VLT AGREEMENT

THIS VLT AGREEMENT (this "Agreement") is entered by and between GTECH USA, LLC, a Nevada limited liability company formerly known as Spielo International USA, LLC having a mailing address of c/o GTECH Corporation, GTECH Center, 10 Memorial Boulevard, Providence, Rhode Island 02903-1125 ("Vendor"), and the DELAWARE STATE LOTTERY, an agency created pursuant to 29 Del. C. Ch. 48, having a mailing address of 1575 McKee Road, Suite 102, Dover, Delaware 19904 (the "Lottery").

WHEREAS, the Lottery issued a Request for Proposals on April 5, 2013 (the "<u>RFP</u>") to invite interested manufacturers of video lottery terminals (as defined in Section 1.10 of the RFP) to submit proposals for the implementation and operation of video lottery terminals;

WHEREAS, Vendor submitted to the Lottery its responsive proposal (the "<u>Proposal</u>") to supply certain of its video lottery terminals (the "<u>VLTs</u>") on or about May 3, 2013;

WHEREAS, the Lottery desires to lease the VLTs and obtain certain related services from Vendor;

WHEREAS, Vendor desires to lease the VLTs and provide such related services to the Lottery on the terms set forth below; and

WHEREAS, the Lottery and Vendor 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 Vendor 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.

2.0 Lease of VLTs

Vendor agrees to lease to the Lottery and the Lottery agrees to lease from Vendor for the Term (as defined below) 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 Vendor lease to the Lottery an additional number of VLTs and/or decrease the number of VLTs leased, subject to the terms of this Agreement, the RFP and the Proposal. VLTs will consist of the models as described in the Proposal and any new models that Vendor may develop during the Term.

2.1 Governing Law

This Agreement shall be governed by the laws of the State of Delaware (the "State"). Any and all litigation arising under this Agreement shall be instituted in the appropriate state or federal court of the State and Vendor hereby waives access to any other court which may have concurrent jurisdiction within or without the State.

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 RFP; and (c) the Proposal. The Proposal and the RFP 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 to be provided. No services for which additional compensation may be charged by Vendor shall be furnished without the written authorization of the Lottery. When the Lottery desires any addition or deletion to the VLTs or a change in the services to be provided under this Agreement, it shall notify Vendor, who shall then submit to the Lottery a document for approval authorizing said change (a "Change Order"). The Change Order shall state whether the change shall cause an alteration in the price or the time required by Vendor for any aspect of its performance under this Agreement. Pricing of changes shall be consistent with those established under this Agreement.

2.3 <u>Term of Agreement</u>

- 2.3.1 This Agreement will be in effect for the period (the "<u>Initial Term</u>") commencing in the date on which this Agreement is executed and delivered (the "<u>Effective Date</u>") and expiring on October 28, 2018. The Initial Term, as it may be reduced by the Lottery for causes such as contract termination or loss of State funding and as it may be extended pursuant to Section 2.3.2 is referred to herein as the "<u>Term</u>" and the date on which the Term expires is referred to herein as the "<u>Expiration Date</u>".
- 2.3.2 The Lottery reserves the right to extend the Term, with the concurrence of Vendor, for up to three (3), two-year periods, at a rate of compensation negotiated by the parties. Any extension of the Term or any notice by the Lottery of intent to solicit new bids must be noticed ninety (90) days prior to the Expiration Date or at any time mutually agreed upon by both parties.
- 2.3.3 The Lottery further reserves the right to further extend the Term on thirty (30) days' notice for ninety (90) day periods if a different bidder's video lottery terminals are chosen in connection with a subsequent contract and the VLTs no longer 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 Vendor to continue leasing the VLTs after the expiration of any such ninety (90) day period.

2.4 <u>Vendor's Responsibilities as Prime Contractor</u>

- 2.4.1 Vendor will assume sole responsibility for delivery, installation and maintenance of the VLTs and the related services offered in the Proposal. The Lottery will consider Vendor to be the sole point of contact with regard to contractual matters.
- 2.4.2 It shall be the duty of Vendor to assure that all VLTs are technically sound and in conformance with all pertinent federal, state and local statutes, codes, ordinances, resolutions and other regulations. Vendor shall, without additional compensation, correct or revise any errors or omissions in the VLTs.
- 2.4.3 Permitted or required approval by the Lottery of any VLTs leased or related services provided by Vendor shall not in any way relieve Vendor of responsibility for the professional and technical accuracy and adequacy of the VLTs or such services. The Lottery's review, approval, acceptance, or payment for any of Vendor'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 Vendor shall be and remain liable in accordance with the terms of this Agreement and applicable law for all damages to the Lottery caused by Vendor's performance or failure to perform under this Agreement.
- 2.4.4 Vendor shall appoint a Project Manager who will manage the provision of services. All of the services specified by this Agreement shall be performed by employees of Vendor or affiliates of Vendor under the personal supervision of the Project Manager.
- 2.4.5 Vendor agrees that its 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 Vendor has or will retain such employees as it may need to perform the services required by this Agreement.
- 2.4.7 Except as set forth herein, 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 Vendor 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.

Vendor shall return any original data provided by the Lottery.

- 2.5.2 The Lottery shall assist Vendor 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 Vendor 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 Vendor's name, either express or implied, in any of its advertising or sales materials.
- 2.5.5 Vendor reserves the right to reuse any nonproprietary data for any purpose, including any analysis of industry-related information.

2.6 <u>Independent Contractor</u>

- 2.6.1 It is understood that in the performance of the services hereunder, Vendor shall be, and is, an independent contractor, and is not an agent or employee of the State and shall furnish such services in its own manner and method except as required by this Agreement. Vendor shall be solely responsible for, and shall indemnify, defend and save the Lottery and the State 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 Vendor acknowledges that Vendor and any subcontractors, agents or employees employed by Vendor shall not, under any circumstances, be considered employees of the State, and that they shall not be entitled to any of the benefits or rights afforded employees of the State, 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. The State will not provide or pay for any liability or medical insurance, retirement contributions or any other benefits for or on behalf of Vendor or any of its officers, employees or other agents.
- 2.6.3 As an independent contractor, Vendor has no authority to bind or commit the Lottery or the State. 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 managers, owners, investors, subcontractors, employees or any other associates of Vendor 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 Vendor. Vendor's aggregate liability under this Section 27.1 shall not exceed \$25,000.

2.7.2 Vendor agrees to cooperate with such investigations. The Lottery may terminate this Agreement if any such background check reveals that any such manager, owner, subcontractor employee or other associate is not suitable and Vendor does not terminate its relationship with such manager, owner, subcontractor employee or other associate or otherwise address the unsuitability on or before the date which is ninety (90) days following the date on which Vendor receives notice from the Lottery.

2.8 <u>Minority/Women-Owned Business Participation</u>

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

2.9 Termination

- 2.9.1 <u>For Cause</u>. 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 thirty (30) days notice of intent to terminate (which such notice period to be extended if the substantial failure of the other party is not reasonably susceptible to cure within the notice period provided that the other party is diligently attempting to cure the failure); and
 - b. An opportunity for consultation with the terminating party prior to termination.
- 2.9.2 <u>For Convenience</u>. This Agreement may be terminated in whole or in part by the Lottery for its convenience, but only after Vendor is given:
 - a. Not less than thirty (30) days notice of intent to terminate; and
 - b. An opportunity for consultation with the Lottery prior to termination.
- 2.9.3 <u>Compensation</u>. If termination for default or convenience is effected by the Lottery, the Lottery will pay Vendor 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, and
 - b. Any payment due to Vendor at the time of termination may be adjusted to the extent of any additional costs occasioned to the Lottery by reason of Vendor's default.

- 2.9.4 <u>Subsequent Determination</u>. If after termination for failure of Vendor to fulfill contractual obligations it is determined that Vendor has not so failed, the termination shall be deemed to have been effected for the convenience of the Lottery.
- 2.9.5 <u>Non-Exclusive Rights and Remedies</u>. The rights and remedies of the Lottery and Vendor provided in this Section 2.9 are in addition to any other rights and remedies provided by law or under this Agreement.
- 2.9.6 <u>Gratuities</u>. The Lottery may, by notice to Vendor, 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 Vendor or any agent or representative of Vendor to any officer or employee of the Lottery with a view toward securing this Agreement or securing favorable treatment with respect to the awarding or amending or making of and determinations with respect to the performance of this Agreement. In the event this Agreement is terminated as provided in this Section 2.9.6, the Lottery shall be entitled to pursue the same remedies against Vendor it could pursue in the event of a breach of this Agreement by Vendor. The rights and remedies of the Lottery provided in this 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.
- 2.9.7 <u>Minimum Number of VLTs</u>. If the number of VLTs leased by the Lottery from Vendor hereunder is less than 400, then Vendor shall have the option to terminate this Agreement. Vendor shall exercise such option by sending notice to the Lottery on or before the date which is ninety (90) days prior to the effective date of such termination.

2.10 Covenant Against Contingent Fees

Vendor 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 other than employees of Vendor or an affiliate of Vendor in the ordinary course of the business of Vendor or such affiliate. For breach or violation of this warranty, the Lottery shall have the right to terminate 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

Vendor is required to maintain books, records and all other evidence pertaining to this Agreement in accordance with generally accepted accounting principles (either United States GAAP or International Financing Reporting Standards) and such other procedures specified by the Lottery in writing and provided to Vendor. These records shall be available to the Lottery, and its internal or external auditors (and other designees) at all times during the Term and any extension thereof, and for three (3) full years from the Expiration Date and/or final payment on this Agreement or extension thereof, whichever is later.

2.12 Audit Requirements

Vendor must meet the following specific auditing obligations during the Term:

- a. Vendor or a parent company of Vendor will have a complete financial audit conducted annually. If such audited financial statements are not made publicly available on a website, then Vendor shall provide a copy of such audited financial statements to the Lottery annually.
- b. In addition, a complete internal control audit of Vendor's Delaware operations may be required by the Lottery, to be conducted annually by an independent certified public accounting firm pursuant to Statement on Standards for Attestation Engagements No. 16 (SSAE) 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 Vendor's business in general.
- c. The Lottery reserves the right to require the first internal control audit to be conducted on or before the date which is ninety (90) days following the Effective Date.
- d. Both the aforementioned types of audits shall be conducted at the expense of Vendor.
- 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. Vendor is required to provide, upon request, copies of filings with the Securities and Exchange Commission.

2.13 Right to Additionally Audit Vendor's Delaware Operations

The Lottery reserves the right to audit, at the Lottery's sole cost and expense, Vendor'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 the VLTs and the services provided, the assessment of liquidated damages, and the determination of payment due or to become due, the decision of the Lottery, acting reasonably, shall be final and binding.

2.15 Cooperation of the Parties

Vendor 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 Vendor 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 Vendor, its agents or employees, or (B) Vendor'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) Vendor shall have been notified promptly by the Lottery of any notice of such claim; (ii) Vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise and (iii) no person indemnified by Vendor makes any admission or concession or consents to a judgment or settlement without Vendor's prior consent and each such person cooperates as reasonably necessary with Vendor and its counsel in Vendor's defense.
- 2.16.2 If a third party claims that a VLT infringes any United States patent, copyright or trademark of any third party, then Vendor will defend such claim at its expense and will pay any costs or damages that may be finally awarded against the Lottery provided that (i) Vendor shall have been notified promptly by the Lottery of any notice of such claim; (ii) Vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise and (iii) no person indemnified by Vendor makes any admission or concession or consents to a judgment or settlement without Vendor's prior consent and each such person cooperates as reasonably necessary with Vendor and its counsel in Vendor's defense. Vendor shall not be obligated to defend the Lottery, however, if the claim is caused by (1) the Lottery's misuse or modification of the VLT; (2) the Lottery's failure to use corrections or enhancements made available by Vendor; (3) the Lottery's use of the VLT in combination with any product or information not owned or developed by Vendor; (4) the Lottery's distribution, marketing or use for the benefit of third parties of the VLT or (5) information, direction, specification or materials provided by a third party. If any VLT is in Vendor's opinion is likely to infringe or is determined by a court of competent jurisdiction to infringe a United States patent, copyright or trademark of any third party, then Vendor shall at its expense and option either (a) procure the right for the Lottery to continue using it, (b) replace it with a non-infringing equivalent or (c) modify it to make it non-infringing. The foregoing remedies constitute the Lottery's sole and exclusive remedies and Vendor's entire liability with respect to infringement.
- 2.16.3 The Lottery agrees that Vendor'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 Vendor's negligence, errors, omissions, strict liability, breach

of contract or breach of warranty shall not, in the aggregate, exceed the compensation paid to Vendor hereunder.

2.16.4 In no event shall Vendor 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 Vendor has been advised of the likelihood of such damages.

2.17 Insurance and Litigation Bond

2.17.1 Insurance

All required 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 and are acceptable to the Lottery. Required coverage must be put into effect as of the effective date of this Agreement and must remain in effect throughout the term. The Lottery must receive thirty (30) days advance written notice of cancellation, termination or failure to renew any policy.

Vendor shall purchase the insurance specified below. The purchase or nonpurchase of such insurance or the involvement of Vendor in any legal or equitable defense of any action brought against Vendor based upon the VLTs leased or the services provided pursuant to this 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 the VLTs leased or services performed pursuant to this Agreement.

Vendor shall purchase and maintain insurance for claims set forth below which may arise out of or result from Vendor's operations under this Agreement, whether such operations be by Vendor 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 Vendor does business;
- b. Claims for damages because of bodily injury, occupational sickness or disease, or death of Vendor's employees;
- c. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Vendor's employees; and
- d. Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom.

To the extent not already obligated to do so pursuant to the previous paragraph, Vendor shall also purchase and maintain the following insurance coverages:

- a. Comprehensive general liability insurance coverage with limits of not less than \$1,000,000;
- b. 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, the Lottery and the Agents will not be responsible for insuring any equipment or facilities included in or associated with this Agreement;
- c. Automotive liability insurance covering drivers and vehicles employed in connection with the performance of this Agreement with limits of not less than \$300,000 for personal injury to each person and \$25,000 for property damage; and
- d. 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 Vendor for direct loss which may be incurred due to any error caused by Vendor, its officers, employees, agents, subcontractors or assigns regardless of negligence.

Professional liability/errors and omissions/products liability insurance must continue until the date which is one (1) year following the Expiration Date. All other insurance must continue until the Expiration Date.

Certificates of insurance must be furnished to the Lottery on or before the date which is ten (10) days following the Effective Date and once per year thereafter during the Term.

The required insurance coverage shall be written for not less than any limits of liability as required by this Agreement, and shall include contractual liability as applicable to Vendor's obligations under Section 2.16 of this Agreement.

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

2.17.2 Litigation Bond

Pursuant to Section 1.44 of the RFP, Vendor hereby covenants with the Lottery to never institute a lawsuit against the Lottery or the State by reason of any claim which Vendor may have with respect to any matter relating to the award of contracts arising pursuant to the RFP.

The Lottery agrees to release the litigation bond provided by Vendor in connection with the RFP on or before the date which is ten (10) days following the Effective Date.

2.18 <u>Liquidated Damages</u>

Vendor acknowledges:

- a. If Vendor does not perform its obligations under this Agreement, then damage to the Lottery may 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 this Agreement.
- c. All assessments of liquidated damages shall be within the discretion of the Lottery and shall be the sole and exclusive remedy of the Lottery in damages for the applicable instance of non-performance by Vendor.
- d. The Lottery may terminate, in its sole discretion, this Agreement giving Vendor thirty (30) days prior notice if the Lottery assesses excessive liquidated damages or if there are sufficient instances of non-performance for which the Lottery may assess liquidated damages which, when combined with liquidated damaged already assessed by the Lottery, would be excessive.

2.18.1 Notification of Liquidated Damages

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

2.18.2 Conditions for Termination of Liquidated Damages

As determined appropriate by the Lottery, the following are the conditions under which Vendor may obtain relief from the continued assessment of liquidated damages:

- a. Except as waived by the Lottery, no liquidated damages imposed shall be terminated or suspended until Vendor issues a notice verifying the correction of the condition(s) for which liquidated damages were imposed, and all the corrections have been subjected to testing or other verification at the discretion of the Lottery.
- b. If appropriate, Vendor shall conduct testing of any correction as the Lottery deems necessary. Such testing shall be developed jointly by the Lottery and Vendor, 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 Lottery. The Lottery shall be the sole judge of the accuracy of any documentation provided.

Vendor'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 for an instance of non-performance shall constitute a waiver only as to such instance and not a waiver of any liquidated damages for future instances of non-performance. Failure to assess liquidated damages for an instance of non-performance on or before the date which is six (6) months following the date of such instance of non-performance shall constitute a waiver of the right to assess liquidated damages for such instance of non-performance.

2.18.5 Payment of Liquidated Damages

Payment of liquidated damages shall be made on or before the date which is thirty (30) days of the date of receipt of the assessment notice. If timely payment is not made, then the Lottery may collect such damages by deducting such damages from the compensation otherwise due to Vendor provided that the Lottery sends notice of such deduction to Vendor at least ten (10) days prior, by making a claim on the professional liability insurance or by any other lawful method.

2.18.6 Applicability of Liquidated Damages

Vendor 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 Vendor does not have the ordered quantities of VLTs operational on or before the date specified by the Lottery and agreed to by Vendor, then the Lottery may assess liquidated damages in the amount of up to two hundred dollars (\$200) per VLT for each day of delay. The

VLTs 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.

2.18.8 Untimely Terminal Repair

Vendor shall ensure that all VLTs are repaired or replaced and operational within the maximum repair time. The 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 VLT is repaired and ready to be activated for play. For the purposes of this Section 2.18.8, the "maximum repair time" shall be two (2) hours. If VLT maintenance is not completed within the maximum repair time, then liquidated damages may be assessed at the rate of up to one hundred dollars (\$100) per hour or a fraction thereof that the VLT remains unrepaired beyond the maximum repair time.

2.18.9 Lack of Video Lottery Terminal Preventive Maintenance

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

2.18.10 Deficient Terminal Field Service

Vendor shall employ sufficient resources and inventory to meet the performance standards for VLT field service specified in the RFP. Within thirty (30) days after notice from the Lottery that a performance standard is not being met, Vendor shall employ such additional resources as are necessary to meet the performance standard. If Vendor does not bring deficient performance up to the standards specified within thirty (30) days of notice, then the Lottery may assess liquidated damages in the amount of up to five hundred dollars (\$500) per day until performance is in compliance with this Agreement.

2.18.11 Failure to Provide Enhancements

During the Term, the Lottery and Vendor may agree in writing to a schedule for developing, testing, and implementing or installing a modification or enhancement of an existing Video Game or an addition of a new Video Game. If Vendor fails to meet any date specified in such a schedule, then the Lottery may assess liquidated damages of up to \$1,000 per day for each day of delay regarding the modification, enhancement, or addition of a Video Game.

2.18.12 Unauthorized Modifications

Vendor shall not modify any software, firmware, or hardware in the VLTs without the prior consent of the Lottery. If an unauthorized modification occurs, then the Lottery may assess initial liquidated damages of up to \$25,000 and additional liquidated damages of up to \$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 VLT to its previous operating state.

2.18.13 Unauthorized Access

Vendor shall prevent persons not authorized by the Lottery from accessing the interior of the VLTs. If Vendor fails to prevent unauthorized access, then the Lottery may impose liquidated damages of up to \$10,000 for each incident of unauthorized access by an unauthorized person.

2.19 Ownership of Materials and Right of Use

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. Ownership of the VLTs and all intellectual property associated therewith shall be retained by Vendor.

2.20 Video Game Playing and Prize Payment Restrictions

No officer or employee of Vendor or of any subcontractor or owner of a ten percent (10%) or greater share of Vendor or any subcontractor who is involved wit the performance of the obligations under this Agreement shall play the Video Games of the Lottery or be paid a prize in any Video Game. Vendor shall ensure that this requirement is made known to each officer and employee of Vendor and each 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 Vendor nor the Lottery shall be liable to the other for any delay in or failure of performance under this 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 affected party to be necessary to enable complete performance by the non-performing party if reasonable diligence is exercised after the cause of delay or failure has been removed.
- 2.21.3 If Force Majeure conditions for Vendor shall be expected to continue unabated for an indefinite period and Vendor cannot perform its obligations under this Agreement, then the Lottery retains the right to operate the VLTs or to terminate this Agreement.

2.22 Security Program

2.22.1 Prior to operations under this Agreement, Vendor shall establish a physical and software security program for the VLTs, subject to the prior 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 VLTs.
- 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 this Agreement and the premises in which the services hereunder are performed.

2.23 Taxes, Fees and Assessments

- 2.23.1 Vendor shall pay all taxes, fees and assessments upon the terminals, however designated, levied or based.
- 2.23.2 The State 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 this Agreement.

2.24 News Releases

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

2.25 Advertising

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

2.26 Hiring of Lottery Personnel

At all times during the one (1) year period commencing on the Effective Date, Vendor is prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Evaluation Committee personnel, advisors and employees of the Lottery involved in the evaluation of proposals, the contract awards or contract negotiations arising from the RFP. Making such an offer or proposition may result in the termination of this Agreement.

2.27 Code of Conduct

The 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, Vendor is expected to:

a. Offer VLTs and services only of the highest standards;

- b. Use commercially reasonable efforts to prevent Vendor from becoming embroiled in unfavorable publicity;
- c. Make sales presentations in a responsible manner. When pointing out the perceived superiority of its goods or services over those of competitors, Vendor 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 of the Lottery.

2.28 Tests Following Award

- 2.28.1 <u>Certification Tests</u>. The Lottery requires that the Video Game algorithms be certified by an independent laboratory. The Lottery currently contracts with GLI (as defined below) for certification of Video Game algorithms. Vendor must cooperate in submitting chips and/or other appropriate materials for the testing. Certification is an expense that must be borne by Vendor.
- 2.28.2 <u>Functional Tests</u>. The Lottery will conduct a series of acceptance tests to fully determine the communication functionality of the VLTs with the Lottery's central system. Failure of Vendor to pass these tests may result in Vendor paying liquidated damages. Cooperation of Vendor in these tests is required. Vendor will not be responsible for expenses resulting from this form of testing.
- 2.38.3 Other. The VLTs will be tested for each and every requirement in the RFP. Vendor'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 Expiration Date, the Lottery shall be solely responsible for identifying the milestones and dates for replacing the VLTs and Vendor shall cooperate fully and in good faith in said replacement.
- 2.29.2 Vendor shall remove all of its VLTs from each Premises pursuant to a Lottery-specified schedule prepared with the input of Vendor.

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 this Agreement shall be null and void at the insistence of the Lottery.

2.31 Equipment and Software Changes and Upgrades

- 2.31.1 Vendor'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 and new Video Games from Vendor's library. Vendor is further required to maintain the VLT software with supported releases for any third party products incorporated in the VLTs. All these changes and upgrades shall be included in Vendor's base price.
- 2.31.2 Changes and enhancements that exceed contract-specified requirements (and which are not otherwise accommodated by the above or by the pricing method in Part 4 of the RFP) will have the terms and price negotiated. Any VLTs made available to any of Vendor's other customers shall also be made available to the Lottery.
- 2.31.3 Unless otherwise specifically agreed to by the Lottery, during each full year of the Initial Term, Vendor agrees to provide game conversions for fifteen percent (15%) of the total number of VLTs leased under this Agreement. A conversion will be considered a change in game theme software.
- 2.31.4 Unless otherwise specifically agreed to by the Lottery, during each full year of the Initial Term, Vendor agrees to replace ten percent (10%) of the total number of VLTs that were installed prior to the Effective Date and leased under this Agreement (each such VLT is referred to herein as a "Legacy VLT").
- 2.31.5 Subsequent to the third anniversary of the Effective Date, the Lottery may request that Vendor replace ten percent (10%) of the total number of VLTs that are installed as of such date and leased under this Agreement which are not Legacy VLTs during each full year of the balance of the Initial Term.

2.32 <u>Lottery Approval of Staffing</u>

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

2.33 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. Lottery hereby approves Vendor's acquisition of VLTs from Konami Gaming, Inc. (whether by sale, lease or otherwise) and the subcontracting of certain services with respect to the VLTs to Scientific Games International, Inc., WMS Gaming, Inc. or both.

2.34 <u>Compensation During Contract</u>

Vendor 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 the VLTs.

2.35 Replacement of Under-Performing Video Lottery Terminals

- 2.35.1 If it becomes clear that any of the VLTs are under-performing with regard to generating Net Proceeds, then the Lottery reserves the right to alter the mix of VLTs. The following procedure will apply for determining the need for, and carrying out of, replacement of under-performing VLTs.
- 2.35.2 The Lottery shall maintain reports that define the performance of all video lottery terminals. The reports will apply to the overall population of video lottery terminals, to video lottery terminals provided by other vendors, 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.
- 2.35.3 For comparison purposes, the Lottery will use a rolling eight (8) week review of performance data for identifying under-performing video lottery 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 video lottery terminals to the VLTs are under-performing average Net Proceeds of the total video lottery terminal population by ten percent (10%) or more;
 - b. If a group of VLTs are under-performing the average Net Proceeds of a comparable set of video lottery terminals with a similar play style by ten percent (10%) or more; or
 - c. If a group of VLTs are under-performing the average Net Proceeds of a comparably located set of video lottery terminals by ten percent (10%) or more.
- 2.35.4 As a result of such performance tests the Lottery will make a determination whether the group of VLTs is "under-performing" and conversion or replacement is prudent.
- 2.35.5 For a group of VLTs determined to be "under-performing," Vendor 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 VLTs will be monitored for forty-five (45) days. If the adjustments include the replacement of VLTs, then Vendor shall have forty five (45) days in which to perform the adjustments.

2.35.6 If the "under-performing" tests still indicate that the group of VLTs is "underperforming," then the Lottery reserves the right to order that those VLTs be removed within thirty (30) days. The Lottery may then opt to replace the removed VLTs with VLTs from Vendor or another successful bidder, based on favorable Net Proceeds experience as determined from the Net Proceeds reviews described above, or other selection criteria. Replacement with video lottery terminals from another successful bidder will still be subject to the stipulation that no provider of video lottery terminals to the Lottery may provide more than sixty-five percent (65%) of the video lottery terminals at any Premises.

2.35.7 For removed VLTs, Vendor shall receive no further compensation from the Lottery, either related to Net Proceeds or to the effort and/or expense of removal. For removed VLTs, the Lottery will award those video lottery terminals as necessary to other successful bidders pursuant to 29 Del. C. §4820(b).

2.36 Reduction of Video Lottery Terminals

It is the Lottery's intent to maintain a sufficient number of video lottery terminals at each Premises 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 video lottery terminals at any of the Premises, then the Lottery reserves the right to remove VLTs based on performance levels of the VLTs, as determined by the rolling eight (8) week review of performance data as described in Section 2.35.

2.37 Patented Devices. Materials and Processes

2.37.1 Vendor 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, and shall, upon request of Lottery and subject to any obligation of confidentiality, provide a copy of any applicable agreements with the Lottery. Vendor shall save and hold harmless the State, the Lottery 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 services to be provided under this Agreement.

2.37.2 Should patentable or licensable designs, devices, materials or processes arise from Vendor's performance of its obligations under this Agreement, then Vendor shall retain the right to possess, develop and commercialize such designs, devices, materials or processes. The Lottery shall be granted the right or license to employ such designs, devices, materials or processes indefinitely in the execution of the Lottery business; <u>provided</u>, <u>however</u>, that the Lottery shall not license, distribute or otherwise commercialize such designs, devices, materials or processes.

2.38 Use of Copyrighted or Trademarked Materials

Vendor shall have the obligation to ensure that the VLTs do not infringe the United States copyright, trademark or other intellectual property rights of third parties. This may require Vendor to obtain permission for use, including payments made for such, to third parties. In

particular, Vendor is required to pay all franchise and/or licensing fees for use of Video Games employing symbols or names involving intellectual property rights of third parties.

2.39 <u>Licensing as a Technology Provider</u>

The failure of Vendor to maintain its status as a licensed Technology Provider during the Term will result in the termination of this Agreement.

2.40 Removal of Unapproved Equipment and Loss of License

Any VLT that does not conform to the VLTs previously provided by Vendor for testing and acceptance will be disconnected. If any modification to a VLT that has not been approved by the Lottery is supplied by Vendor and operated at a Premises, then the Lottery may disconnect all of the VLTs and may suspend Vendor's Technology Provider License.

2.41 Assignment

This Agreement may not be assigned, transferred, conveyed, sublet, or otherwise disposed of without previous approval of the Lottery. Any purported assignment in violation of this Section 41 shall be null and void. Further, Vendor may not assign the right to receive moneys due under this Agreement without the prior consent of the Lottery.

2.42 Confidential Information

- 2.42.1 Vendor, 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 approval of the Lottery, except as may be necessary in its performance of this 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 Vendor or its subcontractors, except as may be necessary in its performance of this Agreement.
- 2.42.2 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.

2.43 Scope of Agreement

If the scope of any provision of this Agreement is 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 Vendor hereto consents and agrees that such scope may be judicially modified accordingly and that the whole of such provisions of this Agreement shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to law.

2.44 Statutory Provisions

- 2.44.1 The Lottery may require Vendor 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 Expiration Date.
- 2.44.2 Vendor's Delaware business license number is 4221578.

2.45 Miscellaneous Provisions

- 2.45.1 In performance of this Agreement, Vendor shall comply with all applicable federal, state and local laws, ordinances, codes and regulations. Vendor shall solely bear the costs of permits and other relevant costs required in the performance of this Agreement.
- 2.45.2 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.
- 2.45.3 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.
- 2.45.4 Vendor 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. Vendor further covenants, to its knowledge and ability, that in the performance of said services no person having any such interest shall be employed.
- 2.45.5 Vendor acknowledges that the Lottery has an obligation to ensure that public funds are not used to subsidize private discrimination. Vendor recognizes that if Vendor refuses to hire or do business with an individual due to reasons of race, color, gender, ethnicity, disability, national origin, age or any other protected status, the Lottery may terminate this Agreement and designate Vendor as non-responsible if Vendor fails to correct such refusal on of or before the date which is thirty (30) days following the date of receipt of notice from the Lottery.

2.45.6 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.

2.46 Cashless License

Each VLT provided hereunder with cashless capability (a "<u>Licensed Cashless Gaming Machine</u>") is provided under a limited license to one or more of the following U.S. Patent Nos. 5,290,033; 5,265,874; 5,429,361; 5,470,079; 6,048,269; 6,729,957; 6,729,958; 6,736,725 and 7,275,991, as well as any continuations, continuations-in-part, divisionals, reissues, reexaminations, and foreign counterparts thereof (the "<u>Cashless Patents</u>"). Any use of a Licensed Cashless Gaming Machine constitutes the Lottery's acknowledgement of and agreement to the following "Limited License":

- Licensed Cashless Gaming Machine License Rights. Licensed Cashless Gaming Machines are licensed for use solely (i) in connection with a cashless gaming system that is separately licensed under the Cashless Patents (a "Licensed Cashless Gaming System") or (ii) on a stand alone basis (not connected to a cashless gaming system). The use of a Licensed Cashless Gaming Machine with an unlicensed gaming system that has cashless capability is an unlicensed use.
- 2. Other License Limitations. This Limited License is expressly limited to the original Licensed Cashless Gaming Machine (i.e., one serial number per license). This Limited License may not be transferred from one VLT to another. Any unauthorized transfer voids this Limited License.

3.0 Services

3.1 Delivery

- 3.1.1 The VLTs to be leased to the Lottery are described in the Proposal. The Premises at which the VLTs are to be installed and the positions in the Premises in which the VLTs are to be installed shall be determined by the Lottery. Vendor shall be responsible for the assembly and initial operation of the VLTs and all associated equipment in a manner to be approved by the Lottery. The VLTs are to be delivered and installed at the direction of the Lottery to the following Premises: Delaware Park in Wilmington, Dover Downs in Dover, Harrington Raceway in Harrington, or any other locations authorized by the Lottery.
- 3.1.2 Vendor also agrees to deliver up to two (2) VLTs of each model to the offices of Scientific Games International, Inc., located at 1575 McKee Road, Suite 101, Dover, Delaware, for the purpose of acceptance testing as previously described in Section 2.28. Vendor also agrees to provide sufficient VLT parts and sufficient information as is required for performance of necessary testing by Gaming Laboratories International, LLC ("GLI"), 600 Airport Road, Lakewood, New Jersey.

3.1.3 Vendor agrees that the technical specifications detailed in the RFP must be met before the VLTs are approved for use in the State.

3.2 <u>Gaming System Training Program</u>

At the request of the Lottery, Vendor shall provide training for Agent and Lottery staff in the operation of the VLTs. Vendor must provide the materials, equipment, and personnel for this training effort. Training must be conducted on-site at each of the three (3) Premises.

3.3 Gaming Systems Field Maintenance Program

Vendor shall maintain a maintenance center and depot in the State to fully support the VLT maintenance and repair program and provide spare parts and technical services to maintain the VLTs. For purposes of this Section 3.3, VLT shall include all attachments that are provided or serviced by Vendor.

a. VLT Maintenance Items

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

b. Response Requirements

Vendor shall be responsible to determine that all VLTs arc operable and shall take positive action when hardware malfunction is indicated to ensure that the affected VLT 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 Vendor responded within the time period specified.

c. Service Documentation

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

d. Parts Supply

Vendor shall maintain an adequate supply of parts with respect to the VLTs.

e. Trouble Tracking and Reporting System

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

- 1. Tracking and various reporting of all VLTs and other problems whether or not actual problems were found. Records on any particular VLT 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 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) VLT 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 from notice to completed repair (down time).

3.4 Technical Support Services

- 3.4.1 Vendor shall identify at least one (1) staff member to have priority for service of VLTs relative to all related aspects of video lottery operations during the Term. This responsibility includes the software and mechanical engineering of the VLTs. When no Lottery project requests are outstanding, such an individual can then and only then perform other tasks for Vendor.
- 3.4.2 Vendor shall have at least one (1) service technician present at each of the Premises during all operational hours. Technicians must be authorized and capable of conducting all maintenance requirements for the VLTs. The Lottery may require Vendor to provide minimum levels of on-site staffing based on the number of VLTs 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

During the Term, the Lottery agrees to compensate Vendor by weekly payments equal to the following;

- a. Seven percent (7%) of the Net Proceeds of each VLT that is installed from and after the Effective Date; and
 - b. Five and one-half percent (5.50%) of the Net Proceeds of each Legacy VLT.

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

The Lottery agrees that Vendor may enter into an agreement or agreements with each Agents pursuant to which such Agent compensates Vendor for agreeing to make Franchise Games available on any VLT.

5.0 Amendments/Merger

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

6.0 Assignment of Antitrust Claims

Vendor 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, relating to the VLTs leased and related services provided pursuant to this Agreement.

7.0 Benefit

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

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 (including, without limitation, approvals and consents) 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 Vendor:

GTECH USA, LLC c/o GTECH Corporation GTECH Center 10 Memorial Boulevard Providence, RI 02903-1125 Attention: General Counsel

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

Vendor:

GTECH USA, LLC

By: Original on File

Victor Duarte,
Manager

Original on File

Witness

Lottery:

DELAWARE STATE LOTTERY

By: Original on File

Vernon Kirk,
Director

Original on File

Witness

Original on File

Vernon Kirk,
Director

Original on File

Witness

Date