidential and proprietary information ("Confidential Information") to the extent permitted by the Delaware Freedom of Information Act, 29 Del. C. Ch. 100. Confidential Information shall be protected by a receiving Party from disclosure to third parties. The foregoing obligation shall not apply to information which is (i) in the public domain or becomes part of the public domain through no fault of the receiving Party; (ii) known to the receiving Party prior to the time of disclosure and was not acquired, directly or indirectly, from the disclosing Party or (iii) was independently developed without knowledge or use of the Confidential Information. A Party may disclose

Confidential Information pursuant to a valid subpoena or court order, provided that it gives reasonable notice to the other Party to contest such disclosure. Any such disclosure of Confidential Information shall not be deemed to change, affect or diminish the confidential and proprietary status of such Confidential Information. Each Party will employ at least the same degree of care used to protect their own most important confidential information (but in no event less than a reasonable standard of care). Each Party shall inform each of its employees and representatives to whom it provides access to another Party's Confidential Information of the obligations of confidentiality and will take all reasonable steps to ensure that the terms of this provision are not violated by any of its employees or agents. A Party is responsible for breach of this obligation by its employees or representatives.

2.44 Scope of Agreement

If the scope of any provision of this Agreement or the RFP are declared to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and IGT hereto consents and agrees that such scope may be judicially modified accordingly and that the whole of such provisions of this Agreement or the RFP shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to law.

2.45 Statutory Provisions

2.45.1 The Lottery may require IGT to execute truth-in-negotiation certificates stating that the prices bid and other costs supporting the compensation are accurate, complete, and current at the time of contracting. Under 29 Del. C. §6982(b)(3), the original contract price and any additions thereto shall be adjusted to exclude significant sums where the Lottery determines the contract price was increased due to inaccurate, incomplete, or noncurrent price information. All such contract adjustments shall be made within one (1) year following the end of the contract.

2.45.2 No Agreement shall be executed until IGT has provided the Lottery with its taxpayer identification number or its Delaware business license number.

2.46 Miscellaneous Provisions

2.46.1 In performance of this Agreement, IGT shall comply with all applicable federal, state and local laws, ordinances, codes and regulations. IGT shall solely bear the costs of permits and other relevant costs required in the performance of this Agreement.

2.46.2 Neither this Agreement nor any appendix may be modified or amended except by the mutual written agreement of the parties. No waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the party against which it is sought to be enforced.

2.46.3 The delay or failure by either party to exercise or enforce any of its rights under this Agreement shall not constitute or be deemed a waiver of that party's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

2.46.4 IGT covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. IGT further covenants, to its knowledge and ability, that in the performance of said services no person having any such interest shall be employed.

2.46.5 IGT acknowledges that the Lottery has an obligation to ensure that public funds are not used to subsidize private discrimination. IGT recognizes that if they refuse to hire or do business with an individual or company due to reasons of race, color, gender, ethnicity, disability, national origin, age, or any other protected status, the Lottery may declare IGT in breach of the Agreement, terminate the Agreement, and designate IGT as non-responsible.

2.46.6 This Agreement was drafted with the joint participation of both parties and shall be construed neither against nor in favor of either, but rather in accordance with the fair meaning thereof.

3.0 Services

3.1 Delivery

3.1.1 The Units to be delivered to the Lottery are described in IGT's proposal. The allocation as to locations of the units shall be determined by the Lottery. IGT shall be responsible for the assembly and initial operation of the Units and all associated equipment in a manner to be approved by the Lottery. The Units are to be delivered and installed at the direction of the Lottery to the Premises of any one or more of the following video lottery agents in Delaware: Delaware Park in Wilmington, Dover Downs in Dover, Harrington Raceway in Harrington, or any other locations authorized by the Lottery.

3.1.2 IGT also agrees to deliver up to two units of each terminal model to the offices of Scientific Games, located at 1575 McKee Road, Suite 101, Dover, DE for the purpose of acceptance testing as previously described in Section 2.28. IGT also agrees to provide sufficient Unit parts and sufficient information as is required for performance of necessary testing by Gaming Laboratories International ("GLI"), 600 Airport Road, Lakewood, New Jersey.

3.1.3 IGT agrees that the technical specifications detailed in the RFP and this Agreement must be met before the VLTs are approved for use in Delaware.

3.1.4 All game software must be approved and certified by an independent testing laboratory under contract with the Lottery (currently GLI). IGT will be responsible for the costs of independent testing.

3.1.5 IGT also agrees to provide to the Lottery eighty (80) units of modified VLTs. The modified VLTs currently reside on the premises of the three Video Lottery Agents in Delaware: Delaware Park in Wilmington, Dover Downs in Dover and Harrington Raceway in Harrington. The modified VLTs will be used by the Lottery and its Video Lottery Agents for promotional tournaments and will not be available for video lottery play. The modified VLTs must have no

bill acceptors or coin in acceptors or hoppers and blank plates must replace the bill acceptor and coin in acceptors. The modified VLTs must comply with additional specifications as required by the Lottery.

3.2 Gaming System Training Program

At the request of the Lottery, IGT shall provide training once a year for agent, subcontractor and/or Lottery staff in the operation of video lottery terminals. IGT must provide the materials, equipment, and personnel for this training effort. Training must be conducted on-site at each of the three (3) Agent locations.

3.3 Gaming Systems Field Maintenance Program

IGT shall maintain a maintenance center and depot in the state to fully support the terminal maintenance and repair program and provide spare parts and technical services to maintain the VLTs. (For purposes of this section, the term "video lottery terminal" or "VLT" shall include all attachments that are provided or serviced by IGT.)

a. Video Lottery Terminal Maintenance Items

IGT will be required during any service call to routinely check mechanical security, safety, electronic reader, and any other attachments provided by IGT. IGT shall be responsible for maintaining the video lottery terminals in the highest level of appearance including, but not limited to cleaning of equipment and a refurbishing of covers.

b. Response Requirements

IGT shall be responsible to determine that all gaming terminals are operable and shall take positive action when hardware malfunction is indicated to ensure that the affected terminal is returned to an operational state within the required time as defined in this Agreement. In all cases, the Lottery reserves the right to make a commercially reasonable determination as to whether a VLT is operable and whether IGT responded within the time period specified.

c. Service Documentation

Operating and service manuals for all gaming terminals shall be kept updated and accessible to the Lottery.

d. Parts Supply

IGT shall maintain an adequate supply of parts to sustain the service of terminals that it has supplied and/or is required to maintain.

e. Trouble Tracking and Reporting System

IGT shall maintain and manage a data base and reporting system that fulfills the following criteria:

1. Tracking and various reporting of all video lottery terminals and other problems whether or not actual problems were found. Records on any particular terminal serial number must be maintained lifelong and must include VLTs in reserve or returned for maintenance.

2. Information for various reports is to be available in real time. The real time retrieval will not be limited to inquiries for the current day only but must include up to twelve (12) months of activity by date.

3. Various reports shall include, but are not limited to:

    a) By licensed agent for a given period
    b) By part or component
    c) Others as defined by the Lottery

4. Data shall include, but not be limited to:

    a) Terminal serial number.
    b) Component, sub-component, part identifiers.
    c) Time and date of reported problem.
    d) Nature of problem reported.
    e) Field service person identifier.
    f) Problem resolution and date and time.
    g) Elapsed time for notification to completed repair (down time).

3.4 Technical Support Services

3.4.1 IGT shall identify at least one staff member to have priority for Delaware service relative to all related aspects of video lottery operations during the term of this Agreement. This responsibility includes the software and mechanical engineering of the products. When no Lottery project requests are outstanding, such an individual can then and only then conduct work for other clients and purposes of IGT.

3.4.2 IGT shall have at least one service technician present at each of the Video Lottery Agents' locations during all operational hours. Technicians must be authorized and capable of conducting all maintenance requirements for IGT's terminals. The Lottery may require IGT to provide minimum levels of on-site staffing based on the number of terminals an individual technician is responsible for, day of the week, time of day, etc. Any exceptions to this requirement must be approved in advance by the Lottery.

4.0 Compensation

The Lottery agrees to compensate IGT by weekly payments for the leased VLTs according

to the following schedule:

For the period from the commencement of this Agreement and through the subsequent five (5) year initial term of the Agreement, the Lottery agrees to compensate IGT by weekly payments equal to the following;

a. Five point nine percent (5.9%) of the net proceeds of each 80960 and old AVP terminal leased by IGT to the Lottery. The platforms/cabinet styles included in these categories are the Game King 17, Game King 19, Game King Slant, Trimline 80960, S2000, S2000 Slant, Vision, Trimline AVP, Game King AVP Slant, G20, G22,GMLD and SMLD.

b. Six point nine seven five percent (6.975%) of the net proceeds of each new IGT AVP terminal leased by IGT to the Lottery. The platforms/cabinet styles included in this category are the G23 MLD, G23 LCD, Universal Slant MLD, Universal Slant LCD, Universal Slant Reel, SAVP, and G20 Bartop.

Net proceeds are to be determined in accordance with the definition set forth in the RFP.

IGT agrees to lease to the Lottery eighty (80) modified VLTs identified in section 3.1.5 of this Agreement for fixed lease payment of $1.00 per year per VLT.

5.0 Amendments/Merger

This Agreement constitutes the entire Agreement between the Lottery and IGT with respect to the subject matter hereof. The Agreement may be amended only by the signed, written agreement of both parties thereto.

6.0 Release of Bond

Pursuant to section 2.17.2 of the Agreement, the Lottery agrees to release the litigation bond after this Agreement is signed by both parties should IGT complete a covenant not to sue.

7.0 Assignment of Antitrust Claims

As consideration for the award and execution of this agreement by the Lottery, IGT hereby grants, conveys, sells, assigns, and transfers to the Lottery all of its right, title and interest in and to all known or unknown causes of action it presently has or may now or hereafter acquire under the antitrust laws of the United States and the State of Delaware, relating to the particular goods or services purchased or acquired by the Lottery pursuant to this agreement.

8.0 Benefit

This Agreement is solely for the benefit of the Lottery and IGT.

9.0 Notice

The parties agree that all notices given pursuant to the terms of this Agreement shall be sufficient if in writing and sent by certified mail or overnight courier service with receipt acknowledged. All other communications shall be sufficient if in writing and mailed postage prepaid first class. Any such notice or communication shall be sent to the following address or such other address as may be designated from time to time by the parties in writing:

As to the Lottery:

Vernon A. Kirk, Director
Delaware State Lottery Office
McKee Business Park
Suite 102
1575 McKee Road
Dover, DE 19904-1903

As to IGT:

Tim Shortall
IGT
Vice-President of Eastern Regional Sales
403 Westcoat Road
Egg Harbor Township, NJ 08234

IN WITNESS WHEREOF, the parties hereto have signed this Agreement on the dates indicated below, and the Agreement shall commence upon the later of the two signature dates listed below.

IGT, a Nevada corporation

By: Original on File
Tim Shortall
Vice President of Eastern Regional Sales

11/4/2013
Date

Original on File
Witness

11/4/2013
Date

Delaware State Lottery

By: Original on File
Vernon A. Kirk
Director

29 OCT 2013
Date

Original on File
Witness

10/29/2013
Date