Execution Copy

PRIVATE MANAGEMENT AGREEMENT

by and between

THE STATE OF ILLINOIS,

DEPARTMENT OF THE LOTTERY

and

CAMELOT ILLINOIS LLC

TABLE OF CONTENTS

Page

SECTION 1	AGREEMENT FRAMEWORK AND STRUCTURE	1
1.1	Purpose of Agreement	1
1.2	Definitions	2
1.3	Construction	2
1.4	Due Diligence	3
SECTION 2	GENERAL RESPONSIBILITIES OF THE PARTIES	4
2.1	Manager	4
2.2	The State	4
SECTION 3	MANAGER TRANSITION SERVICES AND RESOURCE RESPONSIBILITIES	4
3.1	Transition	4
3.2	Existing State Contracts	8
3.3	Supply Agreements	9
SECTION 4	SERVICES	10
4.1	Scope of Services	10
4.2	Services Generally	10
4.3	Party Bearing Cost of Performance	10
4.4	Business Continuity	11
4.5	Force Majeure Events	11
4.6	Sale of Lottery Tickets	11
4.7	Title to Assets	11
SECTION 5	GOVERNANCE, SERVICE STANDARDS AND ANNUAL BUSINESS PLAN	11
5.1	Governance	11
5.2	Operating Standards	12
5.3	Business Plan	13
5.4	General Performance Standards	16
5.5	Modification to Service Levels	16
5.6	Service Level Credits	17
5.7	Excused Performance	18
5.8	Reporting on Performance	19
5.9	Requirement of Cooperation	19
5.10	Reporting of Adverse Impacts	20
5.11	Monthly Meeting	20

TABLE OF CONTENTS
(continued)

Page

SECTION 6	PERSONNEL	21
6.1	Manager Personnel Are Not State Employees	21
6.2	State Employees	21
6.3	Manager Personnel and Manager Key Personnel – Designation, Removal and Replacement	21
6.4	Supervision and Conduct of Manager Personnel	23
6.5	Compliance with State Policies and Rules	23
6.6	Other State Requirements – Manager Personnel	23
SECTION 7	SUBCONTRACTORS AND SUBCONTRACTS	24
7.1	Use of Subcontractors	24
7.2	Engagement, Termination or Substitution of Subcontractors	24
7.3	Requirement for Written Agreement with Subcontractors	25
7.4	Background Checks of Subcontractors	26
7.5	Subcontractor Agreements	26
7.6	Participation by Minority Businesses	29
7.7	Responsibility for Subcontractors	29
7.8	Manager Performance of Subcontracts	29
7.9	No State Responsibility	30
7.10	Removal/Replacement of Subcontractors	30
SECTION 8	INTELLECTUAL PROPERTY RIGHTS	32
8.1	Rights to Lottery Games	32
8.2	Rights to Lottery Trademarks	33
8.3	Rights to Advertising and Promotional Material and PPOS Displays	34
8.4	Rights to Software	35
8.5	Analytics Tools	35
8.6	Work Product	36
8.7	Licenses	36
8.8	Software Escrow	37
8.9	General Rights	38
SECTION 9	DATA PROTECTION, SECURITY AND CONFIDENTIALITY	39
9.1	Lottery Data and Analytics Data	39
9.2	Security	40
9.3	Confidentiality	41

TABLE OF CONTENTS
(continued)

Page

SECTION 10	COMPENSATION AND PAYMENT TERMS	45
10.1	Operating Allowance; Management Fee	45
10.2	Invoices	47
10.3	Incentive Compensation and Annual Reconciliation of Incentive Compensation, Operating Allowance and Management Fee	48
10.4	Payments Subject to Appropriations and Statutory Restrictions	52
10.5	Right to Apply Monies; Set-Off	52
10.6	Taxes	52
10.7	Interest	52
10.8	Certain Management Fee, Operating Allowance Expense and Net Income Exclusions	53
SECTION 11	RECORDKEEPING AND AUDIT RIGHTS	54
11.1	Contract Records	54
11.2	Recordkeeping	54
11.3	State Audit Rights	54
11.4	Audit Results	57
11.5	Governmental Audits of the State	58
11.6	Manager Response to Governmental Audits	58
11.7	Manager Audits	58
11.8	Manager Response to Audit	59
11.9	Audit Costs	59
11.10	Transparency Credits	59
SECTION 12	REPRESENTATIONS, WARRANTIES AND COVENANTS	60
12.1	Legal and LLC Authority	60
12.2	Performance of the Services	60
12.3	No Inducements	60
12.4	Non-Collusion	61
12.5	Manager Ethics and Integrity	61
12.6	Financial Condition and Financial Information	61
12.7	No Litigation	61
12.8	Non-Infringement; Authority to Grant Rights	61
12.9	Information Furnished to the State	62
12.10	News Releases and Advertisements	62

TABLE OF CONTENTS
(continued)

Page

12.11 Office Location 62
12.12 Ownership 62
12.13 Accounts 62
12.14 No Convictions for Bribery 63
12.15 Covenants Regarding Software Code 63
12.16 Compliance with State Policies and Rules and Regulatory Requirements 64
12.17 Disclosure by Manager 64
12.18 Disclosure by the State; Accuracy of Information 64
12.19 Non-Infringement; Authority to Grant Rights 64
12.20 Consent Required to Terminate or Amend the Termination Agreement and Supply Agreements 65
SECTION 13 TERM AND TERMINATION 65
13.1 Term of Agreement 65
13.2 State's Right to Terminate for Convenience 65
13.3 Termination by the State for Events of Default; Rights Upon Event of Default 65
13.4 Step-In Rights 68
13.5 Termination by Manager 69
13.6 Cost Recovery Payment 71
13.7 Cost Recovery Payment, State Benefit Payment and Early Disentanglement Fee Invoicing 73
13.8 Non-Exclusive Remedies 73
13.9 Survival 73
SECTION 14 DISENTANGLEMENT OBLIGATIONS 73
14.1 General Obligations 73
14.2 Disentanglement Process and Performance 74
14.3 Specific Disentanglement Services Obligations 75
SECTION 15 INDEMNIFICATION 77
15.1 Indemnification 77
15.2 Indemnification Procedures 79
15.3 Duty to Mitigate; Insurance Proceeds 81
SECTION 16 LIMITATIONS ON LIABILITY 81
16.1 Cap on Liability for Direct Damages 81
16.2 Limitation on Non-Direct Damages 81

TABLE OF CONTENTS
(continued)

Page

16.3	Exclusions from Limitations on Liability	81
16.4	Indemnification Payments	81
16.5	Acknowledged Direct Damages	81
SECTION 17	INSURANCE AND RISK OF LOSS	82
17.1	Minimum Required Insurance Coverages	82
17.2	Additional Insurance Coverages	83
17.3	Incremental Costs and Expenses	84
17.4	No Implied Limitation	85
17.5	Risk of Loss	85
17.6	Waiver	86
17.7	Proceeds	86
SECTION 18	PERFORMANCE SECURITY	86
18.1	Performance Security	86
18.2	Trigger Events	86
18.3	Grant of Security	87
18.4	Subcontractor Performance Securities and Collections	87
SECTION 19	LEGAL COMPLIANCE	87
19.1	Governmental Approvals	87
19.2	State Compliance Directives	88
SECTION 20	DISPUTE RESOLUTION; GOVERNING LAW	88
20.1	Dispute Resolution	88
20.2	Venue	89
20.3	Governing Law and Other Legal Considerations	89
20.4	Sovereign Immunity	90
SECTION 21	ADVERSE ACTIONS AND BENEFICIAL ACTIONS	90
21.1	Adverse Actions	90
21.2	Termination Adverse Action	91
21.3	Effect of Adverse Action	92
21.4	Determination of Adverse Actions	92
21.5	Beneficial Actions	92
21.6	Effect of Beneficial Action	93
21.7	Determination of Beneficial Actions	93

TABLE OF CONTENTS
(continued)

Page

SECTION 22	MISCELLANEOUS	94
22.1	Assignment	94
22.2	Third Party Beneficiaries	94
22.3	Notices	94
22.4	Waivers	95
22.5	Relationship Between the Parties	95
22.6	Third Party Consents	95
22.7	Severability	95
22.8	Bankruptcy Protection	95
22.9	Counterparts	95
22.10	Further Assurances	96
22.11	Covenant Regarding Pledging	96
22.12	Covenant of Good Faith	96
22.13	Acknowledgement	96
22.14	Entire Agreement	96
22.15	Amendments	96

Schedules to Private Management Agreement

Schedule 1.2	Definitions
Schedule 2.2	Operational Responsibilities of the State
Schedule 3.2	Existing State Contracts
Schedule 4.1	Operational Responsibilities of Manager
Schedule 4.1-A	Services Commencement Schedule
Schedule 5.1	Governance Protocols
Schedule 5.2.1	Operating Standards
Schedule 5.4	Service Levels
Schedule 5.8	Reports
Schedule 8.1.2	State Intellectual Property
Schedule 10.1	Payments Schedule
Schedule 10.1.1	Subcontract Spend Categories
Schedule 10.1-A	Calculations Workbook
Schedule 11.10	Transparency Credits
Schedule 12.1	Competitors of Manager

Exhibits to Private Management Agreement

Exhibit 3.1	Transition Plan
Exhibit 3.1.2	Northstar Disentanglement Plan
Exhibit 5.3.1	Initial Annual Business Plan
Exhibit 6.2	Employee Use Agreement
Exhibit 6.3.1	Manager Key Personnel
Exhibit 7.1	Provisionally Approved Subcontracts
Exhibit 10.1.4	Extended Technology Transition Services Plan
Exhibit 10.2.5	Form of Invoice
Exhibit 18.1	Performance Security
Exhibit 18.3	Account Control Agreement

PRIVATE MANAGEMENT AGREEMENT

This Private Management Agreement, together with any Schedules hereto, as the same may be amended, revised or otherwise modified (the "**Agreement**"), is entered into as of this 13th day of October, 2017 (the "**Agreement Effective Date**"), by and between the State of Illinois, acting through the Department of the Lottery (the "**State**"), and Camelot Illinois LLC, an Illinois limited liability company, with corporate offices at 318 West Adams Street, Suite 400E, Chicago, Illinois 60606 ("**Manager**"). The State and Manager are sometimes individually referred to herein each as a "**Party**," and collectively as the "**Parties**."

RECITALS

WHEREAS, the State established the Lottery (as defined in this Agreement) in 1974 under the Illinois Lottery Law, 20 ILCS 1605/1 through 27, as amended (the "**Existing Lottery Law**"), which has been continuously operated and maintained as a government enterprise of the State since its inception;

WHEREAS, pursuant to the Existing Lottery Law, the State is authorized to enter into a private management agreement with a vendor to provide the Services (as such term is defined in this Agreement) in connection with the Lottery;

WHEREAS, on July 28, 2016, the State issued a "Request for Proposal for New Manager" seeking a private manager to assist the State in the management and operation of the Lottery (the "**RFP**");

WHEREAS, Manager submitted to the State an initial response, dated November 4, 2016, which included information concerning Manager's experience, organization, financial reports, references, and financial resources, as well as information needed to comply with State background check and procurement requirements, including an offer and related documents (such binding offer and related documents, the "**Manager Proposal**");

WHEREAS, based on the Manager Proposal, the State selected Manager to provide the State with the Services described in this Agreement;

WHEREAS, pursuant to the United States Department of Justice Opinion and the Existing Lottery Law, the State must exercise actual control over all significant business decisions concerning the Lottery; and

WHEREAS, the State and Manager wish to specify the terms and conditions under which Manager shall provide such Services to the State, including regulatory and step-in powers of the State with respect to the Lottery.

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

Section 1 AGREEMENT FRAMEWORK AND STRUCTURE

1.1 Purpose of Agreement. The State, while continuing to conduct and maintain oversight and control over the Lottery, hereby engages Manager to provide the Services described in this Agreement while maintaining the highest levels of integrity and responsibility. This Agreement sets forth

the terms and conditions of the management engagement between the State and Manager pursuant to which Manager shall coordinate and manage the specific Lottery operations described in this Agreement, including developing opportunities for innovation, analytics and market responsiveness for the Lottery.

1.2 Definitions. Capitalized terms used in this Agreement, including in any Schedules and other documents attached to or otherwise made a part of this Agreement, shall have the meanings ascribed to them in **Schedule 1.2** (Definitions). Other capitalized terms used in this Agreement are defined in the context in which they are used and shall have the meanings ascribed to them therein. Terms used but not defined in this Agreement shall have their ordinary meaning. The terms defined in **Schedule 1.2** (Definitions) include the plural as well as the singular.

1.3 Construction.

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

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

1.3.3 References to Manager. As used in this Agreement in the context of providing, directly or indirectly, any aspect of the Services hereunder: (i) a reference to "Manager" shall mean at all times that Manager is responsible for ensuring and causing the compliance of Subcontractors, Affiliates of Manager and Manager Personnel with the terms and conditions of this Agreement to the extent that such Persons are providing any aspect of the Services; (ii) with regard to complying with the terms and conditions of this Agreement, references to Manager include Affiliates of Manager and Subcontractors to the extent that such Persons are providing any aspect of the Services; and (iii) with regard to complying with the terms and conditions of this Agreement, references to Manager include the applicable Manager Personnel to the extent that such Persons are providing any aspect of the Services.

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

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

1.3.6 Imputation of Knowledge to the State. The State will not be imputed with knowledge of any fact, matter or thing unless that fact, matter or thing is within the actual, conscious knowledge of those of its employees or agents (including those of the Department of the Lottery, the Office of the Governor and the Lottery Control Board, but excluding any Lottery Retailers and their principals or employees, that may be deemed agents of the Lottery) who have responsibilities relating to the Lottery or the State's performance of this Agreement.

1.3.7 Imputation of Knowledge to Manager. Manager will not be imputed with knowledge of any fact, matter or thing unless that fact, matter or thing is within the actual, conscious knowledge of those of its employees or agents (including those of Manager's Affiliates but excluding any Subcontractors who are not Manager's Affiliates and the agents, employees or workers of any such Subcontractors) who have responsibilities relating to the Services or Manager's performance of this Agreement.

1.3.8 Order of Precedence. It is the intent of the Parties that the language in the Contract Documents be construed to the maximum extent possible so as not to create a conflict among or between such Contract Documents, and, to the extent the conflicting terms can reasonably be interpreted so that such terms are consistent with each other, such consistent interpretation shall prevail. If there is a conflict among the terms in the various Contract Documents, the following order of precedence shall prevail: (a) any subsequent addendum or amendment to this Agreement in accordance with Section 22.15 shall prevail over a conflicting term in any Contract Document, including any previous addendum or amendment to this Agreement; (b) the terms set forth in the body of this Agreement shall prevail over a conflicting term in the Schedules (including, for the avoidance of doubt, the Operating Standards and the Calculations Workbook); (c) the terms in **Schedule 4.1** (Operational Responsibilities of Manager) shall prevail over a conflicting term in the other Schedules or in any documents attached to **Schedule 4.1** (Operational Responsibilities of Manager); and (d) this Agreement (including its Schedules) shall prevail over a conflicting term in any other Lottery Document that is not a Contract Document, unless such other agreement, document or instrument expressly provides that such term prevails over the specified term in this Agreement.

1.3.9 Statutory Rights. Nothing in this Agreement affects any rights granted or terms required, in either case, by applicable law that cannot, under applicable law, be waived or limited by contract. If there is a conflict between any term in this Agreement and any right granted or term required by applicable law that cannot, under applicable law, be waived or limited by contract, applicable law shall prevail.

1.3.10 Neither Party Considered Drafter. The Parties agree that no Party shall be deemed the drafter of this Agreement, and that, in construing this Agreement in case of any claim that any provision of this Agreement may be ambiguous, no such provision shall be construed in favor of one Party on the ground that such provision was drafted by another Party.

1.4 Due Diligence. Manager hereby acknowledges that it has reviewed the terms set forth in this Agreement, reviewed the State Policies and Rules, reviewed all information and documents made available through the State Data Room to which the State provided Manager access, has had adequate opportunity to make inquiries regarding the foregoing items, and has received answers or additional diligence materials, as the case may be, regarding the same from the State (collectively, the "**Due Diligence Information**"). Manager shall not be relieved of any of its obligations under this Agreement, nor shall the Payments, Minimum Net Income, Net Income Targets, Services or Service Levels, or any other terms and conditions of this Agreement be adjusted as a result of Manager's failure to review the Due Diligence Information. Manager acknowledges that except as expressly set forth in Sections 12.18

and 12.19, none of the State, any Affiliate of the State, or their respective officers, directors, managers, members, employees and agents is making, and Manager hereby expressly waives, any representation or warranty, express or implied, as to the future operations or results of the Lottery.

Section 2 GENERAL RESPONSIBILITIES OF THE PARTIES

2.1 Manager. Manager shall, subject to the actual control and oversight of the conduct of the Lottery by the State, and in accordance with the terms and conditions of this Agreement, the State Policies and Rules, the Operating Standards and the Specifications, provide the Services.

2.2 The State. The State shall, (a) at no expense to Manager, perform the specific functions and services described in **Schedule 2.2** (Operational Responsibilities of the State) and (b) retain actual control and oversight over the conduct of all Lottery operations and significant business decisions, including (i) retention of the authority to direct or countermand Manager's operating decisions in all material respects at any time, including the right to direct Manager, as expressly provided in this Agreement, to suspend the provision of any or all of the Services for a period of time, (ii) maintenance of ready access to information regarding all aspects of Lottery operations, including information in the custody or control of Manager to the extent related to Lottery operations, and (iii) retention of ownership of all State Intellectual Property (collectively, the "**Retained Services**").

Section 3 MANAGER TRANSITION SERVICES AND RESOURCE RESPONSIBILITIES

3.1 Transition.

3.1.1 Manager Transition Services. The plan for the transition of performance of the Services from the Current Manager to Manager (the "**Transition**") is attached hereto as **Exhibit 3.1** (as such Transition Plan may be amended by the Parties from time to time, the "**Transition Plan**"). During the Transition, which shall commence on the Agreement Effective Date and end on the Transition Completion Date, Manager shall perform the services, functions and responsibilities and provide the deliverables associated with the Transition that are expressly assigned to or imposed on Manager in the Transition Plan (which shall exclude the State Transition Activities and those services, functions, responsibilities and deliverables assigned to or imposed on the Current Manager pursuant to the Termination Agreement or the Northstar Disentanglement Plan or otherwise as mutually agreed to by the Parties) (collectively, the "**Manager Transition Services**"). During the Transition, the State shall, as an Administrative Expense, perform the services and functions specified as State responsibilities in the Transition Plan or the Disentanglement Master Plan or as otherwise specified in this Agreement (the "**State Transition Activities**"). Manager and the State shall each reasonably cooperate with the other in connection with its performance of its respective activities and obligations during the Transition, and the State shall use its Reasonable Best Efforts to cause the Current Manager (and the Current Manager's Affiliates and subcontractors and vendors) to cooperate with Manager in connection with Manager's performance of the Manager Transition Services, including transferring Lottery Data to Manager in the appropriate format in a reasonable time frame as directed by Manager and free of material errors and corruption.

3.1.2 Northstar Disentanglement. Manager acknowledges receipt of the Termination Agreement and the Northstar Disentanglement Plan. To the extent consistent with the Manager Transition Services and Manager's obligations under this Agreement and the Transition Plan, Manager shall reasonably cooperate with the Current Manager in connection with the Current

Manager's performance of its obligations associated with the Transition as set forth in any of the Termination Agreement, the Northstar Disentanglement Plan and the Transition Plan. The State shall use its Reasonable Best Efforts to cause the Current Manager (and the Current Manager's Affiliates and subcontractors and vendors) to satisfy its obligations under each of the Termination Agreement, the Northstar Disentanglement Plan, the Transition Plan the Disentanglement Master Plan, and all other obligations of the Current Manager associated with the Transition or in any way affecting Manager Transition Services, including the State using its Reasonable Best Efforts to cause the Current Manager and the Current Manager's Affiliates to: (a) cooperate with the State, its Affiliates, another designated State of Illinois agency, Manager and Manager's Subcontractors and to otherwise promptly take all steps reasonably required to assist the State to effect the Northstar Disentanglement Plan, the Transition Plan and the Disentanglement Master Plan; (b) provide to Manager all information then being utilized by the Current Manager with respect to data conversions, interface specification, programs, tools, utilities and other resources used to provide the Services (including URLs used in connection with the Lottery) and knowledge transfer with respect to all such information in connection with Manager Personnel (and that of Manager's Subcontractors) fully assuming, becoming self-reliant with respect to and continuing without interruption the provision of the Services; (c) provide for the prompt and orderly conclusion of all work, including completion or partial completion of Services, documentation of work in progress, and other measures to facilitate an orderly Transition; and (d) carry out the obligations described in any of this Section 3, the Termination Agreement, the Northstar Disentanglement Plan, the Transition Plan and the Disentanglement Master Plan. The State shall cause the Lottery to continue to operate in its ordinary course, without any interruption in the business or operations of the Lottery, through the Transition Completion Date. The State shall, and shall use its Reasonable Best Efforts to cause the Current Manager to, meet with Manager in person or by telephone, video or other electronic conference within five (5) days after the Agreement Effective Date in order to develop a detailed and specific plan to continue the separation process contemplated by the Northstar Disentanglement Plan and to implement the Transition Plan and Disentanglement Master Plan.

3.1.3 Transition Expenses. Manager shall perform the Manager Transition Services in accordance with the timetable and the Transition Milestones set forth in the Transition Plan. The State shall pay the Transition Expenses in accordance with the provisions of the Transition Plan and as provided for in Section 10.2.4. The State shall not be responsible for any charges, fees or expenses of Manager or any Person engaged by Manager in connection with the Manager Transition Services unless the State has otherwise agreed in this Agreement or in the Transition Plan that the State shall bear all or a portion of such charges, fees or expenses. The State shall be responsible, as an Administrative Expense, for all charges, fees or expenses in connection with State Transition Activities, unless Manager has explicitly agreed in this Agreement, the Transition Plan or the Disentanglement Master Plan that Manager shall bear all or a portion of such charges, fees or expenses. Manager shall in no way be responsible for any charges, fees or expenses of the Current Manager (or any subcontractor or other Person engaged by the Current Manager) in connection with the performance of the Current Manager's obligations under each of the Termination Agreement, the Northstar Disentanglement Plan, the Transition Plan and the Disentanglement Master Plan.

3.1.4 Status Reports; Notice of Inability to Perform Manager Transition Services. Manager shall provide Transition Reports in accordance with the format and medium of transmission, schedule and frequency specified in the Transition Plan. In addition, Manager shall provide in a timely manner such additional Transition Reports as the State may reasonably request regarding the performance of the Manager Transition Services and the then-current status with respect to the Transition Milestones and other timetables set forth in the Transition Plan.

Promptly upon Manager having knowledge of any information indicating that Manager is or would reasonably be expected to be unable to perform its responsibilities or meet the timetable set forth in the Transition Plan and such inability to perform would reasonably be expected to result in a delay of the Transition Completion Date beyond the Scheduled Transition Completion Date by five (5) or more Business Days (a "**Material Delay**"), Manager shall notify the State in writing of such Material Delay and identify for the State's consideration and Approval specific measures to address such Material Delay and mitigate the risks associated therewith. Promptly upon the State having knowledge of any information indicating that the State is or would reasonably be expected to be unable to timely perform the State Transition Activities or that the Current Manager is or would reasonably be expected to be unable to timely perform its obligations associated with the Transition and, in either case, such inability to perform would reasonably be expected to result in a Material Delay, the State shall notify Manager in writing of such Material Delay and shall work with Manager to identify and implement specific measures to address such Material Delay and mitigate the risks associated therewith.

3.1.5 Failure to Complete Transition and Meet Transition Milestones.

(a) *Manager Transition Delay Event.* If, as a consequence of a Manager Transition Delay Event, Manager, the State and the Current Manager have failed to (i) complete the Transition by the Scheduled Transition Completion Date or (ii) complete any Transition Milestone during the Transition by the deadline specified for the completion of the Transition Milestone in the Transition Plan, then (A) the State shall have the right to require Manager to promptly reimburse the State, as a Management Fee Expense, for all reasonable incremental (internal and external Third Party) costs and expenses in excess of those that would otherwise have been incurred by the State if the Manager Transition Delay Event had not occurred, and in each case, to the extent arising as a consequence of such Manager Transition Delay Event; provided, however, that the State shall use its Reasonable Best Efforts to mitigate such costs and expenses; and (B) any affected Transition Milestone and the commencement of any affected portion of the Services shall be adjusted reasonably to accommodate the impact of the delay.

(b) *State Transition Delay Event.* If, as a consequence of a State Transition Delay Event, Manager, the State and the Current Manager have failed to (i) complete the Transition by the Scheduled Transition Completion Date or (ii) complete any Transition Milestone during the Transition by the deadline specified for the completion of the Transition Milestone in the Transition Plan, then (A) Manager shall have the right to require the State to promptly reimburse Manager, as an Administrative Expense, for all reasonable incremental (internal and external Third Party) costs and expenses in excess of those that would otherwise have been incurred by Manager if the State Transition Delay Event had not occurred, and in each case, to the extent arising as a consequence of such State Transition Delay Event; provided, however, that Manager shall use its Reasonable Best Efforts to mitigate such costs and expenses; and (B) any affected Transition Milestone and the commencement of any affected portion of the Services shall be adjusted reasonably to accommodate the impact of the delay.

(c) *Other Transition Delay Event.* If, as a consequence of an Other Transition Delay Event, Manager, the State and the Current Manager have failed to (i) complete the Transition by the Scheduled Transition Completion Date or (ii) complete any Transition Milestone during the Transition by the deadline specified for the completion of the Transition Milestone in the Transition Plan, then (A) (1) Manager shall be responsible, as a Management Fee Expense and/or an Operating Allowance Expense,

as applicable, for all of the incremental costs and expenses incurred by Manager as a result of such failure (the "**Manager OTDE Expenses**"); provided, however, that both Parties shall use their Reasonable Best Efforts to mitigate such costs and expenses; provided, further, that in the event the Manager OTDE Expenses exceed One Million Dollars ($1,000,000), or such lesser amount as agreed to in writing by the Parties, then upon written request from Manager for advancement of any Manager OTDE Expenses, the State may, in its sole and absolute discretion, make an advance payment to Manager for such Manager OTDE Expenses in the amount requested by Manager in such written request, and set-off any advanced Manager OTDE Expenses not repaid by Manager against future Payment(s) (after consultation with Manager so as not to cause Manager to fail to satisfy its obligations to any Subcontractor or Manager Personnel), which amount of Manager OTDE Expenses, if paid by the State, shall bear interest at the Prime Rate from the date such Manager OTDE Expenses are paid by the State and continuing until repaid by Manager or set-off by the State; and (2) the State shall be responsible, as an Administrative Expense, for all of the incremental costs and expenses incurred by the State as a result of such failure, and (B) any affected Transition Milestone and the commencement of any affected portion of the Services shall be adjusted reasonably to accommodate the impact of the delay. In the event the State elects to fund the Manager OTDE Expenses, Manager shall invoice the State from time to time for such Manager OTDE Expenses, and the State shall pay all invoiced amounts (other than those disputed in good faith) to Manager in accordance with Section 10.2.4. For the avoidance of doubt, in the event the State elects to fund any Manager OTDE Expenses, such election shall not obligate the State to fund any future requests for payment of Manager OTDE Expenses.

(d) *Combination Transition Delay Event.* If Manager, the State and the Current Manager have failed to (i) complete the Transition by the Scheduled Transition Completion Date or (ii) complete any Transition Milestone during the Transition, in each case, for causes attributable to a combination of two (2) or more of a Manager Transition Delay Event, a State Transition Delay Event and an Other Transition Delay Event, then (A) (i) the percentage of the reasonable incremental (internal and external Third Party) costs and expenses in excess of those that would otherwise have been incurred by the State if the Manager Transition Delay Event had not occurred shall be paid by Manager, as a Management Fee Expense, (ii) the percentage of the reasonable incremental (internal and external Third Party) costs and expenses in excess of those that would otherwise have been incurred by Manager if the State Transition Delay Event had not occurred shall be paid by the State, as an Administrative Expense, and (iii) all costs and expenses incurred as a result of an Other Transition Delay Event shall be the sole responsibility of the incurring Party ((x) for Manager's costs and expenses, as a Management Fee Expense and/or Operating Allowance Expense, as applicable, and (y) for the State's costs and expenses, as an Administrative Expense, subject to the State's right to fund Manager OTDE Expenses); (B) any affected Transition Milestone and the commencement of any affected portion of the Services shall be adjusted reasonably to accommodate the impact of the delay; and (C) each Party shall use its Reasonable Best Efforts to mitigate such costs and expenses.

3.1.6 Completion of Transition.

(a) Manager shall notify the State in writing upon its completion of each Transition Milestone, which notice shall include reasonably detailed documentation verifying such completion (each such notice, a "**Milestone Completion Notice**"). The State shall, within fifteen (15) Business Days after receipt of each Milestone Completion

Notice, review the Milestone Completion Notice and either (i) notify Manager in writing of the State's acceptance that the applicable Transition Milestone has been completed (each a "**Notice of TM Acceptance**"), or (ii) notify Manager in writing with reasonable specificity of any deficiencies in the completion of the applicable Transition Milestone and/or of any failures to include all the supporting documents necessary to verify such completion (each a "**Notice of TM Deficiency**"). Subject to Section 3.1.6(c), Manager shall use its Reasonable Best Efforts to correct the identified deficiencies and complete the Transition Milestone in the manner originally provided under this Agreement and the Transition Plan. Upon completion of any corrective and/or remedial actions, Manager shall resubmit its Milestone Completion Notice and the foregoing procedures shall be repeated until the applicable Transition Milestone has been achieved. For the avoidance of doubt, the State's failure to respond to any Milestone Completion Notice within the aforementioned fifteen (15) Business Day period shall not constitute acceptance that the applicable Transition Milestone has been completed.

(b) Upon Manager's determination that all of the Transition Milestones have been completed, Manager shall deliver a certificate specifying the completion and the supporting documents necessary to verify such completion (the "**Certificate of Completion**"). The State shall, within fifteen (15) Business Days after receipt of the Certificate of Completion, review the Certificate of Completion and either (i) execute and deliver the proposed Certificate of Completion (such date of execution and delivery, the "**Transition Completion Date**"), or (ii) notify Manager in writing with reasonable specificity of any deficiencies in the achievement of all Transition Milestones and/or of any failures to include all the supporting documents necessary to verify such completion (a "**Notice of CC Deficiency**"). Subject to Section 3.1.6(c), Manager shall use its Reasonable Best Efforts to correct the identified deficiencies and complete the Transition Milestone in the manner originally provided under this Agreement and the Transition Plan. Upon completion of any corrective and/or remedial actions, Manager shall resubmit its Certificate of Completion and the foregoing procedures shall be repeated until all Transition Milestones have been achieved. For the avoidance of doubt, the State's failure to respond to Manager's delivery of the Certificate of Completion within the aforementioned fifteen (15) Business Day period shall not constitute acceptance that all the Transition Milestones have been completed.

(c) Notwithstanding anything to the contrary set forth in Section 3.1.6(a) or 3.1.6(b), to the extent any deficiency described in a Notice of TM Deficiency or Notice of CC Deficiency is due to a State Transition Delay Event or an Other Transition Delay Event, then Manager shall be entitled to additional time reasonably sufficient to achieve the applicable Transition Milestone(s) and to effectuate the modifications and tasks necessary to achieve the Manager Transition Milestones in accordance with Section 3.1.1 and to complete the Transition.

3.2 Existing State Contracts. No later than fifteen (15) days after the Agreement Effective Date, Manager shall provide written notice to the State (the "**Contract Assumption Notice**") designating each Existing State Contract on **Schedule 3.2** (Existing State Contracts) that Manager elects to assume (each an "**Assumed Contract**"). On the Base Services Commencement Date, the State shall assign (or cause to be assigned) to Manager each Assumed Contract, subject to any applicable required Third Party consents to assignment. The State shall, as an Administrative Expense, use its Reasonable Best Efforts to obtain and maintain all Third Party consents to assignment required under the Assumed Contracts. The State shall also, as an Administrative Expense, use its Reasonable Best Efforts to obtain any estoppels from such Third Parties as reasonably requested by Manager. If the consent of any Third Party to an

Existing State Contract that would otherwise be an Assumed Contract is required by such Existing State Contract and is not obtained, then (i) such Existing State Contract shall remain in place in accordance with its terms, and (ii) the State shall jointly administer such Existing State Contract with Manager such that Manager receives substantially all of the material rights and benefits (and assumes and discharges substantially all of the obligations or liabilities) associated with such Existing State Contract (each, a "**Jointly Administered State Contract**" and together with the Assumed Contracts, collectively, the "**Continuing State Contracts**"). Whether or not any such Jointly Administered State Contract is assigned to Manager, the costs and expenses incurred under or with respect to any Jointly Administered State Contract shall be an Operating Allowance Expense. The State shall be responsible, as an Administrative Expense, for any amounts owing under or with respect to the respective Continuing State Contracts and attributable to the period prior to the assumption by Manager of the applicable Continuing State Contract or arising directly as a result of the assignment of such Continuing State Contract to Manager, and the State shall reimburse Manager, as an Administrative Expense, for such amounts to the extent incurred by Manager. When Manager assumes an Assumed Contract, any costs and expenses incurred under or with respect to that Assumed Contract shall, solely in respect of the period after such assumption, be borne by Manager, as an Operating Allowance Expense. Notwithstanding the foregoing, any additional costs and expenses resulting from the failure to obtain such Third Party consent to the assignment of an Assumed Contract shall be the responsibility of the State, as an Administrative Expense, and the State shall reimburse Manager, as an Administrative Expense, for all reasonable incremental costs and expenses incurred by Manager as a result of the failure to obtain such Third Party consent. Manager shall not be responsible for (A) breaches of any Continuing State Contract by any party thereto as a consequence of events that occurred prior to the date Manager assumed the Continuing State Contract, (B) breaches of this Agreement to the extent attributable to the existing terms and conditions of a Continuing State Contract not being consistent with this Agreement, or (C) any failure to comply with (x) the Operating Standards, (y) State Policies and Rules or (z) any other Regulatory Requirement, in each case, to the extent attributable to the existing terms and conditions of a Continuing State Contract not being consistent and/or compliant with the Operating Standards, this Agreement, any State Policies and Rules, or any applicable Regulatory Requirement; provided, however, that clauses (B) and (C) of this Section 3.2 shall cease to apply with respect to breaches or failures occurring on or after the earlier of (a) such date Manager enters into a new Contract that supersedes or replaces the applicable Continuing State Contract and (b) the first (1st) anniversary of the Base Services Commencement Date. However, if there is any material amendment, restatement or other modification to a Continuing State Contract, Manager shall use its Reasonable Best Efforts to cause such Continuing State Contract to be amended to comply with the Operating Standards, State Policies and Rules and other Regulatory Requirements.

3.3 Supply Agreements. Except as otherwise set forth in the Transition Plan, Manager shall assume, as of the Base Services Commencement Date, each of the Supply Agreements. The State shall be responsible, as an Administrative Expense, for any amounts owing under or with respect to the respective Supply Agreements and attributable to the period prior to the assumption by Manager of the applicable Supply Agreement (including fees specifically triggered as a direct consequence of such assignment), and the State shall reimburse Manager, as an Administrative Expense, for such amounts to the extent incurred and paid by Manager. When Manager assumes a Supply Agreement, any costs and expenses incurred under or with respect to that Supply Agreement shall, solely in respect of the period after such assumption, be borne by Manager, as an Operating Allowance Expense; provided, however, that the State shall be responsible, as an Administrative Expense, for any amounts owing under or with respect to the respective Supply Agreements in respect of (1) any State sales or use taxes (including for the avoidance of doubt Retailers' Occupation tax), (2) in the event a Supply Agreement is terminated prior to December 31, 2018 (or such later date), any compensation due and owing pursuant to the applicable Supply Agreement for the period beginning on the applicable termination date and ending on December 31, 2018 (or such later date as provided in the Supply Agreement), (3) any and all additional compensation due under Section 13.1 of the IGT Supply Agreement related to the revocation or suspension of the State's

license to sell one or more Multi-State Association Games, and (4) any and all additional compensation due under Section 15.1 of the SGII Supply Agreement related to the State's delay in paying prizes. The State shall reimburse Manager, as an Administrative Expense, for such amounts in clauses (1)—(4) to the extent incurred by Manager, and the Estimated Operating Allowance and the Final Operating Allowance shall be adjusted to include the amounts in clauses (1)—(4). Manager shall not be responsible for (A) breaches of a Supply Agreement by any party thereto as a consequence of events that occurred prior to the date Manager assumed the Supply Agreement, (B) breaches of this Agreement to the extent attributable to the existing terms and conditions of a Supply Agreement not being consistent with this Agreement, or (C) any failure to comply with (x) the Operating Standards, (y) State Policies and Rules or (z) any other Regulatory Requirement, in each case, to the extent attributable to the existing terms and conditions of a Supply Agreement not being consistent and/or compliant with the Operating Standards, this Agreement, any State Policies and Rules, or any applicable Regulatory Requirement. No Supply Agreement may be amended, restated, supplemented or otherwise modified (including any pricing modification) without the Approval of the State and in accordance with Section 12.20.

Section 4 SERVICES

4.1 Scope of Services. From the Base Services Commencement Date or such other date as may be specified in **Schedule 4.1-A** (Services Commencement Schedule), except for the Retained Services, Manager shall provide to the State all equipment and services and perform all functions necessary to operate the Lottery on behalf of the State, including the following services:

(a) The services, equipment, functions, responsibilities and tasks set forth in this Agreement (including in **Schedule 4.1** (Operational Responsibilities of Manager) hereof) and in the Operating Standards, commencing on the Base Services Commencement Date;

(b) The Manager Transition Services, commencing on the Agreement Effective Date; and

(c) The Disentanglement Services, commencing on the date provided in Section 14.2.1.

The services described in this Section 4.1, including the items specifically set forth in subsections (a)–(c), shall collectively be referred to as the "**Services**." Subject to Sections 13.4, 21.5 and 21.6, Manager shall be the exclusive provider of the Services, and the State shall not engage any Third Party to provide any aspect of the Services without the prior express written consent of Manager.

4.2 Services Generally. Except as otherwise provided in Sections 3.2 and 3.3, Manager shall at all times provide the Services in accordance with the terms and conditions of this Agreement, the State Policies and Rules, the Operating Standards and the Specifications.

4.3 Party Bearing Cost of Performance. All obligations undertaken by each Party under this Agreement shall be performed at the cost of the Party undertaking the obligation or responsibility, unless explicitly provided otherwise in this Agreement or in the Operating Standards. Manager shall reimburse the reasonable and documented out-of-pocket expenses paid to Third Parties by the State in connection with the preparation and negotiation of this Agreement and the preparation and management of the RFP process prior to the Agreement Effective Date, up to the maximum aggregate amount of Three Million Five Hundred Thousand Dollars ($3,500,000) (the "**RFP Expenses**"). The State shall offset

Payments of the Management Fee by the amount of any RFP Expenses until the aggregate amount of the RFP Expenses has been satisfied.

4.4 Business Continuity. In the event of an unanticipated, material Service interruption or Force Majeure Event, Manager shall (a) promptly notify the State by telephone or email (and if such initial notification is by telephone, Manager shall use its Reasonable Best Efforts to confirm such notification in writing within one (1) Business Day after the inception of such delay) and describe the circumstances of the Service interruption or Force Majeure Event, and then (b) implement, to the extent reasonably necessary, the Continuity Plans.

4.5 Force Majeure Events. Except as set forth in Sections 3.1.5(c) and 3.1.5(d), no Party shall be liable for any default or delay in the performance of its obligations under this Agreement to the extent such default or delay is caused by a Force Majeure Event, provided, however, that such Party shall continue to use its Reasonable Best Efforts to recommence performance without delay. Any Party so prevented, hindered or delayed in its further performance shall promptly notify the Party to whom performance is due by telephone or email (and if such initial notification is by telephone, such Party shall use its Reasonable Best Efforts to confirm such notification in writing within one (1) Business Day after the inception of such delay) and describe the circumstances of the Force Majeure Event, the steps being taken to address such Force Majeure Event and the expected duration of such Force Majeure Event. The occurrence of a Force Majeure Event shall not relieve Manager of its obligation to implement Continuity Plans, except to the extent such Force Majeure Event prevents such implementation. In the event of a Force Majeure Event that has or would reasonably be expected to have a Material Adverse Effect on Net Income, the State and Manager shall, initiated by Manager delivering a proposal to the State, reasonably cooperate in good faith to mutually agree upon (a) amendments to Section 4 of **Schedule 10.1** (Payments Schedule) effecting appropriate adjustments to the threshold amounts for the Minimum Net Income and Net Income Targets for all purposes of this Agreement, and (b) such reasonable adjustments to the Estimated Management Fee, Final Management Fee, Estimated Operating Allowance and Final Operating Allowance, in each case, for each Contract Year in which such Force Majeure Event impacts Net Income, Estimated Management Fee, Final Management Fee, Estimated Operating Allowance and/or Final Operating Allowance.

4.6 Sale of Lottery Tickets. If any Service provided by Manager or a Subcontractor includes the sale of Lottery Tickets, Manager or such Subcontractor, as applicable, must be licensed as a Lottery Retailer pursuant to the Illinois Lottery Law, 20 ILCS 1605/10, *et seq*.

4.7 Title to Assets. The State shall be the owner of, and shall hold all right, title and interest in and to, all assets (including, subject to Section 8, all Lottery Data and all State Intellectual Property) and Equipment (i) owned by the State prior to the Agreement Effective Date, including pursuant to any Existing State Contract, (ii) acquired by the State on or after the Agreement Effective Date, or (iii) acquired by Manager on behalf of the State, the cost of which is paid for by Manager and re-sold or re-leased to the State through the Operating Allowance under this Agreement, including pursuant to any Continuing State Contract or Subcontract. To the extent held by Manager, right, title and interest to assets re-sold or re-leased to the State through the Operating Allowance shall transfer to the State upon receipt by Manager of payment for the first (1st) Operating Allowance in which such assets are included.

Section 5 GOVERNANCE, SERVICE STANDARDS AND ANNUAL BUSINESS PLAN

5.1 Governance. **Schedule 5.1** (Governance Protocols) sets forth the guidelines, principles and protocols of the Parties' communications and relationship, including State Approval procedures, after the Agreement Effective Date (as such guidelines, principles and protocols may be amended, restated,

supplemented or otherwise modified from time to time, the "**Governance Protocols**"). Notwithstanding anything else in this Agreement, Approval by the State shall be required for any change from those business practices and decisions that required Approval by the State and were already Approved by the State. Either Party may propose a modification or update to the Governance Protocols at any time after the Agreement Effective Date; however (a) no modification, other than a Required GP Modification, shall be effective without the mutual written consent of both Parties, which shall not be unreasonably withheld, conditioned or delayed, and (b) the State shall use its Reasonable Best Efforts to provide in writing to Manager any proposed Required GP Modification at least thirty (30) days prior to the proposed effectiveness thereof, and the State agrees to use its Reasonable Best Efforts to incorporate reasonable modifications requested by Manager thereto. The Parties shall use their Reasonable Best Efforts to comply with all Required GP Modifications within the time frame specified in the modification or update itself. As used herein, the term "**Required GP Modification**" shall mean any amendment, restatement, supplement or other modification to any Governance Protocol that is required by a Regulatory Requirement or Industry Requirement, in each case not initiated by the State. All reasonable, incremental costs and expenses incurred by Manager in complying with any amendment, restatement, supplement or other modification to any Governmental Protocol pursuant to this Section 5.1 shall be a Management Fee Expense and/or an Operating Allowance Expense, as applicable, and the Parties shall make such reasonable adjustments to the Estimated Operating Allowance, Final Operating Allowance, Estimated Management Fee and Final Management Fee as proposed by Manager and Approved by the State to take into account such incremental increase in costs and expenses.

5.2 Operating Standards.

5.2.1 General. Schedule 5.2.1 (Operating Standards) sets forth the current policies and procedures that govern the operational provisions for the performance of the Services (as amended, restated, supplemented or otherwise modified from time to time, the "**Operating Standards**"). Except as set forth in the Disentanglement Master Plan, and subject to Sections 3.2 and 3.3, for each Service provided by Manager, commencing on the date Manager takes any action that is subject to the Operating Standards (including hiring and providing any Service) (each, a "**Compliance Commencement Date**"), Manager shall comply with the Operating Standards, and shall cause each Subcontractor to comply with the Operating Standards, in performing the Services. Notwithstanding anything to the contrary set forth in this Agreement, with respect to each Service, Manager shall have no obligation to comply with, or cause or be responsible for its Subcontractors or Subcontracts to comply with, the Operating Standards prior to the applicable Compliance Commencement Date. The Operating Standards shall in no event be interpreted as an amendment to this Agreement or so as to relieve Manager of any of its performance obligations under this Agreement.

5.2.2 Modifications. Either Party may propose a modification or update to the Operating Standards at any time after the Agreement Effective Date; however (a) no modification, other than a Required OS Modification, shall be effective without the mutual written consent of both Parties, which shall not be unreasonably withheld, conditioned or delayed, and (b) the State shall use its Reasonable Best Efforts to provide in writing to Manager any proposed Required OS Modification at least thirty (30) days prior to the proposed effectiveness thereof and the State agrees to use its Reasonable Best Efforts to incorporate reasonable modifications requested by Manager thereto. The Parties shall use their Reasonable Best Efforts to comply with all Required OS Modifications within the time frame specified in the modification or update itself. As used herein, the term "**Required OS Modification**" shall mean any amendment, restatement, supplement or other modification to any Operating Standard that is required by a Regulatory Requirement or Industry Requirement, in each case not initiated by the State. All reasonable, incremental costs and expenses incurred by Manager in complying with

any amendment, restatement, supplement or other modification to any Operating Standard pursuant to this Section 5.2.2 shall be a Management Fee Expense and/or an Operating Allowance Expense, as applicable, and the Parties shall make such reasonable adjustments to the Estimated Operating Allowance, Final Operating Allowance, Estimated Management Fee and Final Management Fee as proposed by Manager and Approved by the State to take into account such incremental increase in costs and expenses.

5.3 Business Plan.

5.3.1 Manager's business plan for the operation of the Lottery is attached hereto as **Exhibit 5.3.1** (the "**Initial Annual Business Plan**") and includes the following three (3) sections: (i) a general business plan for the entire Term covering the details set forth in Section 5.3.2 (the "**Overall Business Plan**"), (ii) a detailed business plan for the respective periods covering the Base Services Commencement Date through the end of the Initial Stub Contract Year and for the first (1st) full Contract Year following the Initial Stub Contract Year, covering the details set forth in Section 5.3.3 (the "**First Year Plan**"), and (iii) a detailed business plan for the five (5)-year period of the Term commencing with the first (1st) full Contract Year following the Initial Stub Contract Year (the "**Five Year Plan**") covering the details set forth in Section 5.3.4.

5.3.2 The Overall Business Plan, which shall be updated annually in accordance with Section 5.3.5, shall include the following:

(a) The projected allocation of the Operating Allowance, including a line item for Subcontractor (excluding all Manager Subcontractor) expenses and any other Third Party expenses paid from the Operating Allowance for each of the Contract Years after the Base Services Commencement Date (as thereafter updated in accordance with Section 5.3.5 below, the "**Budget**") and the assumptions on which such Budget is based;

(b) A description of Manager's objectives for each of the Contract Years, including Manager's ability to satisfy Minimum Net Income, the projected Net Income for each such Contract Year, and the elements or assumptions used to calculate the projected Net Income;

(c) Manager's comprehensive business plan for providing the Services after the Base Services Commencement Date, with particular emphasis on the goals and objectives for the first five (5) full Contract Years following the completion of the Initial Stub Contract Year for each of the activities set forth in **Schedule 4.1** (Operational Responsibilities of Manager), including an executive summary of Manager's overall strategy for managing and growing the Lottery and an explanation of Manager's rationale for its proposed strategy, as well as Manager's or its Affiliates' previous experience in implementing the same or similar strategies;

(d) Manager's strategies for addressing key issues, including the balance between revenue growth and responsible gaming and the balance between State control and oversight as required by the Existing Lottery Law and the flexibility afforded to Manager, the rationale, process, timing and financial impacts associated with these strategies, and Manager's or its Affiliates' previous experience in implementing the same or similar strategies;

(e) Aspects of Manager's consumer-facing strategy, as well as all aspects of its operations strategy (including Manager's strategy with respect to data procurement

and analysis), the rationale, process, timing and financial impacts associated with these strategies, and Manager's or its Affiliates' previous experience in implementing the same or similar strategies;

(f) Manager's strategy for growing Net Income, including a description of initiatives that Manager intends to undertake, the rationale, process, timing and financial impact associated with such strategy and each such initiative, and Manager's or its Affiliates' previous experience in implementing the same or similar strategies and initiatives;

(g) A description of Manager's corporate and internal organizational structure, including the names, roles and responsibilities of each Manager Personnel, including Manager Key Personnel;

(h) A description of the tools, reports, and processes, including any Reports required under this Agreement, Manager plans to utilize to provide transparency of operations and facilitate the State's exercise of control over the conduct of the operations of the Lottery;

(i) A description of Manager's strategy for use of the Internet in the sale and marketing of Lottery products consistent with then-current Regulatory Requirements, the rationale, process, timing and financial impacts associated with the strategy, and Manager's or its Affiliates' previous experience in implementing the same or similar strategies;

(j) A description of any proposal for capital investment(s) equal to or in excess of One Million Dollars ($1,000,000) per investment (a "**Significant Investment**"), and a description of Manager's rationale for the Significant Investment, including the anticipated annual increase in Net Income directly resulting from the Significant Investment over the depreciation period of such Significant Investment, as well as Manager's or its Affiliates' previous experience in implementing the same or similar investments;

(k) Detailed financial projections over the Term, including allocation of the Operating Allowance and Net Income and a description of the assumptions and factors driving such projections and a discussion of the relative importance of such assumptions and factors;

(l) A detailed analysis of Manager's compliance with the financial stability requirements set forth in this Agreement and in the Operating Standards;

(m) A description of Manager's strategy regarding the engagement and management of Subcontractors;

(n) A description of all policies of Manager concerning ethics and compliance with Anti-Corruption Laws and a description of all procedures used to ensure compliance with such policies, including procedures used to evaluate the existence and efficacy of such policies;

(o) Certification by Manager in form and substance reasonably satisfactory to the State that Manager is in compliance with all Regulatory Requirements as of the date of the Updated Annual Business Plan;

(p) Manager's disaster recovery and business continuity plans (the "**Continuity Plans**") as an appendix; and

(q) Manager's comprehensive plan to procure, store, safeguard and analyze the Lottery Data (including Manager's plan to procure new sources of Lottery Data).

5.3.3 The First Year Plan shall include the following details, and shall be updated annually in accordance with Section 5.3.5 for the following Contract Year (each such annual update, the "**Upcoming Year Plan**"):

(a) The Budget for the Initial Stub Contract Year and the first (1st) full Contract Year following the Initial Stub Contract Year and the assumptions on which the Budget is based; and

(b) A description of Manager's objectives for the Initial Stub Contract Year and the first (1st) full Contract Year following the Initial Stub Contract Year, including Manager's projected Net Income for each such period and the elements or assumptions used to calculate such projected Net Income.

5.3.4 The Five Year Plan shall be updated annually to cover a rolling five (5)-year term in accordance with Section 5.3.5, and shall include the following details:

(a) The Budget for each of the next five (5) Contract Years and the assumptions on which such Budget is based;

(b) Pro forma income statements for the next five (5) Contract Years, based upon Manager's proposed allocation of the Operating Allowance, Minimum Net Income, the projected Net Income for each such Contract Year and plans for operating the Lottery; and

(c) A description of Manager's objectives for the next five (5) Contract Years, including achieving Minimum Net Income, Manager's projected Net Income for each such Contract Year and the elements or assumptions used to calculate such projected Net Income.

5.3.5 After the Transition Completion Date, Manager shall, no later than (a) for the first (1st) full Contract Year following the Initial Stub Contract Year, within thirty (30) days after the Transition Completion Date, but in any event by June 1st of such Contract Year, and (b) for each other Contract Year, within ninety (90) days prior to the end of such Contract Year, prepare and submit to the State an updated (i) Overall Business Plan covering each Contract Year remaining during the Term, (ii) Upcoming Year Plan and (iii) Five Year Plan (each submission of items (i), (ii) and (iii) being collectively referred to as an "**Updated Annual Business Plan**"), subject to the terms of this Agreement. In the event that Manager wishes to make any modifications to the Overall Business Plan, Upcoming Year Plan or Five Year Plan during the course of any Contract Year, Manager shall notify the State in writing of the proposed modification, which notice shall include reasonably detailed documentation supporting such proposed modification (each such notice, a "**Requested Business Plan Modification**"). The

State shall, within fifteen (15) Business Days after receipt of each Requested Business Plan Modification, review the Requested Business Plan Modification and either (i) notify Manager in writing of the State's Approval of the proposed modifications set forth in the Requested Business Plan Modification, or (ii) notify Manager in writing with reasonable specificity of the basis for not Approving the Requested Business Plan Modification, including identifying any additional supporting documents necessary to evaluate the proposed modifications (each a "**Notice of Business Plan Modification Deficiency**"). Upon receipt of any Notice of Business Plan Modification Deficiency, Manager may resubmit a Requested Business Plan Modification and the foregoing procedures shall be repeated.

5.3.6 The State shall, no later than one hundred fifty (150) days prior to the end of each Contract Year during the Term, provide an estimate of its Administrative Expenses for the upcoming Contract Year.

5.3.7 The Initial Annual Business Plan and each Updated Annual Business Plan must be Approved by the State; provided, however, that the business plan for the period covering the Base Services Commencement Date through the end of the Initial Stub Contract Year shall be deemed Approved by the State by execution of this Agreement.

5.4 General Performance Standards. At all times after (a) the Agreement Effective Date, with respect to the Manager Transition Services as and when provided as set forth in **Schedule 4.1-A** (Services Commencement Schedule), and (b) the Transition Completion Date with respect to all Services, Manager shall perform the Services at levels of accuracy, quality, completeness, timeliness, responsiveness, resource efficiency and productivity that are (i) equal to or higher than the accepted industry standards of first-tier providers of services similar to the Services ("**Industry Standards**") and (ii) equal to or higher than any applicable Service Levels set forth in **Schedule 5.4** (Service Levels). To the extent that the service level requirements set forth in a Continuing State Contract provide for a higher level of service than a Service Level in **Schedule 5.4** (Service Levels), the service level requirements in the Continuing State Contract shall prevail over the conflicting term in **Schedule 5.4** (Service Levels) while the Continuing State Contract is in full force and effect. For the avoidance of doubt, Manager shall be responsible for meeting the applicable Service Levels even where doing so is dependent on the provision of Services by Subcontractors. The Approval of, or payment for, Services furnished under this Agreement by the State shall not in any way, except as expressly provided in this Agreement, relieve Manager of its responsibility to continue to provide the Services in accordance with this Agreement (including this Section 5.4 and **Schedule 4.1** (Operational Responsibilities of Manager)) and the Operating Standards. Manager shall require Subcontractors providing any aspect of the Services to meet all applicable Service Levels.

5.5 Modification to Service Levels. Either Party may propose a modification to **Schedule 5.4** (Service Levels) (including the modification of any Service Level Credit) at any time after the Agreement Effective Date; however (a) no modification, other than a Required SL Modification, shall be effective without the mutual written consent of both Parties, which shall not be unreasonably withheld, conditioned or delayed, and (b) the State shall use its Reasonable Best Efforts to provide in writing to Manager any proposed Required SL Modification at least thirty (30) days prior to the proposed effectiveness thereof and the State agrees to use its Reasonable Best Efforts to incorporate reasonable modifications requested by Manager thereto. The Parties shall use their Reasonable Best Efforts to comply with all Required SL Modifications within the time frame specified in the modification or update itself. As used herein, the term "**Required SL Modification**" shall mean any amendment, restatement, supplement or other modification to any Service Level that is required by a Regulatory Requirement or Industry Requirement, in each case not initiated by the State. All reasonable, incremental costs and expenses incurred by Manager in complying with any modification of any amendment, restatement,

supplement or other modification of any Service Level pursuant to this Section 5.5 shall be a Management Fee Expense and/or an Operating Allowance Expense, as applicable, and the Parties shall make such reasonable adjustments to the Estimated Operating Allowance, Final Operating Allowance, Estimated Management Fee and Final Management Fee as proposed by Manager and Approved by the State to take into account such incremental increase in costs and expenses.

5.6 Service Level Credits. Manager recognizes that the State is paying Manager to deliver the Services at specified Service Levels, and the Parties agree that it would be extremely difficult and impractical to ascertain and fix the actual damages the State would incur, including with respect to reputational matters such as the Lottery brand and public image, should Manager or any Subcontractor providing Services fail to deliver the Services at such specified Service Levels. Accordingly, if Manager or any Subcontractor providing Services fails to meet any of the Service Levels in accordance with **Schedule 5.4** (Service Levels), then Manager shall pay to the State, as liquidated damages and not as a Management Fee Expense, the applicable service level credits ("**Service Level Credits**") specified in **Schedule 5.4** (Service Levels), subject to Section 5.6.3. Receipts by the State of Service Level Credits paid by Manager (other than those based on "Lost Net Income") shall be excluded from Operating Revenue for the purposes of calculating Incentive Compensation as illustrated in Section 1, row (g) of the Section titled *Sample Calculation* in the Calculations Workbook attached to this Agreement as Schedule 10.1-A (Calculations Workbook).

The Parties agree that the Service Level Credits reflect the diminished value of the Services and loss of Net Income as a result of any failure by Manager or a Subcontractor to provide the Services in accordance with the Service Levels, and accordingly do not constitute nor shall be construed or interpreted as penalties. In the event a Service Level is modified under Section 5.5, then Manager shall be required to comply with such modification as of the date contemplated by Section 5.5 and, to the extent applicable, **Schedule 5.4** (Service Levels) shall be deemed amended to include such modification; provided, however, that the State shall not increase the Service Level Credits without the prior written consent of Manager.

5.6.1 Except and to the extent expressly provided in **Schedule 5.4** (Service Levels), and subject to Section 5.7, the State shall be entitled to recover Service Level Credits under the section of **Schedule 5.4** (Service Levels) applicable to any given incident; provided, however, that if the same failure could be subject to Service Level Credits under multiple Service Levels as specified in **Schedule 5.4** (Service Levels), Manager shall only be required to pay the Service Level Credits under the Service Level that results in the highest aggregate Service Level Credits.

5.6.2 Upon the State's determination that Service Level Credits are to be assessed, the State shall notify Manager of the assessment in writing. The continued assessment of Service Level Credits shall be terminated, effective as of the date Manager notifies the State that the condition(s) for which Service Level Credits were imposed have been corrected by Manager, if all of the following conditions have been met: (i) Manager corrected the condition(s) for which Service Level Credits were imposed; and (ii) the State has verified all correction(s) after system testing or other reasonable method of verification. After notification by Manager, the State shall use its Reasonable Best Efforts to promptly conduct a reasonable verification and determine that the conditions for which Service Level Credits were imposed have been corrected. Manager shall conduct such system testing of any correction as the State deems reasonably necessary. Such testing, including the test script, test environment and test results, shall be developed jointly by the State and Manager and is subject to Approval; provided, however, that if time is of the essence and Manager is unable to obtain such Approval after first attempting to reach by telephone the applicable State Designee(s), then Manager may implement the test script, test environment and test results without the required Approval, but Manager shall promptly

thereafter discuss such test script, test environment and test results with the State and promptly make any modifications thereto as mutually agreed to by the Parties. Once the Service Level failure has been corrected and verified by the State, the State shall invoice Manager for the aggregate amount of Service Level Credits imposed and may offset any Service Level Credits (other than those disputed in good faith) against the next Payment, or such other Payment as the State may decide, owed by the State to Manager (including any payment of the Management Fee).

5.6.3 Because the Service Level Credits represent the Parties' good faith estimate of the actual damages that the State would suffer as a result of Manager's or a Subcontractor's failure to meet the Service Levels specified in **Schedule 5.4** (Service Levels) (such actual damages agreed by the Parties being exceedingly difficult to calculate or incalculable other than at great expense), the Parties agree that the State's rights to the Service Level Credits described in this Agreement shall be its sole and exclusive financial remedy as a result of such specific failures on the part of Manager or a Subcontractor, and the State shall not be entitled to recover other damages, credits, reimbursements or other payments except (i) in the case of fraud, gross negligence or willful misconduct by Manager or a Subcontractor, as applicable, or (ii) in the event Manager's or a Subcontractor's failure to meet a Service Level also constitutes a failure to comply with a Transparency Section, in which case Transparency Credits may also be imposed by the State; provided, however, that the State shall have the right to exercise any and all other non-monetary rights and remedies of the State under this Agreement. Manager shall pay any Service Level Credits (other than those disputed in good faith) owed to the State under this Agreement in accordance with Section 5.6.2.

5.6.4 Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge and agree that the maximum aggregate amount of Service Level Credits that may be imposed on Manager arising from (a) IGT's failure to provide the Service Levels applicable to IGT shall not exceed the liability of IGT arising under the IGT Supply Agreement and (b) SGII's failure to provide the Service Levels applicable to SGII shall not exceed the liability of SGII arising under the SGII Supply Agreement.

5.7 Excused Performance. Without in any way limiting Manager's rights and remedies under Section 21, if Manager's failure to perform its obligations or responsibilities under this Agreement, including meeting applicable Service Levels, is caused primarily by, or attributable primarily to: (a) a material breach of this Agreement by the State; (b) subject to Sections 3.1.5(c) and 3.1.5(d), a Force Majeure Event; (c) any action, inaction or time delay Approved by the State; (d) actions of the State or any other Illinois Governmental Authority materially inconsistent with the terms and conditions of this Agreement, any Regulatory Requirements, any Governance Protocols, any Operating Standards, or any State Policies and Rules; (e) any Adverse Action; (f) any directive of the State to remove any (i) Manager Personnel without Cause pursuant to Section 6.3.3 or (ii) Subcontractor pursuant to Section 7.10.1 other than a Subcontractor Termination for Cause; (g) any fraud, gross negligence, violation of law or willful misconduct by any Current Personnel; (h) the failure of any Current Personnel to perform his or her duties as reasonably determined by the Parties from time to time, provided that (x) Manager has provided written notice to the State of such nonperformance with reasonably sufficient documentation of such nonperformance and (y) the State has failed to take reasonable steps to address such failure to perform; (i) the failure of the Current Manager or, prior to Manager's assumption of a Continuing State Contract, any Subcontractor under a Continuing State Contract to satisfy its obligations under the Termination Agreement, the Northstar Disentanglement Plan, the Transition Plan, the Disentanglement Master Plan or the applicable Continuing State Contract; (j) acts or omissions of Third Parties not under the direct or indirect control of Manager or any Subcontractor, and/or any of their respective employees, consultants or agents; (k) a strike, walkout, lockout, labor shortage or labor dispute involving the State of Illinois or any

employee or agent thereof, or (l) a Non-Approval of a Key Subcontract Event (clauses (a)–(l), each an "**Excused Performance Event**"), then Manager's performance of such obligation or responsibility shall be excused (including the obligation to pay the related Service Level Credits) solely to the extent of the impact of the Excused Performance Event. Notwithstanding the existence of an Excused Performance Event, Manager shall use its Reasonable Best Efforts to perform all of its obligations and responsibilities under this Agreement, including fully implementing the Continuity Plans necessitated by Manager's failure to perform its obligations or responsibilities under this Agreement. Manager shall promptly notify the State in writing of such action or failure to act or perform, the asserted underlying cause of the Excused Performance Event and Manager's consequent inability to perform under such circumstances (the "**Excused Performance Notice**"), which Excused Performance Notice shall specify the impacted Services (the "**Impacted Services**"). If an Excused Performance Event occurs, the State may, after conferring with Manager, assign State employees to assist Manager in performing all or any element of the Impacted Services and/or to assist Manager in implementing the applicable Continuity Plans, in each case without materially hindering Manager's performance of its obligations under this Agreement or Manager's efforts to implement the applicable Continuity Plans, until such time as Manager can reasonably demonstrate the ability to resume provision of the Impacted Services to the reasonable satisfaction of the State. All costs and expenses of the State incurred in providing such assistance shall be an Operating Allowance Expense.

5.8 Reporting on Performance. Manager shall provide the State with such reports and other information (including Lottery Data) pertaining to the performance of the Services and Manager's other obligations under this Agreement that are reasonably sufficient to permit the State to monitor and manage Manager's performance described in the Governance Protocols, Operating Standards and this Agreement in the format and at the frequencies provided in this Agreement (collectively, the "**Reports**"), which Reports shall include the Reports set forth on **Schedule 5.8** (Reports), and such additional Reports as the State may reasonably request from time to time, including for purposes reasonably required to satisfy a request under the Freedom of Information Act (FOIA) (5 ILCS 140) ("**Illinois FOIA**"), without any additional cost to the State; provided, however, that where the reasonable documented costs exceed in the aggregate Fifty Thousand Dollars ($50,000) in a Contract Year (the "**Reporting Costs Threshold**"), the State shall reimburse Manager for all such additional costs in excess of the Reporting Costs Threshold for such Contract Year and such reimbursement shall be an Administrative Expense. Without limiting the generality of the foregoing, (a) within thirty (30) days after the end of each Contract Year, Manager shall provide the State with a variance report, detailing the differences between (i) the Estimated Operating Allowance and the estimated Final Operating Allowance and (ii) the budgeted Operating Allowance Expenses and actual Operating Allowance Expenses for such Contract Year; and (b) within fifteen (15) Business Days after the end of each month, Manager shall provide the State with a variance report, detailing the differences between the budgeted Operating Allowance Expenses and actual Operating Allowance Expenses for such month.

5.9 Requirement of Cooperation. Subject to Section 4.1, in the event the State contracts with a Third Party, other than a Competitor of Manager that is not then providing any aspect of the Services, to provide any services to the State in connection with the Lottery and the State requires that such Third Party interact with Manager, Manager shall cooperate in good faith with the reasonable instructions of the State and of such Third Party. Subject to Manager's reasonable confidentiality requirements (which shall not be more restrictive than those set forth in Section 9.3), Manager shall: (a) provide reasonable access to the facilities being used by Manager to provide the Services to the extent reasonably necessary for the Third Party to perform its services for the State; (b) provide such information regarding the Services procedures, operating environment, system constraints and other operating parameters as a Person with reasonable commercial skills and expertise would find reasonably necessary to perform the Third Party's obligations under its contract with the State; and (c) reasonably cooperate with the Third Party to diagnose and correct problems and issues related to the Third Party's services. In

addition, Manager shall, if requested by the State, provide access to Lottery Data and/or any other property of the State that is in the possession of Manager. Notwithstanding the foregoing, the State and any Third Party shall not have access to: (i) proprietary information concerning or belonging to other Manager customers; (ii) Manager locations or facilities, or areas within locations or facilities, that are not involved in the provision of Services to the State; or (iii) Analytics Tools or Analytics Data (other than Analytics Data embedded in Reports, files, data or documents previously provided by Manager to the State). Any fees and expenses arising from the State's contract with a Third Party in connection with this Section 5.9 shall be included as Administrative Expenses. The State shall reimburse Manager for all reasonable fees and expenses of Manager directly incurred in the performance of its obligations under this Section 5.9 and such reimbursed payments by the State shall be included as Administrative Expenses so long as, with respect to any such fees or expenses exceeding, either individually or in the aggregate if related, Five Thousand Dollars ($5,000), Manager first obtains the State's Approval to incur such fees and expenses and uses its Reasonable Best Efforts to mitigate such fees and expenses. Manager shall within five (5) Business Days of delivery of each Annual Business Plan, provide to the State any Analytics Data derived exclusively from Lottery Data then in Manager's possession and which is reasonably necessary to support Manager's assumptions and projections set forth in the applicable Annual Business Plan. Manager shall provide to the State any Analytics Data (and corresponding reports) derived exclusively from Lottery Data previously generated by Manager and which is reasonably necessary to evaluate Manager's execution of the then current Annual Business Plan at such times and in such formats as are reasonably agreed by the Parties. Manager shall provide to the State any and all Analytics Data maintained during the Term that is derived exclusively from Lottery Data on such date after the Termination Date which is mutually agreed by the Parties.

5.10 Reporting of Adverse Impacts.

5.10.1 Failure to Comply with Obligations. If Manager obtains knowledge of any failure by Manager to comply with its obligations under this Agreement, including any of the requirements set forth in the Operating Standards, or the occurrence of any event or the existence of any circumstance: (a) that has adversely impacted or would reasonably be expected to adversely impact the maintenance of the State's financial integrity or internal controls, the accuracy of the State's financial, accounting, records and reports, or compliance with the State Policies and Rules; (b) that has had, or would reasonably be expected to have, any material and adverse impact on any Service or the Lottery operations; (c) that has resulted in, or would reasonably be expected to result in, Manager's inability to maintain any Service Level; (d) that has adversely impacted, or would reasonably be expected to adversely impact, the State Intellectual Property or the State's goodwill or public image; or (e) that would reasonably be expected to result in Net Income for the applicable Contract Year being less than Minimum Net Income for such Contract Year, then, in any such case, Manager shall promptly inform the State in writing of such situation and the impact or potential impact, and Manager and the State shall promptly meet to formulate an action plan to eliminate or mitigate the impact of such situation.

5.10.2 Reporting of Complaints. In connection with its performance of the Services, Manager shall, in accordance with the Governance Protocols, promptly notify the State in writing of any complaints received by any Service Provider regarding the Services or any Service Provider. Manager shall maintain a written log (in electronic and printable format), or other system of record (and the retention of a copy), available for the State's review that identifies the party making such complaint and the party against which such complaint was made and specifies in detail the nature of and circumstances giving rise to such complaint.

5.11 Monthly Meeting. The State and Manager (and such other Service Providers as the State may request from time to time upon reasonable advance written notice) shall meet on a monthly basis, in

person or by telephone, video or other electronic conference (each such meeting, a "**Monthly Meeting**") in order to discuss the provision of the Services under this Agreement and such other matters as the State or Manager deems appropriate, including data security practices and procedures, applicable technological advances and other changes in Industry Standards that may require an adjustment to the Service Levels set forth on **Schedule 5.4** (Service Levels). Unless otherwise agreed to by the Parties, the Monthly Meeting shall be held on the first (1st) Wednesday of every month after the Agreement Effective Date and through the Disentanglement Services Period.

Section 6 PERSONNEL

6.1 Manager Personnel Are Not State Employees. Nothing in this Agreement shall operate or be construed as making the State, on the one hand, and Manager, on the other hand, partners, joint venturers, principals, joint employers, agents or employees of or with the other. No officer, director, employee, agent, Affiliate, or Subcontractor retained by Manager to perform work on the State's behalf or for the State under this Agreement shall be deemed to be an officer, director, employee, agent, Affiliate, contractor or subcontractor of the State for any purpose. Manager, subject to Sections 6.3.2 and 6.3.3, has the right, power, authority and duty to hire, terminate, supervise and direct the activities of Manager Personnel. Manager, and not the State, shall be responsible for compensating such Manager Personnel for any work performed by them on the behalf of or for the State pursuant to this Agreement. The State shall not be responsible and, therefore, shall not be liable for any acts and omissions of Manager Personnel with regard to or in connection with this Agreement, including acts or omissions constituting negligence, gross negligence, willful misconduct or fraud. Manager hereby acknowledges and agrees that none of Manager, Manager Personnel and Manager's Affiliates are entitled to indemnification under the Illinois State Public Employee Indemnification Act, 5 ILCS 350/1, *et seq.* and that, accordingly, Manager, Manager Personnel and Manager's Affiliates shall not apply for indemnification under the Illinois State Employee Indemnification Act.

6.2 State Employees. Concurrently with the execution hereof, the State and Manager are entering into the Employee Use Agreement in the form attached hereto as **Exhibit 6.2** (the "**Employee Use Agreement**"), which sets forth the terms and conditions under which Manager shall utilize all Current Personnel (as defined therein). The State and Manager shall promptly perform their respective obligations under the Employee Use Agreement.

6.3 Manager Personnel and Manager Key Personnel – Designation, Removal and Replacement.

6.3.1 Designation of Manager Key Personnel. Each of the Manager Key Personnel shall be designated in **Exhibit 6.3.1** (Manager Key Personnel), with the functions assigned to him or her therein. **Exhibit 6.3.1** (Manager Key Personnel) designating Manager Key Personnel shall be promptly updated and provided to the State by Manager upon any removal, addition, replacement or substitution of Manager Key Personnel in accordance with this Agreement, and each such update provided to the State shall be deemed to amend **Exhibit 6.3.1** (Manager Key Personnel).

6.3.2 Replacement of Manager Key Personnel by Manager. If any Manager Key Personnel, for any reason, is no longer acting in the role described on **Exhibit 6.3.1** (Manager Key Personnel) for such Manager Key Personnel (the date such Manager Key Personnel ceases to act in such role, each a "**Replacement Trigger Date**"), Manager shall: (i) within ten (10) Business Days after such Replacement Trigger Date provide written notice to the State of such occurrence; (ii) within thirty (30) days after such Replacement Trigger Date, or such longer time

period as is reasonable under the circumstances, (A) identify in writing to the State potential suitable replacements, each of whom must satisfy the requirements for a Qualified Person, and provide reasonable supporting documentation as to why such Person is a suitable replacement, and (B) provide a background check in accordance with the provisions of Section 6.6.2 for each such potential replacement; and (iii) use its Reasonable Best Efforts to, within sixty (60) days after such Replacement Trigger Date, replace such person with a person who meets the requirements for a Qualified Person. If the State has reasonably determined that the candidate Manager has selected as a replacement Manager Key Personnel is not reasonably suitable and is not in the State's interest, or the State does not have sufficient information to reasonably determine whether such candidate is a suitable replacement, the State shall have the right to object to Manager's replacement candidate for such Manager Key Personnel by written notice to Manager. The State shall use its Reasonable Best Efforts to provide such notice within ten (10) Business Days after Manager's written notice to the State pursuant to subsection 6.3.2(ii) above. If the State delivers to Manager an objection notice pursuant to this Section 6.3.2, then Manager shall choose another suitable replacement and/or provide the State with additional information to assess such candidate's suitability. For the avoidance of doubt, the State's failure to provide an objection notice within such ten (10) Business Day period shall not mean the State has accepted the replacement candidate and any acceptance of a replacement candidate for a Manager Key Personnel that ceases to act in such role shall only be provided in writing by the State to Manager.

6.3.3 Replacement of Manager Personnel at the Direction of the State. The State shall have the right, by written notice to Manager, to direct Manager to remove, or cause to be removed, any Manager Personnel from providing any Service whose continued performance the State has reasonably determined not to be in the State's interest. The State shall consult with Manager prior to exercising its right, under this Section 6.3.3, to direct the removal of any Manager Personnel. Manager shall have a reasonable period of time in which to replace any such Manager Personnel that the State has directed be removed from providing any Service. In the event of any replacement of a Manager Personnel constituting a Manager Key Personnel, if circumstances permit, Manager shall provide for an appropriate transition (overlap) for the new individual and use its Reasonable Best Efforts to minimize any disruption such replacement may cause in the performance of Manager's obligations under this Agreement. Notwithstanding the foregoing, except in the case of a Manager Key Personnel removed for Cause, Manager shall not be required to effect a removal of a Manager Personnel constituting a Manager Key Personnel, as directed by the State under this Section 6.3.3, until commercially reasonable transition of the duties performed by such Manager Key Personnel are in effect. The State and Manager shall reasonably cooperate to ensure that no interruptions in Lottery operations result from the Manager Personnel removal. At all times, notwithstanding the removal of Manager Personnel, Manager shall continue to perform all of its obligations under this Agreement in compliance with all of the terms and conditions of this Agreement.

(a) If the State exercises its right under this Section 6.3.3 to direct the removal of a Manager Personnel other than for Cause, in addition to the rights available to Manager under Section 5.7, the State shall reimburse Manager (and such reimbursed payments by the State shall be the sole responsibility of the State as an Administrative Expense excluded from Operating Expenses for all purposes of this Agreement) for all reasonable and documented costs and expenses of Manager directly incurred as a result of the termination and replacement of such Manager Personnel, including reasonable costs and expenses relating to the (i) termination and settlement of any employment Contract, (ii) identification and engagement of a replacement Manager Personnel, (iii) compliance with Sections 6.6.1 and 6.6.2, and (iv) negotiation of a replacement

employment Contract (all such costs and expenses, including those identified in clauses (i)–(iv), the "**Manager Personnel Replacement Costs**").

(b) If the State exercises its right under this Section 6.3.3 to direct the removal of a Manager Personnel for Cause, the Manager Personnel Replacement Costs of the Manager as a result of the termination and replacement of such Manager Personnel shall be the sole responsibility of Manager but not a Management Fee Expense or an Operating Allowance Expense.

(c) If Manager elects, at its discretion and not at the direction of the State under Section 6.3.3, to remove any Manager Personnel from providing any Service, the Manager Personnel Replacement Costs incurred by Manager as a result of the termination and replacement of such Manager Personnel shall be a Management Fee Expense.

6.4 Supervision and Conduct of Manager Personnel. Manager shall be responsible for the Services-related performance of all Manager Personnel assigned to provide Services under this Agreement, and shall direct the management of such Manager Personnel. With respect to all Manager Personnel, Manager shall comply with all applicable Regulatory Requirements.

6.5 Compliance with State Policies and Rules. In performing the Services, Manager shall, and shall cause the Manager Personnel to, comply with all applicable State Policies and Rules as well as with the provisions of this Agreement applicable to such Manager Personnel, including Section 9.3 of this Agreement. Manager shall be responsible for the distribution of the applicable provisions of this Agreement and of the applicable State Policies and Rules to Manager Personnel and Subcontractors to the extent necessary and appropriate. At the State's request, Manager shall require and cause all Manager Personnel and Subcontractors to sign a written agreement, in a form reasonably satisfactory to the State, in which each such Person agrees to comply with all applicable State Policies and Rules.

6.6 Other State Requirements – Manager Personnel.

6.6.1 Background Investigations. Manager hereby acknowledges and agrees that the State shall have the right to conduct, or require Manager to conduct, background investigations of any Manager Personnel from the Agreement Effective Date through the end of the Term in accordance with the Operating Standards.

6.6.2 Background Checks. Manager shall ensure that Manager Personnel are not prohibited from working in any jurisdiction in which they are assigned to perform Services and are not otherwise disqualified from performing the Services under applicable Regulatory Requirements. To the extent allowed by applicable Regulatory Requirements, Manager agrees to conduct thorough background checks (including, for all employees, an Illinois criminal history background check and, for all Manager Key Personnel and Qualified Persons, a criminal history background check covering each jurisdiction in which such Manager Key Personnel or Qualified Person has lived and/or worked in the prior ten (10) years (or such lesser time period as may be Approved by the State)) through either its standard internal procedures or the services of a Third Party specializing in employment and business background checks, in either case, subject to the review by and Approval of the State, on each employee of Manager. Manager, as a Management Fee Expense, or the applicant, at Manager's election, shall bear all costs and expenses, for the character and fitness and criminal history background checks, including all costs of administering and processing such background checks. Manager shall review the results of each background check (and to the extent allowed by applicable Regulatory Requirements, provide a copy thereof to the State) of each Manager employee to verify that such employee meets Manager's and the

State's standards for employment and that the employee's employment by Manager complies with the terms of this Agreement. Manager hereby acknowledges and agrees that, in addition to the foregoing, the State shall have the right to conduct background checks of any Manager Personnel, including Manager Key Personnel and Qualified Persons, at any time after the Agreement Effective Date through the end of the Term, and the costs of such additional background checks shall be an Administrative Expense. Manager shall be responsible for notifying its employees, including Manager Personnel, of the possibility of such background checks.

Section 7 SUBCONTRACTORS AND SUBCONTRACTS

7.1 Use of Subcontractors. Manager may, subject to the terms of this Section 7, use Subcontractors to provide products or services as Manager deems necessary for the operation of the Lottery. In contracting with Subcontractors, Manager shall at all times consider the sensitive nature of a State-conducted lottery, its public image and social implications, and shall require security, honesty, fairness and integrity in the engagement of Subcontractors and the operation of the Lottery. Subject to the State's specific Approval rights set forth in Section 7.3.2, the Subcontract terms and Subcontractors set forth on **Exhibit 7.1** (Provisionally Approved Subcontracts) shall be Approved by the State. Except for the Subcontracts set forth on **Exhibit 7.1** (Provisionally Approved Subcontracts), Manager shall engage in an open and competitive bidding process in accordance with all applicable Regulatory Requirements and Industry Requirements (including Section 9.1(d)(19) of the Existing Lottery Law) for any Subcontract that will be paid as an Operating Allowance Expense and for any Manager Subcontract for the direct provision of any aspect of any Service, in each case having a value in excess of Fifty Thousand Dollars ($50,000) (each a "**Large Subcontract**," and each Subcontractor party to a Large Subcontract, a "**Large Subcontractor**").

7.2 Engagement, Termination or Substitution of Subcontractors.

7.2.1 Unless otherwise agreed to in writing by the Parties, Manager shall provide advance notice to the State prior to Manager engaging, terminating, or substituting a Small Subcontractor. "**Small Subcontract**" means any Subcontract having a value equal to or less than Fifty Thousand Dollars ($50,000), and "**Small Subcontractor**" means a Subcontractor party to a Small Subcontract (excluding, for the avoidance of doubt, any Manager Subcontractor).

7.2.2 Manager shall not engage or substitute (but may terminate) any Large Subcontractor under any Large Subcontract without the State's Approval; provided, however, that Manager shall provide written notice to the State at least fifteen (15) Business Days prior to Manager terminating a Large Subcontractor. Except with respect to the Large Subcontracts set forth on **Exhibit 7.1** (Provisionally Approved Subcontracts), if Manager wishes to obtain the State's Approval to use the assets or services of, or otherwise engage or substitute, any Large Subcontractor under any Large Subcontract, it shall submit the following to the State ("**Large Subcontract Approval Notice**"):

(a) A detailed description of the scope of work, specifications relating to the work, the proposed engagement method, and any pricing information;

(b) Each bid or proposal that Manager has received for the prospective Large Subcontract; and

(c) A copy of the proposed Large Subcontract (including all exhibits and schedules thereto).

The State shall promptly review each Large Subcontract Approval Notice and use its Reasonable Best Efforts to Approve or reject each proposed Large Subcontract within ten (10) Business Days. The State may request by delivery of written notice to Manager that Manager provide (i) the background checks that the State requires under Section 7.4 with respect to the proposed Large Subcontractor, and (ii) such other documentation that the State reasonably requests in connection with Manager's requested Approval (an "**Additional Information Request**").

Manager shall not circumvent the notice and Approval requirements set forth in this Section 7.2.2 by splitting what would otherwise be a Large Subcontract into two (2) or more Small Subcontracts.

7.3 Requirement for Written Agreement with Subcontractors.

7.3.1 Subcontracts, and any amendments, modifications or supplements thereto, must be in writing and memorialize the complete and total agreement between the parties to the Subcontract. Notwithstanding any other provision in this Agreement, Manager shall keep and maintain a record of all Subcontracts and true and complete copies thereof, and Manager shall make all such records and true and complete copies of all such Subcontracts available to the State upon request at any time. No Small Subcontract may be amended, modified, supplemented or renewed without the Approval of the State if the effect of the amendment, modification, supplement or renewal would convert the Small Subcontract to a Large Subcontract, and no Large Subcontract may be amended, modified, supplemented or renewed without the Approval of the State. For the avoidance of doubt, Small Subcontracts may be renewed or extended on their existing terms without the Approval of the State.

7.3.2 Manager shall obtain the State's Approval prior to executing a written Subcontract identified on **Exhibit 7.1** (Provisionally Approved Subcontracts); provided, however, that the State shall grant such Approval unless (i) the terms and conditions set forth in the Subcontract materially deviate from the applicable letter of intent with such Subcontractor previously provided to the State (the "**LOI Scope**"), (ii) the Subcontract does not comply with the requirements set forth in Section 7.5 (the "**Section 7.5 Requirements**"), (iii) the Subcontract does not comply with all applicable State Policies and Rules (the "**State Policies Requirement**"), or (iv) the Chief Procurement Office has not approved the engagement of the Subcontractor (the "**Procurement Approval Requirement**"). For each Contract identified on **Exhibit 7.1** (Provisionally Approved Subcontracts), Manager shall provide to the State a certification signed by a duly authorized officer of Manager that such Contract is within the LOI Scope, complies in all material respects with the Section 7.5 Requirements (including reasonably detailed supporting information to facilitate the State's verification of such compliance, and reasonably identifying to the State where, if at all, the Contract does not satisfy the Section 7.5 Requirements) and satisfies the State Policies Requirement (each an "**Initial Subcontract Certification**").

7.3.3 The State shall within five (5) Business Days after receipt of a Subcontract with any Subcontractor identified on **Exhibit 7.1** (Provisionally Approved Subcontracts) review the Subcontract and either (A) acknowledge in writing its Approval of the Subcontract, subject to approval of the Subcontractor by the Chief Procurement Office, or (B) notify Manager in writing with reasonable specificity of any deficiencies in the Subcontract with respect to the requirements set forth in clauses (i)–(iv) of Section 7.3.2 above (a "**Contract Rejection Notice**"). Any Subcontract Approved by the State pursuant to Sections 7.3.2, 7.3.3 and 7.3.4 shall be deemed Approved for all purposes of this Agreement. In the event Manager is unable after using its

Reasonable Best Efforts, within five (5) Business Days from the date of Manager's receipt of the Contract Rejection Notice, to negotiate with the Subcontractor the changes to the Subcontract and any other solutions necessary to cure the deficiencies identified by the State in the Contract Rejection Notice, the State shall, upon request by Manager, consider promptly and in good faith such compromise solutions, including a waiver of any deficiencies in the LOI Scope and/or the Section 7.5 Requirements, as proposed by Manager; provided, however, the State shall have no obligation to accept any such compromise solutions or waive any of the requirements set forth in Section 7.5.

7.3.4 If a Contract Rejection Notice is delivered with respect to any Key Subcontract and such Contract Rejection Notice is solely based, on for each Key Subcontract, the failure to satisfy the Procurement Approval Requirement for reasons other than such Subcontract or applicable Subcontractor's inability to satisfy the State Policies Requirement ("**Non-Approval of Key Subcontract Event**"), then the State shall, upon initiation by Manager delivering a proposal to the State, consider (i) amendments to Section 4 of **Schedule 10.1** (Payments Schedule) to effect appropriate adjustments to the threshold amounts for Minimum Net Income, Middle Net Income Target, and Upper Net Income Target for all purposes of this Agreement, (ii) make such adjustments to the Estimated Operating Allowance, Final Operating Allowance, Estimated Management Fee and Final Management Fee, and (iii) amendments to this Agreement, in each case to take into account Manager's inability to enter into a Subcontract with the applicable Key Subcontractor and any deficiencies specified in the Contract Rejection Notice. The State shall have no obligation to agree to any such amendments or adjustments; provided, however, the State shall in good faith consider Manager's proposed amendments and adjustments and shall not unreasonably withhold, condition or delay any Approval thereof.

7.4 Background Checks of Subcontractors. As provided in Section 7.2.2, the State shall inform Manager whether background checks (meeting the prescribed criteria for background checks set forth in the Operating Standards) are reasonably required for any potential Large Subcontractor and/or any of its employees, and any other Subcontractor and/or any of its employees who will (a) provide Services related to the Lottery Data or the security of Lottery assets and operations or (b) whose failure to deliver goods or services may otherwise reasonably be expected to have an adverse impact on the State's goodwill or public image. Manager shall use its Reasonable Best Efforts to identify for the State such Subcontractors who meet the foregoing conditions in clauses (a) or (b) of this Section 7.4. To the extent allowed by applicable Regulatory Requirements and reasonably required by the State, Manager agrees to conduct thorough background checks, through either its standard internal procedures or the services of a Third Party specializing in employment and business background checks, on such Subcontractor and, if reasonably required by the State, any or all of such Subcontractor's employees that will be performing services under the Subcontract. Manager shall review the results of the background check of (i) each Subcontractor employee to verify that such employee meets Manager's and the State's standards for employment and (ii) each Subcontractor to verify that they are not subject to legal, credit or other constraints on providing services. Manager shall provide copies of all such background checks to the State promptly following Manager's receipt thereof. Manager hereby acknowledges and agrees that, in addition to the foregoing, the State shall have the right to conduct background checks of any Subcontractor at any time prior to and during the term of its Subcontract with Manager. If the State elects to conduct any such background checks, the costs and expenses of such background checks shall be an Administrative Expense of the State. Manager shall be responsible for notifying Subcontractors of the possibility of such background checks.

7.5 Subcontractor Agreements. In addition to any other requirements in this Agreement, Manager shall include in its Subcontracts:

7.5.1 A provision stating that such Subcontract shall terminate without any termination penalty or fee on the part of the State;

7.5.2 A provision that the services to be provided by the Subcontractor are for the benefit of the State and that, accordingly, the State is an expressly intended third-party beneficiary of the Subcontract, entitled to enforce any provision thereof in accordance with its terms;

7.5.3 Terms and conditions that are consistent in all material respects with the provisions of this Agreement to the extent applicable, including those provisions relating to termination, personnel requirements, Service Levels, Work Product, State Intellectual Property, the State's audit rights, privacy and data safeguards (including those set forth in Section 9), representations and warranties, certifications, and indemnification obligations and insurance of the types set forth in this Agreement in amounts customary and appropriate for the types and volumes of services provided by the Subcontractors and other obligations included in this Agreement. Without limiting the foregoing, Manager shall require all of its Subcontractors to agree that all insurance coverages required to be maintained by the Subcontractor include "Additional Insured" endorsements of the types set forth in this Agreement;

7.5.4 A provision whereby the Subcontractor covenants and agrees that no Person shall be (i) excluded from participation in, or be denied benefits of, this Agreement where such participation or benefits are obligated by this Agreement or Regulatory Requirements, or (ii) excluded from employment, denied any of the benefits of employment or otherwise be subjected to discrimination on the grounds of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex or any other protected category by the Subcontractor in connection with the Subcontract. A provision requiring the Subcontractor, upon request, to show proof of such nondiscrimination and a provision requiring the Subcontractor to post in conspicuous places, available to all employees and applicants, notices of nondiscrimination;

7.5.5 A provision requiring the Subcontractor to maintain documentation for all fees or charges incurred by Manager under the Subcontract or any modifications or amendments thereto. A provision requiring that the books, documents, papers, accounting records and other evidence pertaining to products and/or services to be provided or performed or money received under the Subcontract shall be (i) maintained for a period of five (5) years from the date of the final payment and (ii) subject to audit or inspection at any reasonable time and upon reasonable notice by the State or its duly appointed representatives. A provision requiring the Subcontractor to make such materials available at its offices, and copies thereof furnished to the State or its duly appointed representative by the Subcontractor, at no cost to the State or its duly appointed representative, if so requested, including for purposes of satisfying a request under Illinois FOIA. A provision requiring that such records be maintained in all material respects in accordance with GAAP or IFRS, as applicable, and any other applicable procedures reasonably established by the State from time to time;

7.5.6 An acknowledgement and agreement by the Subcontractor that (a) notwithstanding the State's rights as a third-party beneficiary, the Subcontractor does not have any contractual relationship with the State or right against the State, including for payment, labor, services, materials or equipment furnished for the Services, and (b) the Subcontractor on behalf of itself, its officers, directors, managers, members, subsidiaries, assigns, and Affiliates and its and their respective officers, directors, managers, members, subsidiaries, successors, assigns, and Affiliates (each a "**Subcontractor Party**") forever remises, releases, acquits, satisfies and forever

discharges the State and its employees, officers, directors, managers, members, subsidiaries, assigns, Affiliates (including all departments and agencies thereof) and its and their respective officers, directors, managers, members, subsidiaries, successors, assigns, and Affiliates (each a "**State Party**") from any and all Losses that any Subcontractor Party may ever have against or seek from any State Party in connection with the applicable Subcontract; provided, however, that if the Subcontractor and the State are parties to a Jointly Administered State Contract or if the State assumes the Subcontract, then the Subcontract may include as an exception to the foregoing provisions set forth in clause (a) of this Section 7.5.6 for such contractual relationship and clause (b) of this Section 7.5.6 for a breach by the State of such Jointly Administered State Contract or assumed Subcontract, each such exception to be in form and substance satisfactory to the State;

7.5.7 A provision whereby the Subcontractor represents, warrants and covenants that at all times at which the Subcontractor is serving as a Subcontractor, such Subcontractor shall (a) not be debarred or prohibited by State Policies and Rules, (b) if required by any applicable State Policies and Rules, be qualified and registered to transact business in the State of Illinois, and (c) comply with all Operating Standards and State Policies and Rules and Regulatory Requirements (including all Anti-Corruption Laws and all Employment Laws), and upon the State's or Manager's request, furnish to the State written certification that such Subcontractor is in compliance with all Operating Standards and State Policies and Rules and Regulatory Requirements (including all Employment Laws) applicable to it;

7.5.8 A representation, warranty and covenant by the Subcontractor that it has not (a) accepted, nor shall accept, any Prohibited Consideration from any Person or (b) given, nor shall give, any Prohibited Consideration to any Person, in each case in connection with, directly or indirectly, the Subcontract or any other Lottery Document;

7.5.9 A provision that, upon the State's request, the Subcontractor shall (a) assign such Subcontract to the State or the Replacement Manager or (b) enter into new contracts with the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager on substantially the same terms and conditions, including price, as set forth in the then-existing Subcontract. Any such assignment shall be without cost or penalty (it being understood and agreed that in the event the State elects to have the rights and benefits under such Subcontract assigned, the State, such Affiliate, other designated State of Illinois agency or Replacement Manager shall assume the obligations and liabilities arising under such Subcontract on or after the date of assignment); and

7.5.10 For each Subcontract with the Instant Tickets Significant Subcontractor and Draw Games Significant Subcontractor, a provision requiring a Subcontractor Performance Security in favor of Manager in a form reasonably satisfactory to the State and with respect to the (a) Instant Tickets Significant Subcontractor, such Subcontractor Performance Security shall be (i) in an amount no less than One Million Dollars ($1,000,000) and (ii) renewable each year of the underlying Subcontract in an amount no less than One Million Dollars ($1,000,000), and (b) Draw Games Significant Subcontractor, such Subcontractor Performance Security shall be (i) in an amount no less than Two Million Five Hundred Thousand Dollars ($2,500,000) and (ii) renewable each year of the underlying Subcontract in an amount of no less than Two Million Five Hundred Thousand Dollars ($2,500,000); provided, however, that the maximum amount that may be drawn on the Draw Games Significant Subcontractor's Subcontractor Performance Security shall not exceed Ten Million Dollars ($10,000,000) during the term of its Subcontract.

7.5.11 A provision where the Subcontractor covenants and agrees that, upon notice of a Loss Event, it shall cause to be paid into the Controlled Account all proceeds from such

Subcontractor's (a) insurance coverages that would otherwise be paid to Manager, including as an "Additional Insured," and (b) Subcontractor Performance Securities, if any.

Notwithstanding the foregoing, Manager Subcontracts shall not be required to include the provisions set forth in Sections 7.5.2, 7.5.5 and 7.5.9. In addition, for the avoidance of doubt, none of the requirements set forth in this Section 7.5 is intended to waive or otherwise restrict any rights Manager otherwise has with respect to the Subcontractor, the State or any other Person.

7.6 Participation by Minority Businesses. Manager shall encourage at least twenty percent (20%) of the costs of marketing, advertising and shipping/freight Subcontracts entered into by Manager to be awarded to vendors providing those services, or any other commercially useful function in relation to the provision of Services, to businesses that are a "minority-owned business," a "women-owned business," or a "business owned by a Person with a disability," as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575, *et seq.* Manager shall provide to the State a written summary regarding Manager's compliance with this Section 7.6. Such summary shall be provided annually and may be included with each Updated Annual Business Plan.

7.7 Responsibility for Subcontractors.

7.7.1 Except as otherwise provided in Section 5.7, in no event shall Manager be relieved of its obligations under this Agreement as a result of its use of any Subcontractor, including any failure by a Subcontractor to perform its obligations to Manager. Manager shall supervise the activities and performance of each Subcontractor and shall remain wholly and fully responsible and liable for the actions and omissions of each Subcontractor in connection with that Person's performance under the Subcontract or otherwise with respect to the Subcontractor's provision of Services for which it is responsible, as well as for any act or failure to act by such Person that causes a breach of this Agreement. Manager shall require each Subcontractor to obtain and maintain all Governmental Approvals and other Third Party licenses, authorizations, approvals and consents required in connection with the Services for which such Subcontractor is responsible. Manager shall be the State's primary point of contact regarding the Services that are subcontracted, including with respect to payment, provided that the State may contact any Subcontractor (other than a Manager Subcontractor) directly, at its discretion and for any reason.

7.7.2 In performing the Services, Manager shall require all Subcontractors to comply with all applicable State Policies and Rules. Manager shall be responsible for the distribution of all applicable State Policies and Rules to each Subcontractor, to the extent necessary and appropriate.

7.7.3 Manager shall be solely responsible for any costs or obligations that arise after the termination of this Agreement under or with respect to any Subcontract entered into by Manager to provide the Services, including any termination costs, except for costs or obligations arising in respect of time periods after any such Subcontract has been expressly assumed by the State and/or the Replacement Manager in accordance with the terms hereof, including Section 14.3.2, or arising directly as a result of such Subcontract being assumed by the State, or to the extent included in any Cost Recovery Payment or State Benefit Payment.

7.8 Manager Performance of Subcontracts. Manager covenants to the State that it shall perform all of its obligations under each Subcontract in accordance with the terms thereof and shall directly pay to all Subcontractors when due all undisputed amounts due in accordance with their

respective Subcontracts, provided that the State has paid all amounts due to Manager with respect to such Subcontract.

7.9 No State Responsibility. The State shall not pay any Subcontractor any amount due under its Subcontract arising out of indemnity Claims for which Manager is responsible. No Subcontractor shall have any contractual relationship with the State or right against the State, including for labor, services, materials or equipment furnished for the Services, except for Subcontracts which have been assigned to the State as contemplated hereunder or which the State and/or its Replacement Manager have assumed the use and benefit thereof pursuant to Section 14.3.2. Manager shall indemnify the State for all Losses the State may suffer that are, directly or indirectly, related to a Subcontract (including for payment owing under the Subcontract or damages by any Subcontractor who furnishes or claims to have furnished any labor, services, materials or equipment provided in connection with the Services), except to the extent, and then solely to the extent, such Loss arises (a) with respect to any Subcontract, only in respect of periods after any such Subcontract has been assigned to the State as contemplated hereunder or directly as a result of such Subcontract being assumed by the State or after the State and/or its Replacement Manager has assumed in a written agreement the use and benefit thereof pursuant to Section 14.3.2, (b) from the State's fraud, willful misconduct or gross negligence, or (c) with respect to any Existing State Contract, only in respect of periods prior to any such Existing State Contract being assumed by Manager as an Assumed Contract. For the avoidance of doubt, the reimbursement of Manager from the Operating Allowance as an Operating Allowance Expense for the ordinary course costs and expenses arising under a Subcontract as contemplated by this Agreement shall not constitute a Loss to which this Section 7.9 applies.

7.10 Removal/Replacement of Subcontractors.

7.10.1 The State shall have the right, by written notice to Manager, to direct Manager to replace a Subcontractor (excluding a Manager Subcontractor), and terminate any Subcontract (excluding a Manager Subcontract) with such Subcontractor, or cause an employee of a Subcontractor to be removed from providing any aspect of the Services, for any reasonable reason, regardless of whether or not constituting a Subcontractor Termination for Cause Event. For purposes of this Section 7.10, "**Subcontractor Termination for Cause**" means the State requiring the termination of a Subcontractor (or the removal of an employee of a Subcontractor from providing Services) based primarily on any of the following: (a) material non-performance of the Services performed by such Subcontractor in the State's reasonable and good faith determination that is not cured, if capable of being cured, within ten (10) Business Days, or such longer time period as Approved by the State, after the earlier of (i) receipt of such notice from the State to Manager or (ii) such date Manager knew of such material non-performance; (b) engagement by such Subcontractor in any illegal activity; (c) a violation of State Policies and Rules that is not cured, if capable of being cured, within ten (10) Business Days, or such longer time period as Approved by the State, after the earlier of (i) receipt of such notice from the State to Manager or (ii) such date Manager knew of such violation; (d) a violation of this Agreement attributable to such Subcontractor that is not cured, if capable of being cured, within ten (10) Business Days, or such longer time period as Approved by the State, after the earlier of (i) receipt of such notice from the State to Manager or (ii) such date Manager knew of such violation, or (e) a reasonable and good faith determination that Manager's engagement or use of such Subcontractor would impose a material and adverse reputation risk or harm to the Lottery (each of clauses (a)–(e) referred to as a "**Subcontractor Termination for Cause Basis**"). For purposes of this Agreement, the State exercising its right under this Section 7.10 to terminate a Subcontractor (or cause an employee of a Subcontractor to be removed from providing any aspect of the Services) on a Subcontractor Termination for Cause Basis shall be referred to as a "**Subcontractor Termination for Cause Event.**" The State shall use its Reasonable Best Efforts

to consult with Manager prior to its election to require Manager to replace or terminate a Subcontractor, or cause an employee of a Subcontractor to be removed, as permitted by this Section 7.10.1, regardless of whether or not such election constitutes a Subcontractor Termination for Cause Event.

7.10.2 If the State exercises its right under Section 7.10.1 to direct the termination of a Subcontractor and any Subcontract with such Subcontractor (or cause an employee of a Subcontractor to be removed), and such exercise does not constitute a Subcontractor Termination for Cause Event, (a) in addition to the rights available to Manager under Section 5.7, the State shall reimburse Manager (and such reimbursed payments by the State shall be an Administrative Expense excluded from Operating Expenses for all purposes of this Agreement) for all reasonable and documented costs and expenses of Manager directly incurred as a result of the termination and replacement of such Subcontractor (or employee of a Subcontractor), including reasonable costs and expenses relating to the (i) termination and settlement of Contracts, (ii) identification and engagement of a replacement Subcontractor, (iii) compliance with Section 7.2, and (iv) negotiation of a replacement Subcontract (such reasonable and documented costs and expenses, including those set forth in clauses (i)–(iv) the "**Subcontractor Replacement Costs**"), and all such Subcontractor Replacement Costs shall be Administrative Expenses excluded from Operating Expenses, and (b) Manager shall be required to effect such termination promptly; provided, however, that the State and Manager shall reasonably cooperate to ensure that no material interruptions in Lottery operations result from the Subcontractor termination (or removal of an employee of Subcontractor).

7.10.3 If the State exercises its right under Section 7.10.1 to direct the termination of a Subcontractor and any Subcontract with such Subcontractor (or cause an employee of a Subcontractor to be removed), and such exercise constitutes a Subcontractor Termination for Cause Event, and Manager does not challenge the termination by initiating a Dispute in good faith, (a) in addition to all other rights available to the State hereunder, Manager shall be solely responsible for all Subcontractor Replacement Costs, but not as a Management Fee Expense or an Operating Allowance Expense, and (b) the State and Manager respectively shall use their Reasonable Best Efforts to minimize interruption in Lottery operations resulting from the Subcontractor Termination for Cause Event.

7.10.4 If Manager terminates a Subcontractor and any Subcontract with such Subcontractor (or cause an employee of a Subcontractor to be removed), other than at the direction of the State pursuant to Section 7.10.1, (a) Manager shall be responsible for all Subcontractor Replacement Costs as a Management Fee Expense, and (b) Manager shall use its Reasonable Best Efforts to minimize interruption in Lottery operations resulting from such termination.

7.10.5 Upon Manager obtaining knowledge of the occurrence of any Subcontractor Termination for Cause Basis, Manager shall promptly notify the State of such occurrence in writing. Upon the State obtaining knowledge (other than pursuant to written notification from Manager) of the occurrence of any Subcontractor Termination for Cause Basis, the State shall promptly notify Manager of such occurrence in writing. If the State exercises its rights under Section 7.10.1 to direct the termination of a Subcontractor and any Subcontract with such Subcontractor (or cause an employee of a Subcontractor to be removed), and (unless the relevant non-performance or violation, if capable of being cured is cured within the period specified above) Manager does not terminate such Subcontractor on or prior to the applicable Termination Deadline, then the State shall not be obligated to pay to Manager any portion of the Operating Allowance incurred after such applicable Termination Deadline. For the purposes of this Section

7.10.5, "**Termination Deadline**" shall mean: (a) for any termination under Section 7.10.1 not covered by clauses (b), (c) or (d) of this Section 7.10.5, thirty (30) days after receipt of such notice from the State or Manager, (b) if the terminated Subcontractor is an Instant Tickets Significant Subcontractor, six (6) months after receipt of such notice from the State or Manager or such longer time period as may be Approved by the State, (c) if the terminated Subcontractor is a Draw Games Significant Subcontractor, twelve (12) months after receipt of such notice from the State or Manager or such longer time period as may be Approved by the State or (d) for the termination of any individual for a Subcontractor Termination for Cause Basis under clause (b) of Section 7.10.1, two (2) Business Days, or such longer time period as Approved by the State, after receipt of such notice from the State or Manager.

7.10.6 At all times, notwithstanding the removal of the Subcontractor pursuant to Section 7.10.1, Manager shall continue to perform all of its obligations under this Agreement in compliance with all of the terms and conditions of this Agreement.

7.10.7 Subject to Manager's obligations set forth in this Section 7 (including the notice requirements in Section 7.2.1 and 7.2.2), Manager may terminate any Subcontractor and any Subcontract with such Subcontractor, for any or no reason, at its sole discretion. Manager shall consult with the State prior to its election to terminate any Subcontractor (excluding a Manager Subcontractor). At all times, notwithstanding the removal of the Subcontractor, Manager shall continue to perform all of its obligations under this Agreement in compliance with all terms and conditions of this Agreement.

Section 8 INTELLECTUAL PROPERTY RIGHTS

8.1 Rights to Lottery Games.

8.1.1 State Ownership. As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, all worldwide right, title and interest in and to all Intellectual Property in Existing State Lottery Games, Commissioned Lottery Games, and Lottery Trademarks are and shall be owned by the State.

8.1.2 Manager Ownership. As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, all worldwide right, title and interest in and to all Intellectual Property in Manager Lottery Games and Revisions to Lottery Games (but in each case specifically excluding Lottery Trademarks) are and shall be owned by Manager.

8.1.3 License Granted to Manager. Subject to Sections 8.7 and 8.1.5, the State hereby grants to Manager the following licenses:

(a) During the period from the Agreement Effective Date through the end of the Disentanglement Services Period, a royalty-free, non-exclusive, non-transferable limited license to make, use, sell, import, modify, create derivative works, distribute, perform, access and otherwise exercise rights in and to the Existing State Lottery Games and Commissioned Lottery Games, all of the foregoing solely for the benefit of the State; and

(b) During and after the Term of this Agreement, a royalty-free, non-exclusive, transferable, sublicensable, limited license to make, use, sell, import, modify,

create derivative works, distribute, perform, access and otherwise exercise rights in and to the Commissioned Lottery Games solely outside the State of Illinois.

8.1.4 License Granted to the State. Subject to Sections 8.7 and 8.1.5, Manager hereby grants to the State during and after the Disentanglement Services Period, a royalty-free, non-exclusive, limited license, with rights to sublicense or transfer only to a Replacement Manager or to a State-controlled entity, to make, use, sell, import, modify, create derivative works, distribute, perform, access and otherwise exercise rights in and to the Manager Lottery Games and Revisions to Lottery Games, in each case excluding any Software, solely for use inside the State of Illinois.

8.1.5 Additional License Terms. For the purpose of clarity, and notwithstanding anything to the contrary:

(a) No license is given by the State to Manager to use the Existing State Lottery Games other than for the purpose of operating the Lottery for the benefit of the State.

(b) To the extent that any Manager Lottery Games or Revisions to Lottery Games incorporate any Third Party Intellectual Property, then (i) Manager shall inform the State of each item of applicable Third Party Intellectual Property and provide contact information for seeking a license from such Third Party, (ii) in order to use such Third Party Intellectual Property, the State must obtain a license from the applicable Third Party, and the costs and expenses of such license shall be the responsibility of the State as an Administrative Expense that is excluded from Operating Expenses for all purposes of this Agreement, (iii) if the license is to be used exclusively in connection with the State's exercise of its Step-In Rights, such cost and expense shall be an Administrative Expense, provided, that such license shall be limited to a scope sufficient to utilize such Third Party Intellectual Property in connection with the license granted in Section 8.1.4 during the period of time during which the Step-In Rights are exercised, provided, further, that the State shall use Reasonable Best Efforts to minimize any such Administrative Expense, and (iv) Manager shall not interfere with the State's acquisition of such rights (e.g., Manager shall waive any exclusivity provisions in its own license with the applicable Third Party).

(c) The licenses granted in this Section 8.1 do not extend to any Software used to implement or otherwise operate the Lottery Games.

8.2 Rights to Lottery Trademarks.

8.2.1 State Ownership. As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, all worldwide right, title and interest in and to all Intellectual Property in the Lottery Trademarks are and shall be owned by the State.

8.2.2 License Granted to Manager. Subject to Sections 8.7 and 8.2.3, the State hereby grants to Manager the following licenses:

(a) During the Term, the exclusive, non-transferable right to use the Lottery Trademarks in connection with providing the Services solely for the benefit of the State.

(b) During the Disentanglement Services Period, the nonexclusive right to use the Lottery Trademarks in connection with providing the Services solely for the benefit of the State.

8.2.3 Additional License Terms. For the purpose of clarity, and notwithstanding anything to the contrary:

(a) Manager may not use the Lottery Trademarks other than for the purpose of providing the Services for the benefit of the State. Without limiting the generality of the foregoing, Manager shall not use the Lottery Trademarks in connection with any lottery games, advertising or promotional materials except in connection with providing the Services for the benefit of the State.

(b) Manager's use of the Lottery Trademarks will inure to the benefit of the State.

(c) Manager's use of the Lottery Trademarks will be subject to the quality control provisions set forth in this Agreement.

8.3 Rights to Advertising and Promotional Material and PPOS Displays.

8.3.1 State Ownership. As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, all worldwide right, title and interest in and to all Intellectual Property in the Advertising And Promotional Material are and shall be owned by the State. Subject to Section 8.3.3, Manager hereby assigns to the State, and shall cause all Service Providers assign to the State, without any additional compensation, all worldwide right, title and interest in and to all Intellectual Property in the Advertising And Promotional Material.

8.3.2 Manager Ownership. As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, all worldwide right, title and interest in and to all Intellectual Property in PPOS Displays (but in each case specifically excluding Lottery Trademarks) are and shall be owned by Manager.

8.3.3 Third Party Materials. To the extent that any Advertising And Promotional Material or PPOS Displays incorporate any Third Party Intellectual Property, then (i) Manager shall inform the State of each applicable Third Party and provide contact information for seeking a license from such Third Party, (ii) in order to use such Third Party Intellectual Property the State must obtain a license from the applicable Third Party, as an Administrative Expense, and (iii) Manager shall not interfere with the State's acquisition of such rights (e.g., Manager shall waive any exclusivity provisions in its own license with the applicable Third Party).

8.3.4 License Granted to Manager. Subject to Sections 8.7 and 8.2.3, the State hereby grants to Manager during the time period from the Agreement Effective Date through the end of the Disentanglement Services Period, a royalty-free, non-exclusive, non-transferable limited license to make, use, sell, import, modify, create derivative works, distribute, perform, access and otherwise exercise rights in and to the Advertising And Promotional Material in connection with providing the Services; all of the foregoing solely for the benefit of the State.

8.3.5 License Granted to the State. Subject to Section 8.7, Manager hereby grants to the State during and after the Disentanglement Services Period and for the duration of the State's exercise of any Step-In Rights, a royalty-free, non-exclusive, limited license, with rights to

sublicense or transfer only to a Replacement Manager or to a State-controlled entity, to make, use, import, modify, create derivative works, distribute, perform, access and otherwise exercise rights in and to (but excluding a right to sell) PPOS Displays; all of the foregoing solely for use with the Lottery and solely inside the State of Illinois.

8.4 Rights to Software.

8.4.1 Software Developed and Revised by Manager. As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, all worldwide right, title and interest in and to all Intellectual Property in Software developed and revised by or on behalf of Manager to provide the Services (but in each case specifically excluding Lottery Trademarks) are and shall be owned by Manager.

8.4.2 Open Source Software. Upon the State's request, Manager shall provide a list of all open source software used by Manager to provide the Services, other than open source software used by or incorporated into Manager Intellectual Property or Third Party software, including license information so that the State can seek its own open source license and the costs and expenses of such license shall be the responsibility of the State as an Administrative Expense that is excluded from Operating Expenses for all purposes of this Agreement; provided, however, that if the license is to be used in connection with the State's exercise of its Step-In Rights, such cost and expense shall be an Administrative Expense to the extent of such use; provided, further that such license shall be limited to a scope sufficient to utilize such open source software during the period of time during which the Step-In Rights are exercised and that the State shall use Reasonable Best Efforts to minimize any such Administrative Expense. To the extent that the applicable open source software obligates Manager to provide copies (in source or object form) of its modifications to the underlying open source software to any Person, then Manager shall provide copies to the State.

8.4.3 Other In-Licensed Software.

(a) Upon the State's request, Manager shall provide a list of all non-open source in-licensed software used by Manager to provide the Services, including contact information so that the State may seek its own license if it desires to use such software and the costs and expenses of such license shall be the responsibility of the State as an Administrative Expense that is excluded from Operating Expenses for all purposes of this Agreement, provided, however, that if the license is to be used in connection with the State's exercise of its Step-In Rights, such costs and expenses shall be an Administrative Expense to the extent of such use, provided, that such license shall be limited to a scope sufficient to utilize such software during the period of time during which the Step-In Rights are exercised, provided, further, that the State shall use Reasonable Best Efforts to minimize the cost and expense of such license.

(b) If Manager intends to obtain Third Party commercial Software specifically and exclusively for use by or on behalf of the State, then Manager shall inquire as to whether the State would prefer to directly obtain such a license. If so, then the Parties shall cooperate to effectuate such preference.

8.5 Analytics Tools. As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, all worldwide right, title and interest in and to all Intellectual Property in the Analytics Tools are and shall be owned by Manager.

8.6 Work Product.

8.6.1 State Ownership.

(a) As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, subject to Section 8.6.1(b), all worldwide right, title and interest in and to all Intellectual Property in the Work Product are and shall be owned by the State. Manager hereby assigns to the State, and shall cause all Service Providers assign to the State, without any additional compensation, all worldwide right, title and interest in and to all Intellectual Property in the Work Product.

(b) Section 8.6.1(a) does not transfer or grant any rights in or to any Third Party Intellectual Property. To the extent that any Work Product incorporates any Third Party Intellectual Property, then (i) Manager shall inform the State of each applicable Third Party and use Reasonable Best Efforts to provide contact information for seeking a license from such Third Party, (ii) in order to use such Third Party Intellectual Property the State must obtain a license from the applicable Third Party, and the State's cost and expense for obtaining such license shall be an Administrative Expense, and (iii) Manager shall not interfere with the State's acquisition of such rights (e.g., Manager shall waive any exclusivity provisions in its own license with the applicable Third Party).

8.6.2 License Granted to Manager. Subject to Sections 8.7 and 8.2.3, the State hereby grants to Manager the following licenses:

(a) During the period from the Agreement Effective Date through the end of the Disentanglement Services Period, a royalty-free, non-exclusive, non-transferable limited license to make, use, sell, import, modify, create derivative works, distribute, perform, access and otherwise exercise rights in and to all Work Product not constituting Lottery Games, Advertising And Promotional Materials, or Software in connection with providing the Services, all of the foregoing solely for the benefit of the State.

(b) During and after the Term of this Agreement, a royalty-free, non-exclusive, transferable, sublicensable, limited license to make, use, sell, import, modify, create derivative works, distribute, perform, access and otherwise exercise rights in and to all Work Product not constituting Lottery Games, Advertising And Promotional Materials, or Software solely outside the State of Illinois.

8.7 Licenses. Unless explicitly stated otherwise in Sections 8.1 through 8.6, all licenses under Sections 8.1 through 8.6:

8.7.1 Can be sublicensed solely to allow the sublicensed Intellectual Property to be used on behalf of the Party which is the licensee, but not otherwise useable by the sublicensee on its own behalf or on behalf of any other Person; provided, however, that, other than with respect to any sublicensee that is an Affiliate of the licensee, any such sublicense is subject to a written agreement between the sublicensee and the licensee Party consistent with the applicable terms of this Agreement, including all confidentiality obligations pertaining thereto.

8.7.2 Any references to a geographical/jurisdictional limitation in the licenses granted in Sections 8.1 through 8.6 shall be understood to refer only to the location where lottery games (including Lottery Games) are offered to lottery players and not, for example, to the location

where tickets for such games are printed, where lottery back-end operations take place, or where lottery websites are hosted.

8.7.3 No license is given by Manager to the State in or to any Third Party Intellectual Property.

8.8 Software Escrow.

8.8.1 With respect to any Central Gaming System services or other Software used in the operation of the Central Gaming System (collectively, "**Key Software**") which is owned by Manager or any Affiliate of Manager, Manager shall establish an escrow pursuant to an escrow agreement (the "**Escrow Agreement**") entered among the State, Manager and an independent escrow agent, who will provide for the deposit, retention, administration, verification, and controlled access of the Key Software including all Software, interfaces, data structures, data marts, data definition language (DDL), design documents, other documentation, XML schemas, code, and any other materials associated with the Key Software, including source code and Related Documentation (collectively, the "**Escrow Materials**"). Any fees associated with the deposit of Escrow Materials with the independent escrow agent shall be paid by Manager, as a Management Fee Expense. The Escrow Agreement shall be supplementary to all license agreements and shall be subject to the review and Approval by the State. The State shall be permitted access to the Escrow Materials in accordance with the Escrow Agreement only under the following conditions (each, a "**Release Event**") and only if the State is in material compliance with the terms and conditions at the time of a request for access to the Escrow Materials in accordance with the Escrow Agreement:

(a) The: (i) institution of bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against Manager under any section or chapter of the Bankruptcy Code, as amended, or under any similar laws or statutes of the United States (or any state thereof), if such proceedings have not been dismissed or discharged within sixty (60) days after they are instituted and Manager fails to provide the Services in accordance with this Agreement during the pendency of any such proceedings; (ii) institution of any reorganization arrangement or other readjustment of debt plan of Manager not involving the Bankruptcy Code that has not been dismissed or discharged within sixty (60) days after it has been instituted; or (iii) assignment by Manager of all, or substantially all, of its assets for the benefit of creditors;

(b) Manager ceases to do business and there is no successor-in-interest to Manager that performs the Services as required by this Agreement;

(c) Manager fails to pay any fee of the escrow agent and does not cure such failure within the time periods set forth in the Escrow Agreement; or

(d) initiation of any limited liability company action taken by the manager or similar governing body of Manager in furtherance of any of the above actions.

8.8.2 Upon a Release Event, Manager hereby grants, and shall cause any applicable Affiliate to grant, to the State (or, at its election, to its designee(s)), and their successors and assigns, an irrevocable, nonexclusive, paid-up right and license to use, execute, reproduce, display, perform, maintain, support, upgrade, modify and otherwise exercise all Intellectual Property rights in and to such Escrow Materials, exclusively for the operation of the Lottery or to the extent otherwise necessary for the fulfillment of Manager's obligations under this Agreement,

following the occurrence of a Release Event through the end of any Disentanglement Services Period or, if a Release Event occurs prior to or in the absence of a Disentanglement Services Period, for twelve (12) months following the occurrence of the Release Event, or such longer period as agreed to by the Parties (in each case, the "**Escrow License Period**"). Manager or the State may engage the services of Third Parties to enable its access to the benefits of the licenses granted under this Agreement. The provisions of this Section 8.8.2 shall survive the termination of the Escrow Agreement resulting from the occurrence of a Release Event through the end of the Escrow License Period.

8.8.3 With respect to any Key Software that is licensed, leased or otherwise obtained from one or more Subcontractors, the relevant Subcontract will provide that such Subcontractor establish an escrow pursuant to an Escrow Agreement entered among Manager, the applicable Subcontractor and an independent escrow agent to hold the Escrow Materials for such Key Software being provided by such Subcontractor ("**Subcontractor Escrow Materials**"). Each Subcontractor Escrow Agreement will provide for the release of the relevant Subcontractor Escrow Materials and appropriate licenses to Manager in the event the Subcontractor: (a) institutes bankruptcy, receivership, insolvency, reorganization or other similar proceedings and any such proceeding has not been dismissed or discharged within one hundred twenty (120) days after being instituted and the Subcontractor fails to perform its obligations under the relevant Subcontract during the pendency of any such proceeding; (b) ceases to do business and there is no successor-in-interest to such Subcontractor that continues to operate that portion of the business related to the supply, support, and maintenance of the Subcontractor Escrow Materials; or (c) makes an assignment of all or substantially all of its assets for the benefit of creditors and there is no successor-in-interest to Subcontractor that continues to operate that portion of the business related to the supply, support, and maintenance of the Subcontractor Escrow Materials. The provisions of this Section 8.8.3 shall survive the termination of the Escrow Agreement resulting from the occurrence of a Release Event through the end of the Escrow License Period.

8.9 General Rights.

8.9.1 Copyright Legends. Each Party agrees to reproduce copyright and trademark legends which appear on any portion of the other Party's or any Third Party's Intellectual Property and/or copies or materials embodying the other Party's or any Third Party's Intellectual Property.

8.9.2 Cooperation on Enforcement of Intellectual Property Rights. Each Party shall reasonably cooperate with and reasonably assist the other Party, at the requesting Party's expense ((i) for Manager's expense, as a Management Fee Expense and/or an Operating Allowance Expense, as applicable, and (ii) for the State's expense, as an Administrative Expense), in connection with the investigation or pursuit to enforce and/or investigate violations of the Intellectual Property rights of such Party with regard to the Intellectual Property used in connection with the operation of the Lottery or the provision of Services under this Agreement. Without limiting the generality of the foregoing, Manager shall require all other Service Providers to comply with the provisions of this Section 8.9.2.

8.9.3 Assistance in Perfecting Intellectual Property Rights. Each Party will execute any documents or take any other actions as may reasonably be necessary, or as the other Party may reasonably request, at the requesting Party's expense ((i) for Manager's expense, as a Management Fee Expense and/or an Operating Allowance Expense, as applicable, and (ii) for the State's expense, as an Administrative Expense), to secure, register, patent and perfect such other Party's rightful ownership of, as applicable, any Intellectual Property used in connection with the

operation of the Lottery or the provision of Services under this Agreement. Without limiting the generality of the foregoing, Manager shall cause all Service Providers to comply with the provisions of this Section 8.9.3.

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

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

Section 9 DATA PROTECTION, SECURITY AND CONFIDENTIALITY

9.1 Lottery Data and Analytics Data.

9.1.1 As between the State, on the one hand, and Manager or any other Service Provider, on the other hand, the Lottery Data is and shall remain the property of the State or such other assignee designated by the State. Manager shall, and shall require each other Service Provider to, use the Lottery Data only (i) for the benefit of the State, or (ii) to create Analytics Data. Except as provided in Section 9.3.7 or to the extent prohibited by applicable Regulatory Requirements, Manager shall, and shall require each other Service Provider to, promptly deliver any Lottery Data in its, or such other Service Provider's, possession or direct or indirect control (or the portion of such Lottery Data specified by the State) to the State in an industry standard format and on standard commercially available media reasonably requested by the State: (a) at any time upon reasonable notice at the State's request; and (b) at the end of the Disentanglement Services Period. Following the Disentanglement Services Period, except as provided in Section 9.3.7 and except Contract Records (which shall be retained by Manager for the Record Retention Period, unless otherwise agreed in writing by the State), to the extent that Manager has direct or indirect control over any Lottery Data, Manager shall return or destroy (and shall require all other Service Providers to return or destroy), as requested and directed by the State, all copies of Lottery Data in the possession of or under the control of Manager or such other Service Provider as soon as possible, but in no event later than thirty (30) Business Days following a request by the State, and shall upon the State's written request, deliver to the State written certification of such return or destruction signed by an authorized representative of Manager or the applicable Service Provider. Manager shall not withhold any of the Lottery Data as a means of resolving any Dispute or as a condition of resolving any Dispute. Manager shall not utilize, and shall require all other Service Providers not to utilize, the Lottery Data for any purpose other than the performance of Services under this Agreement or the creation of Analytics Data, and at all times Manager shall, and shall require each other Service Provider to, comply with the State Policies and Rules. Manager shall promptly notify, and shall require each other Service Provider to promptly notify, the State in writing if Manager or such applicable Service Provider believes that the Lottery Data has been used in a manner inconsistent with the foregoing.

9.1.2 Notwithstanding anything set forth in this Agreement to the contrary:

(a) As between the State, on the one hand, and Manager, on the other hand, the Analytics Data is and shall remain the property of Manager.

(b) During and after the Term the State may continue to use (and allow others to use on its behalf) any Analytics Data embedded in Reports, files, data or documents previously provided by Manager to the State.

9.2 Security.

9.2.1 Safeguarding Procedures. Manager shall establish and maintain physical, environmental, virtual/logical, safety and facility procedures, data security procedures and other safeguards consistent in all material respects with the requirements of the State's Office of Information Technology (as provided in writing to Manager by the State) and the Operating Standards against the destruction, loss, unauthorized access or alteration of the Lottery Data in the possession and/or control of Manager or Manager Personnel which are: (a) no less rigorous than those maintained by the State or the Current Manager prior to the Agreement Effective Date (in each case as set forth in writing provided to Manager by the State); (b) no less rigorous than those maintained by the State for its own information of a similar nature (as set forth in a writing provided to Manager by the State) or for other customers of Manager with respect to information of a similar nature; (c) adequate to meet the requirements of the State's privacy, security and records retention policies and applicable State Policies and Rules (as provided in writing to Manager by the State); and (d) no less rigorous than Industry Standards.

(a) With respect to the Lottery Data in Manager's possession or direct or indirect control, Manager shall provide, or cause to be provided, to the State downloads of the Lottery Data in Manager's or any Manager Personnel's possession, as reasonably requested by the State to enable the State to maintain back-up security or back-up copies of the Lottery Data. Manager shall remove or cause to be removed all the Lottery Data from any media taken out of service and shall destroy or securely erase such media in accordance with the Operating Standards or if not specified therein, applicable Industry Standards. No media on which the Lottery Data is stored may be used or re-used to store data of any other customer of Manager or any Subcontractor or to deliver data to a Third Party, including another Manager or Subcontractor customer, unless securely erased.

(b) In the event Manager has knowledge of a breach or potential breach of security relating to the Lottery Data in Manager's possession or direct or indirect control, Manager shall: (i) notify the State by calling by telephone a State Designee within two (2) hours of the discovery of the incident and discussing such breach or potential breach to allow the State to comply with any applicable notification laws or other State Policies and Rules, with a formal report of such breach or potential breach to follow such telephone call within two (2) Business Days; (ii) investigate such breach or potential breach and perform a Root Cause Analysis thereon and provide such Root Cause Analysis report to the State; (iii) remediate the effects of such breach or potential breach of security, except to the extent that the State, its Third Parties or its Affiliates are the direct or indirect cause of the breach or potential breach; (iv) provide the State with such reasonable assurances as the State shall request that such breach or potential breach shall not recur, except to the extent that the State, its Third Parties or its Affiliates are the direct or indirect cause of the breach or potential breach; (v) provide periodic updates of any investigations to the State; and (vi) cooperate with the State with respect to any

investigation by the State. Prior to permitting Lottery Data to be stored outside of an environment that encompasses all of the safeguards provided for in this Section 9.2.1, Manager shall first notify the State in writing and shall obtain State Approval of such removal and of any safeguards proposed by Manager to protect such Lottery Data.

9.2.2 Reconstruction Procedures. As part of the Services, Manager and any Subcontractors shall be responsible for developing and maintaining procedures for data back-up and restoration to the last back-up and/or restoration of lost Lottery Data in their possession or control, using generally accepted data restoration techniques which are no less rigorous than those maintained by Manager, as such restoration techniques may be modified by Manager from time to time, for its own information of a similar nature, and no less rigorous than Industry Standards; provided, however, that the obligations set forth in this Section 9.2.2 shall only apply to Lottery Data created or used by Manager on or after the Base Services Commencement Date.

9.2.3 Corrections. Manager and all Subcontractors possessing or controlling Lottery Data shall at all times adhere to the procedures and safeguards promulgated by the State as specified in the Operating Standards, and shall correct (including data back-up and restoration from scheduled back-ups or, if not available on such back-ups, using generally accepted data restoration techniques) any unauthorized destruction, loss or alteration of any Lottery Data in Manager's possession or direct or indirect control at no charge to the State except to the extent that the State or its Affiliates or any of their respective Third Party subcontractors are the direct or indirect cause of such destruction, loss or alteration of data.

9.2.4 Data Access. Upon the State's request after no less than two (2) Business Days' notice (or longer if additional time is reasonably requested), the State shall have the right to access all computer or other files solely to the extent such computer or other files contain the Lottery Data, as well as all systems and network logs, system parameters and documentation to the extent such systems, logs, parameters and documentation contain the Lottery Data (collectively "**Lottery Data Files**"). At no time shall any of such files or other materials or information be stored or held in a form or manner not readily accessible to the State. Manager shall provide or cause to be provided to the State such Lottery Data Files promptly upon the request of the State, including reasonable access to Equipment and Software keys and such information as to format, encryption (if any) and any other specification or information necessary for the State to retrieve, read, revise and/or maintain such Lottery Data Files. Upon the request of the State, Manager shall confirm in writing that, to the best of its knowledge, all the Lottery Data Files provided to the State are materially complete and that no material element, amount or other fraction of such Lottery Data Files has been deleted, withheld, disguised and/or encoded in a manner inconsistent with the purpose and intent of providing full access to the State as contemplated by this Agreement.

9.3 Confidentiality.

9.3.1 Confidential Information. Manager and the State each acknowledge that the other possesses and shall continue to possess Confidential Information that has been developed or received by it, has commercial value in its or its customers' business, and is not generally available to the public. The Parties hereto acknowledge and agree that for purposes of Illinois FOIA, information requiring confidential treatment by the Receiving Party shall be designated by the Disclosing Party as Confidential Information at the time of delivery of such information to the Receiving Party; provided, however, that (a) the failure to designate any information as Confidential Information at the time of delivery of such information shall not prohibit the Disclosing Party from designating such information as Confidential Information at any time

subsequent to delivery, and (b) designating any information as Confidential Information does not necessarily exempt such information from disclosure under Illinois FOIA.

9.3.2 Confidentiality Obligations.

(a) At all times after the Agreement Effective Date and except as expressly contemplated by Section 9.3.2(b), 9.3.3 or 9.3.4, Manager, on the one hand, and the State, on the other hand, shall not disclose, and shall maintain the confidentiality of, all Confidential Information of the other Party. The State and Manager shall each use at least the same degree of care to safeguard and to prevent disclosing to Third Parties the Confidential Information of the other Party as it employs to avoid unauthorized disclosure, publication, dissemination, destruction, loss or alteration of its own information (or information of its customers) of a similar nature, but not less than reasonable care. Manager shall require all other Service Providers having access to the Confidential Information of the State to be subject to a written agreement (which in the case of Manager Personnel may be that Manager Personnel's employment agreement) of confidentiality and non-disclosure in a form reasonably acceptable to the State that contains terms and conditions substantially similar to those set forth in this Section 9.3 protecting the Confidential Information of the State. Upon the State's request, Manager shall enforce, and reasonably cooperate with the State in connection with enforcing, such terms and conditions. Manager shall provide Service Providers access to Confidential Information of the State only to the extent necessary for such Service Provider to perform his or her obligations under or with respect to this Agreement, provided that in no event shall such access be in violation of any State Policies and Rules.

(b) The Parties may disclose the other Party's Confidential Information to their Affiliates, auditors, attorneys, accountants, consultants, contractors and subcontractors so long as such Person does not constitute a Competitor of Manager that is not then providing any aspect of the Services (such Persons collectively, "**Representatives**"), where: (i) such disclosure is necessary for the performance of such Person's obligations under or with respect to this Agreement or otherwise naturally occurs in such Person's scope of responsibility; and (ii) such Person (and its applicable officers and employees) agrees to confidentiality obligations substantially similar to those set forth in this Section 9.3 or by the nature of the relationship, such Person is subject to a duty of confidentiality that is substantially similar to those set forth in this Section 9.3. Each Party hereby assumes full responsibility for the acts or omissions of its Representatives and shall ensure that the other Party's Confidential Information is not disclosed or used in contravention of this Agreement. Any disclosure to such Person shall be under the terms and conditions as provided in this Agreement. Each Party's Confidential Information shall remain the property of such Party.

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

9.3.3 Exclusions. Section 9.3.2 shall not apply to any particular information which the Receiving Party can demonstrate: (a) is, at the time of disclosure to it, generally available to the public other than through a breach of the Receiving Party's or a Third Party's confidentiality obligations; (b) after disclosure to it, is published by the Disclosing Party or otherwise becomes generally available to the public other than through a breach of the Receiving Party's or a Third Party's confidentiality obligations; (c) is already lawfully in the possession of the Receiving Party at the time of disclosure to it; (d) is received from a Third Party having a lawful right to disclose such information without any restriction on further disclosure; (e) is independently developed by the Receiving Party without reference to or use of Confidential Information of the Disclosing Party; or (f) is necessary to be disclosed for the enforcement of the Receiving Party's rights under or with respect to this Agreement and then only to the extent so necessary; provided, however, that the exclusions in the foregoing subsections (a), (b) and (c) shall not be applicable to the extent that the disclosure or sharing of such information by one or both Parties is subject to any limitation, restriction, consent or notification requirement under any applicable Data Privacy Laws then in effect, and nothing in this Section 9.3.3 shall be deemed to affect the application of Section 9.3.4.

9.3.4 In the event that either Party is requested or required by Regulatory Requirement, other applicable law, or other applicable judicial or governmental order (but in all cases, excluding any requirement under Illinois FOIA) to disclose any Confidential Information of the other Party, the Receiving Party shall provide the Disclosing Party with prompt notice of any such request or requirement so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Section 9.3.4 and the Receiving Party shall request the party requesting or requiring disclosure to provide the Receiving Party and the Disclosing Party with a reasonable amount of time to object to such production. In the event that such protective order or other remedy is not obtained, or that the Disclosing Party waives compliance with the terms of this Section 9.3.4, the Receiving Party (a) may disclose only that portion of the Confidential Information which legal counsel advises in writing is legally required to be disclosed, (b) shall deliver to the Disclosing Party, written notice together with a description of any Confidential Information to be disclosed (including copies of the relevant portions of the relevant documents) as far in advance of its disclosure as is reasonably practicable and (c) shall use its Reasonable Best Efforts to, and shall use its Reasonable Best Efforts to cause its Representatives to, preserve the confidentiality of the Confidential Information (including cooperating with the Disclosing Party in its efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded to the Confidential Information). Nothing in this Section 9.3.4 shall be deemed to prohibit Manager from seeking a protective order or other remedy in order to protect Manager's Confidential Information from disclosure.

9.3.5 FOIA Required Disclosures.

(a) Manager acknowledges that any Public Record (as defined in Illinois FOIA) related to the Lottery and this Agreement, including Public Records containing Confidential Information, may be subject to release to the public under Illinois FOIA, including pursuant to Section 7(2) thereof in response to a request for records (a "**FOIA Request**"). With respect to any FOIA Request, the Receiving Party may not disclose the Confidential Information of the Disclosing Party until it has provided reasonable advance written notice of such FOIA Request to the Disclosing Party.

(b) Upon receipt of a FOIA Request for records which are in possession of Manager, the State shall promptly, but in any event within two (2) Business Days after its

receipt of a FOIA Request, notify Manager in writing of such FOIA Request; provided, however, that failure to provide notice within such time period shall not relieve Manager of its obligations to provide Contract Records pursuant to this Section 9.3.5(b). Manager shall promptly, but in any event within three (3) Business Days, following receipt of such notice, provide to the State (i) all records in its possession that Manager reasonably determines are responsive to such FOIA Request and required to be disclosed under Illinois FOIA, and (ii) any other records related to this Agreement or the Lottery that the State requests from Manager and that the State reasonably determines are responsive to such FOIA Request and required to be disclosed under Illinois FOIA.

(c) The fees, costs and expenses of the State incurred with respect to the response to any FOIA Request for information regarding the Lottery shall be an Administrative Expense. The fees, costs and expenses of Manager incurred with respect to the response to any FOIA Request, including compiling and delivering Contract Records under Section 9.3.5(b) and seeking a protective order or other remedy with respect to any FOIA Request or any request for Contract Records in connection with a FOIA Request, shall be Management Fee Expenses.

(d) Nothing in this Section 9.3.5 shall be deemed to prohibit Manager from seeking a protective order or other remedy in order to protect Manager's Confidential Information from disclosure.

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

9.3.7 Return/Destruction of Confidential Information. Upon the expiration or termination of the Term and any Disentanglement Services Period, and at any other time upon written request by the Disclosing Party, to the extent permitted by applicable Regulatory Requirements and consistent with any applicable document retention policies, the Receiving Party shall, at the Receiving Party's election, return to the Disclosing Party or destroy all applicable Confidential Information (including the portion of any documentation in any medium to the extent it contains, refers to, or relates to the Confidential Information) of the Disclosing Party then in its possession or control, in whatever form, or, in the case of a written request by the Disclosing Party, the Confidential Information specified in such request to the extent then in the Receiving Party's possession or control, in whatever form, in any case within thirty (30) days following such expiration, termination or request (except Contract Records, which shall be retained by Manager for the Record Retention Period unless and to the extent Manager is directed by the State to deliver such Contract Records to the State prior to the expiration of such Record Retention Period). In addition, unless the Disclosing Party otherwise consents in writing, the Receiving Party also shall deliver to the Disclosing Party or, if requested by the Disclosing Party, shall delete or destroy, any copies, duplicates, summaries, abstracts or other representations of any such Confidential Information or any part thereof, in whatever form, then in the possession or control of the Receiving Party. Notwithstanding the foregoing: (a) Manager may retain a reasonable number of copies of documentation and data, excluding the Lottery Data, for archival purposes or warranty support; provided, however, that Manager's retention of such archived data shall comply with this Section 9; and (b) the State may retain copies of any Confidential Information to the extent required by any Regulatory Requirement, to the extent otherwise permitted under this Agreement and for audit or legal archival purposes; provided, however, that the State's retention of such Confidential Information shall comply with this Section 9; and

(c) Manager may retain any and all Analytics Data. Upon the other Party's written request, each Party shall deliver to the other Party written certification of its compliance with this Section 9.3.7 signed by an authorized representative of such Party.

Section 10 COMPENSATION AND PAYMENT TERMS

10.1 Operating Allowance; Management Fee.

10.1.1 In respect of each Contract Year, the State shall pay to Manager (a) an amount calculated pursuant to **Schedule 10.1** (Payments Schedule) and Section 10.3.5(b) (the "**Operating Allowance**") that may be used by Manager to pay (i) costs incurred with respect to Subcontracts (excluding Manager Subcontracts but including, for the avoidance of doubt, the subcontract spend categories set forth in **Schedule 10.1.1** (Subcontract Spend Categories)), (ii) marketing and advertising expenses of the Lottery, and (iii) amounts due in respect of the Employee Use Agreement (clauses (i)–(iii), collectively the "**Operating Allowance Expenses**"), and (b) an amount calculated pursuant to **Schedule 10.1** (Payments Schedule) and Section 10.3.5(c) (the "**Management Fee**") for the expenses of Manager shown in its income statement, which shall include Manager's overhead, fees, costs and expenses, including legal fees and expenses, and fees costs and expenses for Manager's business operations and employee compensation and benefits with respect to Manager's employees (the "**Management Fee Expenses**"). Operating Allowance Expenses and Management Fee Expenses shall be recognized on an accrual basis consistent with GAAP, or as otherwise provided in Section 10.1.2. Notwithstanding the foregoing or anything to the contrary contained in this Agreement, in no event shall Manager be compensated by, retain or otherwise receive any benefit from (other than by virtue of any increase in Net Income or by virtue of being reimbursed for Operating Allowance Expenses incurred on behalf of the State) any portion of the Operating Allowance.

10.1.2 To the extent that Manager makes any capital expenditure for which the Operating Allowance may be properly expended, such capital expenditure may be allocated against the Operating Allowance as an Operating Allowance Expense on a straight-line basis over the then-current and subsequent Contract Years representing the useful life of the capital asset (as determined in accordance with GAAP; however, the useful economic life of the asset shall not extend beyond the Term unless agreed to in writing by the Parties); provided that Manager may adjust such allocation to reflect any change to the anticipated useful life of the applicable capital asset. Should GAAP require Manager to account for the purchase of a capital item and subsequent re-sale to the State (in order to transfer right, title and interest to the State in accordance with Section 4.7) as an installment sale and therefore recognize a debt (being the amount not yet recovered through the Operating Allowance) rather than an asset (being the gross purchase price less accumulated depreciation) in its balance sheet, Manager may allocate such expenditure against the Operating Allowance as an Operating Allowance Expense on a straight-line basis over the useful life of the capital asset as if such asset had been capitalized in Manager's balance sheet and depreciated over its useful life (however, the useful life of the asset shall not extend beyond the Term unless agreed to in writing by the Parties). To the extent that Manager procures any assets pursuant to the terms of any capital lease, the aggregate principal and interest amounts attributable to each Contract Year shall be an Operating Allowance Expense for such Contract Year. If the useful life of a capital asset (as determined in accordance with GAAP) would extend past the Term, Manager, prior to making any such capital expenditure, may notify the State in writing after the Agreement Effective Date, but before the expenditure, of its intent to make such a capital expenditure and request that the State agree in advance in writing to pay the remaining book value, outstanding debt or remaining lease payments and acquire the

applicable capital asset upon expiration or termination of this Agreement; provided, however, that the State shall not be under any obligation to Approve any such payments or expenditures. If the State has agreed to pay Manager such remaining book value, outstanding debt or remaining lease payments, it shall do so within sixty (60) days following expiration or termination of this Agreement and taking possession of such asset. If the State has not agreed to pay Manager such remaining book value, outstanding debt or remaining lease payments (whether as a result of it not agreeing to do so or not being requested by Manager to do so) the State will not compensate Manager for the remaining book value, outstanding debt or remaining lease payments but will allow Manager to retain such capital asset.

10.1.3 Residual Value Payment; Recapture.

(a) *Residual Value Payment.* Manager's Proposal, which resulted in Manager's selection of Intralot Inc. as Draw Games Significant Subcontractor, indicated that there are significant efficiencies to be gained from replacing IGT with Intralot Inc., and that such efficiencies are expected to result in significant reductions in the operating expenses of the Lottery and therefore corresponding increases in Net Income over the Term. Accordingly, when pursuant to Manager's Proposal IGT is replaced with Intralot Inc. then the Estimated Operating Allowance, Final Operating Allowance, and Operating Allowance Expenses for the Contract Year in which such replacement occurs shall be deemed, for all purposes of this Agreement, to be increased by the amount of the Residual Value due to IGT as a result of the termination of IGT as the Draw Games Significant Subcontractor. Within five (5) Business Days following the State's delivery of written instructions specifying the amount of the Residual Value and payment instructions, Manager, as the private manager of the Lottery, shall pay the Residual Value (the "**Residual Value Payment**") in the amount, and to the IGT account, specified by the State in the State's written instructions to Manager. Notwithstanding anything to the contrary provided in this Section 10.1.3(a), Manager's obligation to pay the Residual Value Payment to IGT shall be conditioned upon (x) actual receipt by the Manager of payment by the State of an amount equal to the Residual Value Payment, and (y) the Parties receiving releases from IGT (and/or its appropriate Affiliate) in forms reasonably acceptable to the Parties.

(b) *Recapture of Incentive Compensation.* For the Contract Year in which the Residual Value Payment is made by Manager, that payment amount shall be removed from Operating Expenses in determining Incentive Compensation as contemplated in Section 1, row (f) of the section titled *Sample Calculation* in the Calculations Workbook. In the event Incentive Compensation is earned in respect to the Contract Year in which the Residual Value Payment is made, but Net Income (as defined in **Schedule 10.1** (Payments Schedule) and set forth in Section 1, row (e) of the section titled *Sample Calculation* in the Calculations Workbook) is less than the Minimum Net Income, then any amount of such Incentive Compensation (the "**Postponed Incentive Compensation Amount**") shall be paid by the State to Manager within fifteen (15) days following final determination, in accordance with Sections 10.3.3, 10.3.4 and 10.3.5, of Net Income and Incentive Compensation for the next Contract Year in which Net Income for such Contract Year exceeds an amount equal to (i) Minimum Net Income for such Contract Year plus (ii) the Incentive Compensation earned during such Contract Year plus (iii) the unpaid balance of the Postponed Incentive Compensation Amount (including accrued but unpaid interest thereon at the Prime Rate); provided, however, that if in any Contract Year the inclusion of the full unpaid balance of the Postponed Incentive Compensation Amount would result in the sum of clauses (i)–(iii) exceeding Net Income, then the State

shall reduce (for purposes of allowing the maximum partial payment of the Postponed Incentive Compensation Amount only) such amount in clause (iii) such that Net Income equals the sum of clauses (i)–(iii). If any portion of the Postponed Incentive Compensation Amount remains unpaid after applying the foregoing payment limitation, the State shall pay, within fifteen (15) days following final determination, in accordance with Sections 10.3.3, 10.3.4 and 10.3.5, of Net Income and Incentive Compensation for each subsequent Contract Year, the maximum amount payable after applying the payment limitation to the current unpaid balance of the Postponed Incentive Compensation Amount, until Manager receives payment of the Postponed Incentive Compensation Amount in full. Examples of the recapture of the Postponed Incentive Compensation Amount are set forth, for illustration purposes only in the Section titled *Examples of Recapture of Postponed Incentive Compensation Amount* in the Calculations Workbook.

(c) *Interest on Postponed Incentive Compensation Amount.* Interest shall accrue on the balance of the unpaid Postponed Incentive Compensation Amount existing from time to time at the Prime Rate from the original date such amount should have been paid to Manager but for the State's deferral right under Section 10.1.3(b), through the date the Postponed Incentive Compensation Amount (plus accrued and unpaid interest) is paid in full to Manager. For the avoidance of doubt, the Parties acknowledge and agree that any payment of any portion of the Postponed Incentive Compensation Amount (plus interest accrued thereon) shall not constitute an Operating Expense for purposes of calculating Incentive Compensation for the Contract Year in which the Postponed Incentive Compensation Amount is paid.

10.1.4 Manager shall deliver to the State or its designee an invoice in the form and format set forth in **Exhibit 10.2.5** (Form of Invoice) for payment of the extended technology transition services expenses and the expenses of Manager (the "**Extended Technology Transition Expenses**") incurred in performing the services identified as "Extended Technology Transition Services" in the Extended Technology Transition Services Plan attached hereto as **Exhibit 10.1.4** (Extended Technology Transition Services Plan). The spending plan for the Extended Technology Transition Services and Extended Technology Transition Expenses anticipated by the Parties is set forth in the Extended Technology Transition Services Plan. The State shall pay or shall reimburse Manager, in accordance with the payment terms set forth in Section 10 and the Extended Technology Transition Services Plan, all invoiced and reasonably documented amounts for those Extended Technology Transition Expenses identified in the Extended Technology Transition Services Plan; provided, however, that unless otherwise Approved, all Extended Technology Transition Expenses shall be incurred solely in Contract Year 2019.

10.2 Invoices.

10.2.1 Estimated Operating Allowance and Estimated Management Fee. On the first (1st) Business Day of each Pay Period during the Term, beginning with the Pay Period in which the Base Services Commencement Date occurs, Manager shall deliver to the State or its designee an invoice in the form and format set forth in **Exhibit 10.2.5** (Form of Invoice) for payment of the amounts equal to (a) the Estimated Operating Allowance (the methodology for calculation of which is set forth in Section 2a of **Schedule 10.1** (Payments Schedule) and illustrated in the Calculations Workbook in the Section titled *Operating Allowance worked examples*) payable to Manager for the applicable Contract Year, multiplied by the Estimated Payment Fraction, and (b) the Estimated Management Fee (the methodology for calculation of

which is set forth in Section 3a of **Schedule 10.1** (Payments Schedule) and illustrated in the Calculations Workbook in the Section titled *Management Fee worked examples*) payable to Manager for the applicable Contract Year, multiplied by the Estimated Payment Fraction. An illustration of the mechanism for calculating the monthly amounts is shown in the Calculations Workbook in the Sections titled *Invoicing of Estimated Operating Allowance* and *Invoicing of Estimated Management Fee*. For the avoidance of doubt, the Initial Stub Year will contain seven (7) Pay Periods, and the Final Stub Year will contain the number of Pay Periods equal to the number of months in such Final Stub Year plus one (1).

10.2.2 Quarterly Review of Supporting Documentation. Within fifteen (15) Business Days after the end of each quarter of each Contract Year, Manager shall provide to the State, solely for informational purposes, backup data and information documenting Operating Allowance Expenses and Management Fee Expenses during such quarter.

10.2.3 Overruns. Except as otherwise provided in this Agreement or as otherwise agreed to in writing by the Parties, for each Contract Year, Manager shall be solely responsible for all (a) Operating Allowance Expenses that are in excess of the Final Operating Allowance and (b) Management Fee Expenses that are in excess of the Final Management Fee.

10.2.4 All Payments. Unless otherwise provided elsewhere in this Agreement (e.g., in the Transition Plan or the Disentanglement Services Plan), Manager shall submit invoices for Payments each Pay Period (any fixed costs and fees shall be prorated to the extent that the Agreement Effective Date does not occur on the first (1st) Business Day of a month). The State shall pay to Manager the amounts (other than those disputed in good faith) stated in each invoice within twenty-seven (27) calendar days after the date of the invoice as set forth thereon. All Payments, including late payment charges, shall be paid in accordance with the State Payment Rules.

10.2.5 Delivery of Invoices. All invoice(s) and data underlying each invoice shall be delivered to the State electronically (if requested by the State) in a form and format compatible with the State's accounting systems, in accordance with the State Payment Rules, and substantially in the form attached to this Agreement as **Exhibit 10.2.5** (Form of Invoice). Manager shall use its Reasonable Best Efforts to issue all invoices on the first (1st) day of each Pay Period during the Term.

10.2.6 Electronic Payments. Manager may submit to the Office of the Comptroller all required documentation to receive Payments by wire transfer. Until such time, Payments will be made by check, with Payment deemed received on the date such check is actually received by Manager. Following approval by the Office of the Comptroller of all required documentation to receive Payments by wire transfer, the State, if requested by Manager, shall make all payments hereunder to Manager by wire transfer of immediately available funds.

10.3 Incentive Compensation and Annual Reconciliation of Incentive Compensation, Operating Allowance and Management Fee.

10.3.1 Within forty-five (45) days after the end of each Contract Year, Manager shall provide the State with a statement (the "**Estimated Annual Statement**") setting forth its estimated calculation of Net Income for such Contract Year and the resulting amount of Incentive Compensation that is owed to Manager in respect of such Contract Year, which calculations shall be made in good faith utilizing all available information (the "**Estimated Incentive Payment**"), including any applicable back-up data and information supporting the calculations. All estimates

and calculations provided in the Estimated Annual Statement shall be determined in good faith and in accordance with the illustrative calculations in the Section titled *Sample Calculations* in the Calculations Workbook and shall be consistent in format and methodology with the Estimated Annual Statement calculations contained in the Section titled *Sample Calculations* in the Calculations Workbook.

10.3.2 Within thirty (30) days following Manager's delivery of the Estimated Annual Statement, if the Estimated Annual Statement indicates that Manager is entitled to receive an Estimated Incentive Payment, the State shall pay such amount to Manager in accordance with Section 10.2.4.

10.3.3 Within thirty (30) days after the completion of the State Annual Audit for each Contract Year and Manager's receipt of the audited financial statements of the Lottery for such Contract Year, Manager shall provide the State with a statement (the "**Final Annual Statement**") setting forth its updated calculation of Net Income for such Contract Year and its updated calculations of the amount of Incentive Compensation that is owed to Manager in respect of such Contract Year (the "**Final Incentive Payment**"), including any applicable back-up data and information supporting the calculations set forth in such statement. All updates and calculations provided in the Final Annual Statement shall be determined in good faith and in accordance with the illustrative calculations in the Section titled *Sample Calculations* in the Calculations Workbook and shall be consistent in format and methodology with the Final Annual Statement calculations contained in the Section titled *Sample Calculations* in the Calculations Workbook.

10.3.4 The State shall notify Manager in writing within thirty (30) days after its receipt of the Final Annual Statement if it disputes any component of the Final Annual Statement (any such dispute, a "**Payment Dispute**") by delivering written notice to Manager setting forth the State's objections in reasonable detail, including each disputed item or amount and the basis for the State's disagreement therewith (each such notice, a "**Payment Dispute Notice**"). Any Payment Dispute shall constitute a Dispute and shall be resolved in accordance with Section 20. If the State does not dispute the Final Annual Statement (or once a Payment Dispute is resolved), the State shall promptly acknowledge in writing to Manager its acceptance of the final determination of the amounts and calculations with respect to Net Income, Incentive Compensation (if any), Operating Allowance and Management Fee for the applicable Contract Year.

10.3.5 Following the State's acknowledgement of its acceptance of the final determination of the amounts and calculations with respect to Net Income, Final Incentive Payment (if any), Final Operating Allowance and Final Management Fee for the applicable Contract Year, in accordance with Sections 10.3.3 and 10.3.4, the Party owing under the applicable payment scenario set forth below shall complete payment of the owed amount to the other Party by the next monthly Pay Period (if owed by the State) or within fifteen (15) Business Days (if owed by Manager):

(a) (i) if the Final Incentive Payment exceeds the Estimated Incentive Payment, then the State shall pay the amount of such excess to Manager by wire transfer of immediately available funds or (ii) if the Estimated Incentive Payment exceeds the Final Incentive Payment, then Manager shall pay an amount equal to such excess to the State by wire transfer of immediately available funds unless the State has previously notified Manager in writing of its intent to offset such amount in accordance with Section 10.5;

(b) with respect to the Final Operating Allowance, Manager shall make a payment to the State in respect of the Operating Allowance True-Up in the scenarios specified below:

(i) if the Estimated Operating Allowance is less than the Final Operating Allowance and Operating Allowance Expenses are less than the Estimated Operating Allowance, Manager shall pay to the State a sum equal to the Estimated Operating Allowance less Operating Allowance Expenses (as set forth in scenario 4 in the Section titled *Operating Allowance True-Up* in the Calculations Workbook);

(ii) if the Estimated Operating Allowance is more than the Final Operating Allowance and Operating Allowance Expenses are more than the Estimated Operating Allowance, Manager shall pay to the State a sum equal to the Estimated Operating Allowance less the Final Operating Allowance (as set forth in scenario 1 in the Section titled *Operating Allowance True-Up* in the Calculations Workbook);

(iii) if the Estimated Operating Allowance is more than the Final Operating Allowance, and the Estimated Operating Allowance is more than Operating Allowance Expenses, and the Final Operating Allowance is more than Operating Allowance Expenses, Manager shall pay to the State a sum equal to the Estimated Operating Allowance less Operating Allowance Expenses (as set forth in scenario 2 in the Section titled *Operating Allowance True-Up* in the Calculations Workbook); or

(iv) if the Estimated Operating Allowance is more than the Final Operating Allowance, and the Estimated Operating Allowance is more than Operating Allowance Expenses, and Operating Allowance Expenses are more than the Final Operating Allowance, Manager shall pay a sum equal to Estimated Operating Allowance less the Final Operating Allowance (as set forth in scenario 6 in the Section titled *Operating Allowance True-Up* in the Calculations Workbook).

The State shall make a payment to Manager in respect of the Operating Allowance True-Up in the scenarios specified below:

(v) if the Estimated Operating Allowance is less than the Final Operating Allowance and Operating Allowance Expenses are more than the Estimated Operating Allowance, and the Final Operating Allowance is more than Operating Allowance Expenses, the State shall pay to Manager a sum equal to the Operating Allowance Expenses less the Estimated Operating Allowance (as set forth in scenario 3 in the Section titled *Operating Allowance True-Up* in the Calculations Workbook); or

(vi) if the Estimated Operating Allowance is less than the Final Operating Allowance, and Operating Allowance Expenses are more than the Estimated Operating Allowance, and Operating Allowance Expenses are more than the Final Operating Allowance, the State shall pay to Manager a sum equal to the Final Operating Allowance less Estimated Operating Allowance (as set

forth in scenario 5 the Section titled *Operating Allowance True-Up* in the Calculations Workbook).

(c) with respect to the Final Management Fee, Manager shall make a payment to the State in respect of the Management Fee True-Up in the scenarios specified below:

(i) if the Estimated Management Fee is less than the Final Management Fee and Management Fee Expenses are less than the Estimated Management Fee, Manager shall pay to the State a sum equal to the Estimated Management Fee less Management Fee Expenses (as set forth in scenario 4 in the Section titled *Management Fee True-Up* in the Calculations Workbook);

(ii) if the Estimated Management Fee is more than the Final Management Fee and Management Fee Expenses are more than the Estimated Management Fee, Manager shall pay to the State a sum equal to the Estimated Management Fee less the Final Management Fee (as set forth in scenario 1 in the Section titled *Management Fee True-Up* in the Calculations Workbook);

(iii) If the Estimated Management Fee is more than the Final Management Fee, and the Estimated Management Fee is more than Management Fee Expenses, and the Final Management Fee is more than Management Fee Expenses, Manager shall pay a sum equal to the Estimated Management Fee less Management Fee Expenses (as set forth in scenario 2 in the Section titled *Management Fee True-Up* in the Calculations Workbook); or

(iv) If the Estimated Management Fee is more than the Final Management Fee, and the Estimated Management Fee is more than Management Fee Expenses, and Management Fee Expenses are more than the Final Management Fee, Manager shall pay a sum equal to the Estimated Management Fee less the Final Management Fee (as set forth in scenario 6 in the Section titled *Management Fee True-Up* in the Calculations Workbook).

The State shall make a payment to Manager in respect of the Management Fee True-Up in the scenarios specified below:

(v) if the Estimated Management Fee is less than the Final Management Fee and Management Fee Expenses are more than the Estimated Management Fee, and the Final Management Fee is more than Management Fee Expenses, the State shall pay to Manager a sum equal to the Management Fee Expenses less the Estimated Management Fee (as set forth in scenario 3 in the Section titled *Management Fee True-Up* in the Calculations Workbook); or

(vi) if the Estimated Management Fee is less than the Final Management Fee and Management Fee Expenses are more than the Estimated Management Fee and Management Fee Expenses are more than the Final Management Fee, the State shall pay to Manager a sum equal to the Final Management Fee less the Estimated Management Fee (as set forth in scenario 5 in the Section titled *Management Fee True-Up* in the Calculations Workbook).

10.4 Payments Subject to Appropriations and Statutory Restrictions. Notwithstanding anything to the contrary in this Agreement, the State's obligation to pay any amount owed to Manager under this Agreement, including the Payments and with respect to any Claims by Manager, shall be subject to appropriation by the State each fiscal year of the State, and limited by any provisions of the Illinois Court of Claims Act and State Payment Rules. The State shall consult with Manager regarding and shall use its Reasonable Best Efforts to cause the Illinois General Assembly to appropriate amounts sufficient to permit the State to meet all its reasonably anticipated payment obligations to Manager under this Agreement. In addition, the State shall use its Reasonable Best Efforts to pay all Payments (other than those disputed in good faith) to Manager from the appropriated funds of the Lottery.

10.5 Right to Apply Monies; Set-Off. The State shall have the right to offset and deduct, from any funds or monies (other than those disputed in good faith) due to Manager, any amounts due to the State from Manager, including amounts owed pursuant to Section 3.1.5(a), Transparency Credits, and Service Level Credits, as well as any federal, state or local taxes owed by Manager to the extent such taxes have not been paid when due. Manager shall have the right to offset and deduct, from any funds or monies (other than those disputed in good faith) due to the State, any amounts due to Manager from the State, including any Payments.

10.6 Taxes. Each Party shall be responsible for its own taxes arising under or in connection with this Agreement. The State is exempt from State of Illinois sales or use taxes and Federal excise taxes (collectively, the "**Exempted Taxes**"). If the State provides Manager with valid exemption certificates/e-certificates/exemption numbers in respect of the Exempted Taxes, invoices from Manager shall not include any charges for Exempted Taxes. The State's Illinois Sales & Use Tax Exemption number is [redacted] The State shall promptly notify Manager in writing of any changes in exemption numbers and provide Manager with updated certificates/e-certificates as required. If such Exempted Taxes are no longer exempt and become due and payable by Manager, such taxes shall no longer constitute Exempted Taxes and shall be included on Manager's invoices as applicable and the State shall pay such invoiced amounts. In the event an invoice includes Exempted Taxes and the State pays such Exempted Taxes, the State shall provide written notice of such payment to Manager (each an "**Exempted Tax Payment Notice**"). Manager shall reimburse the State for the amount of Exempted Taxes that are improperly invoiced and specified within the Exempted Tax Payment Notice within five (5) Business Days after receiving such Exempted Tax Payment Notice; provided, however, that the State provides such Exempted Tax Payment Notice within sixty (60) days after the date of the invoice which improperly included Exempted Taxes. For the avoidance of doubt, while the State remains exempt from State of Illinois sales or use taxes, to the extent that Manager makes purchases for re-sale or transfer to the State via the Operating Allowance as described in Sections 10.1.1 and 10.1.2, Manager's initial purchases and subsequent re-sales to the State shall also be exempt from State of Illinois sales or use taxes (including, for the avoidance of doubt, Retailers' Occupation Tax), and Manager shall obtain a reseller number and any other related documentation to support Manager's exemption from State sales or use taxes in respect of these transactions. If Manager makes purchases for re-sale to the State via the Operating Allowance as described in Sections 10.1.1 and 10.1.2, and Manager's initial purchases and/or subsequent re-sales to the State are determined by the relevant Governmental Authority not to be exempt from State sales or use taxes (including, for the avoidance of doubt, Retailers' Occupation Tax), such sales and use taxes shall be an Operating Allowance Expense, and the Estimated Operating Allowance and the Final Operating Allowance shall be adjusted to include the amounts of sales and/or use taxes paid by Manager in that Contract Year in respect of such purchases, transfers or re-sales.

10.7 Interest. Any amount owed by (a) the State to Manager that is not paid on the due date thereof shall bear interest in accordance with the State Payment Rules, or (b) Manager to the State that is not paid on the due date thereof, shall bear interest at the Prime Rate. Such interest shall be paid by the owing Party in the same manner as the underlying amount giving rise to such interest.

10.8 Certain Management Fee, Operating Allowance Expense and Net Income Exclusions.

10.8.1 The following fees, costs and expenses shall be the sole responsibility of Manager and shall in no event constitute an Operating Allowance Expense or a Management Fee Expense:

(a) compensation of Persons that are not employees of Manager in connection with their participation on boards of advisors or committees (excluding the reasonable travel and lodging costs and expenses reimbursed to such Persons in connection with the performance of their ordinary course corporate governance obligations with respect to their participation on the Manager Board);

(b) expenses of Manager for the purchase of alcohol; or

(c) external fees, costs and/or expenses of Manager incurred in support or furtherance of any Dispute (including fees, costs and expenses of attorneys, government relations consultants, finance consultants, or public relations consultants or providers of similar services); provided, however, that the reasonable fees, costs and expenses of attorneys, finance consultants and providers of similar services (other than government relations consultants and public relations consultants) shall constitute a Management Fee Expense if (1) incurred in the analysis of whether or not a Dispute exists prior to the applicable date written notice is received by one Party from the other expressly indicating that a Dispute exists for purposes of this Section 10.8 (each a "**Dispute Determination Date**"), or (2) incurred in the support or furtherance of any Dispute from and after the applicable Dispute Determination Date where Manager is the Prevailing Party in the Dispute.

10.8.2 The external fees, costs and/or expenses of the State incurred in support or furtherance of any Dispute (including fees, costs and expenses of attorneys, government relations consultants, finance consultants, or public relations consultants or providers of similar services) shall be the responsibility of the State as an Administrative Expense that is excluded from Operating Expenses for all purposes of this Agreement; provided, however, that the reasonable fees, costs and expenses of attorneys, finance consultants and providers of similar services (other than government relations consultants and public relations consultants) shall constitute an Administrative Expense that is included in Operating Expenses if (1) incurred in the analysis of whether or not a Dispute exists prior to the applicable Dispute Determination Date, or (2) incurred in the support or furtherance of any Dispute from or after the date of the applicable Dispute Determination Date where the State is the Prevailing Party in the Dispute.

10.8.3 Manager acknowledges and agrees that if a Dispute has occurred and is continuing, then all invoices shall contain sufficient detail to enable the State to determine whether any fees, costs or expenses of Manager were incurred in support or furtherance of such Dispute. The State acknowledges and agrees that if a Dispute has occurred and is continuing, it shall deliver sufficient detail to enable Manager to determine whether any fees, costs or expenses of the State were incurred in support or furtherance of such Dispute.

Section 11 RECORDKEEPING AND AUDIT RIGHTS

11.1 Contract Records. As reasonably necessary to validate Manager's compliance with this Agreement, Manager shall maintain accurate records of and supporting documentation for all payments (including Subcontractor costs and expenditures of the Operating Allowance) related to the performance of Services; all Lottery Data; and all transactions, authorizations, changes, implementations, soft document accesses, reports, filings, returns, analyses, procedures, controls, records, data or information created, generated, collected, processed or stored by Manager in the course of the performance of its obligations under this Agreement (collectively, "**Contract Records**").

11.2 Recordkeeping. Subject to Sections 9.1 and 9.3, Manager shall maintain Confidential Information of the State and Contract Records in accordance with applicable State Policies and Rules and in accordance with the State's record retention policy set forth in the Operating Standards as modified from time to time in accordance hereunder (the "**Record Retention Period**").

11.3 State Audit Rights.

11.3.1 Audit Procedures. In connection with any and all audits conducted by the State or a Permitted Auditor under this Section 11.3, the Parties shall follow the procedures set forth below in subsections (a)–(i) during the period from the Agreement Effective Date through the end of the Record Retention Period. The State acknowledges that Manager will employ an internal audit function to regularly monitor the internal controls over Manager's performance under this Agreement, and the State shall use its Reasonable Best Efforts to leverage Manager's internal audit function, where reasonably appropriate, to mitigate the costs of and interruptions to operations from any audits conducted by the State or a Permitted Auditor pursuant to this Section 11.3. The provisions of Sections 11.3, 11.4 and 11.5 shall survive the expiration or termination of this Agreement until the expiration of the Record Retention Period.

(a) The State and the State's Permitted Auditors shall have the right to conduct audits of Manager, Manager Affiliates and Subcontractors (excluding Manager Subcontractors) pursuant to this Section 11.3, provided that such Permitted Auditors have agreed in writing to be bound by confidentiality terms that are substantially similar to those in this Agreement.

(b) Manager shall, through its own internal audit function, provide such cooperation and assistance as may reasonably be requested by the State and/or its Permitted Auditors in conducting any audit, and shall make requested Manager Personnel and Contract Records available. Subject to Sections 11.3.1(g) and 11.3.1(h) below, in performing audits, the State shall provide Manager with thirty (30) days advance notice of audits.

(c) Upon the State's request, Manager shall assist the State in conducting and/or responding to any audit or audit request, including assisting in the State's attempts to obtain certifications or other confirmations required by the State Policies and Rules.

(d) Notwithstanding any provision of this Section 11.3 or this Agreement to the contrary, the State and its Permitted Auditors shall be given access to any requested Contract Records, and Manager's personnel, locations or facilities utilized in the performance of Services. Notwithstanding the foregoing, the State and its Permitted Auditors shall not have access to: (i) proprietary information concerning or belonging to

other Manager customers; provided, however, that if such information is commingled with information belonging to the State (including Lottery Data), then such information shall be separated from such State owned information and the separated State owned information shall be made available to the State; (ii) Manager locations or facilities, or areas within locations or facilities, that are not directly or indirectly involved in the provision of Services to the State; (iii) Manager's internal costs or pricing models, except in accordance with Section 11.3.4, to the extent such costs are the basis upon which the State is charged and/or are necessary to calculate variable Payments; or (iv) Analytics Tools or Analytics Data (other than Analytics Data embedded in Reports, files, data or documents previously provided by Manager to the State).

(e) In performing any audits, the State and its Permitted Auditors shall coordinate with Manager's internal audit function and use its Reasonable Best Efforts to avoid unnecessary disruption of Manager's operations and unnecessary interference with Manager's ability to perform the Services in accordance with this Agreement. Access for such audits shall be provided during normal business hours, except as may be required by Regulatory Requirements.

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

(g) Manager acknowledges that the State may engage in unannounced physical or electronic audits, inspections and visitations of Manager Service Locations if legally authorized to do so.

(h) If the State determines in good faith that Manager is not performing in compliance in all material respects with this Agreement, then the State may engage in physical or electronic audits, inspections or visits at Manager Service Locations; provided, however, that the State shall use its Reasonable Best Efforts to notify Manager in writing of such audit, inspection or visit in advance of any such audit, inspection or visit.

(i) The State and its Permitted Auditors shall not audit Manager more than four (4) times per Contract Year, including the State Annual Audit. The foregoing limitation on the number of audits shall not apply: (i) if additional audits are required by applicable Regulatory Requirements; or (ii) if the State reasonably believes that Manager is not in material compliance with this Agreement.

The Parties acknowledge and agree that in the event of any examination or audit by a Governmental Authority or standards organization (including the Multi-State Lottery Association and any other organization regulating Multi-State Lottery Games or any other applicable multi-state lottery association), the provisions of Section 11.5 shall govern such examination or audit, provided that Manager shall be subject to the cooperation obligations set forth in this Section 11.3.

11.3.2 Operational Audits. The State and its Permitted Auditors shall have the right to conduct any reasonable type of operational audit of Manager's operations to verify that the performance of the Services is in compliance with this Agreement. Such audit shall be limited to Manager's operations, personnel and other assets to the extent utilized in the performance of Services and may, among other things and as determined by the State: (a) verify the integrity of

the Lottery Data; (b) examine the systems that process, store, support and transmit that Data; (c) examine Manager's internal controls (e.g., information technology, finance and accounting, procurement, organizational controls, input/output controls, system modification controls, processing controls, system design controls and access controls) and the security, disaster recovery, business continuity and back-up practices and procedures; (d) examine Manager's performance of the Services; (e) verify Manager's reported performance against the applicable Service Levels; (f) examine Manager's measurement, monitoring and management tools; and (g) enable the State to meet applicable legal, regulatory and contractual requirements (including those associated with the Sarbanes-Oxley Act of 2002 and the implementing regulations promulgated by the United States Securities and Exchange Commission and Public Company Accounting Oversight Board), in each case to the extent applicable to the Services.

11.3.3 Financial Audits. The State will be audited by an independent external accounting firm on an annual basis. In addition, the State and its Permitted Auditors shall have the right to conduct any type of reasonable financial audit of the Contract Records to verify that Manager's invoices have been calculated in compliance with the terms and conditions of this Agreement, including any invoicing and pricing terms and conditions. Such audit may, in addition, as determined by the State: (a) verify the accuracy and completeness of Contract Records; (b) verify the accuracy and completeness of records related to the Incentive Compensation and expenditures of the Operating Allowance and any other approved expenses; (c) examine the financial controls, processes and procedures utilized by Manager; and (d) enable the State to meet applicable legal, regulatory and contractual requirements, in each case to the extent applicable to the Services and/or the Payments for such Services.

11.3.4 Management Fee Audits. To further the transparent relationship between the Parties with respect to the Lottery, the State and its Permitted Auditors shall have the right to conduct any type of reasonable financial audit of the Contract Records to audit Manager's costs and expenditures that are funded by the Management Fee.

11.3.5 Manager Investigation; Post-Performance Review.

(a) In accordance with Section 9.1(n) of the Existing Lottery Law and the Operating Standards, the State shall commence a complete and thorough financial and operational investigation of Manager during each of the third (3rd), seventh (7th) and tenth (10th) (if applicable) Contract Years to determine whether Manager has complied with applicable Regulatory Requirements and this Agreement. Manager shall reasonably cooperate with such audits in accordance with this Section 11.3.

(b) In accordance with Section 9.1(e) of the Existing Lottery Law, the State shall conduct a post-performance review within thirty (30) days after completion of the Term. Such post-performance review shall consist, at a minimum, of a review of (i) Manager's achievement of the Service Levels during the Term, (ii) Manager's achievement of Net Income Targets during the Term and (iii) Manager's compliance with the Transparency Sections during the Term. Notwithstanding Section 10.4, the final invoice for any Incentive Compensation that may be due and owing for the then-current Contract Year, shall be withheld until completion of such post-performance review; provided, however, that the State shall pay the final invoice, if not disputed, no later than six (6) months after the date of the final invoice, regardless of whether the post-performance review has been completed. Manager shall provide such reasonable cooperation and assistance as may reasonably be requested by the State and/or its

Permitted Auditors in conducting the post-performance review, and shall make requested Manager Personnel and Contract Records available in connection therewith.

11.4 Audit Results.

11.4.1 Results of Operational Audits. If an operational audit under Section 11.3.2 reveals that Manager is not in compliance with any Regulatory Requirement, State Policies and Rules or any other term of this Agreement, Manager shall be responsible for and liable for, as a Management Fee Expense and/or Operating Allowance Expense, as applicable, promptly taking any and all actions necessary to comply with such Regulatory Requirement, State Policies and Rules or term of this Agreement. In addition, if an operational audit under Section 11.3.2 reveals that Manager is not in compliance with any Regulatory Requirement, State Policies and Rules or any other term of this Agreement, Manager shall promptly reimburse the State for the actual and reasonable third party cost of such audit and any damages, fees, fines or penalties assessed against or incurred by the State as a result thereof.

11.4.2 Results of Financial Audits. If the State Annual Audit or any other financial audit under Section 11.3.3 reveals an overcharge by Manager (other than a balance of the Operating Allowance, Management Fee or Incentive Compensation which remains subject to return pursuant to Section 10.3.5), Manager shall promptly pay to the State the amount of such overcharge, together with interest from the date of Manager's receipt of such overcharge at the Prime Rate. In addition, if any such audit reveals an overcharge (other than a balance of the Operating Allowance, Management Fee or Incentive Compensation which remains subject to return pursuant to Section 10.3.5), after completion of the true-up process and reduction for that portion of overcharge not attributable to the fault of Manager or any Third Party engaged by Manager, of more than three percent (3%) for any particular category of Payment (including the Management Fee, Incentive Compensation, Operating Allowance, payments under the Transition Plan, Cost Recovery Payment, State Benefit Payment, Early Disentanglement Fee, payments under the Disentanglement Services Plan and the Increased Disentanglement Payment), Manager shall promptly reimburse the State (and such reimbursement shall be a Management Fee Expense) for (a) all damages, fees, fines or penalties assessed against or incurred by the State as a result thereof and (b) the actual and reasonable third party cost of such audit; provided, however, that the amount of such reimbursement obligation of Manager shall be reduced to reflect the extent to which the overcharge is not due to the fault of Manager or any Third Party engaged by Manager. If the State Annual Audit or any other financial audit under Section 11.3.3 reveals an undercharge by Manager, the State shall pay to Manager, as an Administrative Expense, the amount of such undercharge in the next Pay Period.

11.4.3 Audit Follow-Up. Manager and the State shall meet promptly upon the completion of a State audit (but in no event more than thirty (30) days after completion) conducted pursuant to this Section 11 (i.e., an exit interview) and/or the issuance of an interim or final report to Manager and the State following an audit. Manager shall develop for the State's Approval an action plan for Manager to take (within thirty (30) days after the date of the initial meeting between Manager and the State after completion of a State audit, unless a shorter or longer time period is Approved by the State) any and all actions necessary for Manager to rectify, as a Management Fee Expense and/or an Operating Allowance Expense, as applicable, its non-compliance with the applicable Regulatory Requirements, State Policies and Rules or terms of this Agreement, or otherwise resolve any deficiencies, problems, concerns and/or recommendations identified in such exit interview and/or audit report; provided, however, that to the extent such non-compliance is not due to the fault of Manager or any Third Party engaged by Manager, the State shall reimburse Manager for such costs and expenses, including the costs of

resolving such non-compliance, and such reimbursement by the State shall be an Administrative Expense.

11.5 Governmental Audits of the State. The State may be subject to regulation and audit by Governmental Authorities or standards organizations (including the Multi-State Lottery Association and any other applicable organization regulating Multi-State Lottery Games or any other applicable multi-state lottery association) under applicable State Policies and Rules or contract provisions. If a Governmental Authority or standards organization (including the Multi-State Lottery Association and any other applicable organization regulating Multi-State Lottery Games or any other applicable multi-state lottery association) exercises its right to examine or audit the State's books, records, documents or accounting practices and procedures pursuant to such State Policies and Rules or contract provisions, Manager shall, and shall cause each other Service Provider to, provide all assistance reasonably requested by the State or such Governmental Authority or standards organization in responding to such audits or requests for information (including allowing the State to conduct an audit), and shall do so in an expeditious manner to facilitate the prompt closure of such audit or request.

11.6 Manager Response to Governmental Audits. If an audit by a Governmental Authority other than the State or by a standards organization having jurisdiction over the State or Manager results in a finding that Manager, or any other Service Provider, is not in compliance with any applicable Regulatory Requirement (each a "**Governmental Audit Deficiency Finding**"), Manager shall, or shall cause such other Service Provider to, as a Management Fee Expense and/or an Operating Allowance Expense, as applicable, and within a commercially reasonable time period specified by such auditor (or if no such specification, as agreed in writing by the Parties), address and resolve the Regulatory Requirement deficiencies identified by such Governmental Authority or standards organization (any such identified deficiencies, the "**Governmental Audit Deficiencies**"); provided, however, that to the extent such non-compliance is not due to the fault of Manager or any Third Party engaged by Manager, the State shall reimburse Manager for such costs and expenses, including the costs of resolving such non-compliance, and such reimbursement by the State shall be an Administrative Expense. Each Party shall promptly provide to the other Party each Governmental Audit Deficiency Finding upon receipt thereof and, upon Manager's determination that it has resolved all Governmental Audit Deficiencies specified in the applicable Governmental Audit Deficiency Finding, Manager shall deliver to the State notice of such resolution and reasonable documentation supporting such resolution (each a "**Governmental Audit Correction Notice**"). The State shall promptly review each Governmental Audit Correction Notice and provide written notice to Manager of the State's acceptance or rejection of the resolutions contained therein or the State's need to receive additional information before such determination can be made.

11.7 Manager Audits.

11.7.1 Manager shall complete a thorough financial audit promptly following the end of each Contract Year (including the Initial Stub Contract Year). Manager shall conduct such audit in accordance with the Operating Standards. Manager shall provide the results of such audit to the State within thirty (30) days after the conclusion of such audit. Manager shall conduct internal operational audits consistent with its internal control policies and shall, at the State's request, provide an executive summary of the results of any such audit within thirty (30) days after the audit's completion.

11.7.2 Within ninety (90) days following the end of each Contract Year, Manager shall cause an independent certified public accountant to complete, and submit to the State the final results of an audit under Statement on Standards for Attestation Engagements (SSAE) No. 16 (or any successor statement or standard thereto).

11.8 Manager Response to Audit. If Manager determines as a result of its own internal audit or investigation, including any audit required under Section 11.7, that it, or any other Service Provider, has, directly or indirectly: (a) overcharged the State (other than a balance of the Operating Allowance, Management Fee or Incentive Compensation which remains subject to return pursuant to Section 10.3.5), then Manager shall (i) promptly pay to the State the amount of such overcharge, plus interest from the date of Manager's receipt of such overcharge at the Prime Rate, and (ii) investigate why such overcharge occurred and identify in writing to the State what actions Manager is taking to ensure that such overcharge shall not occur again; or (b) failed to perform a task, activity or process in material compliance with the applicable Regulatory Requirement, State Policies and Rules or term of this Agreement, then Manager shall (i) investigate why such failure occurred and identify in writing to the State what actions Manager is taking to ensure that such failure shall not occur again, (ii) work with the State to identify the portion of the Services that may have been impacted and the State personnel affected by such failure, and (iii) be responsible for and liable for, as a Management Fee Expense and/or an Operating Allowance Expense, as applicable, promptly taking any and all actions necessary to comply in all material respects with such Regulatory Requirement, State Policies and Rules or term of this Agreement; provided, however, that to the extent such non-compliance is not due to the fault of Manager, the State shall reimburse Manager for such costs and expenses, including the costs of resolving such non-compliance, and such reimbursement by the State shall be an Administrative Expense. Manager shall deliver to the State notice of resolution and reasonable documentation supporting such resolution of any occurrence specified in clauses (a) and (b) above (each a "**Manager Audit Correction Notice**"). The State shall promptly review each Manager Audit Correction Notice and provide written notice to Manager of the State's acceptance or rejection of the resolutions contained therein or the State's need to receive additional information before such determination can be made.

11.9 Audit Costs. Manager shall provide Manager's audit-related Services and the audit assistance and compliance described in this Section 11 and the costs thereof shall be a Management Fee Expense and/or an Operating Allowance Expense, as applicable. Except as expressly set forth in this Agreement, the State, and not Manager, shall bear the costs of conducting the audits and audited-related work of the State and any Permitted Auditor contemplated in this Section 11 and such costs shall be an Administrative Expense. Manager shall bear any and all fees, costs and expenses of Manager, any Manager Personnel and any Subcontractor incurred in connection with such Person's cooperation in connection with any audit permitted or required under this Agreement, and such fees, costs and expenses shall be a Management Fee Expense and/or an Operating Allowance Expense, as applicable.

11.10 Transparency Credits. Manager acknowledges that: (a) Regulatory Requirements obligate the State to have the ability to demand and receive information from Manager concerning any aspect of the Lottery operations at any time; (b) the State has a vital interest in ensuring transparency as well as the security, honesty, fairness and integrity of the Lottery, as a state-conducted enterprise; (c) the State has specifically contracted in this Agreement for the Transparency Sections to ensure it has the ability to demand and receive appropriate information in order to ensure the transparency, security, honesty, fairness and integrity of the Lottery; and (d) the State would incur substantial damage, including with respect to reputational matters such as the Lottery's brand and public image and loss of public trust, if Manager fails to comply with the Transparency Sections. The Parties agree that it would be extremely difficult and impractical to ascertain and fix the actual damages the State would incur, including with respect to such reputational matters involving the public's trust, in the event of Manager's failure to comply with the Transparency Sections. Accordingly, if Manager fails to comply with the provisions of any Transparency Section, Manager shall, if such failure is not cured (if capable of being cured) within the applicable time period, if any, set forth on **Schedule 11.10** (Transparency Credits), or such longer period as Approved by the State, following written notice from the State of such failure, in addition to the other non-financial remedies available to the State, pay or credit to the State, as liquidated damages and not as a Management Fee Expense, the applicable credits ("**Transparency Credits**") specified in

Schedule 11.10 (Transparency Credits) and such Transparency Credits do not constitute nor shall be construed or interpreted as penalties. The Parties agree that, except for the TC Cap Exceptions, the maximum aggregate amount of Transparency Credits that may be imposed on Manager in any Contract Year, and Manager's liability for any Transparency Credits in any Contract Year, shall not exceed Five Hundred Thousand Dollars ($500,000) (the "**Transparency Credits Cap**" and the date the Transparency Credits Cap is reached, the "**TC Cap Date**"). "**TC Cap Exceptions**" means the State seeking indemnification pursuant to Section 15, and any Losses recovered pursuant to such indemnification procedures, (i) solely to the extent Losses arise from a breach by Manager of the Transparency Sections occurring on or after the TC Cap Date, and (ii) solely to the extent Losses arise from a continuing breach by Manager of the Transparency Sections after the TC Cap Date; provided, that in the case of clause (ii), any Losses otherwise recoverable pursuant to Section 15 shall be reduced by the amount of Transparency Credits previously paid by Manager to the State in connection with Manager's breach of the Transparency Section giving rise to such Losses. The State agrees that, except for the TC Cap Exceptions, its rights to the Transparency Credits described in this Agreement shall be its sole and exclusive financial remedy as a result of a failure on the part of Manager to comply with the Transparency Sections, and the State shall not be entitled to recover other damages, credits, reimbursements or other payments. Receipts by the State of Transparency Credits paid by Manager shall be excluded from Operating Revenue for the purposes of calculating Incentive Compensation illustrated in Section 1, row (g) of the Section titled *Sample Calculation* in the Calculations Workbook attached to this Agreement as Schedule 10.1-A (Calculations Workbook).

Section 12 REPRESENTATIONS, WARRANTIES AND COVENANTS

12.1 Legal and LLC Authority. Manager represents and warrants to the State that: (a) Manager is (i) an Illinois limited liability company duly organized, validly existing and in good standing in the State of Illinois and (ii) registered to transact business in the State of Illinois, and qualified and registered in all other locations where the performance of its obligations hereunder would require such qualification and registration, except where the failure to be so qualified or registered would not reasonably be expected to have a material and adverse effect on the ability of Manager to perform the Services; (b) Manager has all necessary powers and authority to enter into and perform this Agreement, and the execution, delivery and performance of this Agreement by Manager have been duly authorized by all necessary limited liability company action; (c) the execution and performance of this Agreement by Manager will not breach any agreement, court order, judgment or decree to which Manager is a party or by which it is bound; (d) Manager has, and shall maintain in effect, all Governmental Approvals necessary for it to provide the Services contemplated by this Agreement, except to the extent the failure to obtain any such Governmental Approvals is, in the aggregate, immaterial; and (e) Manager is in compliance in all material respects with all State Policies and Rules. Manager covenants to the State that it shall maintain its business registration with the Illinois Division of Revenue at all times after the Agreement Effective Date. Manager has submitted or made available to the State accurate copies of any original filings, amendments to, restatements of, or superseding versions of the governing documents of Manager (the governing documents include, but are not limited to, articles of organization, amendments, cancellations, and operating agreements). Manager has submitted to the State an accurate organizational chart, setting forth the ownership structure of Manager.

12.2 Performance of the Services. Manager represents and warrants to the State that Manager, directly or through its Subcontractors, has the skills, resources and expertise to provide and covenants that it shall provide all Services in accordance with the terms of this Agreement.

12.3 No Inducements. Manager represents, warrants and covenants to the State that neither Manager nor, to the knowledge of Manager, any other Service Provider has (a) accepted or will accept,

any Prohibited Consideration from any Person or (b) given, and shall not give, any Prohibited Consideration to any Person, in each case in connection with, directly or indirectly, this Agreement or any other Lottery Document.

12.4 Non-Collusion. Manager represents and warrants that it has not paid any money or given any valuable thing to induce any Person to refrain from bidding on a State contract or to alter such Person's bid on a State contract, nor has Manager accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract or altering its bid on a State contract. Manager represents and warrants that it has not retained a Person to attempt to influence the outcome of a procurement decision for compensation contingent in whole or in part upon the decision or procurement.

12.5 Manager Ethics and Integrity. Manager acknowledges that it and its Subcontractors are obligated to meet high standards for ethics and integrity under this Agreement. Manager covenants to the State that Manager shall not, and shall direct all other Manager Personnel not to, (a) take any action in the performance of this Agreement to create an unfair, unethical, or illegal competitive advantage for itself, its Affiliates or others or (b) have any financial or personal interests relating to this project (other than this Agreement or a Subcontract to the extent such Manager Personnel is party to such Subcontract) without the Approval of the State.

12.6 Financial Condition and Financial Information. Manager represents and warrants to the State (assuming receipt of all Payments required hereunder) that Manager now possesses, and covenants that it shall maintain throughout the Term, sufficient financial resources to comply with all of the requirements of Manager under this Agreement, including any contingent obligations under any Subcontract. If Manager experiences a change in its financial condition that would reasonably be expected to materially and adversely affect its ability to perform under this Agreement, then it shall immediately notify the State in writing of such change. Manager further represents and warrants to the State that all financial statements, reports and other information furnished by Manager to the State as part of the Manager Proposal or otherwise in connection with the award of this Agreement were prepared in accordance with GAAP or IFRS, as applicable, and fairly and accurately represent in all material respects the business, properties, financial condition and results of operations of Manager as of the respective dates, or for the respective periods, covered by such financial statements, reports or other information. Since the respective dates or periods covered by such financial statements, reports or other information, there has been no material and adverse change in the business, properties, financial condition or results of operations of Manager.

12.7 No Litigation. Manager represents and warrants to the State that as of the Agreement Effective Date there is no pending or, to its knowledge, threatened claim, suit or proceeding that involves Manager that would reasonably be expected to materially and adversely affect Manager's ability to perform its obligations under this Agreement. At all times after the Agreement Effective Date, Manager shall notify the State in writing, within a reasonable period of time after Manager obtains knowledge, of any such claim, suit or proceeding initiated by or against Manager that would reasonably be expected to materially and adversely affect Manager's ability to perform its obligations under this Agreement.

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

use all Manager Intellectual Property, Software, Equipment, tools, and processes furnished or used by Manager in providing the Services.

12.9 Information Furnished to the State. Manager represents and warrants to the State that, to the knowledge of Manager: (a) the Manager Proposal; (b) all written clarifying responses and other written information submitted by or on behalf of Manager as part of the RFP process; (c) all pricing information and disclosures; and (d) all written information provided by Manager and made a part of this Agreement, in each case, contains no untrue statement of a material fact in light of the circumstances under which such item was provided to the State. Manager shall ensure that, to the knowledge of Manager, no information, including financial statements or other documents, furnished to the State by or on behalf of Manager in connection with this Agreement or any other Lottery Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, contains a material misstatement of fact in light of the circumstances under which such item was provided to the State, and the furnishing of such information shall be deemed to be a representation and warranty by Manager on the date thereof as to the matters specified in this Section 12.9; provided that, with respect to projected financial information, Manager represents and warrants only that such information was prepared in good faith based upon assumptions it believed to be reasonable at the time and under the circumstances it was prepared.

12.10 News Releases and Advertisements. Manager shall not (i) issue any news release pertaining to any aspect of this Agreement, other than in the ordinary course of providing a Service or (ii) use the State's name, logos, images, or any Lottery Data as a part of any commercial advertising, other than in compliance with this Agreement and otherwise in the ordinary course of providing a Service, in either case without the Approval of the State. Notwithstanding the foregoing, Manager may, after providing the State prior written notice of such intended action, (a) publish an announcement, tombstone or similar advertisement disclosing its appointment as the private manager of the Lottery and may otherwise publicly identify itself as the private manager of the Lottery and (b) provide to industry trade organizations and publications non-Confidential Information necessary and customary for inclusion in industry data compilations.

12.11 Office Location. Manager covenants to the State that, at all times after the Agreement Effective Date, the office of Manager principally responsible for providing and managing the Services shall be located in the State of Illinois.

12.12 Ownership. Manager shall within thirty (30) days (or such shorter or longer time period to which the Parties agree in writing) prior to any proposed Change in Control of Manager (i) inform the State of such proposed Change in Control of Manager and any other transfer, sale, assignment, gift, pledge or exchange of any economic interest, voting interest or other Equity Interest of Manager by amending, modifying or supplementing any ownership disclosure form prescribed by the State (the "**Ownership Disclosure Form**") whenever necessary to ensure that the information on any previously delivered Ownership Disclosure Form is true and accurate in all material respects, (ii) provide to the State the proposed amended, modified or supplemented Ownership Disclosure Form and (iii) provide to the State such other information as the State may reasonably request in connection with such Change in Control of Manager. Manager shall not effect any Change in Control of Manager if such Change in Control is expressly prohibited by any applicable State Policies and Rules. In the event a Change in Control of Manager occurs in breach of this Section 12.12, Manager shall have sixty (60) days to cure such breach.

12.13 Accounts. Manager covenants to the State that it shall maintain all operating accounts required by the State in a bank with a physical branch in the State of Illinois, except that deposit-only accounts may be established in other jurisdictions with the Approval of the State.

12.14 No Convictions for Bribery. Manager represents and warrants to the State that none of the Manager Key Personnel has been convicted of bribing or attempting to bribe an officer or employee of the State or any other state of the United States of America, nor has any such person made an admission of guilt of such conduct that is a matter of public record.

12.15 Covenants Regarding Software Code.

12.15.1 Malicious Code. Manager shall reasonably cooperate with the State and shall take commercially reasonable actions and precautions consistent with Section 9.2.1 to prevent the introduction and proliferation of Malicious Code into the State's networks, environments and/or systems (including all subcomponents thereof) or networks, environments and/or systems (including all subcomponents thereof) used by Manager to provide the Services. Without limiting Manager's other obligations under this Agreement, in the event Malicious Code is found in any Manager Intellectual Property, Work Product, Equipment, Software, networks, environments and/or systems (including all subcomponents thereof): (a) managed, supported and/or provided by Manager hereunder; (b) used or accessed by Manager to provide the Services; and/or (c) used or accessed by the State to receive the Services, then in any such case Manager shall use its Reasonable Best Efforts, as the responsibility of Manager as a Management Fee Expense and/or an Operating Allowance Expense, as applicable, to mitigate the effects of such Malicious Code and, if the Malicious Code causes a loss of operational efficiency or loss of data, to mitigate such losses and restore such data with generally accepted data restoration techniques. The State shall reasonably cooperate with Manager and shall use its Reasonable Best Efforts to prevent the introduction and proliferation of Malicious Code into the networks, environments and/or systems (including all subcomponents thereof) or networks, environments and/or systems (including all subcomponents thereof) owned or leased by Manager or owned by the State but used by Manager to provide the Services. Without limiting the State's other obligations under this Agreement, in the event Malicious Code is found in any State Intellectual Property, Work Product, Equipment, Software, networks, environments and/or systems (including all subcomponents thereof), then in any such case the State shall use its Reasonable Best Efforts, as the responsibility of the State as an Administrative Expense, to mitigate the effects of such Malicious Code and, if the Malicious Code causes a loss of operational efficiency or loss of data, to mitigate such losses and reasonably cooperate with Manager to restore such data with generally accepted data restoration techniques. Notwithstanding the foregoing, to the extent the introduction of the Malicious Code was directly attributable to (i) the willful misconduct or gross negligence of Manager (excluding IGT if such introduction occurred prior to the Base Services Commencement Date), then all fees, costs and other expenses of performance of the obligations of Manager under this Section 12.15.1 that are not reimbursed by insurance shall be the sole responsibility of Manager but not as a Management Fee Expense or an Operating Allowance Expense, or (ii) the willful misconduct or gross negligence of the State, any State of Illinois Governmental Authority, IGT (if such introduction occurred prior to the Base Services Commencement Date) or any subcontractor of the State, then all fees, costs and other expenses of performance of the obligations of the State under this Section 12.15.1 shall be the sole responsibility of the State as an Administrative Expense that is excluded from Operating Expenses for all purposes of this Agreement.

12.15.2 Open Source. Manager shall not (a) use any Manager Third Party Intellectual Property, including any open source software, to the extent that the use thereof in the manner contemplated by this Agreement does, or would reasonably be expected to, require the disclosure or distribution to any Third Party of any Software owned by the State in source code form, or the licensing or other provision of any Software owned by the State to any Third Party on a royalty-free basis, (b) grant any patent license, non-assertion covenant or other rights to any Third Party under any Intellectual Property owned by the State, or (c) grant rights to any Third Party to

modify, make derivative works based on, decompile, disassemble or reverse engineer any Software owned by the State.

12.16 Compliance with State Policies and Rules and Regulatory Requirements. Manager represents, warrants and covenants to the State that: (a) Manager and, to the knowledge of Manager, each other Service Provider, have complied in all material respects with all Regulatory Requirements; and (b) Manager shall, and shall direct each other Service Provider to, comply with all State Policies and Rules and Regulatory Requirements (including all Anti-Corruption Laws and all Employment Laws). Upon the State's request, Manager shall, and shall direct each other Service Provider to, furnish to the State written certification that Manager, and/or such other Servicer Provider, is in compliance in all material respects with all State Policies and Rules and Regulatory Requirements (including those non-discrimination Regulatory Requirements applicable to private sector employers) applicable to it. Manager shall maintain in effect and enforce policies and procedures designed to ensure such compliance.

12.17 Disclosure by Manager; Accuracy of Information. Manager represents and warrants to the State that, to the knowledge of Manager, Manager has disclosed all agreements, instruments and corporate or other restrictions to which Manager or, to the knowledge of Manager, any other Manager Personnel is subject, and all other matters known to it, that, individually or in the aggregate, would reasonably be expected to have a material and adverse effect on Manager's ability to perform the Services. Manager represents and warrants to the State that, to the knowledge of Manager, no information, including reports, financial statements, certificates or other documents furnished or made available to the State by or on behalf of Manager or, to the knowledge of Manager, by or on behalf of any other Service Provider in connection with the negotiation of this Agreement or any other Lottery Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, contains any material misstatement of fact in light of the circumstances under which such item was provided to the State; provided that, with respect to any projected financial information, Manager represents and warrants only that such information was prepared in good faith based upon assumptions it believed to be reasonable at the time and under the circumstances in which it was prepared.

12.18 Disclosure by the State; Accuracy of Information. The State represents and warrants to Manager that, to the knowledge of the State, it has disclosed all agreements, instruments and regulatory or other restrictions to which the State is subject, and all other matters known to it, that, individually or in the aggregate, would reasonably be expected to have a material and adverse effect on Manager's ability to perform the Services in compliance with this Agreement and to earn Incentive Compensation. The State represents and warrants to Manager that, to the knowledge of the State, no information, including reports, financial statements, certificates or other documents, furnished or made available to Manager by or on behalf of the State, through the State Data Room, in connection with the RFP, this Agreement or any other Lottery Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, contains any material misstatement of fact in light of the circumstances under which such item was provided to Manager, and the furnishing of such information through the State Data Room shall be deemed to be a representation and warranty by the State on the date thereof as to the matters specified in this Section 12.18; provided that, with respect to any projected financial information included in the State Data Room, the State represents and warrants only that such information was prepared in good faith based upon assumptions it believed to be reasonable at the time and under the circumstances in which it was prepared.

12.19 Non-Infringement; Authority to Grant Rights. The State represents and warrants to Manager that, to its knowledge, the Work Product, State Intellectual Property, Software, Equipment, tools and processes furnished by the State under this Agreement and Manager's use (in compliance with this Agreement) thereof, do not infringe, misappropriate or violate any Intellectual Property rights of any Third Party. The State further represents and warrants to Manager that the State, to its knowledge: (a) has

the right to grant the rights and/or licenses granted to Manager in this Agreement; and (b) is the owner of or authorized to use all State Intellectual Property, Software, Equipment, tools, processes and Intellectual Property furnished by the State under this Agreement.

12.20 Consent Required to Terminate or Amend the Termination Agreement and Supply Agreements. The State shall not, without the prior express written consent of Manager, in any way amend, modify, terminate or waive any of the Termination Agreement or the Supply Agreements, which consent of Manager shall not be unreasonably withheld, conditioned or delayed.

Section 13 TERM AND TERMINATION

13.1 Term of Agreement. The term of this Agreement (the "**Term**") shall commence on the Base Services Commencement Date and shall continue until the earlier of: (a) the tenth (10th) anniversary of the Base Services Commencement Date or (b) the date on which this Agreement terminates in accordance with this Section 13 (the "**Termination Date**").

13.2 State's Right to Terminate for Convenience. The State shall have the right to terminate this Agreement for its convenience by delivering a Termination Notice to Manager no less than ninety (90) days prior to the Termination Date specified in such Termination Notice, which notice shall reference this Section 13.2 and state the Termination Date. In the event of such a termination, the State shall pay Manager the Cost Recovery Payment and the Early Disentanglement Fee. The Cost Recovery Payment and the Early Disentanglement Fee shall be the State's sole and exclusive liability to Manager, and Manager's sole and exclusive remedy from the State, resulting from the State's exercise of its rights under this Section 13.2. For the avoidance of doubt, Manager shall remain obligated to perform the Disentanglement Services in accordance with Section 14 in the event of a termination pursuant to this Section 13.2.

13.3 Termination by the State for Events of Default; Rights Upon Event of Default. Upon the occurrence of an Event of Default, the State may, in its sole discretion, terminate this Agreement and/or the impacted portion of the Services by delivering a Termination Notice specifying the Termination Date and describing the Event of Default giving rise to the termination. For the avoidance of doubt, (a) Manager shall remain obligated to perform the Disentanglement Services in accordance with Section 14 in the event of a termination pursuant to this Section 13.3, and (b) a termination pursuant to this Section 13.3 shall not affect either Party's right to exercise any of its other rights and remedies hereunder or as provided in law or equity. An "**Event of Default**" shall mean, excluding the effects of a Fixed Cost Increase, a Force Majeure Event, an Adverse Action or an Excused Performance Event, the occurrence of any of the following:

(a) Net Income is less than Minimum Net Income (as adjusted in accordance with the express terms of this Agreement) for any two (2) consecutive Contract Years, excluding the Initial Stub Contract Year and the first (1st) full Contract Year following the Initial Stub Contract Year; provided, however, that solely for purposes of calculating Net Income under this Section 13.3(a), (i) Net Income shall be increased by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year exceeds the Fixed Cost Base for the relevant Contract Year; (ii) Net Income for the relevant Contract Year shall be reduced by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year is less than the Fixed Cost Base for the relevant Contract Year; (iii) if the State implements a change in accounting policies which increases or decreases Net Income for that Contract Year, the amount of such (x) decrease shall be added to Net Income for that Contract Year, and (y) increase shall be deducted from Net Income for

that Contract Year; and (iv) for purposes of the second (2nd) full Contract Year, Net Income shall be adjusted as reasonably agreed by the Parties for the direct consequences of the delayed (x) implementation occurring after January 1, 2019 of the changes to the Lotto game and of an annuity game, in each case as detailed in the Initial Annual Business Plan, and (y) commencement after January 1, 2019 of Manager's iLottery games services for the Lottery;

(b) Net Income is less than eighty-five percent (85%) of Minimum Net Income (as adjusted in accordance with the express terms of this Agreement) in any one (1) Contract Year, excluding the Initial Stub Contract Year and the first (1st) full Contract Year following the Initial Stub Contract Year; provided, however, that solely for purposes of calculating Net Income under this clause (b), (i) Net Income shall be increased by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year exceeds the Fixed Cost Base for the relevant Contract Year; (ii) Net Income for the relevant Contract Year shall be increased by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year is less than the Fixed Cost Base for the relevant Contract Year; and (iii) if the State implements a change in accounting policies which increases or decreases Net Income for that Contract Year, the amount of such (x) decrease shall be added to Net Income for that Contract Year, and (y) increase shall be deducted from Net Income for that Contract Year;

(c) Manager's material breach of its obligations with respect to the Transition, provided that such material breach is not due to a State Transition Delay Event or an Other Transition Delay Event and provided further that such material breach (i) has or would reasonably be expected to have a Material Adverse Effect on Net Income and (ii) if curable, is not cured by Manager within thirty (30) days following receipt of written notice of such failure, or such longer time period as may be agreed to in writing by the State;

(d) Manager's failure or inability to achieve recovery in accordance with the Continuity Plans, and such failure has a material and adverse impact on the Lottery;

(e) Manager's failure to obtain or maintain, as applicable, any Governmental Approval as set forth in Section 19.1, and such failure has a material and adverse impact on the Lottery and provided further, that such failure, if curable, is not cured by Manager within sixty (60) days following receipt of written notice of such failure, or such longer time period as may be agreed to in writing by the State;

(f) Manager's failure to implement a State-required Manager Personnel removal as set forth in Section 6.3.3, and such failure is not cured by Manager within (i) sixty (60) days following receipt of written notice of such failure if such removal is not for Cause and (ii) five (5) Business Days following receipt of written notice of such failure if such removal is for Cause;

(g) Manager's material breach of any representation or warranty in this Agreement and such breach has, or would reasonably be expected to have, a Material Adverse Effect on Net Income, and provided that such breach is not curable, or if such breach is curable, is not cured within the time frames, if any, specified in this Agreement, or, if not otherwise specified, then within thirty (30) days, in each case following Manager's receipt of written notice of such breach from the State;

(h) Manager's failure to maintain the insurance coverages as specified in Section 17.1, and such failure is not cured within ninety (90) days following Manager's receipt of written notice from the State of such failure;

(i) Manager's failure to initially obtain the insurance coverages specified in Section 17.2 for the Initial Stub Contract Year within thirty (30) days after the Agreement Effective Date;

(j) The: (i) institution of bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against Manager under any section or chapter of the Bankruptcy Code, as amended, or under any similar laws or statutes of the United States (or any state thereof), if such proceedings have not been dismissed or discharged within sixty (60) days after they are instituted; (ii) admittance by Manager of any involuntary debt as they mature; (iii) institution of any reorganization arrangement or other readjustment of debt plan of Manager not involving the Bankruptcy Code that has not been dismissed or discharged within sixty (60) days after it has been instituted; (iv) assignment by Manager of all, or substantially all, of its assets for the benefit of creditors; or (v) initiation of any limited liability company action taken by the manager or similar governing body of Manager in furtherance of any of the above actions;

(k) Manager's failure to pay any amount (other than those amounts disputed in good faith) due and owing to the State within fifteen (15) days following Manager's receipt of written notice of such breach from the State, unless the State has provided written notice to Manager of the State's intent to offset such amount against future Payments in accordance with Section 10.5;

(l) Manager's material breach of any of its other covenants, duties, responsibilities and/or other obligations under this Agreement or any other Lottery Document and such breach has, or would reasonably be expected to have, a Material Adverse Effect on Net Income, and provided further that such breach is not curable, or if such breach is curable, is not cured within the time frames, if any, specified in this Agreement, or, if not otherwise specified, then within thirty (30) days, or such longer time period as may be agreed to in writing by the Parties, in each case following Manager's receipt of written notice of such breach from the State; and

(m) Except for events due to the fault of the State or any other Illinois Governmental Authority or a Force Majeure Event, Manager fails to operate the Central Gaming System for a period of longer than two (2) consecutive days or four (4) days in the aggregate during any Contract Year. For the avoidance of doubt, any day on which the State is exercising its Step-In Rights to enable the continued operation of the Central Gaming System shall be considered to be a day on which Manager fails to operate the Central Gaming System.

In the event of any termination by the State pursuant to (i) Section 13.3(i), the State shall solely pay any unpaid Payments due and owing to Manager prorated for the applicable portion of the Contract Year until the Termination Date plus any other amounts as finally adjudicated by a court of competent jurisdiction, or (ii) any provision of this Section 13.3 other than Section 13.3(i), the State shall pay Manager the State Benefit Payment and not the Cost Recovery Payment. As used herein, the term "**State Benefit Payment**" means, as of any date of determination, an amount equal to the sum of, without duplication of any component thereof and excluding any amounts that have been previously paid through the Operating Allowance, (a) any unpaid Payments due and owing to Manager prorated for the applicable portion of the

Contract Year until the Termination Date, plus, (b) the reasonable documented expenses of Manager for the transportation, preservation, and/or protection of the State's assets in connection with the disentanglement and demobilization of Manager, plus (c) an amount equal to the portion of any Approved capital expenditures made by Manager that would have been allocable against the Operating Allowance as an Operating Allowance Expense in subsequent periods and Contract Years in accordance with Section 10.1.2 if this Agreement had not been terminated pursuant to this Section 13.3, plus (d) an amount equal to the portion of any Approved unamortized capital expenditures made by Manager not otherwise allocable against the Operating Allowance as an Operating Allowance Expense, plus (e) any reasonable documented costs, fees or expenses incurred by Manager on and after the Agreement Effective Date in transitioning the provision of Services currently provided by IGT or SGII (or any of their respective subcontractors or Affiliates) to a new Subcontractor that have not been paid out of the Operating Allowance or Management Fee and have not been depreciated, plus (f) if the Subcontract with the Draw Games Significant Subcontractor to provide draw games Services is not assumed by the State or the Replacement Manager, the remaining book value of capital expenditures (as evidenced by reasonably detailed supporting documents and information) incurred by the Draw Games Significant Subcontractor with respect to its Subcontract to provide draw games Services (provided, however that the State shall not be required to pay any amount pursuant to this clause (f) if the Draw Games Significant Subcontractor materially contributed to or caused the Event of Default underlying the termination under this Section 13.3), minus (g) any unpaid amounts owing to the State from Manager under this Agreement.

For the avoidance of doubt, the State Benefit Payment shall not include any fees, costs or expenses of Manager incurred prior to the Agreement Effective Date.

13.4 Step-In Rights. The State may assign State staff or Third Parties to step in and perform all or any element of the affected Services in accordance with this Section 13.4 until such time as Manager can demonstrate the ability to resume provision of such Services to the reasonable satisfaction of the State ("**Step-In Rights**"), if, other than with respect to an Excused Performance Event, (a) Manager fails to operate the Central Gaming System for a period of longer than two (2) consecutive days or four (4) days in the aggregate during any Contract Year; (b) Manager commits a breach of this Agreement that has or would reasonably be expected to have a material and adverse impact on the Lottery operations and performance or on Services and, if such breach is curable, Manager is unable to cure such breach within three (3) days after receipt of notice of such breach from the State; or (c) the State has reasonable founded suspicion that any act of fraud is being committed by Manager in relation to the Services.

13.4.1 Exercise of Step-In Rights.

(a) As soon as possible, but not longer than twenty-four (24) hours, following Manager's receipt of written notice specifying in reasonable detail the basis on which the State is entitled to exercise its Step-In Rights (the "**Step-In Notice**"), the State and Manager shall discuss any alternative course of action which Manager may undertake to remedy the event giving rise to the Step-In Rights, and the manner in which the State shall exercise its Step-In Rights, including how the State may engage any Third Party to act on its behalf. If Manager and the State fail to reach agreement on an appropriate remedy within five (5) Business Days after Manager's receipt of the Step-In Notice, the State may exercise its Step-In Rights.

(b) In exercising its Step-In Rights, the State may itself provide, or may employ a replacement Third Party provider to provide, in whole or in part, the affected Services. Subject to Manager's reasonable confidentiality requirements, Manager shall reasonably cooperate with and provide all assistance reasonably necessary to the State and any replacement Third Party provider to enable the affected Services to resume.

Manager's assistance shall include: (i) granting the State or the replacement Third Party provider management control over relevant Manager employees; (ii) granting the State or the replacement Third Party provider access to Manager's Contract Records or locations or facilities, or areas within locations or facilities, that are directly or indirectly involved in the provision of Services to the State, utilized in the performance of Services, in each case as reasonably necessary to provide the State or the replacement Third Party provider the ability to perform Services; and (iii) if the State requests, providing written confirmation that the State may give to Third Parties confirming that the State is exercising its rights in compliance with this Agreement. Notwithstanding the foregoing, the State and any Third Party shall not have access to: (i) proprietary information concerning or belonging to other Manager customers; (ii) Manager locations or facilities, or areas within locations or facilities, that are not involved in, directly or indirectly in whole or part, the provision of Services to the State; (iii) Manager's internal costs or pricing models, except to the extent such costs are the basis upon which the State is charged and/or are necessary to calculate variable Payments; or (iv) Analytics Tools or Analytics Data (other than Analytics Data embedded in Reports, files, data or documents previously provided by Manager to the State).

(c) Upon the exercise of the State's Step-In Rights: (i) the State shall not be obligated to pay or make any payments (whether Payments or otherwise) to Manager for Services that the State or a Third Party is providing during the exercise of its Step-In Rights and any Incentive Compensation due to Manager for any Contract Year in which the State has exercised its Step-In Rights shall be reduced pro-rata based on the ratio of the number of days the State exercised its Step-In Rights in such Contract Year to 365 days; and (ii) Manager shall be liable to pay any additional reasonable costs directly incurred by the State as a result of the exercise of the Step-In Rights. The State's exercise of its Step-In Rights shall not constitute a waiver by the State of any right of the State under this Agreement, including any termination right or right to pursue a claim for damages arising out of the failure that led to its exercise of the Step-In Rights.

13.4.2 Step-Out Notice. The State shall use its Reasonable Best Efforts and reasonably cooperate in good faith with Manager to resolve the events giving rise to the Step-In Rights. The State's Step-In Rights shall end when the event giving rise to the Step-In Rights is resolved to the State's reasonable satisfaction, and at such time, the State shall immediately provide written notice to Manager specifying the date (which shall not be less than two (2) days nor more than five (5) days after the delivery date of such notice) that the State will conclude its exercise of Step-In Rights and Manager shall resume performance of the affected Services (the "**Step-Out Notice**"). Manager shall, following receipt of a Step-Out Notice, meet with the State to discuss the State's findings as a result of the exercise of its Step-in Rights. Within fifteen (15) days after the meeting, Manager shall develop and deliver to the State a plan to implement the State's reasonable recommendations to improve the Services.

13.5 Termination by Manager.

13.5.1 Manager shall have the right to terminate this Agreement by written notice to the State if, excluding the effects of a Force Majeure Event, any of the following events occur:

(a) the State fails to pay any amount (other than those amounts disputed in good faith) due and owing to Manager within sixty-three (63) days, or such longer time period as may be agreed to in writing by Manager, following the State's receipt of written notice of such failure from Manager;

(b) the State does not agree to advance to Manager the amount of the Manager OTDE Expenses requested by Manager under Section 3.1.5(c) within ten (10) Business Days after receipt of a written request for advancement made under Section 3.1.5(c);

(c) the State fails to provide an advance of Manager OTDE Expenses in the amount agreed to by Manager and the State under Section 3.1.5(c) within sixty-three (63) days, or such longer time period as may be agreed to in writing by Manager;

(d) the State's material breach of any of its representations, warranties, covenants, duties, responsibilities and/or other obligations under this Agreement or any other Lottery Document and such breach has, or would reasonably be expected to have, a Material Adverse Effect on Net Income, and provided further that such breach is not curable, or if such breach is curable, is not cured within the time frames, if any, specified in this Agreement, or, if not otherwise specified, then within thirty (30) days, in each case following the State's receipt of written notice of such breach from Manager;

(e) upon the occurrence of a Termination Adverse Action as provided in Section 21.2;

(f) if the State unreasonably withholds, conditions or delays its Approval of an Annual Business Plan for more than forty-five (45) days after Manager's initial delivery to the State of a proposed Annual Business Plan and such withholding, conditioning or delaying has or would reasonably be expected to have a Material Adverse Effect on Net Income;

(g) the State materially breaches its obligations with respect to the Transition, provided that such material breach is not due to a Manager Transition Delay Event or an Other Transition Delay Event and provided further that such material breach (i) has or would reasonably be expected to have a Material Adverse Effect on Net Income and (ii) if curable, is not cured by the State within thirty (30) days following receipt of written notice of such failure, or such longer time period as may be agreed to in writing by Manager;

(h) it is determined by the Illinois Court of Claims that the State wished to terminate this Agreement pursuant to Section 13.2, but wished to avoid paying the Early Disentanglement Fee and, therefore, breached this Agreement or took such other intentional action in an attempt to cause Manager to terminate this Agreement pursuant to this Section 13.5;

(i) Net Income is less than eighty-five percent (85%) of Minimum Net Income in any one (1) Contract Year, excluding the Initial Stub Contract Year and the first (1st) full Contract Year following the Initial Stub Contract Year; provided, however, that solely for purposes of calculating Net Income under this clause 13.5.1(i), (i) Net Income shall be increased by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year exceeds the Fixed Cost Base for the relevant Contract Year; (ii) Net Income for the relevant Contract Year shall be reduced by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year is less than the Fixed Cost Base for the relevant Contract Year; and (iii) if the State implements a change in accounting policies which increases or decreases Net Income for that Contract Year, the

amount of such (x) decrease shall be added to Net Income for that Contract Year, and (y) increase shall be deducted from Net Income for that Contract Year; or

(j) Net Income is less than Minimum Net Income for any two (2) consecutive Contract Years, excluding the Initial Stub Contract Year and the first (1st) full Contract Year following the Initial Stub Contract Year; provided, however, that solely for purposes of calculating Net Income under this clause 13.5(j), (i) Net Income shall be increased by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year exceeds the Fixed Cost Base for the relevant Contract Year; (ii) Net Income for the relevant Contract Year shall be reduced by the amount, if any, by which the Fixed Cost Amount for the relevant Contract Year is less than the Fixed Cost Base for the relevant Contract Year; (iii) if the State implements a change in accounting policies which increases or decreases Net Income for that Contract Year, the amount of such (x) decrease shall be added to Net Income for that Contract Year, and (y) increase shall be deducted from Net Income for that Contract Year; and (iv) for purposes of the second (2nd) full Contract Year only, Net Income shall be adjusted as reasonably agreed by the Parties for the direct consequences of the delayed (x) implementation occurring after January 1, 2019 of the changes to the Lotto game and of an annuity game, in each case as detailed in the Initial Annual Business Plan, and (y) commencement after January 1, 2019 of Manager's iLottery games services for the Lottery.

In the event of a termination by Manager under (i) any of Section 13.5.1(a), (d), (e), (f) or (g), the State shall solely pay to Manager the Cost Recovery Payment, (ii) Section 13.5.1(h), the State shall pay to Manager the Cost Recovery Payment and the Early Disentanglement Fee, (iii) Section 13.5.1(c), (i), or (j), the State shall solely pay to Manager the State Benefit Payment, and (iv) Section 13.5.1(b), the State shall solely pay any unpaid Payments due and owing to Manager prorated for the applicable portion of the Contract Year until the Termination Date plus any other amounts as finally adjudicated by a court of competent jurisdiction. In order to effect Manager's election to terminate this Agreement pursuant to this Section 13.5, Manager shall deliver to the State a Termination Notice specifying the Termination Date, which date shall be no earlier than in the event of a termination by Manager under (x) clauses (b)–(i), the date that is six (6) months after the date the Termination Notice is delivered to the State and (y) clause (a), the date that is three (3) months after the date the Termination Notice is delivered to the State; provided, however, that Manager shall remain obligated to perform its Disentanglement Services obligations as set forth in Section 14. Manager's right to terminate this Agreement pursuant to (1) clause (b) of this Section 13.5 shall expire on the Transition Completion Date and (2) clause (c) of this Section 13.5 shall expire sixty-three (63) days, or such longer time period as may be agreed to in writing by Manager, after the Transition Completion Date.

13.6 Cost Recovery Payment.

13.6.1 "**Cost Recovery Payment**" shall mean an amount equal to the aggregate of the following, each solely to the extent not previously paid by the State through the Operating Allowance:

(a) Any unpaid Payments due and owing to Manager prorated for the applicable portion of the Contract Year until the Termination Date; plus

(b) Without duplication of any amounts actually paid to Manager in accordance with Section 14, the reasonable documented expenses of Manager incurred in the disentanglement and demobilization of Manager which are not included in subsection (a) above, including reasonable costs and expenses relating to the (i) termination and

settlement of Subcontracts, (ii) termination or transfer of Manager Personnel, (iii) storage, transportation and other incurred expenses reasonably necessary for the preservation, protection or disposition of the State's assets or transfer of such assets to the State, Replacement Manager or their respective designee; and (iv) termination and settlement of any Contract for the lease of real property; provided, however, that unless otherwise Approved, the aggregate cumulative monetary liability, excluding any liability arising under any such Subcontract which has been previously Approved, of the State for (x) clause (ii) of this Section 13.6.1(b) shall not exceed Two Million Dollars ($2,000,000) and (y) the sum of all liabilities under clauses (i), (iii) and (iv) of this Section 13.6.1(b) shall not exceed Three Million Dollars ($3,000,000) (for example, if the aggregate liability under clause (i) was $1.0 million, the aggregate liability under clause (iii) was $1.0 million and the aggregate liability under clause (iv) was $2.0 million, then the aggregate liability of the State under such clauses would be $3.0 million and the remaining $1.0 million would not be a liability of the State unless Approved); plus

(c) To the extent not included in subsection (a) or (b) above, an amount equal to the portion of (i) any capital expenditures made by Manager that would have been allocable against the Operating Allowance as an Operating Allowance Expense in subsequent periods and Contract Years in accordance with Section 10.1.2 if this Agreement had not been terminated pursuant to this Section 13 or (ii) any other expenditures made by Manager that would have been allocable against the Operating Allowance as an Operating Allowance Expense in subsequent periods and Contract Years if this Agreement had not been terminated pursuant to this Section 13; plus

(d) An amount equal to the portion of any Approved unamortized capital expenditures made by Manager not otherwise allocable against the Operating Allowance as an Operating Allowance Expense; plus

(e) Any reasonable documented costs, fees or expenses incurred by Manager on and after the Agreement Effective Date in transitioning the provision of Services currently provided by IGT or SGII (or any of their respective subcontractors or Affiliates) to a new Subcontractor; plus

(f) Any amounts owing under any Subcontract (other than Manager Subcontracts that have not been terminated) that is not assumed by the State or any Replacement Manager; plus

(g) Any reasonable amounts owing under any contract (including Manager Subcontracts) entered into by Manager for the provision or lease of goods, services, equipment or real property in connection with Manager's performance of the Services and not assumed by the State or any Replacement Manager; plus

(h) To the extent not recovered by Manager pursuant to Section 3.1.3, an amount equal to Manager's reasonable actual out-of-pocket costs and expenses incurred in connection with the Manager Transition Services; minus

(i) Any unpaid amounts owing to the State from Manager under this Agreement.

For the avoidance of doubt, the Cost Recovery Payment shall not include any fees, costs or expenses of Manager incurred prior to the Agreement Effective Date.

13.7 Cost Recovery Payment, State Benefit Payment and Early Disentanglement Fee Invoicing. Manager shall issue one or more invoices to the State for amounts comprising the Cost Recovery Payment, the State Benefit Payment and the Early Disentanglement Fee, in each case, if applicable, within a reasonable time after such amounts are determined. Unless subject to a Dispute, each invoice shall be payable within sixty (60) days after the State's receipt thereof. The Cost Recovery Payment, the State Benefit Payment and the Early Disentanglement Fee, in each case, if applicable, shall be the State's sole and exclusive liability to Manager, and Manager's sole and exclusive remedy from the State, resulting from the terminating Party's exercise of its rights under this Section 13. Payment of the Cost Recovery Payment, the State Benefit Payment and the Early Disentanglement Fee, in each case, if applicable, shall be subject to Section 10.6 and Section 10.7.

13.8 Non-Exclusive Remedies. Except as expressly provided in this Section 13, the remedies provided in this Section 13 and elsewhere in this Agreement are neither exclusive nor mutually exclusive, and the Parties shall be entitled to any and all such remedies, and any and all other remedies that may be available to the Parties at law (or in equity) by statute or otherwise, individually or in any combination thereof. The election by a Party of any remedy provided for in this Agreement or otherwise available to such Party shall not preclude such Party from pursuing any other remedies available to such Party at law (or in equity), by contract or otherwise.

13.9 Survival.

13.9.1 General. The provisions of Section 8, Section 9, Section 10, Section 12, Section 14, Section 15, Section 16, Section 17, Section 20, Section 22, Sections 11.1, 11.3, 11.4, 11.5, 13.2, 13.3, 13.5, 13.6, Section 13.7 and any other Section that by its nature contemplates survival shall survive the expiration or termination of this Agreement and any related Schedules to such Sections of this Agreement, shall also survive the expiration or termination of this Agreement.

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

Section 14 DISENTANGLEMENT OBLIGATIONS

14.1 General Obligations. Manager shall, with the State's reasonable cooperation, use its Reasonable Best Efforts to accomplish a complete transition from Manager to the State, its Affiliates, another State of Illinois agency or any replacement provider designated by the State (the "**Replacement Manager**") as directed by the State, of any terminated Services being provided by Manager as of the Termination Date, without any material interruption of, or material and adverse impact on, the Services being provided, except as mutually agreed by the Parties and set forth in the applicable

Disentanglement Services Plan. The obligations set forth in this Section 14 and the Disentanglement Services Plan are collectively referred to in this Agreement as the "**Disentanglement Services**."

14.2 Disentanglement Process and Performance.

14.2.1 Disentanglement Services Period. The Disentanglement Services shall (i) begin on any of the following dates, as applicable: (a) the date designated by the State by written notice to Manager in connection with the expiration of the Term, which date shall not be earlier than one hundred and eighty (180) days prior to the Termination Date nor ninety (90) days after Manager's receipt of the notice; (b) the Termination Date specified in any Termination Notice delivered by the State to Manager pursuant to and in compliance with the State's termination rights as set forth in Section 13, which date shall not be earlier than thirty (30) days after Manager's receipt of the Termination Notice; or (c) the Termination Date specified in any Termination Notice delivered by Manager to the State pursuant to and in compliance with Section 13, which date shall not be earlier than thirty (30) days after Manager's delivery of the Termination Notice; and (ii) continue for the period designated by the State which shall be no longer than twelve (12) months after the Termination Date, subject to any extension of the Disentanglement Services as set forth in Section 14.2.6 (such time period, the "**Disentanglement Services Period**").

14.2.2 Disentanglement Services Plan. On or before June 30, 2018, Manager shall provide for the State's Approval a plan (the "**Disentanglement Services Plan**") for implementing the provision of the Disentanglement Services set forth in Section 14.1. Such Disentanglement Services Plan shall be updated annually by Manager with the State's Approval. If at any time after the issuance of a Termination Notice or other notice terminating this Agreement or at any time within the Final Stub Contract Year, the State so requests in writing to Manager, Manager shall submit to the State, within thirty (30) days after such request, a reasonably detailed estimate of costs to be incurred by Manager in connection with the then contemplated Disentanglement Services.

14.2.3 Charges for the Disentanglement Services. Manager's Disentanglement Services obligations prior to the beginning of the Disentanglement Services Period shall be provided at no additional cost as part of the Payments payable for all of the Services under Section 10.1. During the Disentanglement Services Period, Manager shall perform Manager's Disentanglement Services for the fees and charges either set forth in the Disentanglement Services Plan or, if not specified therein, the amount for comparable Services as provided for in either the Disentanglement Services Plan or the Operating Allowance. At the commencement of the Disentanglement Services Period (i), Manager may propose (a) unless this Agreement is terminated pursuant to Section 13.3(a) or (b) or Section 13.5.1(i), amendments to Section 4 of **Schedule 10.1** (Payments Schedule) effecting downward adjustments to the threshold amounts for Minimum Net Income, Middle Net Income Target and Upper Net Income Target for all purposes of this Agreement, (b) such other adjustments to the Estimated Management Fee, Final Management Fee, Estimated Operating Allowance and Final Operating Allowance as Manager determines are reasonable, and (c) any other cost sharing or other adjustments as Manager believes are reasonable in order to take into account the costs and expenses arising from the performance of the Disentanglement Services (either directly by the State or from reimbursement of Manager) (the "**Disentanglement Cost Adjustments**"). If Manager wishes to effect Disentanglement Cost Adjustments, Manager shall provide the State with a statement setting forth its calculation of the impact of such costs on Net Income and Operating Revenue, including each component thereof, along with Manager's proposed Disentanglement Cost Adjustments (the "**Disentanglement Adjustment Notice**"). The State shall notify Manager in writing within forty-five (45) days after its receipt of the Disentanglement Adjustment Notice if it disputes any

component thereof, by delivering written notice to Manager setting forth the State's objections in reasonable detail, including each disputed item or amount, the basis for the State's disagreement therewith and any disagreement over the proposed Disentanglement Cost Adjustments (each such notice, a "**Disentanglement Adjustment Dispute Notice**"); provided, however, that the State's failure to provide such notice shall not be deemed to be approval of the proposed Disentanglement Cost Adjustments. In the event the State delivers to Manager a Disentanglement Adjustment Dispute Notice in accordance with this Section 14.2.3, and the Parties fail to resolve the disputed aspects of the Disentanglement Adjustment Dispute Notice within ten (10) Business Days after Manager's receipt of the Disentanglement Adjustment Dispute Notice, the Parties agree that, prior to engaging in litigation or other dispute resolution attempts, they shall submit the Dispute to mediation under Section 20.1.2. In the event a Disentanglement Cost Adjustments are based upon an estimated impact or result on Net Income, the Parties shall, acting in good faith, reconcile such estimate with actual results on substantially the same terms (including timing) as that set forth in Section 10.3, or as may otherwise be agreed to by the Parties in writing.

14.2.4 Firm Commitment. Manager shall provide the Disentanglement Services to the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager, as directed by the State, regardless of the reason for the expiration or termination of this Agreement; provided, however, that if this Agreement is terminated by Manager pursuant to Section 13.5, Manager may require payment by the State of all past due amounts owing to Manager prior to commencing Disentanglement Services.

14.2.5 Performance. All Disentanglement Services shall be provided subject to and in accordance with the terms and conditions of this Agreement which shall continue in full force and effect, to the extent applicable, until the end of the Disentanglement Services Period. During the Disentanglement Services Period, Manager shall perform the Disentanglement Services with a degree of accuracy, quality, completeness, timeliness, responsiveness and resource efficiency as is reasonably necessary for Manager to satisfy its obligations under the Disentanglement Services Plan (but in any event, at least the same degree of accuracy, quality, completeness, timeliness, responsiveness and resource efficiency as it was required to provide with respect to the Services during the Term). Manager Personnel (including all Manager Key Personnel) reasonably considered by the State to be critical to the performance of the Disentanglement Services shall not be materially redeployed to another customer of Manager until the completion of all relevant Disentanglement Services.

14.2.6 Extension of Disentanglement Services. The State shall, upon ninety (90) days prior written notice to Manager, have the right to extend the period for the provision of the Disentanglement Services for two (2) additional periods of up to six (6) months each after the initial proposed expiration of the Disentanglement Services Period and the Parties may, if permitted by the State Policies and Rules, negotiate additional extension periods in their discretion. To the extent the State requires such extension(s) of the Disentanglement Services, the State shall pay Manager the fees and charges set forth in the Disentanglement Services Plan for such extension period(s) or, if not specified therein, the amount for comparable Services as provided for in either the Disentanglement Services Plan or the Operating Allowance. To the extent the State requests the extension of a portion (but not all) of the Disentanglement Services, the fees and charges to be paid by the State shall be equitably adjusted in proportion to the portion of the Disentanglement Services actually provided.

14.3 Specific Disentanglement Services Obligations. The Disentanglement Services shall include the performance of the specific obligations described in this Section 14.3 and in **Schedule 4.1**

(Operational Responsibilities of Manager). In connection with the initiation of the Disentanglement Services, but in no event later than thirty (30) days after such initiation of the Disentanglement Services, Manager shall use its Reasonable Best Efforts to provide to the State in writing a complete and accurate list of all contracts, equipment, files, software and other material items that are used by Manager in connection with providing any aspect of the Services.

14.3.1 Full Cooperation, Information and Knowledge Transfer. During the provision of the Disentanglement Services, the Parties shall reasonably cooperate with one another to facilitate a smooth transition of the terminated or expired Services from Manager to the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager. Without limiting the generality of the foregoing, Manager shall: (a) reasonably cooperate with the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager and otherwise promptly take all steps reasonably required to assist the State in effectuating the Disentanglement Services; (b) provide to the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager all information then being utilized by Manager with respect to data conversions, interface specifications, programs, tools, utilities and other resources used to provide the Services (excluding Analytics Tools and Analytics Data other than Analytics Data embedded in Reports, files, data or documents previously provided by Manager to the State) and knowledge transfer with respect to all such information in connection with the State's, its Affiliate's, such other designated State of Illinois agency's and/or the Replacement Manager's personnel fully assuming, becoming self-reliant with respect to and continuing without interruption the provision of the Services; (c) provide for the prompt and orderly conclusion of all work, as the State may reasonably direct, including completion or partial completion of any Services, documentation of work in progress, and other measures to facilitate an orderly transition to the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager; and (d) carry out the other specific obligations described in this Section 14 and the Disentanglement Services Plan. In addition to the foregoing requirements, as directed by the State, Manager shall deliver to the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager all documentation and data related to the State and the Lottery, including Lottery Data but excluding Analytics Tools and Analytics Data other than Analytics Data embedded in Reports, files, data or documents previously provided by Manager to the State, as well as all procedures, standards and operating schedules (including the Operating Standards) held by Manager.

14.3.2 Assignment of Subcontracts. Without limiting the obligations of Manager set forth elsewhere in this Agreement, if reasonably requested by the State as part of the Disentanglement Services, Manager shall use its Reasonable Best Efforts to procure, at no charge to the State, any Third Party consent necessary to grant the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager the use and benefit of any Subcontracts (excluding Manager Subcontracts) used by Manager to provide the Services. Manager shall, upon the State's request, assign any Subcontract (excluding Manager Subcontracts) to the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager, and direct any such Subcontractors (excluding Manager Subcontractors) to permit the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager to assume prospectively any or all such Subcontracts or to enter into new contracts with the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager on substantially the same terms and conditions, including price. There shall be no charge or fee imposed on the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager by Manager or its Subcontractors, Affiliates or Third Party contractors for any such assumption of a Subcontract. Manager shall: (a) represent and warrant that it is not in default under such Subcontracts; (b) represent and warrant as to the status of all payments

thereunder through the date of assignment; and (c) notify the State in writing of any Subcontractor's default with respect to such Subcontracts of which it is aware at the time.

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

14.3.4 Increased Disentanglement Payment. Manager shall have an opportunity to recover Incentive Compensation as a result of any pre-Approved Significant Investment where the opportunity to earn such Incentive Compensation would otherwise extend beyond the Term (an "**Increased Disentanglement Payment**"). Manager shall be responsible for identifying and proposing an Increased Disentanglement Payment during the Disentanglement Services Period. Any Increased Disentanglement Payment shall be calculated according to a formula mutually agreed upon by the Parties at the time of Approval of the Significant Investment. If the Parties cannot agree on the Increased Disentanglement Payment, then the Parties shall mutually agree upon and engage an independent investment banking firm of national standing, qualified in financial and economic analysis (the "**Expert**"). If the Parties cannot agree upon an Expert, either Party may request that the selection be made by the American Arbitration Association in accordance with the commercial arbitration rules of the American Arbitration Association then in effect. The Expert shall be deemed to act as an expert and not as an arbitrator. The Expert shall be instructed to notify its determination to both Parties by means of a written determination which shall (except in the case of manifest error) be final and binding on both Parties for purposes of this Agreement. The costs of the Expert shall be borne equally by the Parties.

Section 15 INDEMNIFICATION

15.1 Indemnification.

15.1.1 Manager General Indemnifications. Subject to the limitations set forth in Sections 16.1 and 16.2, Manager shall indemnify, defend and hold harmless the State Indemnitees from and against, and shall pay any and all Losses arising from or incurred as a result of:

(a) Any actual or alleged bodily injury or death, damage to tangible personal or real property, notwithstanding the form in which any such action is brought (e.g., contract, tort or otherwise), to the extent such injuries or damages arise in whole or in part, directly or indirectly, from acts, errors or omissions that constitute gross negligence, willful misconduct or violations of Regulatory Requirements, by Manager and/or any Manager Personnel;

(b) Manager's breach of any of the representations or warranties set forth in this Agreement (except to the extent, and then solely to such extent, such breach is caused by or arises from the State's breach of any of its representations and warranties or covenants set forth in this Agreement);

(c) Manager's breach of any of its obligations under any Third Party contract to which Manager is a party and which is used by Manager to provide the Services or otherwise perform its obligations under this Agreement;

(d) Any aspect of the employment of Manager Personnel or any other employees of Manager or the termination of such employment. Without limiting the

generality of the foregoing, Claims relating to the employment or termination of Manager Personnel includes Claims relating to (i) any violation by Manager or its officers, directors, employees, representatives and/or agents of State Policies and Rules protecting persons or members of protected classes or categories and/or prohibiting discrimination or harassment on the basis of a protected characteristic; (ii) payment or failure to pay any salary, wages or other compensation due and owing to any Manager Personnel; (iii) payment or failure to pay any pension or other benefits of any Manager Personnel; (iv) liability for (A) any social security or other employment taxes for Manager Personnel, (B) workers' compensation Claims and premium payments for Manager Personnel, and (C) contributions applicable to the wages and salaries of such Manager Personnel; (v) Claims by Manager Personnel for wages, benefits, discrimination or harassment of any kind, wrongful termination and/or denial of severance or termination payments upon leaving their applicable place of employment; (vi) Claims relating to work-related injuries; and (vii) wrongful discharge of such Manager Personnel, Claims for breach of express or implied employment contract of such Manager Personnel and Claims that the State is an employer, co-employer or joint employer of any Manager Personnel, or that such Manager Personnel are "employees" within the meaning of the Illinois State Employee Indemnification Act (5 ILCS 350); and notwithstanding the foregoing, Claims related to the employment or termination of Manager Personnel exclude Claims to the extent resulting directly from any action of the State, any Replacement Manager, any replacement Third Party provider, or from any action taken by Manager or any Subcontractor at the direction of the State, and Manager shall have no obligations under this Section 15.1 with respect to such Claims;

(e) Any improper disclosure, misuse, theft or negligent use of Lottery Data or Analytics Data by Manager or Manager Personnel, or any other breach of Section 9 by Manager or a Subcontractor;

(f) Any introduction by Manager of Malicious Code in the State's environment, network or systems, to the extent such Malicious Code was introduced by Manager, Manager's Affiliates or Manager's Subcontractors;

(g) Any breach by Manager of any covenant in this Agreement or any other Lottery Document;

(h) Any failure by Manager to pay applicable taxes when due, together with any interest and penalties assessed or imposed against the State, for which Manager has responsibility pursuant to Section 10.6 or applicable State Policies and Rules;

(i) A Manager Affiliate, Subcontractor, or other Person to which Manager assigned, transferred, pledged, hypothecated or otherwise encumbered its rights to receive payments from the State under this Agreement asserting rights under this Agreement;

(j) Any and all Losses, but excluding any Losses to the extent arising from the fraud, willful misconduct or gross negligence of the State, that may arise, directly or indirectly, from any Subcontract or other agreement between Manager and any Subcontractor or Manager Personnel that is not expressly assumed by the State, its Affiliates, another designated State of Illinois agency and/or the Replacement Manager;

(k) Solely with respect to events that occur after the "Agreement Effective Date" of the Employee Use Agreement (as defined therein), any and all Losses (except to the extent attributable to the fraud, willful misconduct, gross negligence of or breach of the Employee Use Agreement by the State) arising from or incurred in connection with (i) Manager's breach or failure to perform any of Manager's obligations under the Employee Use Agreement, and (ii) actions of Current Personnel (as defined in the Employee Use Agreement) taken at the direction of Manager (and not at the direction of the State, any Replacement Manager or the Current Manager);

(l) Any Event of Default under Section 13.3(d); and

(m) The: (i) institution of bankruptcy, receivership, reorganization or other similar proceedings by or against Manager under any section or chapter of the Bankruptcy Code, as amended, or under any similar laws or statutes of the United States (or any state thereof); (ii) institution of any reorganization arrangement or other readjustment of debt plan of Manager not involving the Bankruptcy Code that has not been dismissed or discharged within sixty (60) days after it has been instituted; (iii) assignment by Manager of all, or substantially all, of its assets for the benefit of creditors; or (iv) initiation of any limited liability company action taken by the manager or similar governing body of Manager in furtherance of any of the above actions.

15.1.2 Infringement Indemnification.

(a) Manager shall indemnify, defend and hold harmless the State Indemnitees from and against, and shall pay any and all Losses sustained or incurred by any of the State Indemnitees, based upon, relating to or arising from, any and all Third Party Claims that the: (i) Services, Manager Intellectual Property, and any other Manager and/or Third Party services, technologies, techniques or products used by Manager to provide the Services; (ii) the Work Product or any other deliverables provided by Manager; and/or (iii) the receipt or use by the State of any of the foregoing items referenced in clauses (i) and (ii) (collectively referred to as "**Manager Items**"), infringes, misappropriates and/or violates any patent, copyright, trademark, trade secret and/or other intellectual property, proprietary, moral or privacy rights of such Third Party. Notwithstanding the foregoing, Manager shall not be required to indemnify, defend or hold harmless the State Indemnitees from or against infringement Claims if such infringement Claim arises from Manager's reliance on inaccurate information provided by the State in the State Data Room.

(b) If the State's right to use, receive or enjoy any Manager Item is enjoined or appears reasonably likely to be enjoined, Manager promptly shall, at Manager's sole cost and expense and in such a manner as to minimize the disturbance to the State's business activities and rights under this Agreement, do one of the following: (i) obtain for the State the right to continue receiving and using such Manager Item free of claims of infringement, misappropriation and/or violation; (ii) modify, without degrading the performance or quality of the Services or adversely affecting the State's intended use as contemplated by this Agreement, such Manager Item so that it no longer infringes, misappropriates and/or violates, as applicable; or (iii) replace such Manager Item with non-infringing, non-misappropriating and non-violating functional equivalents acceptable to the State.

15.2 Indemnification Procedures.

15.2.1 General. If any Claim governed by this Section 15 is brought against a State Indemnitee by a Third Party, such State Indemnitee shall give written notice thereof to Manager promptly after such Claim is commenced; provided, however, that failure to give prompt notice shall not reduce Manager's obligations under this Section 15, except to the extent Manager can demonstrate that it is actually prejudiced thereby. Within twenty (20) days after such notice, Manager shall acknowledge in writing to the State Indemnitee whether it agrees that the right of indemnification under this Agreement applies with respect to such Claim. If Manager agrees that the right of indemnification under this Agreement applies with respect to such Claim, Manager shall be entitled, if it so elects in a written notice delivered to such State Indemnitee not less than ten (10) Business Days prior to the date on which a response to such Claim is due, to take control of the defense and investigation of such Claim and to employ and engage attorneys of its choice, that are reasonably satisfactory to the State Indemnitee, to handle and defend same, at Manager's expense. If Manager does not agree that the right of indemnification under this Agreement applies with respect to such Claim, then Manager shall promptly provide the State Indemnitee with written notice of the reason therefor.

15.2.2 Defense Accepted. Notwithstanding anything contained in this Agreement to the contrary, if Manager accepts defense of a Claim as provided in this Section 15, the State Indemnitee shall have the right to engage, at its own expense, independent counsel to monitor and participate in the defense of the matter as such counsel or the State Indemnitee deems fit to protect its interests. Manager and its counsel must reasonably cooperate with the State Indemnitee's counsel at the State Indemnitee's expense to enable such counsel to adequately represent the interests of the State Indemnitee.

15.2.3 Defense Declined. If Manager denies that the right of indemnification under this Agreement applies with respect to a Claim or otherwise has not assumed the defense of a Claim, without limiting any other rights or remedies available to the State Indemnitee: (a) the State Indemnitee may assume such defense and, if such defense is assumed, unless the parties otherwise agree in writing, Manager shall be barred from assuming such defense at a later time; and (b) if it is later determined by a court of competent jurisdiction, that such Claim was eligible for indemnification by Manager under this Section 15, within thirty (30) days following such determination, Manager shall reimburse the State Indemnitee in full for all Losses incurred by the State Indemnitee in connection with such Claim.

15.2.4 Settlement of Claims. No settlement of a Claim that involves a remedy other than the payment of money by Manager along with standard settlement terms, specifically including a dismissal of all Claims with prejudice in favor of the applicable State Indemnitee as well as a non-admission of liability or other wrongdoing by such State Indemnitee, shall be entered into by Manager without the prior express written consent of such State Indemnitee. In no event shall an adverse judgment be entered against such State Indemnitee as part of a settlement without its express written consent.

15.2.5 Waiver of Subrogation. Manager hereby waives its rights to subrogation against each State Indemnitee with respect to any claims or defenses as to which any indemnification relates.

15.2.6 Payments. Any amounts owed by Manager pursuant to this Section 15 shall be paid within thirty (30) days after final determination thereof by wire transfer of immediately available funds to an account designated by the State.

15.3 Duty to Mitigate; Insurance Proceeds. The State Indemnitees shall have a duty to mitigate Losses for which Manager is liable. Indemnification payments made by Manager shall be net of any and all insurance proceeds or other recoveries from Third Parties actually received by any State Indemnitee.

Section 16 LIMITATIONS ON LIABILITY

16.1 Cap on Liability for Direct Damages. SUBJECT TO SECTION 16.3, THE AGGREGATE CUMULATIVE MONETARY LIABILITY OF MANAGER FOR ANY AND ALL DAMAGES FOR ANY AND ALL CLAIMS, EVENTS OR OCCURRENCES ARISING UNDER OR RELATING TO THIS AGREEMENT, NOTWITHSTANDING THE FORM IN WHICH ANY ACTION IS BROUGHT, WHETHER IN CONTRACT, TORT OR OTHERWISE, SHALL BE LIMITED TO AMOUNTS EQUAL TO TWENTY MILLION DOLLARS ($20,000,000) IN THE AGGREGATE PER CONTRACT YEAR AND ONE HUNDRED MILLION DOLLARS ($100,000,000) IN THE AGGREGATE (THE "**MANAGER CAP**").

16.2 Limitation on Non-Direct Damages. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 16.3 AND FOR CLAIMS BY A THIRD PARTY IN WHICH A STATE INDEMNITEE IS FOUND TO BE LIABLE FOR ANY OF THE FOLLOWING DAMAGES, NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, EXEMPLARY AND/OR PUNITIVE DAMAGES, INCLUDING LOST PROFITS OR LOSS OF BUSINESS, REGARDLESS OF THE FORM OF THE ACTION OR THE THEORY OF RECOVERY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF THE FORM IN WHICH ANY ACTION IS BROUGHT.

16.3 Exclusions from Limitations on Liability. The Manager Cap for direct damages liability and the Section 16.2 limitation on non-direct damages shall not apply to: (a) Losses arising under or relating to any claims by a Third Party of infringement, misappropriation or violation of Intellectual Property rights arising from Manager's failure to comply with Section 8; (b) Losses arising under or relating to the gross negligence, willful misconduct or fraud of Manager; (c) any introduction by Manager or Manager Personnel of Malicious Code in the State's environment, network or systems, to the extent Losses caused by such introduction arise from acts, errors or omissions of Manager or Manager Personnel that constitute gross negligence or willful misconduct; (d) personal injury, including death, and damage to tangible personal or real property caused by the gross negligence or willful misconduct of Manager or Manager Personnel; (e) Manager's wrongful termination of this Agreement or repudiation or wrongful abandonment of all or any part of the Services; or (f) amounts owed by Manager under this Agreement other than pursuant to Section 15 (including in connection with Section 3.1.5(a), Section 3.1.5(d), Service Level Credits, Transparency Credits, and Section 10.3.5).

16.4 Indemnification Payments. Notwithstanding anything to the contrary contained in this Agreement (including in Sections 15.1 and 15.2), all Loss payments made by Manager (including Service Level Credits and Transparency Credits) in respect of Claims that are indemnified pursuant to Section 15 shall be considered direct damages, not consequential, incidental, indirect, special, exemplary and/or punitive damages, without regard to the nature of the Claim which gave rise to such obligation to indemnify.

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

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

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

(c) Costs and expenses of replacing lost, stolen or damaged State and/or Manager Equipment, Software or other materials;

(d) the reasonable fees, costs and expenses incurred by the State to procure the Services or corrected Services from an alternate source, to the extent in excess of the Payments that the State is obligated to pay Manager under this Agreement;

(e) Straight time, overtime, or related expenses incurred by the State, including overhead allocations of the State for the State's employees, wages and salaries of additional employees, travel expenses, overtime expenses, telecommunication charges, and similar charges, due to the failure of Manager to provide the Services incurred in connection with a breach of this Agreement by Manager; and

(f) Straight time, overtime or related expenses incurred by Manager, including overhead allocations of Manager for Manager's employees, wages and salaries of additional employees, travel expenses, overtime expenses, telecommunication charges, and similar charges incurred in connection with a breach of this Agreement by the State.

Section 17 INSURANCE AND RISK OF LOSS

17.1 Minimum Required Insurance Coverages. After the Agreement Effective Date and continuing until the expiration of the Disentanglement Services Period, Manager shall provide and maintain the types of insurance in the minimum amounts set forth in this Section 17.1 for itself and for the State as an "Additional Insured" as specified in this Section 17.1.

17.1.1 Commercial General Liability Insurance covering bodily injury, and property damage with combined single limits not less than Ten Million Dollars ($10,000,000) per occurrence and Ten Million Dollars ($10,000,000) annual aggregate. The Commercial General Liability insurance shall be written on an occurrence form basis or its equivalent with coverages that are satisfactory to the State, including bodily injury and property damage liability, personal and advertising injury liability, products and completed operations. The policy shall include a specific endorsement naming the State as an "Additional Insured."

17.1.2 Business Automobile Liability Insurance covering bodily injury, death and property damage, including all owned, non-owned, or hired autos, with combined single limits not less than Ten Million Dollars ($10,000,000) per occurrence and Ten Million Dollars ($10,000,000) annual aggregate. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for "Commercial General Liability" and "Automobile Liability"). The policy shall include a specific endorsement naming the State as an "Additional Insured."

17.1.3 Umbrella Liability insurance providing Ten Million Dollars ($10,000,000) of umbrella coverage excess of the underlying limits for Workers Compensation, Commercial General Liability, Business Auto Liability and drop down to provide primary liability coverage for Differences in Conditions from the primary coverages. The policy shall include a specific endorsement naming State as an "Additional Insured."

17.1.4 Workers' Compensation Insurance applicable to the laws of the State and Employers Liability Insurance with limits not less than:

(a) One Million Dollars ($1,000,000) bodily injury, each occurrence;

(b) One Million Dollars ($1,000,000) disease each employee; and

(c) One Million Dollars ($1,000,000) disease aggregate limit.

Pursuant to Illinois Statutes Ch 820 §305/1 ¶ (a) 4., the Parties agree that State is a "loaning employer" and Manager is a "borrowing employer" of the State employees managed by Manager under this Agreement. The Workers' Compensation Insurance purchased by Manager shall include a specific endorsement naming the State as an "Alternative Employer" for any work-related injury claims of the State employees while managed by Manager under this Agreement.

17.1.5 Professional Liability (E&O) Insurance (the "**Professional Liability Insurance**") with a combined single limit of not less than Thirty Million Dollars ($30,000,000) per claim and Thirty Million Dollars ($30,000,000) annual aggregate. The Professional Liability policy shall include Media Content Insurance, including media liability arising from material on websites or offline publications, errors in announcing results through iLottery channels, and Security and Privacy Liability Insurance, including data breaches, unauthorized access/use, identification theft, damage/loss/theft of data. The Professional Liability Insurance retroactive coverage date shall be no later than the Agreement Effective Date. The Professional Liability Insurance shall contain an endorsement extending the coverage to errors and omissions committed by Manager's independent contractors, and it shall include a specific endorsement naming State as an "Additional Insured solely with respect to liability resulting in a loss caused, or alleged to be caused, in whole or in part, by Manager or by those acting on Manager's behalf in the performance of Manager's professional services."

17.1.6 Manager shall obtain crime insurance with minimum limits not less than Twenty Million Dollars ($20,000,000) per occurrence covering any financial loss due to any fraudulent or dishonest acts on the part of Manager's officers, employees, agents or Subcontractors, including coverage for Third Party theft of property in Manager's care, custody or control or while in transit, loss due to forgery or alteration of negotiable instruments or loss due to electronic funds transfer fraud. Notwithstanding the foregoing, Manager may elect to require that its Subcontractors have equivalent crime insurance in place instead of covering its Subcontractors under Manager's crime insurance policy. The crime policies shall include a specific endorsement naming State as a "Loss Payee."

17.2 Additional Insurance Coverages. Within thirty (30) days after the Agreement Effective Date Manager shall increase the Professional Liability Insurance to a combined single limit of not less than Fifty Million Dollars ($50,000,000) per claim and Fifty Million Dollars ($50,000,000) annual aggregate (the "**Additional Insurance**") and Manager shall use its Reasonable Best Efforts to maintain the Additional Insurance until the expiration of the Disentanglement Services Period.

17.3 Incremental Costs and Expenses. The amount of the insurance premiums for the Additional Insurance shall be reviewed annually and compared to the prior Contract Year insurance premiums. If (i) the percentage increase of the then current Additional Insurance premiums compared to the prior Contract Year Additional Insurance premiums exceeds twelve and one-half percent (12.5%), and (ii) the total annual cost of the Additional Insurance premiums is more than One Hundred Seventy-Five Thousand Dollars ($175,000), the Estimated Management Fee and Final Management Fee for such Contract Year shall be increased. The amount of such increase shall be determined in good faith by the Parties.

17.3.1 Satisfaction of Insurance Requirements. Manager may satisfy the minimum limits requirements of Section 17.1 and Section 17.2 by any combination of primary liability and umbrella and/or excess liability coverage that results in the same protection to Manager and the State Indemnitees. To satisfy the insurance requirement for non-owned and hired vehicles, Manager may extend its commercial general liability insurance to provide insurance for such vehicles. Any annual aggregate limit must be stated separately as to the Services or twice the required limit. The policies required under Section 17.1 and Section 17.2, as applicable, must be on a per occurrence basis except for professional liability insurance, which is on a per-claim basis.

17.3.2 Failure to Procure. Should any policy expire or be canceled after the Agreement Effective Date (each a "**Canceled Policy**") and Manager fails to immediately procure replacement insurance for such Canceled Policy, then (a) for purposes of the insurance coverages specified in Sections 17.1 and 17.2, the State reserves the right (but shall not be obligated) to procure insurance for the Canceled Policies on reasonable terms and Manager shall reimburse the State, as a Management Fee Expense, for the costs of such insurance premiums, and (b) for purposes of the insurance coverages specified in Section 17.2, (i) Manager shall use its Reasonable Best Efforts to obtain replacement coverage and/or any combination of primary liability and umbrella and/or excess liability coverage that results in the same protection to Manager and the State Indemnitees as such Canceled Policies, and (ii) if Manager is unable to obtain such replacement coverages to the reasonable satisfaction of the State, then the Parties shall negotiate in good faith additional protections to offset the lost insurance coverage(s). Prior to the State procuring such insurance, the State shall provide Manager with prior written notice of its intent to procure such insurance, and if Manager shall fail to procure any insurance required by Section 17.1 or 17.2 within thirty (30) days after receipt of the State's written notice, the State shall have the right to procure such insurance and to deduct the cost thereof from any sums due Manager under this Agreement. Manager shall obtain such agreements within its policy or policies of insurance as are necessary to cause the policy or policies to comply with the requirements stated in this Agreement.

17.3.3 Evidence of Insurance. Within thirty (30) days after the Agreement Effective Date and thereafter at the State's reasonable request, Manager shall deliver to the State certificates of insurance evidencing the insurance required hereunder, together with complete copies of the policies and endorsements, including the additional insured endorsements for each policy evidencing coverage for the State. Certificates of renewals shall be provided within thirty (30) days after the expiration of any insurance. The certificates of insurance shall indicate the title of this Agreement, State contract number and name of the State Purchasing Officer in the "Description of Operations" box and shall list the State of Illinois, Department of the Lottery as insured.

17.3.4 Claims-Made Coverage. If coverage is written on a "claims-made" basis, the certificate of insurance shall clearly so state, and, in addition to the coverage requirements specified above, Manager shall make its Reasonable Best Efforts to provide that:

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

(b) Equivalent policies are maintained for at least one (1) year after the expiration or termination of this Agreement;

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

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

17.3.5 Notice of Cancellation or Change of Coverage. Manager shall give the State prompt written notice of any cancellation, lapse, material reduction or other adverse change in respect of any insurance required by the terms of this Section 17.

17.3.6 Insurance Subrogation. With respect to workers' compensation and employer's liability coverage to be provided by Manager, the insurance policies shall provide that the insurance companies waive all rights of subrogation against the State as an additional insured.

17.3.7 Qualifying Insurers. All policies of insurance required hereby (except professional liability insurance) shall be issued by companies that have been authorized to do business in the State of Illinois, unless a company lacking such authority is otherwise Approved by the State. All providers of insurance shall have an A.M. Best Financial Strength Rating (FSR) rating of A or better and Financial Size Category (FSC) VIII or better.

17.4 No Implied Limitation. The obligation of Manager to provide the insurance specified in this Agreement shall not limit in any way any obligation or liability of Manager provided elsewhere in this Agreement.

17.5 Risk of Loss. Each Party shall be responsible for risk of loss of, and damage to, any Equipment or Software in its possession or control, and such Party shall be responsible for the cost of any necessary repair or replacement of such Equipment or Software due to an Event of Loss, and with respect to the foregoing obligations, to the extent they are a cost or expense (i) of Manager, Management Fee Expense and/or Operating Allowance Expense, as applicable, and (ii) of the State, as an Administrative Expense. Each Party shall promptly notify the other Party in writing of any damage (except normal wear and tear), destruction, loss, theft or Governmental Authority taking of any item of the other Party's Equipment or Software ("**Event of Loss**") in its possession or control. For Events of Loss for which the State is responsible (as an Administrative Expense), such repair or replacement shall not be considered part of Manager's Service obligations, but Manager shall, if requested by the State, coordinate and oversee repair or replacement performed by a Third Party, and Manager's costs and expenses incurred in so coordinating and overseeing shall be a Management Fee Expense.

17.6 Waiver. Each Party waives all rights to recover against the other Party for damage, destruction, loss, theft or Governmental Authority taking of their respective real or tangible personal property (whether owned or leased) from any cause to the extent of insurance proceeds actually received by such Party for such loss. Manager and the State shall cause their respective insurers to issue appropriate waivers of subrogation rights endorsements to all property insurance policies required to be maintained by each Party.

17.7 Proceeds. In the event that any insurance amounts for defense or indemnity of the State are paid to Manager as the named insured, Manager shall promptly, but in any event within three (3) Business Days after receipt by Manager, cause all such insurance proceeds received by Manager from the coverages set forth in this Section 17 to be paid into the Controlled Account.

Section 18 PERFORMANCE SECURITY

18.1 Performance Security. Manager shall, as a Management Fee Expense, within ten (10) days after the Base Services Commencement Date, furnish and deliver to the State and maintain thereafter until the end of the Term one (1) or more (but not more than three (3)) performance bonds or letters of credit (or a combination of both) in the forms Approved by the State, issued by Eligible Institutions for the benefit of the State in the initial aggregate amount of Twenty Million Dollars ($20,000,000) (such bonds and/or letters of credit are hereinafter described as the "**Performance Security**"). The Performance Security shall be maintained during the Term (minus any withdrawals by the State), unless Manager provides and/or the Performance Security (or any component thereof) is replaced by alternate security Approved by the State, to the extent such is required in order to provide security in the applicable amount. The instruments comprising the Performance Security may be renewable annually (to the extent necessary to equal the applicable aggregate net amount), provided that (i) each instrument making up the Performance Security provides that, in the event it will not be renewed for an additional year (and is necessary to ensure that the Performance Security is in the applicable aggregate net amount), the applicable Eligible Institution will provide the State with written notice thereof at least thirty (30) days prior to the expiration thereof; and (ii) if any such instrument comprising the Performance Security is not renewed for an additional year (to the extent such instrument is necessary to ensure that the Performance Security is in the applicable aggregate net amount), Manager must obtain a replacement bond, letter of credit or alternate security instrument Approved by the State to be in place so that at no time is Manager in violation of its obligation pursuant to this Section 18.1 to maintain in place performance bonds, letters of credit or alternate security instruments Approved by the State throughout the Term in the applicable aggregate net amount. For the avoidance of doubt, the form of Performance Security attached as **Exhibit 18.1** (Performance Security) shall be deemed Approved by the State by execution of this Agreement.

18.2 Trigger Events. The State and Manager agree that the Performance Security shall serve as collateral and security in the hands of the State to be drawn upon for the applicable amount in the event of the definitive determination of any failure of Manager to satisfy any of its payment or performance obligations under this Agreement and such failure constitutes a breach of this Agreement by Manager (each a "**Trigger Event**"). The Performance Security shall serve as a security against the Trigger Events, and not for any other purpose or risk whatsoever, and may not be exercised by the State for any other reason. Prior to the State's draw upon the Performance Security upon the occurrence of any Trigger Event, the State shall provide written notice as to the occurrence of a Trigger Event and the amount which the State intends to draw under the Performance Security. Manager shall have five (5) Business Days from its receipt of such written notice to pay the State an amount equivalent to the amount proposed to be drawn by the State from the Performance Security, failing which the State may draw upon the Performance Security up to the proposed amount. Manager shall have no obligation to replenish the Performance Security to the original amount after a draw by the State.

18.3 Grant of Security. Manager hereby pledges, assigns and grants to the State a security interest in all of its right, title and interest in, to and under the deposit account specified in the Account Control Agreement (the "**Controlled Account**") and all cash and cash equivalents contained therein. The Parties shall execute and deliver, on or prior to the Base Services Commencement Date, an Account Control Agreement in substantially the same form attached hereto as **Exhibit 18.3** (the "**Account Control Agreement**").

18.4 Subcontractor Performance Securities and Collections.

18.4.1 If Manager is or becomes the beneficiary of a Subcontractor Performance Security, Manager shall promptly, and in any event within ten (10) Business Days after becoming a beneficiary, notify the State thereof and use its Reasonable Best Efforts to cause the issuer and/or confirmation bank of the Subcontractor Performance Security to agree to direct all payments of the Subcontractor Performance Security to the Controlled Account.

18.4.2 If the State has, or would reasonably be expected to have, a Loss for which Manager is, or is reasonably expected to be, liable under this Agreement (a "**Loss Event**"). Manager shall, upon receiving written notice of such Loss or anticipated Loss from the State, use its Reasonable Best Efforts to (a) collect insurance proceeds from the applicable Subcontractors to the extent providing coverage with respect to such Loss, (b) draw upon the Subcontractor Performance Securities to the extent drawable with respect to such Loss and (c) otherwise collect the amount of such Loss from each applicable Subcontractor to the extent the Subcontractor is responsible for the Loss (such insurance proceeds, amounts drawn upon from the Subcontractor Performance Securities and other collections from Subcontractors, the "**Subcontractor Collections**"). All Subcontractor Collections actually received by Manager shall promptly, but in any event within three (3) Business Days after receipt by Manager, be paid into the Controlled Account.

18.4.3 All funds in the Controlled Account shall remain in the Controlled Account unless and until release of all or a portion thereof is Approved. If Manager provides to the State a written request for the release of funds in the Controlled Account and a Loss Event has not occurred, then the State shall promptly Approve the release of the requested funds in the Controlled Account to Manager. If Manager provides to the State a written request for the release of funds in the Controlled Account and (i) a Loss Event has occurred, and (ii) the Loss remains unresolved, then the Parties shall negotiate in good faith to determine the reasonable release of Subcontractor Collections to Manager after reserving for the State the amount of the actual and/or reasonably anticipated Loss(es), taking into account (x) a good faith estimate of the amount of the Losses for which Manager is, or is reasonably expected to be, liable to the State under this Agreement, and (y) the extent to which the underlying events and/or circumstances giving rise to the Loss reasonably relate to the events or circumstances which formed the basis for the collection of the Subcontractor Collections into the Controlled Account.

Section 19 LEGAL COMPLIANCE

19.1 Governmental Approvals. Manager shall obtain or provide, as a Management Fee Expense, all Governmental Approvals that are reasonably necessary for Manager to provide the Services, and shall provide the State with evidence, reasonably satisfactory to the State, of such Governmental Approvals.

19.2 State Compliance Directives. At any time, the State may instruct Manager in writing as to (i) the reasonable manner in which Manager should implement compliance with any State Policies and Rules and changes in Manager's policies, procedures and processes relating to such compliance or (ii) operational and procedural matters with respect to the operation of the Lottery. Manager shall within sixty (60) days after written instruction from the State implement and comply with each such reasonable instruction in the performance and delivery of the Services. The State shall consult with Manager prior to its election to implement any modification or update to the State Policies and Rules. The State shall notify Manager in writing of any new State Policies and Rules or changes in the State Policies and Rules that are applicable to the Services, and Manager shall work with the State to the extent necessary to identify the impact of such new State Policies and Rules and changes in the State Policies and Rules on Manager's performance and the State's receipt and use of the Services. Manager shall promptly notify the State in writing of any new State Policies and Rules or changes in the State Policies and Rules that are applicable to the Services of which Manager becomes aware. All reasonable, incremental costs and expenses incurred by Manager in complying with any modification of any amendment, restatement, supplement or other modification of any State Policies and Rules pursuant to this Section 19.2 shall be a Management Fee Expense and/or an Operating Allowance Expense, as applicable, and the Parties shall make such reasonable adjustments to the Estimated Operating Allowance, Final Operating Allowance, Estimated Management Fee and Final Management Fee as proposed by Manager and Approved by the State to take into account such incremental increases in costs and expenses.

Section 20 DISPUTE RESOLUTION; GOVERNING LAW

20.1 Dispute Resolution. The Parties agree to follow the dispute resolution procedures set forth in this Section 20.1.

20.1.1 Disputes Generally. With respect to each Dispute:

(a) The Parties shall first attempt to resolve any Dispute through good faith, informal negotiation. Upon the written request of a Party, each Party shall appoint a designated representative whose task it shall be to meet for the purpose of endeavoring to resolve such Dispute. The designated representatives shall meet as often as the Parties mutually deem necessary in order to gather and furnish to the other all information with respect to the matter at issue that the Parties believe to reasonably be appropriate and germane in connection with its resolution. The designated representatives shall discuss the Dispute (including with senior-level employees at each Party as deemed appropriate) and attempt to resolve the Dispute without the necessity of any formal proceeding. During the course of discussion, all reasonable requests made by one Party to the other Party for non-privileged information, reasonably related to the Dispute and any Lottery Document, shall be honored in order that each of the Parties may be fully advised of the other's position with respect to the Dispute. The specific format for the discussions shall be left to the discretion of the designated representatives.

(b) All offers, promises, conduct and statements, whether oral or written, made in the course of the informal negotiations by any of the Parties, their agents, employees, experts and attorneys, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the Parties; provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

20.1.2 Mandatory Mediation. In the event that the Parties fail to resolve a Dispute through informal negotiation pursuant to Section 20.1.1 within thirty (30) days after the initiation of such negotiations, the Parties agree that, prior to engaging in litigation or other dispute resolution attempts, they shall submit the Dispute to mediation. Such mediation shall be non-binding and shall be conducted in accordance with the mediation procedures of The International Institute for Conflict Prevention and Dispute Resolution (CPR) applicable to commercial disputes as then in effect.

(a) Such mediation shall be initiated by delivery of a notice by one Party to the other Party setting forth a description of the Dispute and the relief requested. If the Parties can agree upon a single, qualified mediator listed in the CPR Panels of Distinguished Neutrals, such individual shall be the sole mediator of the Dispute. In the event that the Parties cannot agree upon a single mediator, the mediation shall be conducted before a panel of three (3) mediators, with each Party selecting a mediator, and those two (2) mediators selecting the third (3rd) mediator. The Parties covenant that they shall participate in the mediation in good faith. Without restricting or modifying a Party's rights under Section 10.8, each Party shall bear its own costs incurred in such mediation, and the Parties shall share equally the mediators' fees, costs and expenses and fees charged by the mediation organization, which fees, costs and expenses (i) incurred by Manager shall be the responsibility of Manager but not as a Management Fee Expense or an Operating Allowance Expense (except if Manager is the Prevailing Party in the Dispute, in which case such mediator fees, costs and expenses and fees charged by the mediation organization shall be a Management Fee Expense), and (ii) incurred by the State shall be the responsibility of the State as an Administrative Expense that is excluded from Operating Expenses for all purposes of this Agreement (except if the State is the Prevailing Party in the Dispute, in which case such mediator fees, costs and expenses and fees charged by the mediation organization shall be an Administrative Expense included in the Operating Expenses).

(b) All offers, promises, conduct and statements, whether oral or written, made in the course of mediation by any of the Parties, their agents, employees, experts and attorneys, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the Parties; provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

20.2 Venue. Subject to Section 20.1, each Party agrees to proceed with any legal action, suit or proceeding brought by a Party in any way arising out of or relating to this Agreement, any of the other Lottery Documents, or the transactions contemplated hereby or thereby in Cook County, Illinois as the sole and exclusive venue, and each Party irrevocably accepts and submits to the sole and exclusive personal jurisdiction of such applicable court in personam, generally and unconditionally with respect to any such action, suit or proceeding brought by or against it by the other Party.

20.3 Governing Law and Other Legal Considerations.

20.3.1 Governing Law. This Agreement shall in all respects be interpreted under, and governed by, the laws of the State of Illinois, including as to validity, interpretation and effect, without giving effect to the State of Illinois conflicts of laws principles. The Department of Human Rights' Equal Opportunity requirements (44 Ill. Adm. Code 750) are incorporated in this Agreement by reference. In compliance with the Illinois and federal constitutions, the Illinois Human Rights Act, the U.S. Civil Rights Act, and Section 504 of the federal Rehabilitation Act

and other applicable laws and rules, the State does not unlawfully discriminate in employment, contracts or any other activity.

20.3.2 Continued Performance. The Parties agree to continue performing their respective obligations under this Agreement during the pendency of any Dispute, unless and until the Dispute is resolved or until this Agreement expires or is terminated. In addition to the foregoing, under no circumstances shall a Party repudiate this Agreement, in whole or part, or otherwise refuse to perform all or any portion of this Agreement including, with respect to Manager, the Services, except as a Party's refusal to perform is expressly excused by a contractual provision in this Agreement or a Party is permitted to terminate this Agreement or the Services pursuant to Section 13. Manager expressly acknowledges and agrees that, pending resolution of any Dispute, it shall not deny, withdraw, or restrict Manager's provision of the Services to the State under this Agreement, except as specifically and expressly agreed in writing by the State and Manager or provided in this Agreement. The time frame for a Party to cure any breach of the terms of this Agreement shall not be tolled by the pendency of any Dispute resolution procedures.

20.4 Sovereign Immunity. The State hereby reserves any and all immunities, defenses, rights or actions arising out of its status as a sovereign entity to which it may be entitled. No provision of this Agreement shall be construed as a waiver or limitation of such immunities, defenses, rights or actions.

Section 21 ADVERSE ACTIONS AND BENEFICIAL ACTIONS

21.1 Adverse Actions.

21.1.1 An "**Adverse Action**" shall consist of (a) any affirmative action by the State or other Illinois Governmental Authority, (b) any failure of the State or other Illinois Governmental Authority to act where such action is required by this Agreement and such failure to act results in a breach of this Agreement by the State, (c) any affirmative action by a federal Governmental Authority, (d) the unauthorized disclosure of Confidential Information of Manager or any of its Affiliates (excluding, for the avoidance of doubt, any disclosures in accordance with Sections 9.3.2 and 9.3.4), and (e) the material breach of any representation or warranty set forth in Sections 12.18, 12.19 or 12.20, and in each case with respect to clauses (a)–(d), only after the Agreement Effective Date, except where such action is in direct response to any act or omission on the part of Manager that is illegal (other than an act or omission rendered illegal by virtue of the Adverse Action) or constitutes a material breach of this Agreement by Manager. Notwithstanding the foregoing, nothing in clauses (a)–(e) of the preceding sentence shall constitute an Adverse Action unless the action or inaction has or would reasonably be expected to have, directly or indirectly, a Material Adverse Effect on Net Income. "**Material Adverse Effect on Net Income**" means a reduction in the Lottery's Net Income in the Contract Year in which the action or inaction occurs and/or any future Contract Year, in an amount equal to or greater than one-half percent (0.5%) of the Base Net Income Amount. "**Base Net Income Amount**" means the Lottery's projected Net Income set forth in the Approved Annual Business Plan for the Contract Year in which the action occurred and/or the applicable future Contract Year(s).

21.1.2 Without limiting the definition of Adverse Action, and for the avoidance of doubt and not as an exhaustive list, the Parties acknowledge and agree that each of the following actions and inactions, if such action or inaction has or would reasonably be expected to, directly or indirectly, have a Material Adverse Effect on Net Income, shall constitute an Adverse Action for all purposes of this Agreement: (i) the legalization of video lottery terminals ("**VLTs**") in the City

of Chicago; (ii) the expansion of authorized VLTs in the State of Illinois to a number exceeding twenty-five thousand (25,000) total VLTs; (iii) the authorization of any new gambling products, gambling devices or gaming or wagering products (including any sports or fantasy sports gambling, gaming or wagering, whether daily or otherwise) in the State of Illinois; (iv) the expansion of gaming activities at existing gaming facilities or authorization of gaming activities at new locations in the State of Illinois; (v) the expansion of bingo gaming activities in the State of Illinois; (vi) the expansion of pari-mutuel wagering on live races at horse racing facilities or off-track betting parlors in the State of Illinois; (vii) the authorization of gaming activities to be operated over the Internet; (viii) the State exercising its rights to countermand or to revoke Approval for any business practices and/or decisions of Manager which are otherwise materially consistent with a State Approved Annual Business Plan; (ix) the State exercising its rights under Section 7.10.1; (x) the revocation or suspension of the State of Illinois' participation in the Multi-State Lottery Association, any other applicable organization regulating Multi-State Lottery Games or any other applicable multi-state lottery association to which the Lottery is or becomes a party; (xi) any amendment, modification, termination or waiver by the State of the Termination Agreement or either Supply Agreement, without the prior express written consent of Manager, such consent not to be unreasonably withheld, conditioned or delayed; (xii) any of the actions set forth in clauses (a)–(d) of Section 21.2 (but utilizing a threshold to calculate Material Adverse Effect on Net Income of one-half percent (0.5%) of the Base Net Income Amount instead of three percent (3%) of the Base Net Income Amount); or (xiii) any Fixed Cost Increase.

21.2 Termination Adverse Action. A "**Termination Adverse Action**" shall mean the occurrence of any of the following: (a) the State or any other Illinois Governmental Authority, delaying or failing to promptly pay Lottery prizes to holders of winning Lottery Tickets when due or otherwise delaying or failing to satisfy its payment or contribution obligations due to the Multi-State Lottery Association, any other applicable organization regulating Multi-State Lottery Games or any other applicable multi-state lottery association to which the State of Illinois is or becomes a party, in each case as a consequence of lack of appropriation by the State of Illinois; (b) any change, expiration or interpretation of any State Policies and Rules which results in any limitation or prohibition on the conduct of sales of existing or new Games via the internet or mobile network connected devices or similar channels (i.e., other than traditional retail channels), (c) the expansion of casino gaming activities in the State of Illinois or (d) the delay of the Transition Completion Date by more than one hundred twenty (120) days after the Scheduled Transition Completion Date as a consequence of a State Transition Delay Event. Notwithstanding the foregoing, nothing in clauses (a)–(d) of the preceding sentence shall constitute a Termination Adverse Action unless the action or inaction has caused (or, if Manager does not initiate procedures to terminate this Agreement, but rather seeks an Adverse Action Adjustment, would be reasonably expected to cause) directly or indirectly, a reduction in the Lottery's Net Income, in the Contract Year in which the action or inaction occurs and/or any future Contract Year, in an amount equal to or greater than three percent (3.0%) of the Base Net Income Amount for the Contract Year in which the action or inaction occurred and/or the applicable future Contract Year(s); provided, however, that Manager shall not be permitted to exercise its right to terminate this Agreement pursuant to Section 13.5.1(e), unless, the Adjustment Amount is equal to or greater than three percent (3.0%) of the Base Net Income Amount for the Contract Year in which the action or inaction occurred and/or the applicable future Contract Year(s). "**Adjustment Amount**" shall mean an amount equal to (i) the resulting or reasonably anticipated reduction in the Lottery's Net Income, in the Contract Year in which the action or inaction occurs and/or any future Contract Year, minus (ii) the amount of any increase in Net Income directly attributable to any Beneficial Action where Manager is providing the Beneficial Action Services and which is not already included in the Base Net Income Amount, plus (iii) the amount by which the Fixed Cost Amount for the relevant Contract Year is less than the Fixed Cost Base for such Contract Year. For purposes of illustrating the foregoing proviso, assume (1) the Base Net Income Amount for a Contract Year is $900 million, (2) a Beneficial Action where Manager is providing the

Beneficial Action Services and which is not already included in the Base Net Income Amount increases Net Income by $30 million, (3) the Fixed Cost Amount for the relevant Contract Year is less than the Fixed Cost Base for the relevant Contract Year by $5.0 million and (4) a Termination Adverse Action occurs that decreases the Base Net Income Amount by $50 million, then in such a scenario the net impact on the Base Net Income Amount is equal to a decrease of $15 million ($50 million – ($30 million + $5.0 million) = $15.0 million), and thus the impact on the Base Net Income Amount for purposes of exercising Manager's right to terminate pursuant to Section 13.5.1(e) is 1.67% (15 million/900 million = .0167).

21.3 Effect of Adverse Action. If Manager believes an Adverse Action has occurred, it may initiate the procedures set forth in Section 21.4 to propose (a) amendments to Section 4 of **Schedule 10.1** (Payments Schedule) effecting downward adjustments to the threshold amounts for Minimum Net Income, Middle Net Income Target and Upper Net Income Target for all purposes of this Agreement, (b) such other adjustments to the Estimated Management Fee, Final Management Fee, Estimated Operating Allowance and Final Operating Allowance as Manager determines are reasonable, and (c) any other cost sharing or other adjustments as Manager believes are reasonable (each an "**Adverse Action Adjustment**"); provided, however, that if such Adverse Action constitutes a Termination Adverse Action, Manager may elect to (i) propose one or more Adverse Action Adjustments and/or (ii) initiate procedures to terminate this Agreement pursuant to Section 13.5.1(e). Such adjustments effected or termination rights exercised pursuant to Section 13.5.1(e) shall constitute Manager's sole remedy under this Agreement with respect to such Termination Adverse Action.

21.4 Determination of Adverse Actions.

21.4.1 If Manager believes an Adverse Action has occurred and wishes to effect an Adverse Action Adjustment, Manager shall provide the State with a statement setting forth its calculation of the impact of such Adverse Action on Net Income and Operating Revenue, including each component thereof, along with Manager's proposed Adverse Action Adjustments (an "**Adverse Action Notice**").

21.4.2 The State shall notify Manager in writing within forty-five (45) days after its receipt of the Adverse Action Notice if it disputes any component thereof, by delivering written notice to Manager setting forth the State's objections in reasonable detail, including each disputed item or amount, the basis for the State's disagreement therewith and any disagreement over the proposed Adverse Action Adjustments (each such notice, an "**Adverse Action Dispute Notice**"); provided, however, that the State's failure to provide such notice shall not be deemed to be approval of the proposed Adverse Action Adjustment(s).

21.4.3 In the event the State delivers to Manager an Adverse Action Dispute Notice in accordance with Section 21.4.2, and the Parties fail to resolve the disputed aspects of the Adverse Action Notice within forty-five (45) days after Manager's receipt of the Adverse Action Dispute Notice, the Parties agree that, prior to engaging in litigation or other dispute resolution attempts, they shall submit the Dispute to mediation under Section 20.1.2.

21.4.4 In the event an Adverse Action Adjustment is based upon an estimated impact or result on Net Income, the Parties shall, acting in good faith, reconcile such estimate with actual results on substantially the same terms (including timing) set forth in Section 10.3, or as may otherwise be agreed to by the Parties in writing.

21.5 Beneficial Actions. A "**Beneficial Action**" shall consist of any affirmative action taken or proposed to be taken after the Agreement Effective Date by the State or other Illinois Governmental Authority that (a) is not a required action under this Agreement, (b) materially deviates from, is novel in

concept compared to, or materially expands, in each case, the Services provided as of the Transition Completion Date, and (c) is reasonably expected to cause, directly or indirectly, a Material Positive Effect on Net Income. "**Material Positive Effect on Net Income**" means (i) an increase in the Lottery's Net Income, in the Contract Year and/or any future Contract Year in which the action occurs in an amount equal to or greater than one-half percent (0.5%) of the Base Net Income Amount for the Contract Year in which the action occurred and/or the applicable future Contract Year(s). Without limiting the definition of Beneficial Action, and for the avoidance of doubt and not as an exhaustive list, the Parties acknowledge and agree that each of the following actions, if such action has or would reasonably be expected to, directly or indirectly, have a Material Positive Effect on Net Income, shall constitute a Beneficial Action for all purposes of this Agreement: the legalization of Keno, fantasy sports betting, e-gaming (e.g., poker), online casino, bingo, or interactive instant win games.

21.6 Effect of Beneficial Action. In the event the State determines to implement any Beneficial Action, which determination shall be in the sole and absolute discretion of the State, then the State shall deliver a written notice to Manager describing such Beneficial Action and offering Manager an opportunity to provide all equipment and services and perform all functions necessary to implement, on behalf of the State, the Beneficial Action (each a "**Beneficial Action Proposal**" and such equipment and services and other functions necessary to implement such Beneficial Action, the "**Beneficial Action Services**"). Upon receipt of such Beneficial Action Proposal from the State, Manager shall make a designated representative available to promptly meet with representatives of the State to discuss Manager's interest in providing the Beneficial Action Services. Within fifteen (15) Business Days after receiving the Beneficial Action Proposal, Manager shall either (i) accept providing all of the Beneficial Action Services set forth in the Beneficial Action Proposal, subject to agreement on the Beneficial Action Adjustments, (ii) reject providing all such Beneficial Action Services, or (iii) request such other documentation that Manager reasonably requires in connection with Manager's review and acceptance or rejection. If Manager requests additional documentation, the State shall deliver such reasonably requested documentation and upon receipt of such documentation, Manager shall either (i) accept providing all of the Beneficial Action Services set forth in the Beneficial Action Proposal, subject to agreement on the Beneficial Action Adjustments, or (ii) reject providing all such Beneficial Action Services. Unless otherwise agreed to by the State, Manager may not agree to provide a subset of the proposed Beneficial Action Services set forth in any Beneficial Action Proposal. In the event Manager agrees to provide all of the Beneficial Action Services set forth in a Beneficial Action Proposal, then the Parties shall negotiate in good faith (x) how the Net Income attributable to such Beneficial Action(s) should be allocated between Manager and the State, (y) amendments to Section 4 of **Schedule 10.1** (Payments Schedule) effecting upward adjustments to the amounts for Minimum Net Income, Middle Net Income Target and Upper Net Income Target for all purposes of this Agreement and/or (z) such other reasonable economic adjustments to the Payments to take into account the Beneficial Action(s) (each a "**Beneficial Action Adjustment**"). For the avoidance of doubt, Manager shall have no obligation to provide any Beneficial Action Services unless Manager has expressly agreed in writing to do so.

21.7 Determination of Beneficial Actions.

21.7.1 If the State determines to implement any Beneficial Action triggering a Beneficial Action Adjustment pursuant to Section 21.6, the State shall provide Manager with a statement setting forth its calculation of the impact of such Beneficial Action on Net Income and Operating Revenue, including each component thereof, for such Contract Year, along with the State's proposed Beneficial Action Adjustments (each a "**Beneficial Action Notice**").

21.7.2 Manager may notify the State in writing within forty-five (45) days after its receipt of the Beneficial Action Notice if it Disputes any component thereof, by delivering written notice to the State setting forth Manager's objections in reasonable detail, including each

disputed item or amount, the basis for Manager's disagreement therewith and any disagreement over the proposed Beneficial Action Adjustments (each such notice, a "**Beneficial Action Dispute Notice**"); provided, however, that Manager's failure to provide such notice shall not be deemed to be approval of proposed Beneficial Action Adjustments.

21.7.3 In the event Manager delivers to the State a Beneficial Action Dispute Notice in accordance with Section 21.7.2, and the Parties fail to resolve the disputed aspects of the Beneficial Action Notice within forty-five (45) days after the State's receipt of the Beneficial Action Dispute Notice, the Parties agree that, prior to engaging in litigation or other dispute resolution attempts, they shall submit the Dispute to mediation under Section 20.1.2.

21.7.4 In the event a Beneficial Action Adjustment is based upon an estimated impact or result on Net Income and/or Operating Revenue, the Parties shall, acting in good faith, reconcile such estimate with actual results on substantially the same terms (including timing) as set forth in Section 10.3, or as may otherwise be agreed to by the Parties in writing.

Section 22 MISCELLANEOUS

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

22.2 Third Party Beneficiaries. This Agreement is entered into solely between, and shall be enforced only by, the State and Manager. Except for the State Indemnitees, this Agreement shall not be deemed to create any rights or causes of action in or on behalf of any third parties, including Affiliates, employees, agents, representatives, contractors, suppliers or customers of a Party.

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

If to the State (including on behalf of the State):

Illinois Department of the Lottery
122 South Michigan Avenue, Floor 19
Chicago, IL 60603
Attn: Director
Email: Gregory.H.Smith@illinois.gov

If to Manager:

Camelot Illinois LLC
318 West Adams Street, Suite 400E
Chicago, IL 60606
Attn: General Counsel/Vice President of Compliance
Email: john.dillon@camelotgroup.co.uk

With copies, which shall not constitute notice, to:

Faegre Baker Daniels LLP
311 South Wacker Drive
Suite 4300
Chicago, IL 60601
Attn: Nick Isaacson
Email: Nicholas.isaacson@faegrebd.com

With copies, which shall not constitute notice, to:

Perkins Coie LLP
131 South Dearborn Street
Suite 1700
Chicago, IL 60603
Attn: Randy Bridgeman
Email: RBridgeman@perkinscoie.com

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

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

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

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

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

22.9 Counterparts. This Agreement may be executed in duplicate counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument. A counterpart delivered by facsimile or electronic transmission shall be deemed to be an original counterpart.

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

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

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

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

22.14 Entire Agreement. All of the Schedules (and any appendix or exhibit to any of the foregoing) and other documents incorporated in this Agreement or in any Schedule or Exhibit by reference are an integral part of this Agreement and shall be read and interpreted together with this Agreement as a single document. This Agreement, consisting of all of the pages of this instrument, together with all Schedules attached to this Agreement and the Schedules or other documents incorporated in this Agreement or in any Schedule or Exhibit by reference, sets forth the entire, final and exclusive agreement between the Parties and supersedes the RFP, Manager Proposal and all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, between the Parties related to the subject matter in this Agreement.

22.15 Amendments. Except as otherwise provided in this Agreement, this Agreement shall not be changed, amended, modified or terminated except by written agreement executed and delivered by the Parties.

[SIGNATURES ON THE FOLLOWING PAGE]

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

Illinois Department of the Lottery

By: [redacted] 10/13/17
Name: Alnice M. Kelly
Title: General Counsel

By: [redacted] 10/13/17
Name: Jayme Odom
Title: Chief of Staff

By: [redacted] 10/13/17
Name: Gregory H. Smith
Title: Acting Director

Camelot Illinois LLC

By: [redacted] 10/13/2017
Name: Adam J. Barry
Title: Vice President

SCHEDULE 1.2

DEFINITIONS

"**Account Control Agreement**" is defined in Section 18.3.

"**Additional Information Request**" is defined in Section 7.2.

"**Additional Insurance**" is defined in Section 17.2.

"**Adjustment Amount**" is defined in Section 21.2.

"**Administrative Expenses**" means the salaries, advertising, auditing services, rent, security, data processing services, office supplies and attorney general fees of the State reasonably incurred in connection with the State's administration of the Lottery, and any other expenses expressly identified as "Administrative Expenses" in this Agreement.

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

"**Adverse Action Adjustment**" is defined in Section 21.3.

"**Adverse Action Dispute Notice**" is defined in Section 21.4.2.

"**Adverse Action Notice**" is defined in Section 21.4.1.

"**Advertising and Promotional Materials**" means any advertising and promotional materials created by or on behalf of Manager for use in connection with the Lottery.

"**Affiliate**" means any Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with the Person specified.

"**Agreement**" is defined in the preamble hereto.

"**Agreement Effective Date**" is defined in the preamble hereto.

"**Analytics Data**" means data, other than Lottery Data, gathered, originated, prepared, obtained, received, computed, developed, or stored by or on behalf of Manager which relates to or is used in connection with Manager's proprietary analysis of the operation of the Services including performance of technology, advertising effectiveness, consumer behavior, and trend analysis. "**Analytics Data**" may include information derived from or combined with Lottery Data provided that any such data contains no State Personal Data and is used only in anonymized and aggregated form.

"**Analytics Tools**" means any algorithms, models, and queries, including any of the foregoing that consists of or is implemented through Software, acquired or created by or on behalf of Manager and used for or in connection with the creation and reporting of Analytics Data. For the purpose of clarity, "**Analytics Tools**" does not include Reports, files, data or documents provided to the State generated from such algorithms, models, and queries.

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

"**Anti-Corruption Laws**" mean all laws, rules, and regulations of any jurisdiction applicable to Manager or any of its Affiliates from time to time concerning or relating to bribery or corruption.

"**Approval,**" "**Approved**" and similar expressions mean approved or consented to in writing by the State as such Approvals, not to be unreasonably withheld, conditioned or delayed, are obtained in accordance with the Governance Protocols.

"**Assumed Contract**" is defined in Section 3.2.

"**Audited Financial Statements**" means, as applicable for any fiscal year, the audited financial statements of the Lottery.

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

"**Base Net Income Amount**" is defined in Section 21.1.1.

"**Base Services Commencement Date**" means January 2, 2018, or such later date as may be agreed to in writing by the Parties.

"**Beneficial Action**" is defined in Section 21.5.

"**Beneficial Action Adjustment**" is defined in Section 21.6.

"**Beneficial Action Dispute Notice**" is defined in Section 21.7.2.

"**Beneficial Action Notice**" is defined in Section 21.7.1.

"**Beneficial Action Proposal**" is defined in Section 21.6.

"**Beneficial Action Services**" is defined in Section 21.6.

"**Budget**" is defined in Section 5.3.2(a).

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

"**Calculations Workbook**" means the workbook of illustrative calculations attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook).

"**Canceled Policy**" is defined in Section 17.3.2.

"**Cause**" means, with respect to the State's removal of any Manager Personnel, such Manager Personnel having (a) engaged in material misconduct in the performance of such Manager Personnel's duties related to the delivery of the Services, or knowingly failed to perform any of such Manager Personnel's material duties related the delivery of the Services, (b) breached any provision of any Subcontract or any other agreement between or among such Manager Personnel and Manager or any Affiliate thereof (including any employment agreement), (c) failed to comply in all material respects with any of the State Policies and Rules, (d) engaged in dishonorable or disruptive behavior, practices or acts which would reasonably be expected to materially harm or bring disrepute to the State, the Lottery or Manager, (e) been convicted of or has pled guilty or nolo contendere to a felony or to a misdemeanor involving moral turpitude; or (f) repeatedly used narcotics, illicit drugs or alcohol, which in the reasonable judgment of the State, has had a

detrimental effect on the performance of such Manager Personnel's duties related to the delivery of the Services.

"**Central Gaming System**" means the comprehensive gaming system that includes Software, hardware and service elements that support the gaming environment in the State of Illinois.

"**Certificate of Completion**" is defined in Section 3.1.6(b).

"**Change in Control**" means: (a) any transaction or combination of transactions as a result of which a Person that presently is in Control of a Party ceases to be in Control of such Party; (b) the sale, transfer, assignment, gift, pledge, exchange or other disposition, directly or indirectly, by operation of law or otherwise (including disposition in full or partial dissolution) to a Person other than an Excluded Person of fifty percent (50%) or more of the beneficial ownership (as defined in Rule 13(d) of the Securities Exchange Act of 1934) of the voting, economic or other Equity Interest of a Party, or of the assets of such Party that constitute a substantial or material business segment of such Party; or (c) with respect to Manager, the unit, division or operating group of Manager that is responsible for providing the Services to the State is sold or transferred, directly or indirectly, to a Person other than an Excluded Person or otherwise experiences a change in Control.

"**Claim**" means any civil, criminal, administrative or investigative claim, demand, suit, action, recovery, judgment or proceeding.

"**Commissioned Lottery Games**" means Work Product that constitutes Lottery Games and Revisions to Lottery Games.

"**Competitor of Manager**" means IGT, SGII, Intralot S.A., Novomatic AG, Sugal & Damani Enterprises (P) Ltd., Tatts Group Limited, Pollard Games, Inc., NG International, Ltd., Zeal Network SE, Lottoland Holdings Limited, Jumbo Interactive Limited, and Lotto24 AG, and such other Persons specified on the "Competitors of Manager" schedule attached to this Agreement as **Schedule 12.1** (Competitors of Manager), as such schedule may be updated from time to time by delivery of written notice in good faith from Manager to the State.

"**Compliance Commencement Date**" is defined in Section 5.2.1.

"**Confidential Information**" means: (a) all information marked confidential, restricted or proprietary by either Party; and (b) any other information that is treated as confidential by the Disclosing Party and would reasonably be understood to be confidential, whether or not so marked. In the case of the State, Confidential Information also shall include the Lottery Data, attorney-client privileged materials, attorney work product, customer lists, customer contracts, customer information and transaction data, rates and pricing, information with respect to competitors, strategic plans, account information, research information, financial/accounting information (including assets, expenditures, mergers, acquisitions, divestitures, billings collections, revenues and finances), IT and personnel information, marketing/sales information, information regarding businesses, plans, operations, Third Party contracts, licenses, internal or external audits, lawsuits, and regulatory compliance data. In the case of Manager, Confidential Information also shall include the Analytics Tools, Analytics Data (other than Analytics Data embedded in Reports, files, data or documents previously provided by Manager to the State), Manager's proprietary Software, attorney-client privileged materials, attorney work product, customer lists, customer contracts, customer information and transaction data, rates and pricing, information with respect to competitors, strategic plans, account information, research information, financial/accounting information (including assets, expenditures, mergers, acquisitions, divestitures, billings collections, revenues and finances), IT and personnel information, marketing/sales information, information regarding businesses, plans, operations, Third Party contracts,

licenses, internal or external audits, lawsuits, and regulatory compliance data; provided, however, that all such information may be subject to Illinois FOIA.

"**Continuing State Contracts**" is defined in Section 3.2.

"**Continuity Plans**" is defined in Section 5.3.2(p).

"**Contract**" means any contract, agreement, lease, license, evidence of indebtedness, mortgage, deed of trust, indenture, purchase order, binding bid, letter of credit, security agreement, or other legally binding arrangement.

"**Contract Assumption Notice**" is defined in Section 3.2.

"**Contract Documents**" means this Agreement, the Operating Standards and the other Schedules attached to this Agreement.

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

"**Contract Rejection Notice**" is defined in Section 7.3.3.

"**Contract Year**" means, as applicable, (i) the period from the Base Services Commencement Date to June 30, 2018, which shall be referred to in this Agreement as the "**Initial Stub Contract Year**," (ii) each full twelve (12)-month fiscal year of the State commencing July 1 and ending June 30 of the following calendar year or (iii) for the fiscal year during which the Termination Date occurs, the period from July 1 of that fiscal year through the Termination Date, which period shall be referred to in this Agreement as the "**Final Stub Contract Year**."

"**Control**" means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities (or other ownership interests), by contract or otherwise. For this purpose, and without limiting the foregoing, any Person that beneficially owns (as defined in Rule 13d of the Securities Exchange Act of 1934) more than fifty percent (50%) of the outstanding voting securities of any other Person shall be deemed to Control such other Person.

"**Controlled Account**" is defined in Section 18.3.

"**Cost Recovery Payment**" is defined in Section 13.6.1.

"**Current Manager**" means Northstar Lottery Group, LLC.

"**Current Personnel**" has the meaning given to the term "Current Personnel" in the Employment Use Agreement.

"**Data Privacy Laws**" means all applicable data and/or privacy State Policies and Rules in connection with all processing of Lottery Data by Manager, including any relevant recommendation issued by the applicable data protection Governmental Authority.

"**Director**" is defined on **Schedule 5.1** (Governance Protocols).

"**Disclosing Party**" means the Party that has disclosed or has had on its behalf disclosed Confidential Information to the other Party.

"**Disentanglement Adjustment Dispute Notice**" is defined in Section 14.2.3.

"**Disentanglement Adjustment Notice**" is defined in Section 14.2.3.

"**Disentanglement Cost Adjustments**" is defined in Section 14.2.3.

"**Disentanglement Master Plan**" means the master transition plan for the Transition that was developed by Gaming Laboratories International, LLC on behalf of the State, as such plan shall be reasonably agreed to and modified from time to time by the Parties in good faith.

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

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

"**Disentanglement Services Plan**" is defined in Section 14.2.2.

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

"**Dispute Determination Date**" is defined in Section 10.8.1(c).

"**Draw Games Significant Subcontractor**" means the Significant Subcontractor providing the draw games services for the Lottery.

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

"**Early Disentanglement Fee**" shall mean an amount equal to the greater of (x) Thirty Million Dollars ($30,000,000) and (y) the amount of Incentive Compensation earned by Manager in the Contract Year immediately preceding the Contract Year in which a Termination Notice is delivered.

"**Eligible Institution**" means a company or financial institution that is (i) rated at least (a) A1 by Moody's and A+ by Standard and Poor's or (b) A by A.M. Best Company, (ii) duly licensed, admitted, and authorized to do business in the State of Illinois, and (iii) without any equity interest, directly or indirectly, in Manager.

"**Employee Benefit Plan**" means any "employee benefit plan" (as such term is defined in the Employee Retirement Income Security Act of 1974, as amended, Section 3(3)) and any other employee benefit plan, program or arrangement of any kind.

"**Employee Use Agreement**" is defined in Section 6.2.

"**Employment Laws**" means any and all Regulatory Requirements that relate to the employment of individuals, including all applicable provisions of State and Federal laws and regulations pertaining to discrimination against any employee or applicant for employment for any reason, including because of race, color, religion, age, gender, national origin, ancestry, marital status, sexual orientation, military status,

physical or mental disability unrelated to ability, order of protection status, unfavorable discharge from military service, sexual or other forms of unlawful harassment and equal employment opportunity, including the Illinois Human Rights Act (775 ILCS 5); the Public Works Employment Discrimination Act (775 ILCS 10); the United States Civil Rights Act of 1964 (as amended) (42 U.S.C. §2000a—§2000h-6); Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794); the Americans with Disabilities Act of 1990 (42 U.S.C., §12101 et seq.); Executive Orders 11246 and 11375 (Equal Employment Opportunity) and Executive Order 13160 (2000) Improving Access to Services for Persons with Limited English Proficiency).

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

"**Equity Interest**" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"**Escrow Agreement**" is defined in Section 8.8.1.

"**Escrow License Period**" is defined in Section 8.8.2.

"**Escrow Materials**" is defined in Section 8.8.1.

"**Estimated Annual Statement**" is defined in Section 10.3.1.

"**Estimated Incentive Payment**" is defined in Section 10.3.1.

"**Estimated Management Fee**" is defined on **Schedule 10.1** (Payments Schedule).

"**Estimated Operating Allowance**" is defined on **Schedule 10.1** (Payments Schedule).

"**Estimated Payment Fraction**" means a fraction, the numerator of which is one (1), and the denominator of which is the number of calendar months in the applicable Contract Year; provided, however, that if the Termination Date is January 2, 2028, the Estimated Payment Fraction for the Final Stub Year shall be a fraction, the numerator of which is one (1), and the denominator of which is six (6).

"**Event of Default**" is defined in Section 13.3.

"**Event of Loss**" is defined in Section 17.5.

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

"**Excused Performance Event**" is defined in Section 5.7.

"**Excused Performance Notice**" is defined in Section 5.7.

"**Exempted Tax Payment Notice**" is defined in Section 10.6.

"**Exempted Taxes**" is defined in Section 10.6.

"**Existing Lottery Law**" is defined in the recitals hereto.

"**Existing State Contracts**" means the contracts set forth on **Schedule 3.2** (Existing State Contracts).

"**Existing State Lottery Games**" means Lottery Games acquired or developed by or on behalf of the State prior to the Agreement Effective Date. For the purpose of clarity, "**Existing State Lottery Games**" excludes Revisions to Lottery Games.

"**Expert**" is defined in Section 14.3.4.

"**Extended Technology Transition Expenses**" is defined in Section 10.1.4.

"**Final Annual Statement**" is defined in Section 10.3.3.

"**Final Incentive Payment**" is defined in Section 10.3.3.

"**Final Management Fee**" is defined in Section 3b of **Schedule 10.1** (Payments Schedule).

"**Final Operating Allowance**" is defined in Section 2b of **Schedule 10.1** (Payments Schedule).

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

"**First Year Plan**" is defined in Section 5.3.1.

"**Five Year Plan**" is defined in Section 5.3.1.

"**Fixed Cost Amount**" means the aggregate amount of costs or expenses arising under or attributable to the Employee Use Agreement, salaries, advertising, auditing services, rent, security, data processing services, office supplies and attorney general fees of the State incurred in connection with the State's administration of the Lottery, and any other expenses expressly identified as "Administrative Expenses" in this Agreement.

"**Fixed Cost Base**" means, initially on July 1, 2018, an amount equal to Thirty-One Million Five Hundred Thousand Dollars ($31,500,000), which amount shall be increased on an annual basis as of July 1 of each subsequent Contract Year by multiplying the Fixed Cost Base for the prior Contract Year by a multiplier equal to the number one and twenty-five thousandths (1.025). The Fixed Cost Base shall be prorated for all purposes of this Agreement with respect to any partial or stub Contract Year based on the number of days in proportion to a 365-day Contract Year.

"**Fixed Cost Increase**" means, the occurrence in any Contract Year of the Fixed Cost Amount exceeding the Fixed Cost Base.

"**FOIA Request**" is defined in Section 9.3.5(a).

"**Force Majeure Event**" means: (a) fire, flood, earthquake, pandemics, elements of nature or acts of God; (b) wars (declared and undeclared), acts of terrorism, sabotage, attacks on technology systems (including denial of service attacks, hacking and introduction of Malicious Code), riots, civil disorders, rebellions or revolutions; or (c) acts of any Governmental Authority with respect to any of the foregoing, except, in each

case, to the extent that the non-performing Party is at fault in failing to take reasonable precautions to prevent or causing such default or delay, and provided that such default or delay cannot reasonably be circumvented by the non-performing Party through the use of reasonable alternate sources, work-around plans or other means, including, with respect to Manager, by fully implementing the Continuity Plans and/or recovering under its insurance policies. Notwithstanding the foregoing, "Force Majeure Event" expressly excludes: (x) a strike, walkout, lockout, labor shortage or labor dispute involving Manager (including Manager's Subcontractors or Affiliates and their respective Manager Personnel), (y) a strike, walkout, lockout, labor shortage or labor dispute involving the State or any employee or agent thereof (including and any employee subject to the Employee Use Agreement); and (z) any non-performance of Current Manager, Replacement Manager, or Affiliate or subcontractor of Current Manager or any Replacement Manager, regardless of cause except for a Force Majeure Event affecting such Current Manager, Replacement Manager or Affiliate or subcontractor or vendor of Current Manager or any Replacement Manager.

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

"**Governance Protocols**" is defined in Section 5.1.

"**Governmental Approval**" means any license, consent, permit, approval or authorization of any Person, or any notice to any Person, the granting of which is required by applicable State Policies and Rules for the consummation of the transactions and the performance of the Services contemplated by this Agreement.

"**Governmental Audit Correction Notice**" is defined in Section 11.6.

"**Governmental Audit Deficiencies**" is defined in Section 11.6.

"**Governmental Audit Deficiency Finding**" is defined in Section 11.6.

"**Governmental Authority**" means any federal, state, regional or local legislative, executive, judicial or other governmental board, department, agency, authority, commission, administration, court or other body, or political subdivision thereof (including the State, acting in its governmental capacity other than as a Party to this Agreement), or any official thereof.

"**IFRS**" means the International Financial Reporting Standards as in effect from time to time in the United States.

"**IGT**" means IGT Global Solutions Corporation and predecessor GTECH Corporation.

"**IGT Supply Agreement**" means that certain Second Amended and Restated Lottery Services Agreement, dated as of September 18, 2015, by and between the Current Manager and GTECH Corporation (the predecessor in interest to IGT), as amended by that certain Extension of Letter Agreement of Termination, effective September 29, 2016, as further amended by that certain Second Extension of Term of Letter Agreement of Termination, dated March 23, 2017 and effective March 24, 2017, as further amended by that certain Third Amendment to the Letter Agreement of Termination, dated October 13, 2017, and as further amended from time to time with the prior express written consent of Manager in accordance with Section 12.20.

"**Illinois FOIA**" is defined in Section 5.8.

"**Impacted Services**" is defined in Section 5.7

"**Incentive Compensation**" is defined in **Schedule 10.1** (Payments Schedule).

"**Increased Disentanglement Payment**" is defined in Section 14.3.4.

"**Industry Requirements**" means, as of any date of determination, the requirements imposed upon the State or Manager as a result of the Lottery's participation in a Multi-State Lottery Game or any other applicable multistate lottery association to which the Lottery is or becomes a party.

"**Industry Standards**" is defined in Section 5.4.

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

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

"**Initial Subcontract Certification**" is defined in Section 7.3.2.

"**Instant Tickets Significant Subcontractor**" means the Significant Subcontractor providing the instant ticket services for the Lottery.

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

"**Intralot Key Subcontract**" means that certain Subcontract with Intralot Inc., as the Draw Games Significant Subcontractor, identified on **Exhibit 7.1** (Provisionally Approved Subcontracts).

"**Jointly Administered State Contract**" is defined in Section 3.2.

"**Key Software**" is defined in Section 8.8.1.

"**Key Subcontractor**" means any Subcontractor listed on **Exhibit 7.1** (Provisionally Approved Subcontracts) that is designated on such exhibit as "Key" Subcontracts.

"**Large Subcontract**" is defined in Section 7.1.

"**Large Subcontract Approval Notice**" is defined in Section 7.2.2.

"**Large Subcontractor**" is defined in Section 7.1.

"**Liability**" means any liability or obligation of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for taxes.

"**LOI Scope**" is defined in Section 7.3.2.

"**Losses**" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts

paid in settlement, Liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

"**Loss Event**" is defined in Section 18.4.2.

"**Lottery**" means the Illinois lottery gaming system as authorized by the Existing Lottery Law and its accompanying rules and regulations, as each of the foregoing may be amended from time to time.

"**Lottery Control Board**" means the Illinois Lottery Control Board established under the Existing Lottery Law or any successor entity that is granted similar powers.

"**Lottery Data**" means any and all data, in electronic or other form, of any kind or nature that is developed or collected, directly or indirectly, in connection with the operation of the Lottery (including all State Personal Data and all records, customer data, technical information, sales and performance data, files, materials, reports, audits, surveys, plans, analyses, charts, literature, brochures, mailings, recordings, correspondence, pictures, drawings, graphic representations, written procedures and documents, memoranda, forms and other such items that may be gathered, originated, prepared, obtained, received, computed, developed, used or stored by the State or any Service Provider that pertains, directly or indirectly, to the Lottery); provided, however, that Lottery Data will in no event include Analytics Tools, Analytics Data, Contract Records or Manager Intellectual Property, or data regarding the configuration, operation or performance of information technology used in connection with the provision of the Services under this Agreement.

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

"**Lottery Documents**" means, collectively, this Agreement, any other Contract Document and all other agreements, instruments, documents and certificates identified in or contemplated by this Agreement, including all consents, assignments, contracts, notices, letter of credit agreements and all other written matter whether heretofore, now or hereafter executed by or on behalf of Manager or any Manager Personnel or executed by or on behalf of the State, and delivered to the other Party in connection with this Agreement or the transactions contemplated hereby. Any reference in this Agreement or any other Lottery Document to a Lottery Document shall include all appendices, exhibits, riders or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, all waivers thereunder, and shall refer to this Agreement or such Lottery Document as the same may be in effect at any and all times such reference becomes operative.

"**Lottery Game**" means (a) all Existing State Lottery Games, together with (b) games that are offered by the Lottery at any time during the period from the Agreement Effective Date through the end of the Disentanglement Services Period.

"**Lottery Lead**" is defined on **Schedule 5.1** (Governance Protocols).

"**Lottery Retailer**" means a Person who complies with the requirements of the Existing Lottery Law and has entered into an agreement with the State to be an authorized agent for the retail sale of Lottery Tickets to the public.

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

"**Lottery Trademarks**" means all trademarks and other Intellectual Property relating to the identity of the Lottery.

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

"**Management Fee**" is defined in Section 10.1.1.

"**Management Fee Expenses**" is defined in Section 10.1.1.

"**Manager**" is defined in the preamble hereto.

"**Manager Audit Correction Notice**" is defined in Section 11.8.

"**Manager Board**" means the board of directors (including committees thereof) of Camelot Global Services (North America) Inc., as required by Title 8, Chapter 1, §141, et seq. of the Delaware General Corporation Law, as amended from time to time.

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

"**Manager Intellectual Property**" means, collectively, the Manager Proprietary Intellectual Property, the Manager Third Party Intellectual Property, the Manager New Intellectual Property and Analytics Data.

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

"**Manager Key Personnel**" means, initially, those employees of Manager and its Subcontractors who are so designated in **Exhibit 6.3.1** (Manager Key Personnel), and any other Manager Personnel at the director level or vice-president level and above.

"**Manager Lottery Games**" means Lottery Games acquired or developed by or on behalf of Manager and used by Manager in the performance of the Services, other than Commissioned Lottery Games.

"**Manager New Intellectual Property**" means all modifications and enhancements to, and derivatives of, Manager Proprietary Intellectual Property and Manager Third Party Intellectual Property created, developed or invented by or on behalf of Manager (or its Affiliates or Subcontractors) and used in connection with the performance of the Services including, but not limited to, the Intellectual Property identified as belonging to Manager under Section 8 hereof.

"**Manager OTDE Expenses**" is defined in Section 3.1.5(c).

"**Manager Personnel**" shall mean those Persons acting as employees, consultants, independent contractors, or agents of Manager, of any of the Subcontractors or of any of the Affiliates of Manager who perform any aspect of the Services, but specifically excluding any employee subject to the Employee Use Agreement.

"**Manager Personnel Replacement Costs**" is defined in Section 6.3.3(a).

"**Manager Proposal**" is defined in the recitals hereto.

"**Manager Proprietary Intellectual Property**" means, collectively, the Intellectual Property and Related Documentation used in connection with the Services that was owned, acquired, created, developed or

invented by or on behalf of Manager, its Affiliates or Subcontractors prior to the Agreement Effective Date or independently of, or outside the scope of, this Agreement.

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

"**Manager Subcontract**" means a contract with any Manager Subcontractor where payments to such Manager Subcontractor or obligations to such Manager Subcontractor under such contract are funded out of the Management Fee and not out of the Operating Allowance.

"**Manager Subcontractor**" means any Person that is a subcontractor party to a Manager Subcontract with Manager.

"**Manager Third Party Intellectual Property**" means, collectively, the Intellectual Property and Related Documentation used in connection with the Services that is licensed, leased or otherwise obtained by or on behalf of Manager or its Affiliates or Subcontractors prior to the Agreement Effective Date or independently of, or outside the scope of, this Agreement.

"**Manager Transition Delay Event**" means (i) the fault of Manager, any Subcontractor, any Affiliate of Manager or any Manager Personnel or (ii) the fault of a Third Party under the control of Manager.

"**Manager Transition Services**" is defined in Section 3.1.1.

"**Material Adverse Effect on Net Income**" is defined in Section 21.1.

"**Material Delay**" is defined in Section 3.1.4.

"**Material Governance Area**" is defined on **Schedule 5.1** (Governance Protocols).

"**Material Positive Effect on Net Income**" is defined in Section 21.5.

"**Middle Net Income Target**" is defined on **Schedule 10.1** (Payments Schedule).

"**Milestone Completion Notice**" is defined in Section 3.1.6(a).

"**Minimum Net Income**" is defined on **Schedule 10.1** (Payments Schedule).

"**Monthly Meeting**" is defined in Section 5.11.

"**Multi-State Lottery Games**" means any Game operated by two or more state entities, or their designees, in which revenue, expenses and responsibility for prize payments are shared among the participating entities on a proportional basis as determined in a written agreement among the entities.

"**Net Income**" is defined on **Schedule 10.1** (Payments Schedule). An example calculation of Net Income is also set forth on **Schedule 10.1** (Payments Schedule).

"**Net Income Targets**" means, collectively, the Middle Net Income Targets and the Upper Net Income Targets.

"**Non-Approval of Key Subcontract Event**" is defined in Section7.3.4.

"**Northstar Disentanglement Plan**" means the Current Manager disentanglement plan attached as Exhibit C to the Termination Agreement, which is attached hereto as **Exhibit 3.1.2** (Northstar Disentanglement Plan).

"**Notice of Business Plan Modification Deficiency**" is defined in Section 5.3.5.

"**Notice of CC Deficiency**" is defined in Section 3.1.6(b).

"**Notice of TM Acceptance**" is defined in Section 3.1.6(a).

"**Notice of TM Deficiency**" is defined in Section 3.1.6(a).

"**Operating Allowance**" is defined on **Schedule 10.1** (Payments Schedule).

"**Operating Allowance Expenses**" is defined on **Schedule 10.1** (Payments Schedule).

"**Operating Expenses**" is defined on **Schedule 10.1** (Payments Schedule).

"**Operating Revenue**" is defined on **Schedule 10.1** (Payments Schedule).

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

"**Other Transition Delay Event**" means any event causing the delay of the Transition Services beyond the Scheduled Transition Completion Date other than a Manager Transition Delay Event or a State Transition Delay Event (for the avoidance of doubt, including any Force Majeure Event).

"**Overall Business Plan**" is defined in Section 5.3.1.

"**Ownership Disclosure Form**" is defined in Section 12.12.

"**Party**" or "**Parties**" means, individually or collectively, the State and/or Manager.

"**Payment Dispute**" is defined in Section 10.3.4.

"**Payment Dispute Notice**" is defined in Section 10.3.4.

"**Payments**" means, collectively, the (i) the Management Fee, (ii) the Incentive Compensation, (iii) the Operating Allowance, (iv) the expenses of Manager as specified in the Transition Plan, (v) the Cost Recovery Payment, (vi) the State Benefit Payment, (vii) the Early Disentanglement Fee, (viii) amounts due pursuant to the Disentanglement Services Plan, (ix) the Increased Disentanglement Payment, (x) the Extended Technology Transition Expenses, and (xi) any other payment obligations owing to Manager explicitly arising under this Agreement.

"**Pay Period**" means: (i) with respect to monthly invoices submitted by Manager, a calendar month, and (ii) with respect to annual invoices submitted by Manager, a Contract Year.

"**Performance Security**" is defined in Section 18.1.

"**Permitted Auditors**" means, collectively, (i) the internal and external auditors and regulators of the State, and (ii) other representatives, including customers, clients, vendors, licensees and other Third Parties, to the

extent the State is legally or contractually obligated to submit to audits by such representatives, but excluding any Third Party that is a Competitor of Manager or of any of Manager's Affiliates.

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

"**Personal Information**" means, in accordance with the Illinois Identity Theft Protection Act, an individual's first name or first initial and last name linked with any one or more of the following data elements: (1) Social Security number; (2) driver's license number or State identification card number; or (3) account number or credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account. Dissociated data that, if linked, would constitute Personal Information is Personal Information if the means to link the dissociated data were accessed in connection with access to the dissociated data.

"**PM Lead**" is defined on **Schedule 5.1** (Governance Protocols).

"**Postponed Incentive Compensation Amount**" is defined in Section 10.1.3(b).

"**PPOS Displays**" means any permanent point-of-sale displays acquired or created by or on behalf of Manager for use in connection with the Lottery.

"**Prevailing Party**" means the net winner of a Dispute, taking into account the claims pursued, the claims on which the pursuing Party was successful, the amount of money sought, the amount of money awarded, and offsets or counterclaims pursued (successfully or unsuccessfully) by the other Party.

"**Prime Rate**" means, on any day, the annual rate of interest for such day published by *The Wall Street Journal* as the "U.S. Prime Rate."

"**Procurement Approval Requirement**" is defined in Section 7.3.2.

"**Prohibited Consideration**" means any direct or indirect payment or other consideration, including any (i) commissions, payments, kickbacks, lavish or extensive entertainment, (ii) pay, remuneration, or gratuity of any value from any Person contracting with, or seeking to contract with, any State Party, or (iii) other inducements, in each instance other than such payments and other consideration as are expressly permitted under this Agreement or other Lottery Document, and then only to the extent so permitted thereunder.

"**Professional Liability Insurance**" is defined in Section 17.1.5.

"**Public Record**" has the meaning set forth in the Illinois FOIA.

"**Qualified Person**" is defined in the Operating Standards.

"**Reasonable Best Efforts**" means with respect to a given goal, the efforts that a reasonable Person would use so as to promptly achieve that goal (including, where reasonably appropriate, promptly exercising all contractual, statutory, and other rights and powers available to it).

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

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

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

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

"**Release Event**" is defined in Section 8.8.1.

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

"**Replacement Trigger Date**" is defined in Section 6.3.2.

"**Reporting Costs Threshold**" is defined in Section 5.8.

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

"**Representatives**" is defined in Section 9.3.2(b).

"**Requested Business Plan Modification**" is defined in Section 5.3.5.

"**Required GP Modification**" is defined in Section 5.1.

"**Required OS Modification**" is defined in Section 5.2.2.

"**Required SL Modification**" is defined in Section 5.5.

"**Residual Value**" is defined in the Termination Agreement.

"**Residual Value Payment**" is defined in Section 10.1.3(a).

"**Retained Services**" is defined in Section 2.2.

"**Revisions to Lottery Games**" means any revisions made by or on behalf of either Party to any Lottery Games which are used by Manager as part of the Lottery at any time during the period from the Agreement Effective Date through the end of the Disentanglement Services Period. For the purpose of clarity, Revisions to Lottery Games refers only to the revisions and does not include the underlying Lottery Games that are the subject of such revisions.

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

"**RFP Expenses**" is defined in Section 4.3.

"**Root Cause Analysis**" means the problem analysis process undertaken to identify and quantify the underlying cause(s) of a Service Level failure or some other failure, and to document the necessary corrective actions to be taken to prevent recurring problems and/or trends which could result in problems.

"**Sample Calculation**" is defined on **Schedule 10.1** (Payments Schedule).

"**Scheduled Transition Completion Date**" means April 3, 2018.

"**Schedules**" means all schedules, exhibits, appendices, addenda, documents and other annexes hereto.

"**Section 7.5 Requirements**" is defined in Section 7.3.2.

"**SGII**" means Scientific Games International, Inc.

"**Service Level**" means a service level requirement and the standard for performance for particular Services, each as set forth on **Schedule 5.4** (Service Levels).

"**Service Level Credits**" is defined in in Section 5.6.

"**Service Provider**" means, individually, Manager, each Manager Personnel, each Subcontractor and their respective officers, directors, managers, members, subsidiaries, assigns, and Affiliates.

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

"**SGII Supply Agreement**" means that certain Second Amended and Restated Lottery Services Agreement, dated as of September 18, 2015, by and between the Current Manager and SGII, as amended by that certain Extension of Letter Agreement of Termination, effective September 29, 2016, as further amended by that certain Amendment Number 1 to Second Amended and Restated Lottery Services Agreement, dated February 10, 2016, as further amended by that certain Second Extension of Term of Letter Agreement of Termination, dated March 23, 2017 and effective March 24, 2017, as further amended by that certain Third Amendment to the Letter Agreement of Termination, dated October 13, 2017, and as further amended from time to time with the prior express written consent of Manager in accordance with Section 12.20.

"**Significant Investment**" is defined in Section 5.3.2(j).

"**Significant Subcontractor**" means those major service component Subcontractors that provide the draw game services, instant ticket game services, and iLottery/mobile services to the Lottery, including Intralot Inc., and SGII, and each of their successors and assigns.

"**Small Subcontract**" is defined in Section 7.2.1.

"**Small Subcontractor**" is defined in Section 7.2.1.

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

"**Specifications**" means the specifications for the Services, the Software, the Central Gaming System and other information technology systems used in connection with providing the Services, all as developed from

time to time by Manager and the final form of which is Approved by the State and approved by Manager, such Manager approval not to be unreasonably conditioned, withheld or delayed.

"**State**" is defined in the preamble hereto.

"**State Annual Audit**" means the audit of, among other things, the financial condition, results of operations and cash flows of the Lottery for the most recently ended fiscal year, which audit is conducted on an annual basis by an external independent accounting firm engaged by the Department of the Lottery.

"**State Benefit Payment**" is defined in Section 13.3.

"**State Data Room**" means the extranet website entitled "*Illinois Lottery RFP - Stage 1 & Stage 2 Materials*" developed to house State documents shared as part of the RFP process.

"**State Designee**" means the applicable individual designated for contact on that certain list of individuals provided in writing from the State to Manager, as such list may be updated from time to time by written notice from the State to Manager.

"**State Indemnitees**" means the State and its elected officials, directors, officers, employees, attorneys, agents, representatives, consultants, successors and assigns.

"**State Intellectual Property**" means, collectively: (a) the Intellectual Property (including the State owned and licensed Intellectual Property set forth on **Schedule 8.1.2** (State Intellectual Property)) that is, subject to Section 8, (i) owned, acquired, created, developed or invented by or on behalf of the State prior to or after the Agreement Effective Date, including any Lottery Trademarks, or (ii) licensed, leased or otherwise made available to the State from a Third Party (other than a Subcontractor) prior to or after the Agreement Effective Date; (b) State New Intellectual Property; and (c) Work Product; in each case excluding any Manager Intellectual Property.

"**State New Intellectual Property**" means any modifications and enhancements to, and derivatives of, State Intellectual Property created, developed or invented by or on behalf of the State, including all modifications and enhancements to, and derivatives of, Work Product; in each case excluding any Manager Intellectual Property.

"**State Party**" is defined in Section 7.5.6.

"**State Payment Rules**" means, collectively, the rules and regulations set forth in the State Prompt Payment Act (30 ILCS 540) and rules (74 Ill. Adm. Code 900), and the State Finance Act (30 ILCS 105), each as amended, restated, supplemented or otherwise modified from time to time.

"**State Personal Data**" shall mean, collectively, all data or information, in any form, that is provided to Manager by or from the State, any other Illinois Governmental Authority, or Third Party on behalf of the State or any Illinois Governmental Authority or any data or information that is collected, generated or processed by Manager for the benefit of the State, that alone, or in combination with other information: (a) is considered Personal Information or "sensitive personal data" defined under any applicable Regulatory Requirements; and/or (b) uniquely identifies (i) a current, former or prospective customer, agent, vendor or contractor of the State or any other Illinois Governmental Authority, or (ii) any employee of any of the foregoing or an employee of the State of Illinois, or their respective spouses or families, and includes customer names, addresses, telephone numbers and/or any other personally identifiable information, including copies of such information, and materials derived from such information. For the purpose of clarity, State Personal Data does not include Analytics Data.

"**State Policies and Rules**" means (a) the standards, policies, practices, processes, procedures, controls and rules of the State publicly available or delivered to Manager regarding confidentiality, security, record retention, safety and health and personal, professional and ethical conduct applicable to the provision of the Services and (b) all Regulatory Requirements, policies, and rules applicable to the provision of the Services, and all additions and modifications to each of subsections (a) and (b). For the avoidance of doubt, the Operating Standards shall not be included in the definition of "State Policies and Rules."

"**State Policies Requirement**" is defined in Section 7.3.2.

"**State Transition Activities**" is defined in Section 3.1.1.

"**State Transition Delay Event**" means (i) the fault of the State, (ii) the fault of any other Illinois Governmental Authority, (iii) the fault of a Third Party under the control of the State (including Gaming Laboratories International, LLC), (iv) the State's exercise of its right under Section 3.1.6(a) (other than where the State's exercise of such right is related to a Manager Transition Delay Event), (v) the fault of any employee subject to the Employee Use Agreement, or (vi) the fault of the Current Manager or any of its Affiliates or subcontractors.

"**Step-In Notice**" is defined in Section 13.4.1(a).

"**Step-In Rights**" is defined in Section 13.4.

"**Step-Out Notice**" is defined in Section 13.4.2.

"**Subcontract**" means any written agreement between Manager and a Subcontractor for the provision of Services or any goods or equipment related to a Service, including any Continuing State Contract assigned by the State to Manager; provided, however, that the following shall not be deemed to be "Subcontracts": (1) contributions to non-profit charitable corporations or organizations, provided that no consideration is received for the contribution; (2) payments by Manager for travel expenses incurred by an employee in the conduct of the employer's business, which shall include the employee's lodging, meals, transportation and related expenses; payments to prospective employees for reimbursement of travel expenses incurred as a result of the employment interview; and payments for tuition, training seminars, publication subscriptions, conference registrations or membership dues for professional associations that will directly contribute to the work performance or professional development of the employee; (3) payments to government agencies for goods or services provided under statutory or other legal mandate, or for taxes, assessments, fines, garnishments or licensing fees and payments to public utilities having legal service monopolies; (4) payments to labor organizations, unions and Affiliates for employee dues and benefits programs; and (5) employment agreements with individuals memorializing the terms of the individual's employee relationship. For the avoidance of doubt, all Manager Subcontracts are Subcontracts.

"**Subcontractor**" means any Person that provides a Service, or any goods or equipment related to a Service, to the State pursuant to a Subcontract (including any Continuing State Contract assigned by the State to Manager) or other arrangement with Manager. For the avoidance of doubt, all Manager Subcontractors are Subcontractors.

"**Subcontractor Collections**" is defined in Section 18.4.2.

"**Subcontractor Escrow Materials**" is defined in Section 8.8.3.

"**Subcontractor Party**" is defined in Section 7.5.6.

"**Subcontractor Performance Security**" means a letter of credit, performance bond, surety bond, guaranty and similar types of Contracts providing security for a Person's performance of contractual obligations.

"**Subcontractor Performance Security Rights**" means any and all rights to payment and performance under any Subcontractor Performance Security.

"**Subcontractor Replacement Costs**" is defined in Section 7.10.2.

"**Subcontractor Termination for Cause**" is defined in Section 7.10.1.

"**Subcontractor Termination for Cause Basis**" is defined in Section 7.10.1.

"**Subcontractor Termination for Cause Event**" is defined in Section 7.10.1.

"**Supply Agreements**" means the IGT Supply Agreement and the SGII Supply Agreement, as such agreements are amended, restated, supplemented or otherwise modified from time to time.

"**TC Cap Date**" is defined in Section 11.10.

"**TC Cap Exceptions**" is defined in Section 11.10.

"**Term**" is defined in Section 13.1.

"**Termination Adverse Action**" is defined in Section 21.2.

"**Termination Agreement**" means that certain Letter Agreement of Termination, dated August 19, 2015 and effective September 18, 2015, by and among the State, the Current Manager, GTECH Corporation (the predecessor in interest to IGT) and SGII, as amended by that certain Extension of Letter Agreement of Termination, effective September 29, 2016, as further amended by that certain Second Extension of Term of Letter Agreement of Termination, dated March 23, 2017 and effective March 24, 2017, as further amended by that certain Third Amendment to the Letter Agreement of Termination, dated October 13, 2017, and as further amended from time to time with the prior express written consent of Manager in accordance with Section 12.20.

"**Termination Date**" is defined in Section 13.1.

"**Termination Deadline**" is defined in Section 7.10.5.

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

"**Third Party**" means a Person other than the Parties and an Affiliate of Manager.

"**Transition**" is defined in Section 3.1.1.

"**Transition Completion Date**" means the date on which the Transition has been fully achieved as agreed upon in writing by the State and Manager upon each Party's determination that all Transition Milestones have been completed, as evidenced by the State's delivery to Manager of the Certificate of Completion.

"**Transition Expenses**" is defined in Section 5 of **Exhibit 3.1** (Transition Plan).

"**Transition Milestone**" means the Manager activities and deliverables (including time frames and the required date for completion) identified in the Transition Plan that are critical to the completion of the Manager Transition Services by the Transition Completion Date and which are identified by the Parties as a Transition Milestone.

"**Transition Plan**" is defined in Section 3.1.1.

"**Transition Report**" means Transition-related reports which, among other things, shall include a certification as to the achievement of any Transition Milestones during the period covered by such report.

"**Transparency Credits**" is defined in Section 11.10.

"**Transparency Credits Cap**" is defined in Section 11.10.

"**Transparency Sections**" means, collectively, Section 5.8, Section 9.3.5(b) and Section 11 hereof.

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

"**United States Department of Justice Opinion**" means that certain Memorandum Opinion for the Acting Assistant Attorney General Criminal Division, issued October 16, 2008, concerning the scope of exemption under federal lottery statutes for lotteries conducted by a state acting under the authority of state law.

"**Upcoming Year Plan**" is defined in Section 5.3.3.

"**Updated Annual Business Plan**" is defined in Section 5.3.5.

"**Upper Net Income Target**" is defined on **Schedule 10.1** (Payments Schedule).

"**VLTs**" is defined in Section 21.1.2.

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

"**Work Product**" means any Intellectual Property commissioned specifically by the State for development pursuant to this Agreement, any modifications or enhancements to State Intellectual Property, including any trademarks or other Intellectual Property relating to the identity of the Lottery; in each case excluding any Manager Proprietary Intellectual Property and Manager Third Party Intellectual Property.

SCHEDULE 2.2

OPERATIONAL RESPONSIBILITIES OF THE STATE

The State shall, subject to the terms and conditions of this Agreement, perform the specific functions and services set forth below. All functions or responsibilities associated with the Services which are not explicitly provided below or in Section 2.2 of this Agreement shall be the responsibility of Manager.

Area	**Description**
Validation	
Validation	Physically validate and verify winning Lottery Tickets
Prizes	
Jackpot Setting	Set jackpot levels according to game structures, based on sales
Payment of Prizes	Pay prize claims not redeemed by Lottery Retailers
Securities	Purchase securities, and liquidate same, to provide for deferred payments of certain prize claims where deferred payment is selected by the winner or mandated
Offsets	Provide for offsets of prizes for collection of State debts and other liabilities authorized by the State
Unclaimed Prizes	Maintain records of unclaimed prize funds
Technology	
Internal Control System	Implement and maintain internal control system on gaming operations
Primary Drawings	
Operation	Manage and operate Lottery Game primary drawings
Results	Distribute results (outside of iLottery channels) of primary drawings
Collections	
Transfers	Control the transfer of Lottery proceeds into the appropriate funds, as designated by the Lottery
Collection from Lottery	Perform electronic fund transfers from Lottery Retailer bank accounts for weekly settlements

Area	Description
Retailers	
Collection of Past Due Accounts	Collect past due accounts from Lottery Retailers, including authorized penalties and interest
Accounts	
Retailer Accounting	Processing of retailer adjustments and associated queries from Lottery Retailers
Commissions	Payment of commissions to Lottery Retailers
Licensing of Lottery Retailers	
Processing	Process the licensing applications for Lottery Retailers
Issuance	Manage and control the approval and issuance of Lottery Retailer licenses, however, Manager may submit requests for such licenses on behalf of Lottery Retailers
Revocation	Manage and control the revocation of Lottery Retailer licenses; however, Manager may submit requests for such revocations
Suspension	Manage and control the suspension of Lottery Retailer licenses; however, Manager may submit requests for such suspensions
Administration of Employee Use Agreement	
Payroll	Administer payroll; pay all applicable wages and salaries; account for all payroll tax and benefit withholding and depositing obligations
Tax Requirements	Comply with all applicable tax requirements
Regulatory Requirements	Comply with all requirements governing the employment relationship between the State and its employees, such as the accommodation of disabilities, equal pay, provision of leave, unlawful discrimination, and wage and hour requirements
Insurance	Comply with workers' compensation insurance coverage and Regulatory Requirements
Licensing	Ensure the licensure of State employees, if applicable

Area	Description
Records	Maintain State employment records, if applicable
Tax Reporting	
Prize Payments	Report tax obligations for payments of prize claims made through prize payment centers
Annual Report and Published Accounts of Lottery	Production of the annual financial report of the Lottery
Lottery Retailers	Report tax obligations for Lottery Retailer commissions and bonuses
Investigations	
Allegations of Fraud	Investigate, document, and, where necessary, prosecute allegations of fraud by players, Lottery Retailers or other Persons

SCHEDULE 3.2

EXISTING STATE CONTRACTS

	Name of Vendor (Private Manager Contracts)	End Date
1.	All Terrain Productions, Inc.	12/31/2017
2.	Creative Resources Unlimited Inc.	12/31/2017
3.	Crestwood Associates	12/31/2017
4.	Critical Mass (U.S.) Inc.	12/31/2017
5.	Erickson Research	12/31/2017
6.	ExactTarget, Inc.	12/31/2017
7.	Gaming Laboratories International, LLC	12/31/2017
8.	Gamer Insights Group	12/31/2017
9.	Hall & Partners, LLC	12/31/2017
10.	IGT Global Solutions Corporation (formerly GTECH Corporation)	4/1/2019
11.	Integer Dallas	12/31/2017
12.	Iron Mountain Information Management, LLC (formerly Preferred Media)	12/31/2017
13.	Liberty Creative Solutions	12/31/2017
14.	Marketing Displays, Inc. d/b/a MDI	12/31/2017
15.	MOTR GRAFX	12/31/2017
16.	Montenegro Inc.	12/31/2017
17.	OMD	12/31/2017
18.	Pacific Market Research	12/31/2017
19.	PACO Communications, Inc.	12/31/2017
20.	R.D. Niven & Associates (d/b/a The Niven Marketing Group, Ltd.)	12/31/2017
21.	Omnitracs (formerly Roadnet Technologies, Inc.)	11/2017
22.	Sapient Nitro	12/31/2017
23.	Schafer Systems, Inc. (Retail Display Units)	12/31/2017
24.	Schafer Systems, Inc. (Stackable Dual Dispenser)	12/31/2017
25.	Scientific Games International, Inc.	4/1/2019
26.	Screenprint / Dow	12/31/2017
27.	Socratic Technologies, Inc.	12/31/2017
28.	Strategic Research Partners	12/31/2017
29.	Take-a-Ticket	12/31/2017

30.	TVEyes	12/31/2017
31.	Vaughan Chapter PVA, Inc.	12/31/2017
32.	Veterans Print Management	12/31/2017
33.	Vision Critical	12/31/2017
34.	Williams Industries	12/31/2017

Name of Vendor (Illinois Lottery Contracts)		**End Date**
1.	Adelfia, LLC	6/30/2020
2.	Anchor Staffing, Inc.	6/30/2019
3.	Berkeley Research Group, LLC	1/22/2018
4.	BMM Testlabs	6/30/2018
5.	Central Illinois Staffing Services, dba Manpower	6/30/2019
6.	Com Microfilm	6/30/2018
7.	Elsym Consulting, Inc.	1/17/2021
8.	Faegre Baker Daniels, LLP	5/9/2018
9.	Katten & Temple, LLP	5/31/2018
10.	Northstar Lottery Group, LLC	1/1/2018
11.	Pennell Forklift Services	12/31/2018
12.	Premier Staffing Source, Inc.	6/30/2019
13.	SHI International Corp.	6/30/2018
14.	Smartplay International	6/30/2019
15.	StoneTurn Group	TBD
16.	Midland Paper Com	2/7/2018
17.	West Publishing Corp. (Continuing Legal Ed)	6/30/2019
18.	West Publishing Corp. (Investigative Research Tool)	10/31/2019
19.	Xcaliber Gaming, LLC	11/24/2017
20.	Xerox Corporation	12/31/2017
21.	IL Department of Human Services (Gambling Hotline)	6/30/2018
22.	IL Department of Human Services (Printing Services, Mail)	6/30/2018
23.	IL Department of Innovation & Technology	6/30/2018
24.	IL Department of Revenue (Operational Assistance)	6/30/2019
25.	IL Department of Revenue (Administrative Law Judge)	in perpetuity

SCHEDULE 4.1

OPERATIONAL RESPONSIBILITIES OF MANAGER

Area	Description
Technology	
Central Gaming System	Install, maintain and update as necessary a Central Gaming System, which includes hardware, Software, communications, network, and equipment and other components necessary for the sales, validation and inventory management of the Lottery
Data and Reports	Provide data and reports necessary to facilitate the State's ability to carry out its obligations, including (i) collecting and maintaining the financial data necessary to properly prepare the Lottery's financial statements and enable the State to conduct appropriate financial analysis on revenues and expenses and (ii) Lottery Retailer settlement and adjustments
Websites	Design, maintain and host the Lottery website
Sales Channels	
Retail Hardware	Install, maintain, and update as necessary or desirable retail hardware and Software components necessary for the sales, validation and inventory management of the Lottery
Instant Ticket Vending	Install, maintain, and update as necessary instant ticket vending reasonably acceptable to the State, including dispensing machines, distribution channels, networking and other components used in the sale of instant ticket Lottery Games
Internet and Mobile	Provide, maintain and upgrade as necessary the functionality to sell Lottery Tickets via the Internet or mobile devices which functionality shall include geolocation, age verification and electronic payment technology, provide and maintain customer relationship management functionalities
Product	
New Lottery Game Design	Design, format, develop and maintain the appearance and mechanics of new Lottery Games
Payout Structure	Establish prize structures for Lottery Games
Managing Product Portfolio	Manage the portfolio of current Lottery Games, including any recommended adjustment to the format and rules of Lottery Games, maintain the appearance and mechanics of Lottery Games
Pricing	Establish the price of each Lottery Game

Area	Description
Subscriptions	Develop and implement a subscription program for Lottery Games
Platform and Channel Development	Develop new Lottery platforms and channels, as appropriate
Logistics	
Printing	Print Lottery Tickets
Distribution	Distribute Lottery Tickets and consumables (including management of returns and destruction)
Warehousing	Warehouse Lottery Tickets and consumables
Inventory Management	Develop an inventory management and predictive ordering system for Lottery Tickets and consumables
Lottery Retailers	
Recruitment	Recruit new Lottery Retailers
Training	Develop and implement training for Lottery Retailers
Supervision	Supervise Lottery Retailers
Commissions and Incentives	Determine commissions and other incentives for Lottery Retailers
Relationship Management	Provide for customer relations management for Lottery Retailers
Revocation	Execute state suspension and revocation orders
Secondary Drawings	
Conduct	Establish system of selecting and identifying winners of secondary drawings or promotional drawings
Design	Design, format and maintain prize structures of secondary drawings added to Lottery Games
Marketing	
Advertising	Design, implement and maintain advertising and promotional campaigns
Branding	Develop Lottery brands
Loyalty Program	Design, maintain and operate a customer loyalty program

Area	Description
Strategy	Create a general marketing strategy
Sponsorships	Identify, select and negotiate sponsorship opportunities
Customer Insights	Design and implement a consumer research strategy to inform and measure results of marketing strategies and products
Customer Service Center – Player and Lottery Retailer	
Operation	Design, operate and maintain service and call centers for Lottery Retailers and Lottery customers (call centers may be combined)
Responsible Gaming Program	
Operation	Develop, operate, and maintain a responsible gaming program
Staffing	
Management of Lottery Employees	Direct and control the duties of each Lottery employee subject to the Employee Use Agreement; provided, however, that such direction and control (a) must be consistent with State Policies and Rules, and where applicable, any collective bargaining agreement, and (b) will not result in such persons becoming employees of Manager
Procurement	
Bidding	Create proposals necessary to procure bids for required services of the Lottery in accordance with this Agreement
Selection	Select Subcontractors in support of Lottery operations
Management	Manage Subcontractors
Compliance	
Underage Play	Develop and implement policies and programs aimed at preventing underage play
Excessive Play	Develop and implement policies and programs aimed at preventing excessive play
Lottery Game Rules	Comply with rules related to multi-jurisdictional games offered by the Lottery
Legal	
Legislation	Monitor and maintain compliance with all State Policies and Rules

Area	Description
Collective Bargaining Agreement	Monitor and maintain compliance with collective bargaining agreements, as applicable pursuant to the Employee Use Agreement
Contracts	Prepare, negotiate and monitor contracts with Subcontractors
Lottery Game Rules	Prepare Lottery Game rules consistent with applicable law
American Disabilities Act	Provide retailer training on (a) how to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 *et seq.*) (the "**ADA**"), and (b) how to report noncompliance with the ADA
Intellectual Property	With respect to any State Intellectual Property that is developed or created by Manager, any Affiliate of Manager or any Subcontractor under this Agreement, at the reasonable request of the State: • Assist the State with determining whether registration is appropriate and, if so, work with the State to prosecute any and all applications for registrations and renewals; and provide required documentation to effect the transfer or assignment to the State, provided, all legal and filing fees shall be paid by the State and deemed an Administrative Expense; • Use Reasonable Best Efforts to investigate claims made against such State Intellectual Property and assist the State in taking appropriate action to defend or enforce the State's rights in such State Intellectual Property, provided, any legal fees in connection with any action shall be paid by the State and deemed an Administrative Expense; and • Use Reasonable Best Efforts to investigate claims or allegations of misuse or infringement of such State Intellectual Property and assist the State in taking appropriate action to defend or enforce the State's rights in such State Intellectual Property, provided, any legal fees in connection with any action shall be paid by the State and deemed an Administrative Expense.

For the avoidance of doubt, the Parties acknowledge and agree that this **Schedule 4.1** (Operational Responsibilities of Manager) shall not be construed as a waiver by the State of its actual control and authority over the Lottery or any part thereof.

SCHEDULE 4.1-A

SERVICES COMMENCEMENT SCHEDULE

Schedule 4.1-A (Services Commencement Schedule)	Base Services Commencement Date (January 2, 2018)		Scheduled Transition Completion Date (April 3, 2018)		Technology Transformation (Assumed October 1, 2018)	
Area	Service Provider	Manager Responsibility	Service Provider	Manager Responsibility	Service Provider	Manager Responsibility
Technology						
Central Gaming System	IGT	Vendor Management	IGT	Vendor Management	Intralot, Inc.	Vendor Management
Data & Reports	Manager	Vendor Management of IGT	Manager	Vendor Management of IGT	Manager	Vendor Management of Intralot, Inc.
Websites	3rd Party (assumed Sapient Razor Fish) + IGT	Vendor Management	3rd Party (assumed Sapient Razor Fish) + IGT	Vendor Management	Manager	Service Provider
Sales Channels						
Retail Hardware	IGT	Vendor Management	IGT	Vendor Management	Intralot, Inc.	Vendor Management
Vending	IGT	Vendor Management	IGT	Vendor Management	Intralot, Inc.	Vendor Management
Internet and Mobile (iLottery)	IGT	Vendor Management	IGT	Vendor Management	Manager	Service Provider
Product						
New Game Design	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Payout Structure	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Managing Product Portfolio	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Pricing	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Subs	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Platform and Channel Dev	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Logistics						
Printing	SGII	Vendor Management	SGII	Vendor Management	SGII	Vendor Management
Distribution	SGII	Vendor Management	SGII	Vendor Management	SGII	Vendor Management
Warehousing	SGII	Vendor Management	SGII	Vendor Management	SGII	Vendor Management
Inventory Management	SGII	Vendor Management	SGII	Vendor Management	SGII	Vendor Management
Lottery Retailers						
Recruitment	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Training	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Supervision	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Commissions and Incentives	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Relationship Management	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Revocation	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Secondary Drawings						
Conduct	SGII	Vendor Management	SGII	Vendor Management	SGII	Vendor Management
Design	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Marketing						
Advertising	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Branding	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Loyalty Program	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Strategy	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Sponsorships	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Customer Insights	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Customer Service Center - Player and Lottery Retailer						
Operation	IGT	Vendor Management/ People Management of EUA	IGT	Vendor Management/ People Management of EUA	Manager	Service Provider/ People Management of EUA
Responsible Gaming Program						
Operation	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Management of Lottery Employees						
Staffing (EUA)	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Procurement						
Bidding	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Selection	Manager Ramp-up		Manager	Service Provider	Manager	Service Provider
Management	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Compliance						
Underage Play	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Excessive Play	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Game Rules	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Legal						
Legislation	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Collective Bargaining Agreement	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Contracts	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Game Rules	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
American Disabilities Act	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Intellectual Property	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Other						
The following functions are additional to those stated in Section 4.1 of the PMA, but are required for Manager to deliver the services listed above						
Human Resources	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Finance	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider
Public Relations	Manager	Service Provider	Manager	Service Provider	Manager	Service Provider

SCHEDULE 5.1

GOVERNANCE PROTOCOLS

1. STATEMENT OF POLICY

The General Assembly of the State has found that it is in the public's interest to conduct the functions of the Lottery with the assistance of a private manager, acting pursuant to a management agreement. Manager shall at all times consider the sensitive nature of a state-conducted lottery, its public image, and the social implications attendant thereto, and conduct its operations with integrity, security, honesty, and fairness and in compliance with State Policies and Rules. The State must exercise actual control over all significant business decisions made by Manager at all times. The objective of these Governance Protocols is to establish the guidelines and principles of the Parties' communications and relationship, including State Approval procedures, after the Agreement Effective Date.

2. ORGANIZATION

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

(a) Manager Lead. Manager shall designate one individual (the "**PM Lead**") as the primary individual to communicate with the State, its designee, or the Lottery Control Board. Unless otherwise approved by the State, the PM Lead shall initially be a corporate officer of Manager, having corporate authority to bind Manager and shall primarily reside in the State. The PM Lead may designate another corporate officer of Manager to serve as the PM Lead's designee should the PM Lead be unavailable.

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

2.2 Direct Communication. Nothing in Section 2.1 of this **Schedule 5.1** (Governance Protocols) shall be construed to limit the State or Manager, or any of their employees, from freely communicating with each other as often as either shall desire.

3. COMMUNICATION

3.1 Meetings.

(a) Monthly Meetings. Five (5) days prior to each Monthly Meeting, the PM Lead shall provide a report in writing to the Lottery Lead. Each report shall, at a minimum, include a description of progress made against each objective of the Annual Business Plan, which shall include the following: (i) progress toward implementing a program to promote responsible gaming; (ii) ensuring participation of minority-owned businesses, women-owned businesses and businesses owned by a person with a disability in the operation of the Lottery; and (iii) any information not previously communicated concerning any other operating decision, issue, or complaint that bears significantly on the public interest, or that the State would reasonably want to know with respect to the operations of the Lottery. In addition, each report shall discuss any material changes proposed to the Annual Business Plan concerning: (1) the Lottery Games to be offered by Manager; (2) the prize pay outs of Lottery Games; (3) the sales price of Lottery Tickets; (4) the type, number or amount of prize pay outs; (5) changes to commissions and incentives offered to Lottery; (6) planned media or marketing campaigns and promotional activities, outlining the scope, objectives, and key messages to be delivered to the public or targeted audience;

(7) sponsorship relationships of any amount; (8) changes or anticipated changes in Manager Key Personnel; (9) social responsibility expenditures in any amount; and (10) Subcontracts or Major Procurements (as defined in the Operating Standards). The Lottery Lead may, at his or her sole discretion reasonably exercised, establish thresholds, ranges, or other measures limiting the scope of changes to the Annual Business Plan that Manager is required to address in each report. The PM Lead or its designee shall take minutes of each Monthly Meeting and shall provide such minutes to the Lottery Lead for his or her review.

(b) Other Meetings. In addition to the Monthly Meeting, each of the PM Lead and Lottery Lead shall have the right to require the presence of the other at a meeting by providing notice to the other at least twenty-four (24) hours prior to the meeting. Nothing in this section shall be construed as preventing the Parties from meeting at any time by mutual agreement.

(c) Additional Information. The PM Lead shall provide the Lottery Lead, orally or in writing, with any and all material information that the PM Lead reasonably believes the State would want to know promptly after the PM Lead's receipt of such information. The Lottery Lead shall provide the PM Lead, orally or in writing, with any and all material information that the Lottery Lead reasonably believes Manager would want to know promptly after the Lottery Lead's receipt of such information.

4. DECISION MAKING

4.1 Material Governance Areas. For purposes of these Governance Protocols, the phrase "**Material Governance Area**" shall be deemed to include any decision or action concerning any of the following subject matters (not otherwise previously Approved by the State): (i) Games and rules of games; (ii) marketing campaigns, promotions, and promotional rules; (iii) prizes and prize structures; (iv) prize pay outs outside of established ranges; (v) terms of Subcontracts (excluding Manager Subcontracts) and Major Procurements; and (vi) price points.

4.2 Material Decision Making. Manager shall, when commercially practicable under the circumstances, provide at least five (5) Business Days advance notice of any proposed change to any Material Governance Area. Notwithstanding anything to the contrary herein, Manager shall have the continuing duty to inform the State of any information that Manager reasonably believes the State would consider material where the State intends to make any material decisions with respect to the Lottery, prior to Manager's decision on such matter.

4.3 Unconditional Veto Power of Director. Notwithstanding any other provision herein to the contrary, the Parties understand and agree that the State must retain actual control over all significant business decisions affecting the Lottery at all times. Because such actual control is fundamentally imperative to a fully compliant governance structure, the Parties expressly agree that, in accordance with Section 2.2 of the Agreement, the State shall have the sole, absolute, and unconditional right to veto or countermand, with or without conditions, any action taken by Manager whatsoever, regardless of whether such action falls within a Material Governance Area or not. Further, the State reserves the right to take any and all measures necessary or desirable to protect the interests of the State and the Lottery from the actions or inactions of Manager in the management of the Lottery.

4.4 Approvals. In the event that Manager seeks Approval from the State for any matter that requires State Approval, such Approval shall be in writing and signed by the Director, the Lottery Lead or any other person having the legal authority to bind the State; provided that Approvals for any matter that requires Lottery Control Board approval shall be obtained in accordance with Section 4.5 of this **Schedule 5.1** (Governance Protocols).

4.5 Lottery Control Board. Manager acknowledges that, pursuant to the Existing Lottery Law and the rules and regulations pertaining thereto, the Lottery Control Board has certain approval rights with respect to the Lottery and the operation thereof. In the event that Manager seeks Approval from the State for any matter that requires Lottery Control Board approval, (i) such approval shall be separate from and in addition to any such Approval of the State and (ii) the State, if it so approves of such matter, and not Manager, shall request such approval of the Lottery Control Board. Without limiting the foregoing, Manager acknowledges and agrees that it shall not communicate with any member of the Lottery Control Board without the prior approval of the Director or his or her designee and shall reasonably cooperate with the State, at the reasonable request of the State, in connection with any approval sought from the Lottery Control Board.

SCHEDULE 5.2.1

OPERATING STANDARDS

State of Illinois

Department of the Lottery

Operating Standards

TABLE OF CONTENTS

			Page
I.		GENERAL PROVISIONS	2
	1.1	CONSTRUCTION AND APPLICATION OF OPERATING STANDARDS	2
	1.2	INFORMATION AND FILINGS	3
	1.3	APPROVALS	3
	1.4	TREATMENT OF RECORDS	3
	1.5	COMPLIANCE PROGRAM, CODE OF ETHICS	4
II.		MANAGER	6
	2.1	PERSONS REQUIRED TO BE QUALIFIED	6
	2.2	STANDARDS FOR QUALIFICATION	7
	2.3	EMPLOYMENT REQUIREMENTS	11
	2.4	REQUIREMENTS FOR DOING BUSINESS WITH SUBCONTRACTORS, THIRD-PARTIES	12
	2.5	MAJOR PROCUREMENTS	12
III.		ACCOUNTING AND INTERNAL CONTROLS	18
	3.1	ACCOUNTING RECORDS, AUDIT	18
	3.2	INTERNAL CONTROLS	19
	3.3	MANAGER AND SIGNIFICANT SUBCONTRACTOR ORGANIZATION	20
IV.		LOTTERY GAMES, RULES, DISTRIBUTION OF TICKETS	21
	4.1	LOTTERY GAMES	21
	4.2	TECHNICAL STANDARDS	22
	4.3	INTERNET SERVICES	26
	4.4	LOYALTY PROGRAM	27
V.		RESPONSIBLE GAMING, CONSUMER PROTECTION	27
	5.1	RESPONSIBLE GAMING	27
	5.2	CONSUMER PROTECTION	28
	5.3	SELF-EXCLUSION	30
VI.		EMPLOYMENT AND CONTRACTING WITH MINORITY-OWNED BUSINESSES, WOMEN-OWNED BUSINESSES, AND BUSINESSES OWNED BY PERSONS WITH DISABILITIES	30
	6.1	GENERAL	30
	6.2	MINORITY-OWNED BUSINESSES, WOMEN-OWNED BUSINESSES, AND BUSINESSES OWNED BY PERSONS WITH DISABILITIES	30

Appendix A – Definitions

Appendix B – The Code of Ethics
Appendix C – Business Continuity and Disaster Recovery Plan

I. GENERAL PROVISIONS

1.1 CONSTRUCTION AND APPLICATION OF OPERATING STANDARDS

1.1.1 Introduction, Reservation of Rights.

(a) The General Assembly of the State of Illinois has determined that it is in the public's interest for the Illinois Department of the Lottery to conduct the functions of the Lottery with the assistance of a private manager; provided, that such private manager complies with State Policies and Rules, the Lottery continues to be controlled by the State at all times, and such private manager conducts its operations with integrity, security, honesty, transparency and fairness, paying particular attention to the sensitive nature of a state-conducted Lottery and its public image and social implications. While the State will continue to exercise actual control over all significant business decisions and will retain the authority to direct and countermand the operating decisions of Manager, the purpose of this document is to establish minimum operating standards and requirements by which Manager shall assist the State in the operation of the Lottery.

(b) These Operating Standards are neither intended to be exhaustive of all obligations and controls Manager must exercise in its assistance with the management of the Lottery, nor alter any of the terms and conditions of the PMA. The State reserves the right to amend, supplement, or modify these Operating Standards at any time as required by a Regulatory Requirement or Industry Requirement, in each case in accordance with the PMA. Further, the State anticipates working cooperatively with Manager to revise, alter, or otherwise improve these Operating Standards with the goal being to optimize Lottery operations and increase sales and net income from the Lottery, while maintaining the highest levels of integrity, transparency and responsibility. Nothing herein shall be construed to limit, alter, or otherwise impede the State's right to control or conduct the Lottery or any of its statutory rights or obligations under any State Policies and Rules.

1.1.2 Contractor for the State. Manager shall, subject to the actual control and oversight of the conduct of the Lottery by the State, and in accordance with the terms and conditions of the PMA, the State Policies and Rules, and these Operating Standards, act as an authorized contractor of the State.

1.1.3 Authority, Conflicts.

(a) The following minimum standards and requirements are issued under and pursuant to the authority of the State, as established by the Illinois Lottery Law, 20 ILCS 1605/1, et seq., as amended or revised from time to time, and the regulations, rules, directives, or orders promulgated in accordance therewith.

(b) In the event of a conflict or inconsistency between the terms in these Operating Standards and the terms in the PMA or any State Policies and Rules, such conflict or inconsistency shall be resolved by construing such conflict or inconsistency in the context of the authority within the document of the following order of precedence: (a) State Policies and Rules solely to the extent applicable and not otherwise waivable by the Illinois Department of the Lottery; (b) the PMA; and (c) these Operating Standards. Wherever practicable, these Operating Standards shall be construed as to not conflict with any provision of the PMA or any State Policies and Rules.

1.1.4 Definitions. Capitalized terms used in these Operating Standards shall have those meanings (a) ascribed to them in Appendix A, (b) if defined in a particular Section, ascribed to them in that respective Section, or (c) if not otherwise defined herein, ascribed to them in the PMA. Except when otherwise plainly declared or clearly apparent from the context, words in the present tense shall include the future tense; words in the masculine shall include the feminine and neutral genders; words in the singular shall include the plural, and the plural shall include the singular.

1.1.5 Construction and Amendments.

(a) The State, at its sole discretion, may relax or permit deviations from these Operating Standards.

(b) Whenever any provision in these Operating Standards requires that an act or event occurs on a specified day or date, and such day or date does not fall upon a Business Day, such provision shall be construed to refer to the next Business Day immediately following such day or date.

1.1.6 Severability and Preemption, Practice Where Standards Are Silent.

(a) If any clause, sentence, subparagraph, paragraph, subsection, section, chapter or other portion of these Operating Standards, or the application thereof to any Person or circumstance, shall be held to be invalid, such holding shall not affect, impair, or invalidate the remainder of these Operating Standards or the application of such portion held invalid to any other Person or circumstances, but shall be confined in its operation to the clause, sentence, subparagraph, paragraph, subsection, section, chapter or other portion thereof directly involved in such holding or to the Person or circumstance therein involved.

(b) With respect to Manager, other than the Illinois Court of Claims and subject to applicable Regulatory Requirements, the State shall have exclusive jurisdiction in interpreting and enforcing these Operating Standards and all matters delegated to it or within the scope of its powers under the provisions of the Existing Lottery Law or the PMA, and Manager shall not be obligated to adhere to any directive or interpretation of any other State agency unless and until the State directs Manager to comply with such directive or interpretation. In any matter not governed by these Operating Standards, the State shall exercise its discretion so as to carry out its obligations and purposes under the Existing Lottery Law.

1.2 INFORMATION AND FILINGS

1.2.1 Offices, Hours. The offices of the State are open for the filing of papers and for other business from 9:00 A.M. to 5:00 P.M., Monday through Friday, unless otherwise authorized by the State. The offices of the State are closed on legal holidays. The main offices of the State are located at:

Illinois Lottery
122 S. Michigan Avenue, 19th Floor
Chicago, IL 60603

1.2.2 Filings, Notices.

(a) All papers, process or correspondence required to be delivered to the State hereunder shall be addressed to, and delivered to, the State in accordance with Section 22.3 of the PMA.

(b) Notices and other communications from the State shall be sent to Manager in accordance with Section 22.3 of the PMA.

1.3 APPROVALS. The State shall acknowledge receipt of any written request for Approval hereunder within five (5) Business Days of receipt of such request, and the State shall deliver its Approval or its denial of the requested Approval within twenty (20) Business Days of receipt of any written request for Approval; provided, however, the State's failure to provide such Approval or denial of the requested Approval shall not constitute a passive Approval of the applicable request.

1.4 TREATMENT OF RECORDS

1.4.1 Records Storage, Retention Schedule, Storage, Destruction.

(a) Manager shall establish and maintain a records retention schedule for all Confidential Information and Records within its possession in accordance with the Illinois State Records Act, 5 ILCS 160 (the "**State Records Act**") and the Joint Committee of Administrative Rules (JCAR) Admin Code, Title 44, Subtitle C, Chapter IV, Part 4400: State Records Commission, which must be Approved by the State. All Records and Confidential Information considered by the State to be inactive but required to be retained by the State pursuant to

the State Records Act and the Joint Committee of Administrative Rules (JCAR), may be transferred to the possession of a Secure Storage Facility, provided that:

1. Access to any Confidential Information or Records stored with the Secure Storage Facility shall be limited to authorized personnel of Manager and the State;

2. A log is maintained of all authorized personnel who are granted access to, or who remove, Confidential Information or Records stored within the Secure Storage Facility, which log shall include at least the names, addresses, and other identifying information about the authorized personnel;

3. Any Confidential Information or Records transferred to the Secure Storage Facility is contained in transfer cartons, sealed and marked in such a manner so as to preclude the undetected examination of the Confidential Information or Records contained therein by any Person other than authorized personnel; and

4. The State may periodically inspect and review any such stored Confidential Information or Records at any time to assure that it has not been disclosed or removed.

(b) Any Confidential Information or Records in the possession of Manager or the Secure Storage Facility shall be promptly destroyed in accordance with the provisions of the applicable records retention schedule required by subsection (a) above.

(c) Manager shall review the effectiveness of all security procedures and precautions pertaining to the Confidential Information stored at the Secure Storage Facility on an annual basis or more frequently if an issue arises and such review is deemed advisable in the reasonable discretion of the State. Security procedures and precautions that are determined by the State to be ineffective shall be corrected within seventy-two (72) hours (or such longer period of time as may be Approved by the State).

(d) Confidential Information may be stored in a Secure Storage Facility on micrographics, hard copy (paper), analog or digital media, or any other suitable medium, provided adequate security measures are maintained to prevent unauthorized access to or use of such information.

1. A coded filing system shall be utilized whenever practicable to prevent unauthorized access to stored Confidential Information.

2. Access to Confidential Information stored on computer or digital or analog media shall be restricted to Manager Key Personnel and those Manager Personnel whose job description contemplates, and who have a business need to, access such Confidential Information. Operating keys, code manuals and access codes shall be limited in number and shall be controlled by Manager Key Personnel, or as otherwise Approved by the State.

1.5 COMPLIANCE PROGRAM, CODE OF ETHICS

1.5.1 Code of Ethics. Manager shall either adopt the Code of Ethics policy set forth in the attached Appendix B or incorporate these principles in a code of ethics presented by Manager and Approved by the State.

1.5.2 Compliance Program. Manager shall establish, adopt, and maintain a compliance program for purposes of maintaining the highest ethical standards. Manager shall submit to the State a summary of said compliance program and make all written documents and other tangible materials which are related to the compliance program available to the State for review and inspection. Said compliance program may include the foregoing code of ethics as a part thereof.

(a) To have an effective compliance program for purposes of this Section 1.5.2, Manager shall: (1) exercise Reasonable Best Efforts in conducting due diligence to prevent and detect criminal conduct as well as acts and situations that are improper, might give the appearance of impropriety or would reasonably be expected to impair the good judgment of Manager; and (2) otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with State Policies and Rules. Such compliance and ethics program shall be reasonably designed, implemented, and enforced so that the program is generally effective in preventing and detecting criminal conduct as well as acts and situations that are improper, might give the appearance of impropriety or might impair the good judgment of Manager. The failure to prevent or detect the instant criminal offense or unethical conduct does not necessarily mean that the program is not generally effective in preventing and detecting criminal or unethical conduct; provided, however, that any such instance shall trigger a review of such program and amendments thereto as reasonably determined by Manager in consultation with the State.

(b) Due diligence and the promotion of an organizational culture that encourages ethical conduct and a commitment to compliance with the law within the meaning of subsection (a) above minimally requires the following:

1. Manager shall establish Internal Controls to prevent and detect criminal or unethical conduct.

2. Manager shall, and shall direct all Manager Personnel (including all Manager Key Personnel) to, be informed of and to adhere to the content and operation of the compliance and ethics program, and Manager Key Personnel shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program. Manager Key Personnel shall ensure that Manager has an effective compliance and ethics program, as described in this Section 1.5. Specific individual(s) of Manager Key Personnel shall be assigned overall responsibility for the compliance and ethics program. Specific individual(s) of Manager Key Personnel shall be delegated day-to-day operational responsibility for the compliance and ethics program. Individual(s) with operational responsibility shall report periodically to said Manager Key Personnel and, as appropriate, to the highest-ranking officer of Manager, or an appropriate governing authority of Manager, on the effectiveness of the compliance and ethics program. To carry out such operational responsibility, such individual(s) shall be given adequate resources, appropriate authority, and direct access to the governing authority of Manager or an appropriate subgroup of the governing authority of Manager.

3. Manager shall use Reasonable Best Efforts not to include within the substantial authority of Manager Key Personnel any individual whom Manager knew, or should have known through the exercise of due diligence, has engaged in illegal activities or other conduct inconsistent with an effective compliance and ethics program.

4. Manager shall take reasonable steps to communicate periodically and in a practical manner its Internal Controls and other aspects of the compliance and ethics program to all Manager Key Personnel, and as appropriate, all Manager Personnel, by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities.

5. Manager shall take reasonable steps: (i) to ensure that Manager's compliance and ethics program is followed by all Manager Personnel, including monitoring and auditing to detect criminal or unethical conduct; (ii) to evaluate periodically the effectiveness of Manager's compliance and ethics program; and (iii) to have and publicize to Manager Personnel a system, which may include mechanisms that allow for anonymity or confidentiality, whereby Manager Personnel may

report or seek guidance regarding potential or actual criminal or unethical conduct without fear of retaliation.

6. Manager shall promote to Manager Personnel and enforce its compliance and ethics program consistently by implementing (i) appropriate incentives to perform in accordance with the compliance and ethics program; and (ii) appropriate disciplinary measures for engaging in criminal or unethical conduct as well as failing to take reasonable steps to prevent or detect criminal or unethical conduct.

7. After criminal or unethical conduct has been detected, Manager shall (i) promptly notify the State and (ii) take reasonable steps to respond appropriately to the criminal or unethical conduct and to prevent further similar criminal or unethical conduct, including making any necessary modifications to Manager's compliance and ethics program.

(c) In implementing subsection (b) above, Manager shall periodically assess the risk of criminal or unethical conduct and shall take appropriate steps to design, implement, or modify each requirement set forth in subsection (b) to reduce the risk of criminal or unethical conduct identified through this process. Manager shall report such conduct, if any, to the State at least annually.

II. MANAGER

2.1 PERSONS REQUIRED TO BE QUALIFIED

2.1.1 Persons Required to be Qualified. Any Person that will be employed or retained by Manager in a position that (i) includes the responsibilities or authorities listed in subsections (a)–(c) below, regardless of job title, or (ii) whose duties predominantly involve the maintenance or operation of Lottery activity or equipment or assets (including Lottery Data and Analytics Data derived from Lottery Data) associated therewith that, if compromised, would adversely affect or would be reasonably expected to adversely affect the secure operation of the Lottery or the integrity of the Lottery, shall be required to be found Qualified and Suitable by Manager in accordance with the character and fitness and background examinations prescribed by the State and the hiring requirements of Manager. Failure by any Person to be found Qualified and Suitable may prevent that Person from obtaining said employment or enjoying a business relationship with Manager.

(a) Supervision of Specific Areas of Lottery Operations. Such positions shall include persons who: (1) supervise the repair and maintenance of Lottery terminals or cash dispensing or receiving devices; (2) supervise the operation of Lottery computer systems; (3) repair and maintain Lottery terminals, cash dispensing or receiving devices or computer systems; (4) analyze, or create statistical models or algorithms from any Lottery Data (including any Lottery operations data); (5) make recommendations regarding Games, payouts, or procedures; (6) enter any data in computer systems or who develop, maintain, install or operate Lottery computer systems or related software; (7) function as designers or producers of Games; (8) support and participate in security investigations or otherwise have access to secured areas; and (9) have access to active accounting documents related to Lottery operations.

(b) Authority to Develop or Administer Policy or Long-Range Plans or to Make Discretionary Decisions Regulating the Operations of Manager. Such positions shall include Persons who: (1) function as an officer or comparable employee of Manager; (2) function as a Lottery operations manager for Manager; (3) function as a controller, comptroller, or otherwise perform the duties and responsibilities of the accounting department; (4) function as an information technology department manager or as an information technology security officer; (5) function as an audit manager or whose duties and responsibilities include monitoring compliance with Internal Controls or these Operating Standards; and (6) function as the marketing operations manager.

(c) In addition to the Persons identified in subsections (a) or (b) above, any Person who is a Manager Key Personnel or who will be employed or retained by Manager in a position that provides them with access to confidential information or other secured areas or operations of the Lottery.

2.1.2 Employee Authorization to Work in the United States. No Person shall be employed by Manager in any capacity unless he or she is a citizen of the United States or can demonstrate that he or she holds a current and valid work authorization issued by the United States Department of Justice, Immigration and Naturalization Service and is not restricted from working in the capacity for which employment is sought. "Authorization to work in the United States" may be demonstrated by the presentation of a permanent resident alien card, a temporary employment authorization card or any other such documentation submitted by an applicant whom the State determines to provide sufficient evidence of such authorization.

2.2 STANDARDS FOR QUALIFICATION

2.2.1 Generally.

(a) It shall be the affirmative responsibility of each Person required to be Qualified and Suitable to establish by clear and convincing evidence his/her qualifications and suitability. Any Person that must be qualified pursuant to these Operating Standards shall provide all information required by the State and Manager and satisfy all requests for information pertaining to qualification in the form specified by the State and Manager. All persons or organizations shall waive liability as to the State, and its instrumentalities and agents, for any damages resulting from any disclosure or publication in any manner, other than a grossly negligent or willful disclosure or publication, of any material or information acquired during inquiries, investigations or hearings. All natural persons and organizations shall consent to inspections, searches and seizures and the supplying of handwriting exemplars as required by the State. Failure by any Person to be qualified under this Section 2.2 may be grounds for the State to demand Manager immediately to terminate or suspend any and all such employment or relationship with said Person.

(b) All Persons required to be Qualified and Suitable pursuant to these Operating Standards shall have the continuing duty to provide any assistance or information required by the State and Manager, and to cooperate in any inquiry or investigation conducted by the State. If, upon issuance of a formal request to answer or produce information, evidence or testimony, any Person refuses to comply, the qualification of such Person may be denied or revoked.

(c) Each Person required to be Qualified and Suitable may be photographed and fingerprinted for identification and investigation purposes in accordance with procedures established by the State or its designee.

(d) Each Person required to be Qualified and Suitable shall have a duty to inform the State of any action which they believe would constitute a violation of State Policies and Rules, the PMA, or these Operating Standards. No Person who so informs the State shall be discriminated against, or be the subject of any adverse action taken by Manager, because such Person provided such information.

2.2.2 Natural Person Standards.

(a) Each Manager Key Personnel who is a natural person shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence the financial stability, integrity and responsibility of the applicant, including, but not limited to, bank references, business and personal income and disbursements schedules, tax returns and other reports filed with governmental agencies, and business and personal accounting and check records and ledgers. In addition, each applicant shall, in writing, authorize the examination of all bank accounts and records as may be deemed necessary by the State.

(b) Each Manager Key Personnel who is a natural person shall produce such information, documentation and assurances as may be required to establish by clear and convincing evidence the applicant's good character, honesty and integrity. Such information shall include, without limitation, data pertaining to family,

criminal and arrest record, business activities, financial affairs, and business, professional and personal associates, covering at least the ten (10) year period immediately preceding the filing of the application. Each applicant shall notify the State or its designee of any civil judgments obtained against such applicant pertaining to antitrust or security regulation laws of the federal government, of the State of Illinois or of any other state, jurisdiction, province or country. If the applicant has been associated with lottery, gaming or casino operations in any capacity, position or employment in any jurisdiction, the applicant shall, upon request of the State, produce letters of reference from the lottery, gaming or casino enforcement or control agency, which shall specify the experience of such agency with the applicant, his associates and his participation in the lottery or gaming operations of that jurisdiction; provided, however, that if no such letters are received from the appropriate agencies within sixty (60) days of the applicant's request therefor, the applicant may submit a statement under oath that he is or was during the period such activities were conducted in good standing with such lottery or gaming or casino enforcement or control agency.

(c) For the purposes of this Section 2.2.2, each Manager Key Personnel who is a natural person shall submit to the State the applicant's name, address, fingerprints (as may be required for certain positions) and written consent for a criminal history record background check to be performed. The State is hereby authorized to exchange fingerprint data with, and receive criminal history record information from, the local, county, and Illinois law enforcement authorities and the Federal Bureau of Investigation consistent with applicable State of Illinois and federal laws, rules and regulations. Manager, as a Management Fee Expense, or the applicant, at Manager's election, shall bear all costs for the character and fitness and criminal history background examinations, including all costs of administering and processing the check.

2.2.3 Organizational Standards.

(a) Manager and each Primary Subcontractor utilized as the gaming vendor, instant ticket provider(s), and the supplier of the iLottery platform shall produce such information, documentation and assurances as may be reasonably required to evidence the financial stability, integrity and responsibility of such organization, including, but not limited to, all financial sources, corporate officers and directors, bank references, business income and disbursements schedules, tax returns and other reports filed with such governmental agencies, and business accounting and check records and ledgers. In addition, Manager and each Primary Subcontractor shall, in writing, authorize the examination of all bank accounts and records as may be deemed necessary by the State.

(b) Manager and each Primary Subcontractor shall not be qualified under these Operating Standards unless: (1) the organization shall comply with all the requirements of the laws of the State of Illinois pertaining to like organizations; (2) the organization shall maintain a ledger in its principal office in the State of Illinois which shall at all times reflect the current ownership of every class of security issued by the organization and shall be available for inspection by the State and authorized agents of the State at all reasonable times without notice; (3) Manager shall maintain all operating accounts utilized by Manager in the operation of the Lottery in one or more banks in Illinois, except that deposit-only accounts may be established in other jurisdictions with the permission of the State; (4) the organization's formation documents shall permit it to engage in the conduct of Lottery operations; (5) the organization, if it is not a publicly traded corporation, shall file with the State such adopted corporate charter provisions as may be necessary to establish the right of prior approval by the State with regard to transfers of securities, shares, and other interests in the organization; and, if it is a publicly traded corporation, provide in its corporate charter that any securities of such corporation are held subject to the condition that if a holder thereof is found to be disqualified by the State, such holder shall dispose of his interest in the corporation; provided, however, that nothing herein shall be deemed to require that any security of such corporation bear any legend to this effect; (6) the organization, if it is not a publicly traded corporation, shall establish to the satisfaction of the State that appropriate charter provisions create the absolute right of the organization to repurchase at the market price or the purchase price, whichever is the lesser, any security, share or other interest in the corporation in the event that the State disapproves a transfer in accordance with the provisions herein; (7) any publicly traded subsidiary company of the organization shall contain in its corporate charter the same provisions required under paragraph (6) for a publicly traded corporation; and (8) any non-publicly traded subsidiary company of the organization, whether the organization is publicly traded or not, shall establish to the satisfaction of the State that its charter provisions are the same as those required under paragraphs (5) and (6) for a non-publicly traded corporation.

(c) For the purposes of this Section 2.2.3, Manager and each Primary Subcontractor shall submit to the State such organization's name, the names of its corporate officers and directors as well as the addresses, tax identification numbers or social security numbers, as applicable, and written consent for a character and fitness and criminal history background examinations to be performed. The State is hereby authorized to exchange data with and receive criminal history record information from the local, county, and State of Illinois law enforcement authorities and the Federal Bureau of Investigation consistent with applicable State of Illinois and federal laws, rules and regulations. Manager, as a Management Fee Expense, or the applicant, at Manager's election, shall bear all costs for the character and fitness and criminal history background examination, including all costs of administering and processing the check.

2.2.4 Disqualification Criteria. The State shall deny qualification to any Person who is required to be Qualified and Suitable on the basis of any of the following criteria:

(a) Failure of the Person who is required to be qualified to provide information, documentation and assurances required by the State, or failure of the Person to reveal any fact material to qualification, or the supplying of information which is untrue or misleading as to a material fact pertaining to the qualification criteria.

(b) The conviction of the Person who is required to be qualified of any offense in any jurisdiction which would be the equivalent of the following offenses under the Illinois Criminal Code of 2012 (720 ILCS 5): (1) all Felony crimes (Class X, 1–4); (2) attempt to commit an offense which is listed in this subsection; (3) conspiracy to commit an offense which is listed in this subsection; or (4) any other offense under present Illinois or federal law which indicates that qualification of the Person would likely result in a negative perception of the Lottery by a reasonable person; provided, however, that the automatic disqualification provisions of this subparagraph shall not apply with regard to any conviction which did not occur within a ten (10) year period immediately preceding the application for qualification and which the Person demonstrates by clear and convincing evidence does not justify automatic disqualification pursuant to this subparagraph and any conviction which has been the subject of a judicial order of expungement or sealing.

(c) Current prosecution or pending charges in any jurisdiction of the applicant or of any Person who is required to be qualified for any of the offenses enumerated in subsection (b) above; provided, that, at the request of the applicant or the Person charged, the State may defer decision upon such application during the pendency of such charge.

(d) The pursuit by the Person who is required to be qualified of economic gain in an occupational manner or context which is in violation of the criminal or civil public policies of the State of Illinois, if such pursuit creates a reasonable belief that the participation of such Person in Lottery operations would likely result in a negative perception of the Lottery by a reasonable person. For purposes of this Section 2.2.4, occupational manner or context shall be defined as the systematic planning, administration, management, or execution of an activity for financial gain.

(e) The identification of the Person who is required to be qualified as a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in such a manner which creates a reasonable belief that the association is of such a nature as would likely result in a negative perception of the Lottery by a reasonable person. For purposes of this Section 2.2.4, career offender shall be defined as any Person whose behavior is pursued in an occupational manner or context for the purpose of economic gain, utilizing such methods as are deemed criminal violations of the public policy of the State of Illinois. A career offender cartel shall be defined as any group of persons who operate together as career offenders.

(f) The commission by the Person who is required to be qualified of any act or acts which would constitute any offense under subparagraph (b) of this Section 2.2.4, even if such conduct has not been or may not be prosecuted under the criminal laws of the State of Illinois or any other jurisdiction, but excluding the commission of any act or acts if such conduct has been prosecuted under the criminal laws of the State of Illinois or any other jurisdiction and such prosecution has been terminated in a manner other than with a conviction or plea of nolo contendre.

(g) Contumacious defiance by the Person who is required to be qualified of any legislative investigatory body or other official investigatory body of any state or of the United States when such body is engaged in the investigation of crimes relating to lotteries or gaming, official corruption, or organized crime activity.

2.2.5 Financial and Operational Stability of Manager. Manager shall, from time to time upon the reasonable request of the State, establish its financial stability by clear and convincing evidence. The State may consider any relevant evidence of financial and operational stability; provided, however, that Manager shall be considered to be financially and operationally stable if it establishes by clear and convincing evidence that it meets each of the following standards, in each case assuming the timely payment by the State of all undisputed amounts owing pursuant to the PMA:

(a) The ability to assure the financial integrity of its operations by the maintenance of a bankroll or equivalent provisions adequate to pay all expenses when due.

(b) The ability to meet ongoing expenses which are essential to the maintenance of continuous and stable operations.

(c) The ability to pay, as and when due, all local, State of Illinois and Federal taxes and any fees imposed by the State pursuant to the PMA, if any.

(d) The ability to make necessary capital and maintenance expenditures in a timely manner which are required by the PMA, including pursuant to the applicable Annual Business Plan.

(e) The ability to pay, exchange, refinance or extend debts, including long-term and short-term principal and interest and capital lease obligations, which will mature or otherwise come due and payable during the term, or to otherwise manage such debts and any default with respect to such debts.

(f) The financial ability to (1) perform its obligations and responsibilities as set forth in the PMA, and (2) comply with these Operating Standards and State Policies and Rules.

2.2.6 Continuing Assessment of Financial Condition.

(a) Manager shall not consummate any of the following debt transactions if such transaction would be reasonably anticipated to result in Manager's inability to meet the financial stability standards set forth in Section 2.2.5:

1. An agreement which provides for any borrowing for a purpose, other than capital and maintenance expenditures; or

2. A guarantee of the debt of an Affiliate, whether by cosignatory or otherwise; an assumption of the debt of an Affiliate; or an agreement to place any encumbrance on its facilities or equipment to secure the debts of an Affiliate.

(b) Manager shall not transfer cash to, or assume liabilities on behalf of, an Affiliate if such transfer or assumption results in Manager's inability to meet the financial stability standards set forth in Section 2.2.5.

(c) Manager shall file with the State, at the end of each calendar year, the following: (1) an annual forecast by calendar quarters of the operating and financial performances of Manager for the upcoming calendar year, including statement of income and balance sheet, which shall be submitted in the standard format prescribed by the State or such other format Approved by the State and attached hereto as Exhibit 2.2.6; (2) a detailed analysis of compliance with the financial stability requirements stated herein; and (3) such other information as the State may reasonably deem material or necessary to a showing of financial stability. Manager may accomplish the foregoing by filing same in the Annual Business Plan.

2.2.7 Failure to Demonstrate Financial Stability. In the event that Manager fails to demonstrate financial stability, after taking into account all undisputed amounts owing to Manager pursuant to the PMA, the State may take such action as is reasonably necessary to fulfill the purposes of the Existing Lottery Law and to protect the public's interest, including, but not limited to: issuing conditional approvals or determinations; establishing an appropriate cure period; imposing reasonable reporting requirements in excess of those otherwise mandated by these Operating Standards; requiring the maintenance of reasonable reserves; denying qualification; or taking any and all such other action as permitted by law or at equity. Any additional requirements or limitations imposed on Manager shall terminate on the date Manager demonstrates its financial stability to the State's reasonable satisfaction.

2.3 EMPLOYMENT REQUIREMENTS

2.3.1 Employee, Organizational Internal Control Submissions. Manager shall submit to the State for its Approval a description of its Internal Controls concerning employee or organizational qualification requirements, and the ways and means in which Manager intends to comply with the qualification provisions of these Operating Standards. Unless otherwise directed by the State, an initial submission shall be made at least ten (10) Business Days prior to the Base Services Commencement Date. Each such submission shall be prepared and maintained in a format acceptable to the State; shall contain narrative and, where appropriate, diagrammatic representations of the Internal Control system to be utilized by Manager; and shall address, without limitation, the following requirements: (a) procedures for assuring that only properly qualified persons are employed in each position for which qualification is required; (b) procedures for assuring that no Person whose qualification has been denied or revoked or whose qualification has been suspended is employed in any position which requires such qualification; and(c) procedures for assuring that no qualified employee or organization who has committed a disqualifying offense is employed. If the State finds any material insufficiencies, it shall specify same in writing to Manager, who shall promptly make appropriate alterations. Manager shall maintain on its premises a complete, updated copy of its employee and organizational Internal Control submissions, which shall be made available for review upon request of the State. Unless otherwise directed by the State, an amendment to a previously Approved employee and organizational Internal Control submission may be implemented by Manager without the prior Approval of the State, provided that the amendments are immediately recorded in the copy of the employee and organizational Internal Control submission maintained by Manager on its premises and notice is provided to the State within five (5) Business Days.

2.3.2 Termination, Suspension, or Refusal of Relationship. Except as otherwise Approved by the State, Manager shall terminate or suspend the employment or relationship of any Person or organization whose qualification has been denied, revoked or suspended within twenty-four (24) hours of receipt of notice of disqualification from the State; and Manager shall not employ any Person whose qualification has been denied, revoked or suspended. Manager shall not employ any Person if such Person has been convicted of a disqualifying offense pursuant to Section 2.2.4 above.

2.3.3 Employee Reporting and Recordkeeping. Manager shall maintain a complete, accurate and current record of each employee of Manager, including, without limitation, the following information:

(a) For each current employee: (1) social security number, if such information has been voluntarily provided in accordance with section 7 of the Privacy Act, 5 U.S.C. 522a; (2) last name, first name and middle initial; (3) date of birth; (4) address, including zip code; (5) position; (6) initial date of hire; (7) the effective date of any change in the employee's position or job title; and (8) the access code, if any, assigned to the employee, which code designates the restricted areas that the employee is permitted to enter and remain in for the purposes of performing his or her normal duties.

(b) For each individual whose employment has been terminated: (1) the information in (a) (1)–(8) above; and (2) the effective date of termination.

(c) A record of any and all designations used by Manager to describe categories of its employees, for example, "full time," "part time," or "seasonal," the number of employees in each such category and the total number of all employees in all categories, and the date on which the information provided in the report was compiled.

2.4 REQUIREMENTS FOR DOING BUSINESS WITH SUBCONTRACTORS, THIRD-PARTIES

2.4.1 Requirements for Doing Business, Subcontractor Record, Prohibited Subcontractors Record; Prohibited Subcontractor Payment.

(a) Manager shall not enter into any Subcontract where the Subcontractor: (1) has been found disqualified by the State; (2) has been prohibited from doing business within the State of Illinois for any reason; or (3) has been determined by the State, at its reasonable discretion, would be reasonably likely to have a material and adverse effect on the interests of the Lottery. In addition, unless Approved, Manager shall not pay any Subcontractor that is an Affiliate of Manager from the Operating Allowance.

2.4.2 Maintaining Agreements; Filing of Agreements.

(a) Manager shall be required to maintain executed copies of all written agreements, and records with respect to any unwritten agreements, between Manager and each Subcontractor, which provide, at a minimum, the terms thereof, the parties thereto and a description of the goods or services provided.

(b) Manager shall submit a copy of any written agreement, or a precise written description of any unwritten agreement for which records are maintained, pursuant to (a) above upon written request from the State.

(c) Any written description submitted pursuant to this Section 2.4.2 shall provide, at a minimum, the following: (1) the nature of the goods or services to be provided to Manager; (2) the full name and business address of the other party to the agreement; (3) the duration of the agreement or, if provided in the agreement, the specific date or dates of performance; and (4) the financial terms of the agreement.

2.4.3 Internal Controls Submission. Manager must submit a description of its Internal Controls concerning compliance with the requirements of this Section 2.4.

2.5 MAJOR PROCUREMENTS

2.5.1 Authority, Applicability. Manager shall comply with the standards prescribed by this Section 2.5 when conducting Major Procurements. The following standards are designed to enable Manager to administer its operations in a manner providing the greatest long-term benefit to the State of Illinois, the best services and products for the public, and with the integrity and responsibility the State expects of its private manager.

2.5.2 Principles of Competition. In connection with any Major Procurement, Manager shall, at all times:

(a) Use full and open competition to the maximum extent practicable;

(b) Restrict competition only when necessary to satisfy a reasonable public requirement;

(c) Provide clear, adequate, and sufficiently definite information about Manager's needs to allow offerors to enter the Major Procurement on an equal basis;

(d) Use reasonable methods to publicize requirements and timely provide solicitation documents (including amendments, clarifications and changes in requirements);

(e) State the bases to be used for evaluating bids and proposals and for making awards in solicitation documents;

(f) Evaluate bids and proposals and make awards based solely on the criteria in Manager's solicitation and State's Policies and Rules;

(g) Grant maximum public access to procurement information consistent with the protection of trade secrets, proprietary or confidential source selection information, and personal privacy rights;

(h) Direct all parties involved in Major Procurements to participate fairly, honestly, and in good faith;

(i) Recognize that adherence to the principles of competition is essential to maintenance of the integrity of Major Procurements; and

(j) Encourage participation by businesses that are a "minority-owned business," a "women-owned business" or a "business owned by a Person with a disability" in accordance with the provisions of Section 6.2 below and Section 7.6 of the PMA.

2.5.3 Contracts in Writing, Communications.

(a) Manager shall not enter into, or execute, a Major Procurement or Major Procurement Contract unless previously Approved by the State in accordance with these Operating Standards and the State Policies and Rules.

(b) Major Procurement Contracts must be in writing and memorialize the complete and total agreement between the parties. No terms shall be left to an unwritten understanding. Additionally, Major Procurement Contracts shall include the provisions set forth in Section 7.5 of the PMA and the following provisions:

1. "The vendor hereby covenants and agrees that no person shall be (i) excluded from participation in, or be denied benefits of, this contract where such participation or benefits are obligated by this contract or applicable laws, or (ii) excluded from employment, denied any of the benefits of employment or otherwise be subjected to discrimination on the grounds of handicap or disability, age, race, color, religion, sex, national origin or ancestry, or any other classification protected by applicable law. The vendor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination."

2. "The vendor shall maintain documentation for all fees or charges incurred by Manager under this contract or any modifications or amendments thereto. The books, documents, papers, accounting records and other evidence pertaining to products and/or services to be provided or performed or money received under this contract shall be (i) maintained for a period of five (5) full years from the date of the final payment and (ii) subject to audit or inspection at any reasonable time and upon reasonable notice by the Illinois Lottery or its duly appointed representatives. The vendor shall make such materials available at its offices, and copies thereof shall be furnished to the Illinois Lottery or its duly appointed representative by the vendor, at no cost to the Illinois Lottery or its duly appointed representative, if so requested. Such records shall be maintained in accordance with GAAP and any other applicable procedures established by the Illinois Lottery from time to time."

(c) Any amendments, supplements, or modifications to Major Procurement Contracts must be in writing and memorialize the complete and total agreement between the parties, as amended, supplemented, or modified. No terms shall be left to an unwritten understanding. Manager may enter into a such an amendment, supplement, or modification provided that Manager determines any one or all of the following exist: (1) the contract amendment is within the original scope of work and within the intent and purpose of the applicable Major Procurement Contract, (2) the contract amendment is a logical extension to the original scope of work of the applicable Major Procurement Contract, or (3) if entered into as a stand-alone contract, such contract would not constitute a Major Procurement Contract.

(d) Manager may suspend, revoke, or refuse to renew any Major Procurement Contract with advance notice to the State in accordance with the applicable notification provisions set forth in **Schedule 5.1** (Governance Protocols) to the PMA.

(e) Manager Key Personnel or Manager Personnel designated by Manager Key Personnel shall conduct all negotiations and other communications attendant to Major Procurements; provided, however, that any communication or negotiation which may take place regarding any procurement or contract shall be conducted in a manner so as not to disclose any information that would give one or more vendors an unfair advantage or unfairly enable one or more vendors to improve their bids, offers, quotes or proposals as a result. No communication outside the procurement process initiated by any bidding vendor, or any of their attorneys, representatives or others promoting their position, other than any normal personal or business activities not associated with the procurement, will be allowed with Manager Key Personnel or Manager Personnel negotiating such Major Procurement. Any attempt to influence Manager Key Personnel or Manager Personnel negotiating such Major Procurement with respect to a procurement, whether such attempt is oral or written, formal or informal, is strictly prohibited and must result in disqualification. Manager shall only enter into a Major Procurement Contract with the vendor whose bid, offer, quote or proposal provides the Lottery with the best reasonably anticipated overall value, the greatest long-term benefit to the State of Illinois, the greatest integrity for Manager and the Lottery and the best services and products for the public, all as determined in Manager's reasonable judgement. In the event that negotiations with the highest-rated vendor fail to result in a contract, or if for any other reason a contract with such vendor is not executed, Manager may enter into a Major Procurement Contract with the second highest-rated vendor and so forth until a contract is successfully executed.

(f) Manager shall retain records of the following: Major Procurements; Major Procurement Contracts; negotiations upon which a Major Procurement Contract is based; documentation of required approvals; and documentation that each Major Procurement Contract is awarded to a responsible bidder that provides the Lottery with the reasonably anticipated best overall value, greatest long-term benefit to the State of Illinois, greatest integrity for Manager and the Lottery and best services and products for the public, all as determined in Manager's reasonable judgment.

2.5.4 General Provisions, Procedure.

(a) Except as provided at subsections (a)(1)–(3) below, Major Procurement Contracts shall be competitively bid in accordance with the provisions of subsection 2.5.4 and 2.5.5:

1. In the case of a single vendor having exclusive rights to offer a particular service or product, in which case a written justification must be submitted to the State before entering into such a contract;

2. Emergency Purchases; or

3. Manager's purchase of products and services from the State or any agency, instrumentality, quasi-public instrumentality, body political and corporate, or other political subdivision of the State of Illinois, or pursuant to any contract or purchasing arrangement with the foregoing.

(b) For Major Procurements, Manager shall be committed to a competitive procurement process that maintains the highest level of integrity. Additionally, Manager shall comply with the following:

1. All bids, offers, quotes or proposals, and the Major Procurement Contracts resulting therefrom, shall be subject to the requirements of the PMA and these Operating Standards, regardless of whether or not specifically addressed by Manager's solicitation or proposal. Manager shall reject and may request a vendor to resubmit any bid, offer, quote or proposal which does not conform to the requirements of the PMA and these Operating Standards.

2. All documentation originated and prepared for Manager in connection with Major Procurements shall belong to Manager and, subject to redaction of confidential, proprietary and other commercially sensitive material in accordance with the PMA and the State Policies and Rules, must be available to the public in accordance with State Policies and Rules.

3. Manager shall not, under any circumstance, be responsible for any expenses incurred by a vendor in preparing and submitting a proposal.

4. All materials not expressly marked "proprietary and confidential" and submitted to Manager by vendors shall, upon submission, become the property of the Lottery and may be used by Manager to facilitate the Major Procurement.

5. From the time a solicitation is issued until either (i) six (6) months after the award of a contract or (ii) the rejection of all bids, offers, quotes or proposals received by Manager, vendors are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to Manager Personnel.

6. Manager may make changes to any solicitation by issuance of a written addendum or amendment. Manager may issue any such addendum or amendment at any time prior to entering into a Major Procurement Contract. Manager shall establish a link on its website and the Lottery website, entitled "Major Procurement Opportunities," where any addendum or amendment shall be posted, and notice of the same shall be communicated to all vendors who requested and were sent a copy of the applicable solicitation or who have submitted a bid, offer, quote or proposal in respect of such solicitation.

7. Manager shall obtain information from any lawful source as permitted by State Policies and Rules regarding the past business history, practices and abilities of vendors, their officers, directors, employees, owners, team members, partners and/or subcontractors. Such information may be taken into consideration in evaluation of the proposals.

8. The failure to designate any materials as "proprietary and confidential" at the time of delivery of such information shall not prohibit the vendor from designating such information as "proprietary and confidential" at any time subsequent to delivery, and designating any information as "proprietary and confidential" does not necessarily exempt such information from disclosure under Illinois FOIA.

2.5.5 Procurement Methods, Substantive Requirements. Manager may utilize any of the following methods in connection with a Major Procurement.

(a) Request for Proposal. The provisions of this clause (a) will be applicable solely to Major Procurements by means of a Request for Proposal ("**RFP**"). Manager shall prepare and issue an RFP, and evaluate responding proposals, as follows.

1. The RFP shall set forth provisions, including, but not limited to, the following: (i) a clear description of the scope of products and services, with Manager providing all technical requirements and other essential requirements in sufficient detail to minimize the likelihood of requests by vendors for clarification; (ii) complete directions regarding who, what, when, where, how, and why proposals shall be made; (iii) a schedule of events that specifies all deadline requirements (vendors must be given a reasonable time, as determined

by Manager, to consider the required scope of products and services and the proposal evaluation factors before proposals must be submitted); (iv) requirements and proposal restrictions; (v) a description of the factors that will be used to evaluate the proposals (factors may include, but are not limited to, vendor qualifications, experience, technical approach, minority business participation and cost); and (vi) a declaration of certain contract terms and conditions which shall be required by Manager.

2. Each RFP must be reviewed and approved by Manager prior to publication to ensure that the RFP includes sound business principles, an adequate description of the scope of products and services required, and adherence to the principles of competition prescribed in Section 2.5.2 above.

3. Manager shall publish each RFP to the "Major Procurement Opportunities" section on Manager's website and also on the Lottery's website. Manager shall further solicit interest in each RFP by sending a formal notice of such, or notice that the specific RFP has been released, to a documented list of potential vendors. Manager shall compile the list of potential vendors from those known to Manager Personnel. Manager shall determine the number of vendors to include on the list by considering the nature of the Major Procurement, the anticipated amount of the Major Procurement Contract, and the number of known vendors. Manager will actively solicit bids from such businesses or otherwise make such businesses aware of opportunities to bid for Major Procurement Contracts. A general or standing request for notice of all solicitations of a given type shall not suffice as a request for a specific solicitation.

4. Manager shall communicate, clarify, and negotiate in the best interests of Manager and the Lottery, provided that all communication is conducted in a manner so as not to disclose any information that would give one or more vendors unfair advantage or unfairly enable one or more vendors to improve their proposal.

5. Manager shall have the right to amend an RFP in writing at any time.

6. Manager shall have the right to reject any and all proposals. Any proposal that does not meet the requirements of an RFP may be considered to be non-responsive, and the proposal may be rejected. Any proposal that restricts the rights of Manager or otherwise qualifies the proposal may be considered to be non-responsive, and the proposal may be rejected.

7. Manager shall have the right to cancel an RFP in its entirety and, at its sole discretion, to reissue or not reissue an RFP.

8. Proposals shall be evaluated in accordance with the solicitation and in such a manner as to reasonably assure that all proposals are impartially considered and requirements are adequately met. Proposals shall be evaluated by a committee established by Manager. Prior to reviewing proposals, each proposal evaluation committee member shall review a list of vendors making proposals, determine if a conflict of interest exists with a potential vendor, and sign a statement of whether or not the member has a potential conflict of interest. Said statement shall be retained as procurement file documentation. Proposals shall be evaluated in accordance with the evaluation criteria set forth in the solicitation. The technical proposal, cost, or any other single criterion shall not be the only criterion for a contract award recommendation; rather, evaluations shall be conducted and criteria shall be established to select proposals that are reasonably

anticipated to provide the best overall value, greatest long-term benefit to the State of Illinois, greatest integrity for Manager and the Lottery, and best services and products for the public, all as determined in Manager's reasonable judgement. However, specific factors may be set forth in the applicable solicitation as criteria for determining whether a vendor who submits a bid, offer, quote or proposal in response to that solicitation is a responsible bidder and/or which proposals shall be considered responsive to the RFP.

(b) Invitation to Bid. The provisions of this clause (b) will be applicable solely to Major Procurements by means of an Invitation to Bid ("**ITB**"). Manager shall prepare and issue an ITB, and evaluate responding bids, as follows.

1. Manager shall publish each ITB in the "Major Procurement Opportunities" section of Manager's website and also the Lottery's website. Manager shall further solicit interest in each ITB by sending a formal notice of such ITB, or notice that the specific ITB has been released, to a documented list of qualified vendors. Manager shall compile the list of potential vendors from those known to Manager Personnel. Manager shall determine the number of vendors to include on the list by considering the nature of the Major Procurement, the anticipated amount of the Major Procurement Contract, and the number of known vendors. Manager will actively solicit bids from such businesses or otherwise make such businesses aware of opportunities to bid for Major Procurement Contracts. A general or standing request for notice of all solicitations of a given type shall not suffice as a request for a specific solicitation.

2. Manager may use a multi-step sealed bidding process when it is not practical or possible to prepare initially definitive specifications that permit an award based only on price. A multi-step ITB is a two-phase process consisting of a technical first phase composed of one or more steps in which bidders submit technical offers without pricing to be evaluated by Manager, and a second phase in which those bidders whose technical offers are determined to be acceptable during the first phase have their price bids considered. It is designed to obtain the benefits of competitive sealed bidding by award of a Major Procurement Contract to the lowest responsive, responsible bidder, and at the same time obtain the benefits of the competitive sealed proposals procedure through the solicitation of technical offers and the conduct of discussions to evaluate and determine the acceptability of technical offers.

3. In the ITB, Manager shall provide the bidder with information describing the purpose of the procurement, functional and technical requirements, bidder qualifications and any other information considered relevant to the goods or services being procured. The bidder shall submit a technical offer sufficient in detail so as to clearly demonstrate that the bidder would meet the technical specifications of the procurement. All technical offers must be received by Manager at the designated time and date specified in the ITB. The technical offers shall be evaluated and deemed acceptable or unacceptable by a technical evaluation team of Manager Key Personnel. At the same time each vendor submits a technical offer, vendors will also be required to submit a separate bid price clearly defining the cost of their technical offer in accordance with the solicitation. The price bids shall not be reviewed until after evaluation of the technical bids. Each contract shall be awarded to the lowest responsible and Responsive Bidder whose bid meets the requirements and criteria set forth in the solicitation.

4. A tie-bid, offer, quote or proposal exists when two or more vendors offer products and/or services that meet all qualitative criteria, product specifications, terms and conditions at identical prices, including cash discount offered for prompt payment and such other requirements established in the procurement document. In such case, the tie will be broken by awarding item(s) to the vendor that is a minority-owned business, women-owned business, or a business owned by a Person with a disability (each being of equal significance); and then, if still a tie, at Manager's sole and reasonable discretion.

(c) Provided Manager complies with the principles of competition in Section 2.5.2 above, and the applicable provisions of Sections 2.5.3 and 2.5.4 above, Manager may employ other lawful means of soliciting competitive responses for purposes of Major Procurements. In that event, all such solicitations shall detail, at a minimum, the following:

1. Terms and conditions clearly detailing the requirements for the response to the solicitation (including the schedule for submitting and evaluating responses to solicitations) as well as contract language in the event of award.

2. Where more than one item is specified, whether Manager will have the right to accept proposals either on the basis of each individual item, a group of items or total of all items.

3. Any requirement for a performance bond.

4. Unless the solicitation specifically permits offers of used or reconditioned items, all solicitations shall be deemed to require that all material, supplies and equipment offered and furnished must be new and not reconditioned.

5. Each contract shall be awarded by Manager by prompt written notice to the responsible and responsive vendor pursuant to a solicitation whose bid, offer, quote or proposal represents the reasonably anticipated best value to the Lottery, greatest long-term benefit to the State of Illinois, greatest integrity for Manager and the Lottery, and best services and products for the public, all as determined in Manager's reasonable judgement.

6. Upon Manager's issuance of a notice of intent to award a contract, Manager's procurement files for such procurement will be open for inspection by the State, preferably electronically.

III. ACCOUNTING AND INTERNAL CONTROLS

3.1 ACCOUNTING RECORDS, AUDIT

3.1.1 Maintenance of Accounting Records. Manager shall maintain complete, accurate, and legible records of all transactions pertaining to the revenues, expenses, and costs for all operations of Manager. The gaming system and related systems must allow the generation of reports for periods comprised of the actual business week and month of the Lottery.

3.1.2 Standard Financial and Statistical Reports, Financial and Operational Investigations. Manager shall file reports of financial and statistical data as set forth in the PMA. The State may use such data to evaluate the financial position and operating performance of Manager, and compile information regarding the performance and trends of the Lottery industry in the State of Illinois.

3.1.3 Annual Audit and Other Reports. Manager shall cause its annual financial statements to be audited by Permitted Auditors. The annual financial statements shall be prepared as set forth in the PMA.

3.2 INTERNAL CONTROLS

3.2.1 Manager's System of Internal Controls. Manager shall submit Internal Controls where required by these Operating Standards at least fifteen (15) Business Days before the Base Services Commencement Date, unless otherwise directed by the State. Except for the initial set of Internal Controls, each and every set of Internal Control submissions thereafter shall be accompanied by a certification of its Chief Legal Officer or equivalent stating that the submitted Internal Controls conform to the requirements of the State and these Operating Standards, inclusive of a certification by its Chief Financial Officer or equivalent that the submitted Internal Controls are adequate and effective, establish a consistent overall system of internal controls and the American Institute of Certified Public Accountants (AICPA) attestation standards AT 801, AT 101 for Service Organization Control (SOC) reporting, WLA Security Control Standards, ISO 27001 and Payment Card Industry Data Security Standards (PCI-DSS) and that Manager's financial statements conform to Generally Accepted Accounting Principles (GAAP). The State may review any Internal Control submissions required to be maintained by these Operating Standards at any time, and may reasonably require that Manager modify future Internal Control submissions to include additional procedures in order to conform in all material respects to the requirements of these Operating Standards and the rules of the State.

3.2.2 Security Internal Control Submission. Manager must submit to the State, in accordance with Section 3.2.1 above, and annually thereafter on the first day of each subsequent Contract Year, a well-defined security plan and set of Internal Controls, including, without limitation, administrative and accounting controls, procedures, and records that are concerned with the continuous security and integrity of the Lottery, all technology and communication solutions and systems, Lottery facilities and any delivery or distribution processes or systems (collectively, the "**Security Plan**"). The Security Plan should include security measures that prevent a Physical Security Breach. The Security Plan should also include security measures that protect against any intrusion or attack on Lottery data which results in unauthorized access or disclosure.

(a) At a minimum, the Security Plan must address the following: (1) Lottery Ticket standards and specifications, including, without limitation, embedded security measures, graphic design, ink and paper stock standards, and policies relating to the production, testing, and sale of Lottery Tickets; (2) Lottery Ticket quality standards; (3) Lottery Ticket identification procedures; (4) Lottery Ticket validation methods and processes for the payment of Prizes to holders of winning Lottery Tickets; (5) Lottery Ticket tracking procedures; (6) guidelines regarding concentrations of winning Instant Lottery Tickets, and values of such Tickets, per shipment package; (7) Lottery Ticket shipping procedures; (8) methods for the central recording of production, activation, or validation of Lottery Tickets such that no production, activation, or validation of Lottery Tickets may occur without being recorded; (9) guidelines detailing screening and hiring processes for Manager Key Personnel; (10) guidelines detailing screening and hiring processes for Subcontractors; (11) security system and security personnel requirements for the supply, repair, testing, and maintenance of Lottery equipment; (12) security system and security personnel requirements for all plants or facilities in which Lottery Tickets are produced; (13) security system and security personnel requirements for all non-retailer locations where Lottery Tickets are stored; (14) security system and security personnel requirements for all Lottery Ticket delivery and distribution systems; (15) security system and security personnel requirements for all Lottery websites, databases, software programs, and computer systems, including guidelines to ensure that no unauthorized Person may have access to such websites, databases, software programs, and computer systems, and ensure that any data or other related Lottery information may not be accessed by Persons developing or performing maintenance on Lottery computer systems; (16) security system and security personnel requirements for all Lottery Drawings; (17) security systems and testing requirements for all Lottery ticket machines, including, without limitation, Instant Ticket Dispensing Machines ("**ITDMs**"); (18) access control and intrusion systems, procedures and policies that prevent unauthorized persons from accessing Lottery facilities and that provide a record of all entries and exits from each facility and all other high security/sensitive areas; (19) anti-counterfeiting procedures and measures; (20) operational back-up and information recovery procedures in the event of an unplanned disturbance, occurrence or disaster affecting the Lottery; (21) testing, reporting, internal monitoring and auditing procedures to ensure compliance with the Security Plan; (22) procedures and policies for addressing non-compliance, including procedures to timely report any such non-compliance to the State; (23) procedures and policies for the destruction of Lottery Tickets; and (24) procedures and policies for compliance with the Multi-State Lottery Games.

(b) To the extent that Manager enters into a contract with any Subcontractor for the provision of goods or services in relation to the Lottery which are contemplated by the Security Plan, each and every such Subcontractor must submit to Manager a signed certification of compliance with the Security Plan prior to providing any such services or goods. Within seven (7) days of receipt of such certification, Manager must provide a copy of the certification to the State. In the event that a Subcontractor wishes to seek exemption from any part of the Security Plan, Manager may request an exemption from the State, which the State may grant, at its sole and reasonable discretion.

(c) Manager shall maintain a current version of the Security Plan and shall make the Security Plan available through secure electronic access to the State at all times. Manager shall also maintain a copy of any superseded changes to its Internal Control submission and the two certifications set forth in Section 3.2.1 required for each change for a minimum of five (5) years in a location to be Approved by the State. Each page of the Internal Controls shall indicate, as applicable, the date on which it was submitted to the State and the date on which it was either Approved by the State or implemented by Manager.

3.2.3 Reviews of Security Plan. After the first anniversary of the Base Services Commencement Date, Manager shall engage an industry-certified independent third-party organization to conduct a comprehensive study and evaluation of all aspects of security described in the Security Plan. Manager, and any Lottery Retailers or Subcontractors, must grant such third party access to their premises, records, and personnel to the same extent and co-extensive with that access to which the State is entitled under the terms of the PMA, these Operating Standards, and State Policies and Rules. The State reserves the right to engage its own independent third-party organization to conduct a comprehensive study and evaluation of the Security Plan and Internal Control submissions and the costs of such study and evaluation shall be borne by the State as an Administrative Expense.

3.2.4 Reporting. Manager shall be responsible for developing and providing an incident management process that includes the tracking and immediate reporting of all significant incidents related to the operation of the systems provided by Manager and each of its Subcontractors and the provision of Lottery services. The preliminary reporting shall be delivered personally or by telephone to a State Designee within two (2) hours of the discovery of the incident, followed by a formal report within forty-eight (48) hours after the incident. Written reports and notifications must be sent electronically. At a minimum, each of the following types of events shall require a written report: (1) system takeovers; (2) major communications failures; (3) significant operator errors; (4) out of balance conditions; (5) Emergency Software or hardware changes; (6) security violations or violations of law; (7) other conditions as defined by a memorandum of understanding; (8) any situation which may cause the general public to become alarmed and/or which may damage the integrity or public image of the Lottery; and (9) any failure to meet a Service Level. Manager shall also be responsible for performance and compliance reporting.

3.3 MANAGER AND SIGNIFICANT SUBCONTRACTOR ORGANIZATION

3.3.1 Tables of Organization. Manager shall prepare, keep, and maintain tables of organization for Manager and each Significant Subcontractor. Subject to the obligations of the PMA and these Operating Standards, Manager shall be permitted to tailor its organizational structure to meet the needs or policies of its particular management philosophy. Manager's tables of organization shall provide for the following: (1) a system of personnel and chain of command which permits management and supervisory personnel to be held accountable for actions or omissions within their areas of responsibility; (2) the segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of his or her duties; (3) primary and secondary supervisory positions which permit the authorization or supervision of necessary transactions at all relevant times; and (4) areas of responsibility which are not so extensive as to be impractical for one Person to monitor.

3.3.2 Jobs Compendium. Manager shall prepare and maintain a jobs compendium detailing job descriptions and lines of authority for all Manager Key Personnel, Subcontractors and Manager Personnel. A jobs compendium shall be submitted to the State not later than fifteen (15) days prior to the Base Services Commencement Date. Manager shall maintain on its premises a complete, updated copy of its jobs compendium which shall be made available for review upon the request of the State.

IV. LOTTERY GAMES, RULES, DISTRIBUTION OF TICKETS

4.1 LOTTERY GAMES

4.1.1 Types of Lottery Games. Manager may offer for sale Lottery Tickets to any Department-Approved Game. The content of any Game shall not: be obscene, indecent, political in nature, violent, or otherwise offensive; target minors; or target, with the intent to exploit, specific groups or economic classes of people. Should any Game fail to comply with the terms of these Operating Standards, the PMA, or State Policies and Rules, Manager shall immediately cease offering such Games upon notice by the State, and the State may take any and all such additional action as the State deems necessary or desirable to safeguard and protect Lottery operations.

4.1.2 Game Rules, Promotional Rules. Prior to Manager offering Lottery Tickets for sale or offering a promotion to Players, Manager must establish Game Rules or promotional rules for each said Game or promotion, respectively, in writing. Each Game must be conducted in accordance with written Game Rules for that particular Game and State Policies and Rules; and each promotion made available to Players must be conducted in accordance with the written promotional rules for that particular promotion and State Policies and Rules.

(a) Game Rules must include, at a minimum, the following: definitions; identification of the Game and Game symbols; Lottery Ticket prices and purchase and Prize restrictions; responsibilities of Lottery Retailer; redemption procedures and the manner of selecting and validating each winning Lottery Ticket; the manner in which Prizes are paid; the number and size of Prizes; approximate odds of winning each Prize, such odds of winning to be based on a mathematically defensible formula; manner of conducting and frequency of Drawings and Special Games, if applicable; Prize structure; terms and conditions of holders' responsibility, cancellation, governing law, and dispute mechanisms; the mailing address of Manager or Manager's agent where individuals may send requests for information, comments, and complaints; a toll-free telephone number for customer complaints; a toll-free telephone number for customer requests for information; information regarding obtaining assistance with gambling problems, including a toll-free "800" telephone number providing crisis counseling and referral services to families experiencing difficulty as a result of problem or compulsive gambling; information regarding the Voluntary Self-Exclusion Program; instructions on how holders of Lottery Ticket may ascertain whether they have a Winning Lottery Ticket, including instructions on where such information can be found; instructions on how holders of Winning Lottery Tickets may complete a Prize Claim and the Claim Period for each Game; language stating that persons under eighteen (18) years of age may not purchase Lottery Tickets or claim a Prize; and language substantially equivalent to the following, "If you believe you or someone you know has a gambling problem, crisis counseling and referral services can be accessed by calling 1-800-GAMBLER (1-800-426-2537)."

(b) Promotional rules must include, at a minimum, the following: definitions; identification and dates of the promotion; method of entry; responsibilities of Lottery Retailer or third-party; description of Persons prohibited from participating in the promotion; specific promotional prizes to be awarded; method of awarding and announcing promotional prizes; approximate odds of winning each promotional prize, such odds of winning to be based on a mathematically defensible formula; manner of conducting and frequency of the promotion; promotional prize structure; terms and conditions of the participants' responsibilities, cancellation, governing law, and dispute mechanisms; the mailing address of Manager or Manager's agent where individuals may send requests for information, comments, and complaints; statement regarding the tax treatment of the promotional prize; a toll-free number for customer requests for information; and language substantially equivalent to the following, "If you believe you or someone you know has a gambling problem, crisis counseling and referral services can be accessed by calling 1-800-GAMBLER (1-800-426-2537)."

4.1.3 Public Access. Manager shall make publicly available the Game Rules for each Game and the approximate odds for each Game, written in a readily understandable format and in plain English, which shall be easily understood, and generally provide "how-to-play" information. Manager will also maintain copies of all Game Rules in Manager's principal office. Manager will not charge any fee for providing copies of the Game Rules, in whole or in part, or for providing information necessary for Players to determine whether they have won a Prize.

4.1.4 Prize Payout Ratio. For each Game, the Prize payout ratio must be calculated in accordance with the Game Rules and requirements contained in these Operating Standards.

4.1.5 Restrictions on Game Play. The following persons are ineligible to purchase a Lottery Ticket, play a Game or claim a Prize. Any Prize won by an individual described in this Section 4.1.5 shall be treated as an unclaimed prize in accordance with Section 19 of Existing Lottery Law. Manager shall use its Reasonable Best Efforts to prevent the following persons from purchasing a Lottery Ticket, playing a game or claiming a Prize in accordance with Industry Standards and shall use its Reasonable Best Efforts to prevent any such person from purchasing a Lottery Ticket, playing a Game, or claiming a Prize:

(a) Minors under eighteen (18) years of age;

(b) Any member of the Lottery Board or any officer or other Person employed by the Lottery Board or by the State;

(c) Any other Person prohibited by the Existing Lottery Law or State Policies or Rules;

(d) Any Subcontractor, or manager, director, officer, partner, employee or agent of said Subcontractor, that is directly or indirectly involved in the management or operations of the Lottery;

(e) All Manager Personnel;

(f) Any auditor or other Person directly involved in the oversight of any Drawing;

(g) Any spouse, child, sibling, or parent residing as a member of the same household in the principal place of abode of any Persons identified by subparagraphs (a)–(f) above; or

(h) Any Person who is registered at the time of purchase with the Voluntary Self-Exclusion Database.

4.1.6 Publishing on Tickets and Play Slips. All Lottery Tickets and Play Slips must include the following information: identification of the "Illinois Lottery"; price of the Game; language stating that persons under eighteen (18) years of age may not purchase Lottery Tickets or claim any Prize; cancellation arrangements, where applicable; instructions on how Players may ascertain whether they have a winning Lottery Ticket, including instructions on where such information can be found; instructions on how holders of winning Lottery Tickets may complete a Prize Claim and the Claim Period for each Game; instructions on how Game Rules may be obtained; a statement no more than one sentence in length substantially equivalent to the following, "If you believe you or someone you know has a gambling problem, crisis counseling and referral services can be accessed by calling 1-800-GAMBLER (1-800-426-2537)." In addition, Play Slips for each Game shall approximate odds of winning, such odds of winning to be based on a mathematically defensible formula.

4.1.7 Multi-State Lottery Games. Manager may offer a new Multi-State Lottery Game, subject to the prior Approval of the State. Manager's ability to offer any new Multi-State Lottery Game is contingent upon the State, at its discretion, entering into an agreement with other participating states or with such appropriate authorities of the other states. Manager's ability to offer any Multi-State Lottery Game is contingent upon Manager conducting the Multi-State Lottery Game in strict accordance with the terms of the Game Rules of said Multi-State Lottery Game and State Policies and Rules. Each and every approved Multi-State Lottery Game is subject to the terms and restrictions of the PMA, these Operating Standards, and State Policies and Rules.

4.2 TECHNICAL STANDARDS

4.2.1 Central Gaming System. Manager shall install, operate, and maintain a central gaming system(s) to be accessed through one or more interfaces that provide(s) the following functionality and capabilities.

(a) The installation, operation, and maintenance of the Lottery's central gaming system(s) must at all times be under the direction and supervision of Manager's Key Personnel or, if Approved by the State, a Subcontractor.

(b) Any such Subcontractor responsible for installing, operating, or maintaining the central gaming system(s) of the Lottery, if Approved, shall be subject to the direction, supervision and control of Manager at all times, and Manager shall be jointly and severally responsible for any and all actions or inactions of the Subcontractor responsible for installing, operating, or maintaining the central gaming system(s) of the Lottery. Manager shall not contract, or enter into any legal or business relationship with a Subcontractor installing, operating, or maintaining the central gaming system of the Lottery, unless and until said Subcontractor has been found Qualified and Suitable in accordance with the provisions of Section 2.2 herein.

(c) Manager must provide notice to the State within forty-eight (48) hours upon notice of the threatened (in writing) or actual resignation of any Manager Personnel or Subcontractor responsible for installing, operating, or maintaining the central gaming system(s) of the Lottery or of Manager's termination of any such Manager Personnel or Subcontractor.

(d) The State has, at its sole expense which shall be an Administrative Expense, the right to audit, among other things, Manager with respect to the Subcontractor responsible for installing, operating, or maintaining the central gaming system(s) of the Lottery, including Manager's determination that said Subcontractor has met and remains in compliance with the standards in Section 2.2 herein and possessed and continues to possess the technical capabilities reasonably required of a Subcontractor responsible for installing, operating, or maintaining the central gaming system(s) of the Lottery. Without limiting the generality of the foregoing, the State may also, at any time, at its sole expense which shall be an Administrative Expense, audit a Subcontractor responsible for installing, operating, or maintaining the central gaming system(s) of the Lottery to determine if said Subcontractor possesses the expertise, qualifications and experience to perform in that capacity, as they then exist or as they are reasonably anticipated to exist in the future.

(e) Prior to commencing operations, Manager must, as an element of its transition plan, as Approved by the State, include provisions regarding the selection, installation and maintenance of a central gaming system(s) following the Base Services Commencement Date. In addition to any other requirements imposed by the PMA or these Operating Standards, Manager's transition plan shall include, without limitation, the following:

1. **Management of Technology-Related Operational Risk**. The central gaming system(s) shall be designed, implemented and operated so as to manage the wide range of technology-related operational risks involved. These encompass the risks associated with any incident that may have an adverse impact on any of the required outcomes of the PMA or objectives of the Annual Business Plan. The Lottery recognizes that a degree of risk may be acceptable in order to exploit opportunities that have the potential to increase the return to the State of Illinois; however, said degree of risk must be Approved in advance by the State and said risk, at all times, must be carefully managed and minimized.

2. **Sustainability**. The central gaming system(s) must be based upon industry best practice technologies which are sustainable in a cost effective manner over the Term. The Initial Annual Business Plan must specify an appropriate technology maintenance strategy and ensure that all elements of the central gaming system are fully supported and are maintainable throughout the Term.

3. **Flexibility**. The central gaming system(s) must be designed, implemented and operated so that it: (i) is responsive to changing requirements, including changes to the legislative, regulatory, political, cultural, technological and market environment; and (ii) allows for change in usage, functionality, accessibility or technology to be implemented within appropriate timescales and at minimal operational risk, so as to maximize returns to the State of Illinois.

4. **Openness**. The central gaming system(s) must be developed, operated and maintained in accordance with accepted principles of open system design and international consensus-based standards. A lack of openness in the central gaming system(s) must not place unnecessary constraint upon Players, Lottery

Retailers, Manager, Lottery Personnel, its Subcontractors or a future private manager, which may adversely impact the goals of the Lottery.

5. **Resilience and Availability**. The central gaming system(s) must be designed, implemented and operated to ensure high levels of service availability, as is required to meet the expectations of users, service levels agreed with retailers and other partners, deliver the objectives of the Annual Business Plan and maximize overall returns to the State of Illinois. The central gaming system(s) must exhibit appropriate levels of reliability, resilience and recoverability, meaning: (i) failures of systems or components should be extremely rare; (ii) when failures do occur, key services should continue to function correctly (possibly to a reduced level of function or performance); and (iii) failures should be repaired and normal services resumed within a reasonable timeframe. The central gaming system must be capable of delivering high levels of reliability, resilience and recoverability and availability throughout the Term, as might be expected of a modern Lottery operation.

6. **Capacity and Performance**. The central gaming system(s) must have sufficient capacity to ensure adequate system performance at all times, as required to meet the reasonable expectations of users, meet service levels agreed with the Lottery, Retailers and other Subcontractors, deliver the objectives of the Annual Business Plan, and maximize overall return to the State of Illinois. The Subcontractor installing, operating, or maintaining the central gaming system(s) of the Lottery must be sufficiently scalable to seamlessly process situations where: (i) the volume of transactions and/or user activity is much greater than anticipated, e.g., where a game newly launched is significantly more popular than predicted; (ii) there is a surge in transactions and/or user activity, e.g., in the case of the afternoon immediately preceding a large rollover draw; and (iii) there is a gradual but significant growth in transactions and/or user activity over a number of months or years. The central gaming system(s) must be capable of delivering high levels of performance and scalability, throughout the Term, as might be expected of a modern Lottery operation.

7. **Integrity**. The central gaming system(s) must be designed, implemented and operated to safeguard the integrity of Lottery operations. No Game may be played using software or other technology that is materially defective or unable to ensure the integrity of Lottery operations. Manager must take all reasonable steps to identify incidents where integrity has been compromised (integrity failures) as soon as possible after their occurrence and to minimize the impact of those incidents.

8. **Security**. Security of Lottery operations is paramount and must be as protective as commercially feasible and include, at a minimum, levels of redundancy and procedures to notify the State immediately in the event security is threatened or compromised. The security measures implemented by the Initial Annual Business Plan must be based on risk mitigation objectives, complete with a risk analysis.

4.2.2 Retail Service Center, Customer Service Center. Manager shall, either itself of through a Subcontractor, provide a retail call center and a customer call center that meets the requirements as specified in these Operating Standards and provides, at a minimum, the following functionality for Players, Lottery Retailers, and the public:

(a) Inbound calls. Inbound calls to be received with the purpose of providing services such as, but not limited to, answering questions regarding Games, Prizes, eligibility, locations of Lottery Retailers and

other matters of Lottery operations, recording complaints, and handling such other Player or public inquiries as may occur.

(b) Issue resolution. Call center employees will provide information as necessary to help resolve all Player or public issues, and if they are unable to provide a resolution, Manager will provide a process for escalation of the issue, as appropriate.

(c) Systems. Computer and telephone systems will be utilized as reasonably necessary to provide appropriate staffing levels, responsiveness, and customer satisfaction.

(d) Reporting. Manager will record weekly and monthly reports of telephone statistics setting forth the total number of calls and average time per call, which shall be provided to the State in mutually agreeable format and schedule.

(e) Training. Call center employees will be trained with regard to policy changes and updates.

(f) Monitoring. Call center employees will be monitored on a monthly basis for quality and training needs. Manager shall review a sampling of call recordings to ensure adherence to standards and messaging.

(g) Electronic inquiries. Manager will provide a system for responding to electronic inquiries, such as through e-mail or the Internet.

(h) Retail call center operating hours. The retail call center will operate Monday through Friday during the hours from 7:00 a.m. to 4:30 p.m. (local Chicago time).

(i) Player call center operating hours. The player call center will operate daily, twenty-four (24) hours per day.

(j) Retail Fraud, Player Fraud. Manager shall adopt a procedure and plan to administer, escalate, and report any and all allegations of criminal, unethical, or other wrongful conduct allegedly committed by a Lottery Retailer or a Player. Said procedure and plan must prescribe for the immediate escalation and reporting of any alleged instances of criminal or other unethical or wrongful conduct to the State.

4.2.3 Instant Lottery Tickets. Manager shall provide an instant ticket printing and distribution system that meets the requirements as specified in these Operating Standards and provides, at a minimum, the following functionality:

(a) ITDMs, or Similar Equipment. Manager will maintain a network of ITDMs, or similar equipment, with stock and sales and other customary report-gathering capabilities. ITDMs will be established on an "as needed" basis as retailer locations are established in the reasonable judgment of Manager. Said machines must be in compliance with State Policies and Rules and are required to be either within sight of a Lottery Retailer or equipped with correctly functioning age-verification technology.

(b) Warehousing and Distribution. Manager will be responsible for the warehousing and distribution of all Instant Lottery Tickets and Games.

(c) Security and Quality Control. All Lottery Tickets, including Instant Lottery Tickets, must meet or exceed all Lottery industry standard security tests. Manager shall establish and maintain a physical plant, ticket, and distribution security program which ensures compliance with such tests. Manager shall maintain sufficient processes to ensure that tickets are not defective or nonconforming. Manager shall maintain sufficient processes to prevent the creation, manufacture, distribution or publication of counterfeit Lottery Tickets.

(d) **Instant Lottery Ticket Systems.** Said instant ticket printing and distribution system must process all Instant Lottery Ticket transactions through Lottery Retailer terminals and provide at least the functionality described herein.

(e) **Game Volumes**. Said instant ticket printing and distribution system must accommodate Game volumes up to or exceeding industry standards.

(f) **Prize Payouts**. Said instant ticket printing and distribution system must support Prize structures up to or exceeding industry standards.

(g) **Flexibility in Instant Products**. Said instant ticket printing and distribution system must accommodate new Instant Lottery Ticket products of size and shape variations that then exist within the industry and are within a reasonably anticipated industry standard and that may be of different sizes and shapes, bar code qualities, pack quantities, Prize structures and price points, from those described as current products and those that are required to meet or exceed industry standards.

(h) **Instant Lottery Ticket Accounting**. Said instant ticket printing and distribution system must provide Game account record keeping for every Instant Lottery Ticket game, including Instant Lottery Tickets acquired, stolen, missing, returned, damaged, misprinted or canceled, as well as ending inventory value.

(i) **Instant Lottery Ticket Inquiries**. Said instant ticket printing and distribution system must provide a wide variety of Instant Lottery Ticket inquiries, including shipped and pending orders, Instant Lottery Ticket pack lookup, Lottery Retailer inventory, Game definition, terminal and Instant Lottery Ticket research, sales activity, returned inventory, settled inventory, ended Games, full and partial pack returns, issued packs and sales representatives' inventory.

(j) **Instant Ticket Order Fulfillment: Telemarketing System**. Said instant ticket printing and distribution system must provide an application that supports: (i) telemarketing and Lottery Retailer account service functions, (ii) predictive ordering models, and (iii) other similar services which meet or exceed industry standards.

(k) **Instant Lottery Ticket Inventory, Order, Packing, and Distribution**. Manager shall provide an application to support warehousing, physical inventory control, packaging, distribution, returns, and destruction of Instant Lottery Tickets as well as the management and removal of defective packs. Said instant ticket printing and distribution system must provide a solution with a broad range of features which meet or exceed industry standards.

4.2.4 Business Continuity Plan and Disaster Recovery. Prior to replacing the Supply Agreements, Manager shall submit to the State for Approval a business continuity and disaster recovery plan, which, once Approved by the State, shall be attached hereto as Appendix C. Said plan must address the strategic framework for the mitigation of risks that might cause any one of the following events: (a) business process failure; (b) asset loss; (c) liability under any State Policies and Rules; (d) customer service failure; or (e) damages to reputation or brand. Said plan must also include provisions regarding planning for disaster recovery, business interruption and resumption, business and data recovery, and contingencies.

4.3 INTERNET SERVICES

4.3.1 Internet Service. All Equipment, Software, or any other mechanical or electrical device used in connection with the sale of Lottery Tickets via the Internet shall comply with the requirements of the Existing Lottery Law and State Policies and Rules. All Lottery Tickets sold via the Internet shall be restricted to transactions initiated and received or otherwise made exclusively within the State of Illinois. Manager shall provide and maintain age and location verification requirements reasonably designed to block access to minors and persons located out of the State of Illinois, and Manager shall also provide and maintain appropriate data security standards to prevent the unauthorized access by any Person whose age and current location has not been verified in accordance with the requirements of the State. Manager may neither launch nor offer for sale any Lottery Ticket via the Internet without

the express Approval of the State. Manager shall establish Internal Controls to ensure compliance with the provisions of this Section 4.3.1 and State Policies and Rules.

4.3.2 Subscription Service. Notwithstanding anything contained herein to the contrary, Manager shall also assist with the administration of an Internet portal, subject to all State Policies and Rules, that may allow an individual of eighteen (18) years of age or older, and having an Illinois mailing address, to apply online for, and purchase through an Internet portal, Lottery Tickets via a subscription service.

4.4 LOYALTY PROGRAM

At all times that Manager determines to maintain, in its reasonable discretion, a Loyalty Program, Manager shall, as part of its Annual Business Plan, prepare and maintain Internal Controls for the authorization and issuance of a Loyalty Program for Players, complete with complementary services and items, including non-cash gifts where Approved by the State. Such Internal Controls shall include, without limitation, the procedures by which Manager intends to attract and retain new customers and the manner by which Manager may delegate to Manager Personnel or Subcontractors the authority to approve the issuance of complementary services and items, including the procedures by which conditions or limits, if any, which may apply to such authority are established and modified. These Internal Controls shall also include data-security provisions, procedures by which Players may choose to decline any and all marketing or advertisement materials, and limits based on relationships between the authorizer and recipient, and shall further include provisions that allow for effective auditing.

V. RESPONSIBLE GAMING, CONSUMER PROTECTION

5.1 RESPONSIBLE GAMING

5.1.1 Responsible Gaming Initiatives. Manager shall establish Internal Controls to ensure that advertising content and marketing practices do not target disadvantaged economic classes of people, are accurate, and do not, irrespective of falsity (directly or by ambiguity, omission, or inference, or by the addition of irrelevant, scientific or technical matter), tend to create a misleading impression. Manager shall establish a process, which must be Approved by the State, for the review and Approval of all advertising and proposed marketing concepts and campaigns to ensure that said concepts and campaigns do not: target or exploit specific groups or economic classes of people; provide inaccurate or misleading information; and violate any of the requirements of these Operating Standards, the PMA, State Policies and Rules, and the Lottery's Marketing and Advertising Policy. If the State finds that such advertising or marketing concepts or campaigns conflict with the best interests of the State of Illinois, or conflicts with these Operating Standards, the PMA, or State Policies and Rules, Manager shall immediately cease any and all such advertising or marketing concepts or campaigns upon notice by the State.

5.1.2 Marketing Restrictions.

(a) Manager shall not publish or disseminate, or cause to be published or disseminated, by radio or television broadcast, or in any newspaper, periodical, mailing, Lottery Ticket, Lottery Game piece, point-of-sale signage, or any other publication, or through any Internet page or email, or by any sign or outdoor advertisement, or through any other medium any advertisement of the Lottery, unless such advertisement complies with the requirements set forth in this Section 5.1. Manager shall ensure that all agreements between Manager and any Subcontractor require such Subcontractor to comply with the marketing restrictions contained in this Section 5.1.

(b) All advertisements and marketing collateral shall, to the extent reasonably practicable, contain information regarding access to the State's Voluntary Self-Exclusion Program. All marketing collateral that advertises a specific Lottery Game or series of Lottery Games shall clearly describe where approximate odds of each specific Lottery Game may be obtained. The mandatory information described in this paragraph shall be stated clearly as part of the marketing collateral and shall not be separated in any manner from the remainder of the marketing collateral. Such mandatory information shall be stated in such a manner that it will be readily apparent to the Persons reviewing the marketing collateral.

(c) Advertising or marketing that attempts to convey a message to a Person subliminally and without such Person's conscious awareness by means of images or sounds of a very brief nature that are intended to not be perceived at a normal level of awareness is prohibited.

(d) The use of any advertising that is addressed to or intended to encourage minors to participate in the Lottery is prohibited.

(e) All advertising and marketing shall not be obscene or indecent, political in nature, violent or otherwise offensive and must not be against the image of the Lottery.

(f) Manager shall receive Approval from the State prior to the use of unsolicited telephone calls, text messages, emails, facsimiles and other electronic communications regarding the Lottery and directed to Persons who have not affirmatively subscribed to receive such communications.

(g) All advertising and marketing collateral shall clearly identify the Lottery as the Illinois Lottery, in accordance with Section 8 of the PMA. All advertising shall be designed so as to prevent confusion between the Lottery and any other lottery.

5.1.3 Marketing Code of Conduct. Manager shall adopt a code of marketing and advertising conduct which governs the marketing, advertising, public relations and promotions of the Lottery. Manager shall submit said marketing code of conduct to the State at least fifteen (15) Business Days prior to the Base Services Commencement Date and, thereafter, annually on the anniversary of the Agreement Effective Date. Said code shall prescribe the methods by which Manager shall not: target or exploit disadvantaged economic groups of classes of people; provide inaccurate or misleading information; or violate any of the requirements of these Operating Standards, the PMA, or State Policies and Rules. In addition to the foregoing, said code of conduct shall specifically address, in addition to other matters, the following:

(a) The format and content of advertisements, including medium(s) and location(s);

(b) The format and content of Lottery Tickets, publications and other materials associated with the Lottery;

(c) Methods of avoiding targeting those under the age of eighteen (18) and other unsuitable target markets and audiences;

(d) The presentation of information which describes or appears to describe the chances of winning, the nature of Prizes or the cost of playing;

(e) Promotions, co-promotions and sponsorships entered into between Manager and any third party;

(f) Activities ancillary to the Lottery, including merchandise;

(g) The form and content of advertisements on Lottery Tickets or at any other place associated with the Lottery;

(h) Public relations; and

(i) The form and conduct of all sales promotions.

5.2 CONSUMER PROTECTION

5.2.1 Prohibited Practices. To ensure the protection of the public, Manager and any Lottery Retailer, Subcontractor, and any of their Affiliates, are prohibited from engaging in any activity that is contrary to the Existing Lottery Law, State Policies and Rules, the PMA or these Operating Standards.

5.2.2 Lottery Game and Contact Information. To serve the public and provide individuals with the information necessary to participate in the Lottery, Manager shall make the following information available in the following manner:

(a) Manager shall maintain copies of all Game Rules in accordance with Section 4.1.2 herein.

(b) Manager shall ensure that all Lottery Tickets printed by it, or by any Subcontractor, comply with the requirements of these Operating Standards, the PMA, and State Policies and Rules.

(c) Manager shall provide a website for the Lottery and make said website available to the public, in a reasonably accessible and user-friendly format, that, at a minimum, includes the following: copies of the Game Rules available or "how-to-play" instructions for download in PDF format; the price of a Lottery Ticket for each Lottery Game currently available for purchase; the mailing address of Manager or Manager's designated agent where individuals may send requests for information, comments, and complaints; a toll-free telephone number for public requests for information; instructions on how Ticket holders may ascertain whether they have a winning Lottery Ticket, including instructions on where such information can be found; instructions on how holders of winning Lottery Tickets may complete a Prize Claim and the Claim Period for each Lottery Game; the approximate odds of winning for each Lottery Game, such odds of winning to be based on a mathematically defensible formula; language stating that persons under eighteen (18) years of age may neither purchase Lottery Tickets nor claim a Prize; links to the text of the Existing Lottery Law; a toll-free "800" telephone number providing crisis counseling and referral services to families experiencing difficulty as a result of problem or compulsive gambling; information regarding the Voluntary Self-Exclusion Program; and a toll-free telephone number to report sales to persons under eighteen (18) years of age.

5.2.3 Unauthorized Publication. Manager, and its Subcontractors, shall not publish or release any Personal Information of any Player for any purpose other than the administration of Prize Claims, unless express written consent is received from such Player.

5.2.4 Service Log and Database. Manager shall maintain a service log and database containing, at minimum, entries with the following information: a list of complaints received by individuals by phone, in person, by mail, or by electronic mail containing in each instance, if known, the name of the individual, the address of the individual, the telephone number of the individual, the date the complaint was received, the subject matter of the complaint, the date and location of the underlying incident giving rise to the complaint, the resolution of the complaint, any corrective action that was taken, and any follow-up that was done with the individual. Manager shall keep the service log and database up to date on a daily basis and such log and database will be made available to the State in an electronic format.

5.2.5 Consumer Protection Internal Controls. Manager shall establish Internal Controls that facilitate the creation of a uniform and efficient system that documents public concerns and inquiries, ensures an adequate response when warranted, and provides a recoverable record of the steps taken toward achieving such goals. Such Internal Controls shall also include guidelines for preventing compulsive or problem gambling associated with the Lottery, for preventing the sale of Lottery Tickets or the awarding of Prizes to Persons under eighteen (18) years of age, and providing reasonable accommodations to individuals with disabilities in accordance with State Policies and Rules.

5.2.6 Toll Free Number. Manager shall maintain toll free numbers and record all telephone calls to the toll-free telephone number(s) for public complaints, public inquiries, and for reporting Lottery Ticket sales to persons under eighteen (18) years of age.

5.2.7 Privacy Policy. Manager shall establish and maintain a privacy policy that shall describe the manner and means by which Manager collects, uses and protects the data and information it obtains regarding Players and Persons. Said policy shall, at a minimum, describe the means by which information from Player and Persons is collected, shared, tracked, and otherwise used in any manner whatsoever. Said policy shall also describe the means by which said information is protected from unlawful or otherwise wrongful disclosure.

5.3 SELF-EXCLUSION

5.3.1 Self-Exclusion List. Manager shall establish Internal Controls for applicable channels to:

(a) refuse and deny Drawings and Lottery Games from, and deny any playing privileges to, any Person known to Manager to be on the Voluntary Self Exclusion Database;

(b) refuse and deny membership to any loyalty program or similar privileges and benefits to any Person identified on the Voluntary Self Exclusion Database; and

(c) ensure that any Person identified on the Voluntary Self Exclusion Database does not receive from Manager, solicitations, targeted mailings, telemarketing promotions, or other promotional materials relating to the Lottery.

5.3.2 Internal Control Submission. Manager shall submit to the State for Approval a copy of its Internal Controls established pursuant to Section 5.3.1 no later than fifteen (15) days prior to the Base Services Commencement Date. Any amendments to said Internal Controls shall be submitted to the State for Approval at least ten (10) days prior to their implementation.

VI. EMPLOYMENT AND CONTRACTING WITH MINORITY-OWNED BUSINESSES, WOMEN-OWNED BUSINESSES, AND BUSINESSES OWNED BY PERSONS WITH DISABILITIES

6.1 GENERAL

Manager shall be proactive in meeting its compliance with Section 7.6 of the PMA. Proactive steps may include among other things:

(a) consulting with individuals that have experience or other expertise in implementing effective programs for encouraging the economic participation of minority-owned businesses, women-owned businesses, or businesses owned by persons with disabilities;

(b) adopting a plan that achieves, to the greatest extent possible, a level of participation by minority-owned businesses, women-owned businesses, and businesses owned by persons with disabilities, taking into account the total number of all Subcontractors; and

(c) monitoring Manager's performance with respect to the foregoing plan.

6.2 MINORITY-OWNED BUSINESSES, WOMEN-OWNED BUSINESSES, AND BUSINESSES OWNED BY PERSONS WITH DISABILITIES

6.2.1 Equal Employment Opportunity and Business Opportunity Plan. Manager shall provide to the State an equal employment and business opportunity plan ("**EEBOP**"), which shall (a) provide a narrative description regarding how Manager will encourage at least twenty percent (20%) of the costs of marketing, advertising and shipping/freight Subcontracts entered into by Manager to be awarded to vendors providing those services, or any other commercially useful function in relation to the provision of Services, to businesses that are a "minority-owned business," a "women-owned business," or a "business owned by a Person with a disability," as those terms are defined in the Business Enterprise for Minorities, Females, and Persons with Disabilities Act, 30 ILCS 575, et seq. and (b) update the EEBOP annually and include such updated EEBOP within Manager's Annual Business Plan. Manager may exclude from the EEBOP those certain Contracts with sales agents or technical advisors.

6.2.2 Plan Elements. The EEBOP, at a minimum, shall include the following provisions:

(a) The designation of a principal member to serve as an equal opportunity officer, who shall be directly responsible for the organization and continuing implementation of Manager's approved EEBOP;

(b) Training programs and other educational activities for Manager Key Personnel and Manager Personnel, with the goal being to encourage minority owned businesses, women-owned businesses, and businesses owned by persons with disabilities to compete for Subcontracts on an equal basis;

(c) The monitoring and review of all aspects of the personnel and contracting procedures and decisions of Manager, including the recommendation, where appropriate, of the suspension of any personnel, procedure, decision or transaction which is not consonant with the approved EEBOP of Manager or with any State Policies and Rules regarding equal employment opportunity;

(d) The preparation of reports, documentation, and statistical information concerning Manager's: (1) work force composition; (2) efforts to assure that equal employment opportunity is being afforded to all persons; (3) good faith efforts to implement its EEBOP; (4) contractor and subcontractor rates of pay and other forms of compensation; (5) training programs and selection procedures; and (6) grievance procedures for, and disposition of, complaints related to equal employment opportunity; and

(e) Reporting to the Governor or his designee Manager's performance pursuant to the EEBOP on at least an annual basis.

6.2.3 On-site Monitoring and Inspections. Notwithstanding any other provision herein to the contrary, the State reserves the right to, and may, enter the facilities of Manager during normal business hours and with reasonable advance written notice for the purposes of determining whether Manager is complying with its obligations under this Section 6.2. In making such a determination, the State shall be entitled to inspect or copy any relevant books or records, subject to the confidentiality obligations set forth in the PMA.

APPENDIX A

DEFINITIONS

"**Claim Period**" means the time period during which a Player may redeem a Prize in the manner prescribed by the Game Rules.

"**Department**" means the Illinois Department of the Lottery and any successor State of Illinois entity that is granted similar powers by the General Assembly of the State of Illinois.

"**Drawing**" means to receive or take at random a number or numbers that may result in making a Player or Players eligible to redeem a Prize in a Lottery Game.

"**EEBOP**" is defined in Section 6.2.1.

"**Emergency Purchase**" shall mean the acquisition of goods or services by Manager during a circumstance or set of circumstances caused by the occurrence of events beyond the control of Manager and which could reasonably be believed to (a) threaten the security, integrity or the financial status of the Lottery, (b) threaten the public health, welfare or safety, or (c) lead to imminent injury or material loss. Emergency Purchases shall be made by obtaining pricing information from at least two prospective vendors unless Manager determines in writing that the time required to obtain pricing information will increase the immediate consequences of the emergency, in which case, the pricing requirement shall be excepted.

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

"**Instant Lottery Ticket**" means Lottery Tickets for Games, the outcome of which is immediately available to the Player upon playing the game, and is not contingent upon a Drawing.

"**Internal Controls**" means a narrative description of Manager's initial or revised system of internal procedures and administrative and accounting controls, which are designed to provide reasonable assurances regarding the achievement of objectives in certain categories, including, without limitation, the following: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with State Policies and Rules.

"**ITB**" is defined in Section 2.5.5(b).

"**ITDMs**" is defined in Section 3.2.2(a).

"**Loyalty Program**" means any program in which Players register with Manager, a Lottery Retailer, or a Subcontractor for purposes of accumulating and receiving awards, complimentaries, or any other things of value for said Player's participation in a Game.

"**Major Procurement**" means the act or process of securing a major procurement contract or the obtaining of the products or services that are subject of a Major Procurement Contract.

"**Major Procurement Contract**" means any Subcontract, where the payments under the contract are funded out of the Operating Allowance, for gaming products or services in excess of Fifty Thousand Dollars ($50,000), including, but not limited to, major advertising contracts, consulting services, equipment, tickets and other products and services unique to the Illinois Lottery, but not including materials, supplies, equipment and services common to the ordinary operations of a corporation.

"**Marketing and Advertising Policy**" means the marketing and advertising policy of the Lottery, as established by the parties in compliance with State Policies and Rules.

"**Multi-State Lottery Games**" means any Game operated by two or more state entities, or their designees, in which revenue, expenses and responsibility for Prize payments are shared among the participating entities on a proportional basis as determined in a written agreement among the entities.

"**Operating Standards**" means this manual, as may be amended from time to time.

"**Permitted Auditors**" is defined in **Schedule 1.2** (Definitions) of the PMA. Additionally, all Permitted Auditors, unless otherwise Approved by the State, shall be an independent certified public accountant licensed to practice in the State of Illinois, which must (a) be a member of the American Institute of Certified Public Accountants; (b) have at least five (5) years of auditing experience, as a firm; (c) have a minimum staff of twenty-five (25) partners, managers, or professional accountants; and (d) submit a certification that the independent auditor meets the suitability requirements, as determined by the State at its sole and reasonable discretion.

"**Physical Security Breach**" is defined in **Schedule 5.4** (Service Levels) of the PMA.

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

"**Play Slip**" means a pre-printed slip having a set of defined fields from which a Player can select a set of numbers as specified for each Drawing.

"**PMA**" means that certain agreement between the State and Camelot Illinois LLC, entered into as of October 13, 2017, as well as the Exhibits, Schedules, Appendices, Addenda and other documents attached to the PMA and the other documents incorporated herein or therein by reference, all as amended from time-to-time.

"**Primary Subcontractor**" means a Subcontractor who provides, with respect to the (i) draw game services, (ii) instant ticket game services or (iii) iLottery/mobile services, all or any of (a) the content component thereof or (b) the customer relationship management services and platform component thereof.

"**Prize**" means any award, financial or otherwise, awarded to a Lottery Ticket holder pursuant to the Game Rules. In determining whether a winning Lottery Ticket may be redeemed for cash by a Lottery Retailer or must be presented to an office of the State or Manager for payment, and whether a prize may be claimed in a group name or must be claimed by an individual group member, "prize" means the verified prize amount, less the dollar amount of the wager, in accordance with federal tax regulations.

"**Prize Claim**" means the presentation of a purported winning Lottery Ticket to a Lottery Retailer, the State, or its agent for the purpose of receiving a Prize. "Prize Claim" shall additionally mean the process of completing a Lottery claim form or other documentation required for receipt of a Prize for a winning Lottery Ticket.

"**proposal**," "**bid**," "**quote**," and "**offer**" shall all denote that which a vendor provides for competitive consideration or comparison under any competitive procurement process.

"**Qualified and Suitable**" is a term used to describe a Person who has complied with the character and fitness requirements of the Lottery and Manager and has passed prescribed background examinations.

"**Records**" means all books, papers, born-digital electronic material, digitized electronic material, electronic material with a combination of digitized and born-digital material, maps, photographs, databases, or other documentary materials, regardless of physical form or characteristics, made, produced, executed or received by Manager, any Subcontractor or any other Manager Personnel in connection with, directly or indirectly, the Services.

"**RFP**" is defined in Section 2.5.5(a).

"**Secure Storage Facility**" means any area, room, furniture, equipment, machinery or other device used by the State or Manager for the storage of Confidential Information, access to which is limited to authorized personnel at all times by locks, alarms, codes, encryption, or other appropriate security precautions.

"**Security Plan**" is defined in Section 3.2.2.

"**Significant Subcontractor**" means those major service component Subcontractors that provide the draw game services, instant ticket game services, and iLottery/mobile services to the Lottery, including Intralot Inc., and Scientific Games International, Inc., and each of their successors and assigns.

"**Special Games**" means certain Lottery Games established by the State of which some or all of the proceeds are dedicated for specific philanthropic purposes, including, but not limited to, military veterans' services, cancer research support, and other philanthropic programs.

"**State**" means the State of Illinois, acting through the Department of the Lottery.

"**State Records Act**" is defined in Section 1.4.1(a).

"**Voluntary Self-Exclusion Database**" means the database of names and other identifying information prepared in accordance with the Voluntary Self-Exclusion Program.

"**Voluntary Self-Exclusion Program**" means the policy and program that allows an individual to ban himself or herself from playing any Lottery Game, receiving a Prize, receiving promotional material or marketing collateral regarding the Lottery, or otherwise participating in Lottery activities, all as Approved and implemented by the State.

APPENDIX B

THE CODE OF ETHICS

This Code of Ethics ("***Code***") promulgated by the Illinois Department of the Lottery ("***Department***") governs the conduct of the Officers and Employees of the Private Manager of the Lottery (the "***Private Manager***") in discharging their duties and responsibilities in connection with the Private Management Agreement (the "***PMA***") executed by the Private Manager in accordance with the provisions of 20 ILCS 1605/9.1. Reference throughout the Code to ("***Employee***") means the Officers and/or employees of the Private Manager, or the subsidiary or associated company in which it acts.

1. **Purpose**. As with any entity working with the State of Illinois (the "***State***"), the Private Manager must conduct itself at all times according to the highest ethical standards. Each Employee must conduct himself/herself according to the same high ethical standards, and is expected to discharge his/her duties with integrity and in such a manner as to promote and preserve public trust and confidence in the Private Manager and the State. Among the other requirements set forth herein, it is essential that each Employee avoid situations where private interest in outside business activities and opportunity for financial or personal gain could influence his/her decision in giving favored treatment to any organization or person. Each Employee must also avoid circumstances and conduct in outside activities that are, or appear to be, questionable to the general public.

2. **Relationship to Other Ethics Requirements**. The Code is not a full statement of the obligations of each Employee arising from his/her relationship with the Private Manager, the State, or the Department. Rather, it is intended to augment other applicable statutory provisions, including, but not limited to, 20 ILCS 1605 et seq. (Illinois Lottery Law), 30 ILCS 500/20-160 et seq. (Business Entities; Certification; Registration With State Board of Elections), and 30 ILCS 500/50 et seq. (Procurement Ethics and Disclosure).

3. **Application**. As required by 20 ILCS 1605/9.1(d)(12), this Code applies to each Employee. It also applies to officers and employees of subsidiary and associated companies, if any, of the Private Manager. Certain prohibitions contained herein affect or extend to family members of the Employee ("***Family Member***"). For the purposes of this Code, a Family Member is defined as an individual who resides in the same household as an Employee.

4. **General Responsibilities**. At all times it is the duty of each Employee to ensure that he/she acts within the law in fulfilling his/her duties as an Officer and/or each Employee of the Private Manager. It is also the responsibility of the Employee to ensure that all of his/her activities, whether covered specifically in this document or otherwise, are governed by the ethical considerations implicit in these procedures. If an Employee has a question or concern as to the applicability of the Code or applicable law to a current or prospective situation, relationship or association, that question or concern should be presented for clarification or guidance to the Ethics Officer for the Department (the "***Ethics Officer***"), or any other person designated for this purpose by the Director of the Department (the "***Director***"). Should an Employee find himself/herself unable or unwilling to comply with the Code as adopted herein or as may be amended, the Employee shall immediately inform the Department, through the Ethics Officer or the Director.

5. **Confidentiality**. In the course of his/her duties, each Employee will have access to confidential information and is required to preserve the confidentiality of such information. It follows that any Employee may not disclose confidential information to any outside person unless authorized and, moreover, may never disclose or use confidential information of the Department or the State for his/her own personal gain, or the personal gain of a Family Member or any other acquaintance, regardless of whether that acquaintance is related to such Employee.

6. **Conflict of Interest**. It is the duty of each Employee to act at all times solely in the interests of the Private Manager, the State, and the Department, to the exclusion of all other considerations. As such, each Employee and Family Member have a duty to avoid relationships that may cause or have the appearance of causing a conflict of interest. A conflict of interest means a situation in which an Employee or Family Member's interest, whether personal, financial or otherwise, influences or creates the appearance that it may influence the Employee's judgment in the performance of his/her duties in a fair and impartial manner.

In addition to the requirements above, the Illinois Procurement Code mandates that a more specific requirement regarding disclosure and/or certification of interests and procedures be followed pursuant to 30 ILCS 500/20-160 et seq. and 30 ILCS 500/50 et seq. Each Employee must comply with all such requirements.

7. **Gambling and Other Restrictions**. Except as may be required in the conduct of official duties, no Lottery Ticket, share thereof, or other gaming offering by the Department, shall be purchased by, and no prize shall be paid to, an Employee and/or Family Member.

8. **Gifts, Benefits and Inducements**. No Employee or Family Member may obtain personal advantage from any person dealing with the Department, the State, and/or the Private Manager, including any person who is, or seeks to be, a subcontractor of the Private Manager. Gifts, benefits and/or inducements include, but are not limited to, any gratuity, service, compensation, travel, lodging or anything of value. In particular, neither an Employee nor a Family Member may accept any gifts, benefits or inducements, from any person or entity relating to the Department, where: (1) the worth of the gift, benefit or inducement is more than nominal in value; or (2) the value of such gift, benefit or inducement creates an appearance that the person giving the gift is attempting to influence the Employee to gain advantage. This Code is not a full statement of prohibitions on receipt of gifts, benefits or inducements but rather is intended to augment the requirements and prohibitions codified in 5 ILCS 430/10 et seq. (Gift Ban), which are incorporated by reference herein and are fully binding on the Employee.

9. **Other Employment**. An Employee must not hold or pursue employment, office, position, business or occupation that may conflict with his/her official duties or creates a time commitment conflict. An Employee, excepting Manager Key Personnel as defined in the PMA, may engage in other employment so long as it does not interfere or conflict with his/her duties. Manager Key Personnel may not hold or pursue any office, position, business or occupation or engage in any other employment unless first disclosed to, and Approved by, the Department.

10. **Compliance with Federal and State Laws**. Each Employee is required to comply with all applicable federal and state laws and regulations, including, but not limited to, the Illinois Lottery Law, Illinois Administrative Code, and the applicable portions of the Illinois Procurement Code.

11. **Statutory and Regulatory Obligations**. Each Employee is required to fulfill all statutory and regulatory obligations imposed on the Private Manager, the Department and/or the State and which are applicable to such Employee.

12. **Prohibited Behavior**. No Employee shall engage in unethical, illegal or criminal activities.

13. **Integrity and Fairness**. Each Employee is required to adhere to the highest standards of personal and professional integrity. In particular, each Employee must:

- Make decisions solely in terms of public interest;
- Not act for personal gain or for the benefit of family and friends;
- Decide issues objectively on their merits;
- Ensure he/she conducts his/her business fairly;

- Conduct himself/herself in a professional manner at all times, including when acting anonymously in an internet forum; and

- Comply with all anti-discrimination laws and regulations.

14. **Cooperation**. Each Employee is required to cooperate with all relevant regulatory and supervisory bodies, including Department investigations.

15. **Reporting of Violations**. Each Employee shall immediately report any known violation of this Code and/or any applicable federal or state law or regulation to the Ethics Officer, or any other person designated for this purpose by the Director.

16. **Circulation of Code**. Each Employee is directed to read and comply with this Code. Upon accepting employment with the Private Manager, each Employee shall sign a statement acknowledging that they have read the Code, understand its terms, and agree to abide by its terms as currently adopted or as may be amended from time to time.

APPENDIX C: BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

To be delivered post Agreement Effective Date pursuant to Section 4.2.4 of the Operating Standards.

SCHEDULE 5.4

SERVICE LEVELS

Capitalized terms used but not defined in this Exhibit 5.4 shall have the meaning ascribed to them in the Agreement.

Service Level	**Service Level Credits**
LOTTERY SYSTEM	
Lottery System Down Manager will ensure that neither the Central Gaming System(s) nor the iLottery System (each, a "**Lottery System**" or, collectively, the "**Lottery Systems**") is Down for more than three (3) minutes during the operational hours for ticket sales or validation on any day. As used herein, a Lottery System shall be considered "Down" if, other than as the result of any user error or failure of any a third party (other than Manager, any Affiliate of Manager or any Subcontractor) system (e.g., retail communications network providers or Data Center WAN links): (i) Lottery Tickets cannot be entered, printed and sold, canceled (pursuant to permitted conditions), or validated from every installed and operational terminal or active iLottery account, during the operational sales period each day or (ii) the Lottery System cannot process requests and/or accept any connections. For the avoidance of doubt, a Lottery System shall not be considered "Down" during the period in which the Lottery System is inoperative for the scheduled end of day processing window that is typically two (2) hours in length and occurs between 1 A.M. and 5 A.M. **Lottery System Degraded Performance** Manager will ensure that a Lottery System is not Degraded for more than ten (10) minutes, as determined on an aggregate basis, during the operational hours for ticket sales or validation on any day. For example, if the Central Gaming System processes transactions from less than ninety-six percent (96%) of the	If a Lottery System is Down or Degraded in violation of an applicable Service Level, the State may assess Service Level Credits. For example, if any Lottery System is Down or Degraded for three (3) minutes in the morning of a day and then five (5) minutes in the afternoon of a day, then the Lottery System will be Down or Degraded for eight (8) minutes for such day for purposes of determining Estimated Lost Net Income. If a Lottery System is Down or Degraded in violation of an applicable Service Level due entirely to an issue within a third party (other than Manager, any Affiliate of Manager or any Subcontractor) retail communications network or Data Center WAN links, then in lieu of payment of any applicable Service Level Credits otherwise payable, Manager shall pay to the State all amounts recovered by Manager from the applicable Subcontractor. If a Lottery System is Down or Degraded in violation of an applicable Service Level due to any reason other than the networks, then Service Level Credits shall equate to Estimated Lost Net Income. The total time during which a Lottery System is Down or Degraded will be calculated as the sum of all time during

installed and operational Lottery Terminals for five (5) minutes of each hour of an eight (8) hour day, then the Lottery System will be degraded for forty (40) minutes during such day. As used herein, a Lottery System shall be considered "Degraded" if, other than as the result of any user error or failure of any third party (other than Manager, any Affiliate of Manager or any Subcontractor) system (e.g., retail communications network providers or Data Center WAN links): <u>For Central Gaming Systems:</u> i. The Central Gaming System processes transactions from less than ninety-six percent (96%) of the installed and operational Lottery Terminals; ii. The Central Gaming System processes transactions from all installed and operational Lottery Terminals, but not for all gaming products and Lottery Retailer-related activities (e.g., the gaming host systems do not allow sales, cashes, or cancellations for on-line games, or do not support activations, disabling, or settlements for instant tickets); iii. Transactions do not log to at least two (2) geographically separated Lottery Systems, and to the Internal Control System; iv. Critical functions of Central Gaming System management and administration cannot be conducted by the management workstations at the normally scheduled day and time (e.g., file transfers to the State); v. Instant ticket inventory management (e.g., the ability to receive, order, pack, and ship instant tickets in a manner concordant with production schedules) is compromised; vi. During a defined promotion period the Central Gaming System cannot issue tickets or conduct transactions to support an intended promotion (per promotion specifications); or vii. Network and/or central lottery system monitoring identifies (a) a drop in sales per minute, as a result of network performance, of more than twenty-five	which the systems are Down or Degraded.

percent (25%) compared to the previous five (5) minute period or in the time period just after a draw close, or (b) a drop of twenty-five (25%) compared to the same time period in the previous trading week. Additionally under test environments Lottery Terminals take in excess of two (2) seconds to process a Lottery Ticket, measured as the 'send to cut' time. <u>For iLottery Systems:</u> If, other than as the result of any user error or failure of any third party (other than Manager, any Affiliate of Manager or any Subcontractor) system (e.g., Internet service providers, geolocation or banking systems): The iLottery System suffers a period in excess of two (2) consecutive minutes where less than ninety-five (95%) of all plays complete within one (1) second or any single play fails to complete within five (5) seconds, except where Manager can demonstrate, using a Lottery industry credible source, such issue is caused by (1) geolocation checks that validate that play is being performed within Illinois and in some cases could exceed five (5) seconds, (2) user/player error or other circumstances attributable to the user/player, or (3) interruptions (whether partial or total) of the internet as measured using internal and external availability monitors; The 95th percentile load time of key revenue driving web pages (for example pages that include registration, adding cards, loading funds, and ticket purchases; note that Manager will ensure that the site is designed and optimized to improve performance in such key areas) exceeds four (4) seconds, as measured by internal and external availability monitors from within the State of Illinois, except where Manager can demonstrate, using a Lottery industry credible source, such issue is caused by (1) user/player error or other circumstances attributable to the user/player or (2) interruptions (whether partial or total) of the internet as measured using internal and external	

availability monitors; The player is unable to register and/or the iLottery System is unable to process registrations for more than two (2) consecutive minutes; or The iLottery System is unable to process a purchase for more than two (2) consecutive minutes, where the issue is not caused by an external factor/dependent system e.g., the Lottery System.	
Unauthorized System Access and Modification Manager shall ensure that Lottery System access is appropriate and as authorized. Personnel who are not authorized shall not access, modify, or otherwise manipulate Lottery System data, hardware or software. The Lottery may assess a Service Level Credit as a result in addition to any other damages that may occur as a result of such unauthorized access or modification. An "Incident" is each act (or series of related or coordinated acts) of access, modification, or interference of a Lottery System's data, hardware or software by an unauthorized person. Manager shall ensure that Lottery System modifications are authorized in accordance with approved configuration management procedures. As used herein, "modification" does not include the replacement of a System component with an essentially similar working component in the event of necessary maintenance. If a Lottery System is modified without proper authorization, the State or the Lottery may require that the modification be removed and the Lottery System restored to its previous operating state at the Manager's expense. Further, the Lottery may assess a Service Level Credit. Manager shall notify the State of any changes to the systems, and/or unscheduled deployment delays, that have not followed the agreed Change Management process, except in the case of Emergency Releases where retrospective permission was granted	The State may assess Manager a Service Level Credit equal to $10,000 per Incident plus any other Losses that may occur as a result of such unauthorized access or modification; provided, however, that the aggregate liability of Manager for Service Level Credits for any series of coordinated Incidents during a twelve (12) consecutive month period shall in no event exceed $100,000 (plus any other Losses that may occur as a result of such unauthorized access or modification).

Planned outages will be communicated by Manager to the State at least forty-eight (48) hours in advance and shall not be included within any outage reporting or availability calculation Emergency Releases and associated outages will follow a special route to be agreed by Manager and the State and shall not be included within any outage reporting or availability calculation In order to release software, software must meet the defined defect criteria threshold, as documented and agreed in the Test Strategy artifact. The State will be informed of all impending releases through the defined and agreed Release Management process.	
Inadequate System Modification and Testing Manager shall ensure that all Lottery System releases shall meet their specification standards as designed and approved, and proven through adequate testing. Additionally, Manager shall ensure that the deployment process is executed in accordance with the approved implementation plan and defect criteria thresholds. For Lottery System releases that have an impact on net income, should any system downtime or degraded performance be caused as a result of Manager's failure to meet Lottery System requirements as defined per the specification standards, testing plans or adherence to agreed implementation plans, then a Service Level Credit may be assessed.	The State may assess a Service Level Credit equal to all substantiated costs incurred by the Lottery directly related to the erroneous release (whether incurred prior to or after corrective actions are taken), provided, that the substantiated (x) internal costs incurred by the Lottery directly related to the erroneous release (whether incurred prior to or after corrective actions are taken) shall in no event exceed $50,000, and (y) external costs incurred by the Lottery directly related to the erroneous release shall in no event exceed $25,000.
System Modification Delay Manager shall ensure that Lottery System modifications, game and promotion changes that are reasonably anticipated to have a Material Positive Effect on Net Income are not delayed beyond the agreed upon launch date, unless otherwise agreed by the parties through the Change in Control process. For each such delay a Service Level Credit may be assessed.	The State may assess Manager a Service Level Credit of $5,000 for the first partial or full day of delay beyond the agreed upon launch date, plus $1,000 for each additional partial or full day of delay.
RETAIL	

Terminal Downtime and Peripheral Repair A - Manager shall ensure that "non-operational" Lottery Terminals are repaired or replaced and operational within twenty-four (24) hours of notification from the Lottery Retailer or from discovery via network monitoring and/or a reported incident or trouble call. A Lottery Terminal is considered "non-operational" if Lottery Tickets cannot be entered, printed and sold or canceled (under permitted conditions) or validations cannot be performed, or the reader and/or scanner cannot process wagers or play slips. B – Manager shall ensure that less critical failures that do not render Lottery Terminals non-operational are repaired or replaced within forty-eight (48) hours of notification from the Lottery Retailer or from discovery via network monitoring and/or a reported incident or trouble call. C - For peripheral and non-terminal devices that do not affect the operation of Lottery Terminals (for example, an out of service jackpot display), Manager shall complete such repair within seventy-two (72) hours from the time of notice by the applicable Lottery Retailer.	In the case of: (A) A "non-operational" Lottery Terminal that has not been repaired or replaced and made operational within twenty-four (24) hours of notification from the Lottery Retailer or from discovery via network monitoring and/or a reported incident or trouble call; or (B) A less critical failure that does not render the Lottery Terminal non-operational has not been repaired or replaced and made operational within forty-eight (48) hours of notification from the Lottery Retailer or from discovery via network monitoring and/or a reported incident or trouble call; or if at any time four percent (4%) or more of all installed and operational Lottery Terminals are unable to sell or validate Lottery Tickets, the State may assess Manager a Service Level Credit of the Estimated Lost Net Income for every Business Minute each such Lottery Terminal remains non-operational. (C) Peripheral and non-terminal devices that do not affect the operation of terminals (for example, an out of service jackpot display), if the required repair is not completed within seventy-two (72) hours of notice from the applicable Lottery Retailer, then such Lottery Terminal shall be considered "non-operational" until such repair is complete.
Lottery Retailer Equipment Installation Delays Manager shall ensure the installation of fully working Equipment (including but not limited to Lottery Terminals, telecommunications, network, peripheral devices and cabling) at any Lottery Retailer within ten (10) Business Days (except where the applicable Lottery Retailer refuses an installation) from the date a request for a new Equipment installation is made by a retailer who has	The State may assess Manager a Service Level Credit on a per Retailer location basis of $250 for each day, in excess of ten (10) Business Days from the date a request for approved new Equipment installation is made, that the Equipment is not installed and operable at a specified Retailer

completed the required process and is approved by the Illinois Lottery to become a new retailer. Provided however, for Vending Terminals, the ten (10) Business Days shall be increased to twenty- (20) Business Days.	location (except where the Lottery Retailer refuses in writing an installation).
SECURITY	
Physical Security Manager must implement stringent security measures to prevent unauthorized entry and activity at the site(s) of its Large Subcontractors as appropriate, as well as support any applicable federal and local fire and safety regulations (a "**Physical Security Breach**"). At a minimum the program must (the "**Physical Security Requirements**"): i. Prevent unauthorized persons from accessing the facilities; ii. Provide a record of all entries and exits from each facility; iii. Include access control and an intrusion system at each site; and iv. Provide a system to monitor all activities at entrances/exits and all other high security/sensitive areas.	The State may assess Manager a Service Level Credit of $10,000 per incident of Physical Security Breach due to Manager's failure to maintain Physical Security Requirements.
Data Security The systems provided by Manager and its Large Subcontractors must adhere to the data protection requirements set forth in the Agreement, including those set forth in the Operating Standards (the "**Data Security Requirements**"). Any intrusion or attack on Lottery data which results in unauthorized access to or disclosure of Lottery data shall be a "**Data Security Breach**."	The State may assess Manager a Service Level Credit of $10,000 per Incident or series of coordinated Incidents during a twelve (12) consecutive month period of Data Security Breach due to Manager's failure to maintain Data Security Requirements. Manager will also be expected to facilitate and pay for all Losses associated with the breach, including but not limited to, notifying players, offering credit monitoring services, etc. and complying with the provisions of the State's Cyber Security Policy, Identity Protection Act, Personal Information Protection Act and the Lottery's Data Breach Notification Policy (including any updates and amendments thereof as well as successor legislation and policies thereto).

DEFINED TERMS FOR PURPOSES OF THIS SCHEDULE 5.4
As used in this **Schedule 5.4**, the following terms have the following meanings:
Estimated Lost Net Income Will be calculated based on the product of (1) and (2) and adjusted if necessary in line with (3): (1) The number of Business Minutes in excess of three (3) Business Minutes a Lottery System is Down or Degraded during daily operational hours for sales or validations (2) Net income from a similar and representative time period during the previous twelve (12) months, meaning the same time of day, day of week and with similar Draw Games' jackpot amounts. (3) In the case of Degraded performance, the output from multiplying (1) and (2) above will be reduced by an amount determined by the net income achieved during the time period (1)
"**Average Daily Net Income per Business Minute**" means the Average Daily Net Income divided by Business Minutes per day.
"**Business Minute**" means a minute Lottery Tickets are available for sale between the hours of 6 A.M. and 11 P.M.
"**Communication Network**" means a mechanism and/or transport medium that enables inter-site connections, games management terminal connections, data center local area networks and the retailer network.
"**Estimated Lost Terminal Net Income**" is calculated when (i) "non-operational" Lottery Terminals are not repaired or replaced and operational within twenty-four (24) hours ("**Grace Period**") and is defined as the product of (x) the number of Down Business Minutes per Lottery Terminal (only for those affected Lottery Terminals and not all Lottery Terminals) in excess of the Grace Period and (y) the Average Daily Net Income per Business Minute per Lottery Terminal or (ii) four percent (4%) or more of the Lottery Terminals are unable to sell or validate Lottery Tickets and is defined as the product of (x) the number of Down Business Minutes per Lottery Terminal (only for those effected Lottery Terminals and not all Lottery Terminals) and (y) the Average Daily Net Income per Business Minute per Lottery Terminal.
"**Lottery Terminal**" means the Lottery Retailer terminal and lottery ticket printer, and check writing equipment provided by Manager.

Any player account which is owned or controlled by a player prohibited by Section 4.1.5 of the Operating Standards from purchasing a Lottery Ticket, playing a game or claiming a Prize shall be excluded from the calculation of any Service Level threshold or Service Level Credit.

SCHEDULE 5.8

REPORTS

Manager shall also provide to the State any and all reports Manager elects to generate from Lottery Data and/or Analytics Data promptly upon generation of each such report; provided, however, that Manager shall not be obligated to provide any Analytics Data that is not derived exclusively from Lottery Data and may redact such Analytics Data from any such report.

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Sample CGS Host Reports				
Accounting Reports	accounting	*	daily_adj_report_c10676_english.rep	*
Accounting Reports	accounting	*	daily_billing_exception_report_c10676.rep	*
Accounting Reports	accounting	*	daily_ccbank_summary_report_c10676_english.rep	*
Accounting Reports	accounting	*	daily_eft_prenote_c10676.rep	*
Accounting Reports	accounting	*	daily_eft_report_c10676.rep	*
Accounting Reports	accounting	*	daily_sales_detail_report_c10676_english.rep	*
Accounting Reports	accounting	*	daily_sales_summary_report_c10676_english.rep	*
Accounting Reports	accounting	*	file_cleanup_report_p117_c10676_english.rep	*
Accounting Reports	accounting	*	findata_load_c10676_english.rep	*
Accounting Reports	accounting	*	mjfbalance_c10676_english.rep	*
Instant Reports	Inventory	*	auto_settle_10676_200004.rep	*
Instant Reports	Inventory	*	dailytran_ics_10675.rep	*
Instant Reports	Inventory	*	file_cleanup_report_p059_c10676_english.rep	*
Instant Reports	Inventory	*	GameInfoInterfaceTask_P_20160313_020031_2051.rep	*
Instant Reports	Inventory	*	trmbal_10675_10675.rep	*
Instant Reports	isbt	*	file_cleanup_report_p056_c10676_english.rep	*
Instant Reports	OrderDis	*	call_list_rep_10676.rep	*
Instant Reports	OrderDis	*	file_cleanup_report_p060_c10676_english.rep	*
Instant Reports	Validations	*	file_cleanup_report_p061_c10676_english.rep	*
Instant Reports	Validations	*	ivalgamact_rep_10675.rep	*
Miscellaneous Reports	gsrv	*	file_cleanup_report_p000_c10676_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Miscellaneous Reports	ITDM	*	cash_box_report_C10676.rep	*
Miscellaneous Reports	ITDM	*	file_cleanup_report_p038_c10676_english.rep	*
Miscellaneous Reports	ITDM	*	inventory_rep10676.rep	*
Miscellaneous Reports	ITDM	*	itvm_detrep_p038_c10676_english.rep	*
Miscellaneous Reports	ITDM	*	itvm_sumrep_p038_c10676_english.rep	*
Miscellaneous Reports	ITDM	*	lifesales_rep_10676.rep	*
Miscellaneous Reports	ITDM	*	onl_bin_except10676.rep	*
Miscellaneous Reports	ITDM	*	out_of_service_report_p038_c10676_080004_english.rep	*
Miscellaneous Reports	ITDM	*	out_of_service_report_p038_c10676_110004_english.rep	*
Miscellaneous Reports	ITDM	*	out_of_service_report_p038_c10676_140004_english.rep	*
Miscellaneous Reports	ITDM	*	out_of_service_report_p038_c10676_170004_english.rep	*
Miscellaneous Reports	ITDM	*	outofsynch_itvm_report_c10676.rep	*
Miscellaneous Reports	ITDM	*	refund_rep10676.rep	*
Miscellaneous Reports	ITDM	*	sales_rep10676.rep	*
Miscellaneous Reports	ITDM	*	statistics_rep_10676.rep	*
Miscellaneous Reports	ITDM	*	status_alarm_rep10676.rep	*
Miscellaneous Reports	ITDM	*	status_rep_10676.rep	*
Miscellaneous Reports	misc	*	file_cleanup_report_p001_c10676_english.rep	*
Miscellaneous Reports	misc	*	trm_fault_report_c10676_english.rep	*
Miscellaneous Reports	misc	*	trm_led_status_report_c10676_english.rep	*
Miscellaneous Reports	misc	*	trm_news_status_report_c10676_english.rep	*
Miscellaneous Reports	misc	*	trm_stats_report_c10676_english.rep	*
Miscellaneous Reports	misc	*	WINNER_AWARENESS_data_city_C10676.rep	*
Miscellaneous Reports	misc	*	WINNER_AWARENESS_data_county_C10676.rep	*
Miscellaneous Reports	misc	*	WINNER_AWARENESS_data_retailer_C10676.rep	*
Miscellaneous Reports	tmir	*	advanced_sales_report_c10676_english.rep	*
Miscellaneous Reports	tmir	*	autopay_report_c10676_english.rep	*
Miscellaneous Reports	tmir	*	cancel_on_behalf_report_c10676_english.rep	*
Miscellaneous Reports	tmir	*	cancel_sum_report_c10676_english.rep	*
Miscellaneous Reports	tmir	*	file_cleanup_report_p119_c10	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
			676_english.rep	
Miscellaneous Reports	tmir	*	otwf_selling_bonus_report_c10676.rep	*
Miscellaneous Reports	tmir	*	sale_sum_report_c10676_english.rep	*
Miscellaneous Reports	tmir	*	subscription_winners_c10676.rep	*
Miscellaneous Reports	tmir	*	tran_sum_report_c10676_english.rep	*
Miscellaneous Reports	tmir	*	valid_on_behalf_report_c10676_english.rep	*
Miscellaneous Reports	UserSecurity	*	dsr_sign_on_report_c10676_english.rep	*
Miscellaneous Reports	UserSecurity	*	file_cleanup_report_p063_c10676_english.rep	*
Miscellaneous Reports	UserSecurity	*	servicekey_report_c10676_english.rep	*
Miscellaneous Reports	UserSecurity	*	user_mod_report_english.rep	*
Online Reports	escc	*	file_cleanup_report_p030_c10676_english.rep	*
Online Reports	escc	*	gamesale_report_p030_c10676_dayprp_english.rep	*
Online Reports	escc	*	unapplied_balance_report_C10676.rep	*
Online Reports	frbl	*	drawsale_report_p028_d016366_english.rep	*
Online Reports	frbl	*	drawsale_report_p028_d016367_english.rep	*
Online Reports	frbl	*	drawseal_p028_d016368_english.rep	*
Online Reports	frbl	*	drawseal_p028_d016369_english.rep	*
Online Reports	frbl	*	file_cleanup_report_p028_c10676_english.rep	*
Online Reports	frbl	*	gamesale_report_p028_c10676_dayprp_english.rep	*
Online Reports	frbl	*	liab_report_p028_c10676_english.rep	*
Online Reports	frbl	*	liab_report_summary_p028_c10676_english.rep	*
Online Reports	frbl	*	winner_summary_report_p028_d016368_to_d016369_winlod_english.rep	*
Online Reports	frbl	*	winner_summary_report_p028_d016368_wincnt_english.rep	*
Online Reports	frbl	*	winner_summary_report_p028_d016369_wincnt_english.rep	*
Online Reports	frbl	*	winseal_p028_d016368_english.rep	*
Online Reports	frbl	*	winseal_p028_d016369_english.rep	*
Online Reports	iprm	*	file_cleanup_report_p003_c10	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
			676_english.rep	
Online Reports	iprm	*	gamesale_report_p003_c10676_dayprp_english.rep	*
Online Reports	iprm	*	promotion_activity_report_c10676_english.rep	*
Online Reports	iprm	*	promotion_detail_report_c10676_english.rep	*
Online Reports	isvc	*	file_cleanup_report_p007_c10676_english.rep	*
Online Reports	isvc	*	gamesale_report_p007_c10676_dayprp_english.rep	*
Online Reports	htrm	*	cash_purge_report_p029_c10676_english.rep	*
Online Reports	htrm	*	cash_report_p029_c10676_english.rep	*
Online Reports	htrm	*	gamesale_report_p029_c10676_dayprp_english.rep	*
Online Reports	htrm	*	liab_report_p029_c10676_english.rep	*
Online Reports	htrm	*	liab_report_summary_p029_c10676_english.rep	*
Online Reports	htrm	*	liab_update_and_purge_except_p029_c10676_english.rep	*
Online Reports	htrm	*	liab_update_and_purge_expire_p029_c10676_english.rep	*
Online Reports	htrm	*	uncash_expire_report_p029_c10676_english.rep	*
Online Reports	htrm	*	uncash_purge_report_p029_c10676_english.rep	*
Online Reports	LkyDayLotto	*	big_winner_report_p010_d008680_to_d008681_winlod_english.rep	*
Online Reports	LkyDayLotto	*	big_winner_report_p010_d008680_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	big_winner_report_p010_d008680_winrep_english.rep	*
Online Reports	LkyDayLotto	*	big_winner_report_p010_d008681_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	big_winner_report_p010_d008681_winrep_english.rep	*
Online Reports	LkyDayLotto	*	cancel_winner_report_p010_d008680_to_d008681_winlod_english.rep	*
Online Reports	LkyDayLotto	*	cancel_winner_report_p010_d008680_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	cancel_winner_report_p010_d008680_winrep_english.rep	*
Online Reports	LkyDayLotto	*	cancel_winner_report_p010_d008681_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	cancel_winner_report_p010_d008681_winrep_english.rep	*
Online Reports	LkyDayLotto	*	cash_purge_report_p010_c106	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
			76_english.rep	
Online Reports	LkyDayLotto	*	cash_report_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	drawsale_report_p010_d008678_english.rep	*
Online Reports	LkyDayLotto	*	drawsale_report_p010_d008679_english.rep	*
Online Reports	LkyDayLotto	*	drawseal_p010_d008680_english.rep	*
Online Reports	LkyDayLotto	*	drawseal_p010_d008681_english.rep	*
Online Reports	LkyDayLotto	*	file_cleanup_report_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	gamesale_report_p010_c10676_dayprp_english.rep	*
Online Reports	LkyDayLotto	*	LDL_hrlywk_rep010_10676.rep	*
Online Reports	LkyDayLotto	*	liab_report_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	liab_report_summary_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	liab_update_and_purge_except_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	liab_update_and_purge_expire_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	liab_update_and_purge_xtra_except_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	liab_update_and_purge_xtra_expire_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	printcomplete_winner_report_p010_d008680_to_d008681_winlod_english.rep	*
Online Reports	LkyDayLotto	*	printcomplete_winner_report_p010_d008680_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	printcomplete_winner_report_p010_d008680_winrep_english.rep	*
Online Reports	LkyDayLotto	*	printcomplete_winner_report_p010_d008681_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	printcomplete_winner_report_p010_d008681_winrep_english.rep	*
Online Reports	LkyDayLotto	*	share_calc_report_p010_c10676_d08680_english.rep	*
Online Reports	LkyDayLotto	*	share_calc_report_p010_c10676_d08681_english.rep	*
Online Reports	LkyDayLotto	*	uncash_expire_report_p010_c10676_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Online Reports	LkyDayLotto	*	uncash_purge_report_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	unsold_partial_winner_report_p010_d008680_winrep_english.rep	*
Online Reports	LkyDayLotto	*	unsold_partial_winner_report_p010_d008681_winrep_english.rep	*
Online Reports	LkyDayLotto	*	winner_summary_report_p010_d008680_to_d008681_winlod_english.rep	*
Online Reports	LkyDayLotto	*	winner_summary_report_p010_d008680_to_d008681_winrep_english.rep	*
Online Reports	LkyDayLotto	*	winner_summary_report_p010_d008680_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	winner_summary_report_p010_d008681_wincnt_english.rep	*
Online Reports	LkyDayLotto	*	winners_by_channel_P010_d008680_c10677_english.rep	*
Online Reports	LkyDayLotto	*	winners_by_channel_P010_d008681_c10677_english.rep	*
Online Reports	LkyDayLotto	*	winseal_p010_d008680_english.rep	*
Online Reports	LkyDayLotto	*	winseal_p010_d008681_english.rep	*
Online Reports	LkyDayLotto	*	xtra_cash_purge_report_p010_c10676_english.rep	*
Online Reports	LkyDayLotto	*	xtra_uncash_purge_report_p010_c10676_english.rep	*
Online Reports	LOTTO	*	cash_purge_report_p011_c10676_english.rep	*
Online Reports	LOTTO	*	cash_report_p011_c10676_english.rep	*
Online Reports	LOTTO	*	drawsale_report_p011_d003428_english.rep	*
Online Reports	LOTTO	*	file_cleanup_report_p011_c10676_english.rep	*
Online Reports	LOTTO	*	gamesale_report_p011_c10676_dayprp_english.rep	*
Online Reports	LOTTO	*	liab_report_p011_c10676_english.rep	*
Online Reports	LOTTO	*	liab_report_summary_p011_c10676_english.rep	*
Online Reports	LOTTO	*	liab_update_and_purge_except_p011_c10676_english.rep	*
Online Reports	LOTTO	*	liab_update_and_purge_expire_p011_c10676_english.rep	*
Online Reports	LOTTO	*	liab_update_and_purge_xtra_except_p011_c10676_english.rep	*
Online Reports	LOTTO	*	liab_update_and_purge_xtra_expire_p011_c10676_english.re	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
			p	
Online Reports	LOTTO	*	LOTO_hrlywk_rep011_10676.rep	*
Online Reports	LOTTO	*	uncash_expire_report_p011_c10676_english.rep	*
Online Reports	LOTTO	*	uncash_purge_report_p011_c10676_english.rep	*
Online Reports	MegaMillions	*	cash_purge_report_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	cash_report_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	drawsale_report_p013_d001964_english.rep	*
Online Reports	MegaMillions	*	file_cleanup_report_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	gamesale_report_p013_c10676_dayprp_english.rep	*
Online Reports	MegaMillions	*	liab_report_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	liab_report_summary_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	liab_update_and_purge_except_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	liab_update_and_purge_expire_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	liab_update_and_purge_xtra_except_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	liab_update_and_purge_xtra_expire_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	MEGA_hrlywk_rep013_10676.rep	*
Online Reports	MegaMillions	*	megasales_report_p013_c010676_d001964.rep	*
Online Reports	MegaMillions	*	mlt_unc_rpt_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	uncash_expire_report_p013_c10676_english.rep	*
Online Reports	MegaMillions	*	uncash_purge_report_p013_c10676_english.rep	*
Online Reports	my3	*	cash_purge_report_p018_c10676_english.rep	*
Online Reports	my3	*	cash_report_p018_c10676_english.rep	*
Online Reports	my3	*	file_cleanup_report_p018_c10676_english.rep	*
Online Reports	my3	*	gamesale_report_p018_c10676_dayprp_english.rep	*
Online Reports	my3	*	liab_report_p018_c10676_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Online Reports	my3	*	liab_report_summary_p018_c10676_english.rep	*
Online Reports	my3	*	liab_update_and_purge_except_p018_c10676_english.rep	*
Online Reports	my3	*	liab_update_and_purge_expire_p018_c10676_english.rep	*
Online Reports	my3	*	liab_update_and_purge_windtl_purge_p018_c10676_english.rep	*
Online Reports	my3	*	liab_update_and_purge_xtra_except_p018_c10676_english.rep	*
Online Reports	my3	*	liab_update_and_purge_xtra_expire_p018_c10676_english.rep	*
Online Reports	my3	*	uncash_expire_report_p018_c10676_english.rep	*
Online Reports	my3	*	uncash_purge_report_p018_c10676_english.rep	*
Online Reports	my3	*	xtra_cash_purge_report_p018_c10676_english.rep	*
Online Reports	my3	*	xtra_uncash_purge_report_p018_c10676_english.rep	*
Online Reports	Pick3	*	big_winner_report_p016_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick3	*	big_winner_report_p016_d016368_wincnt_english.rep	*
Online Reports	Pick3	*	big_winner_report_p016_d016368_winrep_english.rep	*
Online Reports	Pick3	*	big_winner_report_p016_d016369_wincnt_english.rep	*
Online Reports	Pick3	*	big_winner_report_p016_d016369_winrep_english.rep	*
Online Reports	Pick3	*	cancel_winner_report_p016_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick3	*	cancel_winner_report_p016_d016368_wincnt_english.rep	*
Online Reports	Pick3	*	cancel_winner_report_p016_d016368_winrep_english.rep	*
Online Reports	Pick3	*	cancel_winner_report_p016_d016369_wincnt_english.rep	*
Online Reports	Pick3	*	cancel_winner_report_p016_d016369_winrep_english.rep	*
Online Reports	Pick3	*	cash_purge_report_p016_c10676_english.rep	*
Online Reports	Pick3	*	cash_report_p016_c10676_english.rep	*
Online Reports	Pick3	*	drawsale_report_p016_d016366_english.rep	*
Online Reports	Pick3	*	drawsale_report_p016_d016367_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Online Reports	Pick3	*	drawseal_p016_d016368_english.rep	*
Online Reports	Pick3	*	drawseal_p016_d016369_english.rep	*
Online Reports	Pick3	*	fast_pool3_report_d016368_english.rep	*
Online Reports	Pick3	*	fast_pool3_report_d016369_english.rep	*
Online Reports	Pick3	*	file_cleanup_report_p016_c10676_english.rep	*
Online Reports	Pick3	*	gamesale_report_p016_c10676_dayprp_english.rep	*
Online Reports	Pick3	*	liab_report_p016_c10676_english.rep	*
Online Reports	Pick3	*	liab_report_summary_p016_c10676_english.rep	*
Online Reports	Pick3	*	liab_update_and_purge_except_p016_c10676_english.rep	*
Online Reports	Pick3	*	liab_update_and_purge_expire_p016_c10676_english.rep	*
Online Reports	Pick3	*	liab_update_and_purge_windtl_purge_p016_c10676_english.rep	*
Online Reports	Pick3	*	liab_update_and_purge_xtra_except_p016_c10676_english.rep	*
Online Reports	Pick3	*	liab_update_and_purge_xtra_expire_p016_c10676_english.rep	*
Online Reports	Pick3	*	printcomplete_winner_report_p016_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick3	*	printcomplete_winner_report_p016_d016368_wincnt_english.rep	*
Online Reports	Pick3	*	printcomplete_winner_report_p016_d016368_winrep_english.rep	*
Online Reports	Pick3	*	printcomplete_winner_report_p016_d016369_wincnt_english.rep	*
Online Reports	Pick3	*	printcomplete_winner_report_p016_d016369_winrep_english.rep	*
Online Reports	Pick3	*	uncash_expire_report_p016_c10676_english.rep	*
Online Reports	Pick3	*	uncash_purge_report_p016_c10676_english.rep	*
Online Reports	Pick3	*	winner_summary_report_p016_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick3	*	winner_summary_report_p016_d016368_wincnt_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Online Reports	Pick3	*	winner_summary_report_p016_d016368_winrep_english.rep	*
Online Reports	Pick3	*	winner_summary_report_p016_d016369_wincnt_english.rep	*
Online Reports	Pick3	*	winner_summary_report_p016_d016369_winrep_english.rep	*
Online Reports	Pick3	*	winseal_p016_d016368_english.rep	*
Online Reports	Pick3	*	winseal_p016_d016369_english.rep	*
Online Reports	Pick3	*	xtra_cash_purge_report_p016_c10676_english.rep	*
Online Reports	Pick3	*	xtra_uncash_purge_report_p016_c10676_english.rep	*
Online Reports	Pick4	*	big_winner_report_p017_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick4	*	big_winner_report_p017_d016368_wincnt_english.rep	*
Online Reports	Pick4	*	big_winner_report_p017_d016368_winrep_english.rep	*
Online Reports	Pick4	*	big_winner_report_p017_d016369_wincnt_english.rep	*
Online Reports	Pick4	*	big_winner_report_p017_d016369_winrep_english.rep	*
Online Reports	Pick4	*	cancel_winner_report_p017_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick4	*	cancel_winner_report_p017_d016368_wincnt_english.rep	*
Online Reports	Pick4	*	cancel_winner_report_p017_d016368_winrep_english.rep	*
Online Reports	Pick4	*	cancel_winner_report_p017_d016369_wincnt_english.rep	*
Online Reports	Pick4	*	cancel_winner_report_p017_d016369_winrep_english.rep	*
Online Reports	Pick4	*	cash_purge_report_p017_c10676_english.rep	*
Online Reports	Pick4	*	cash_report_p017_c10676_english.rep	*
Online Reports	Pick4	*	drawsale_report_p017_d016366_english.rep	*
Online Reports	Pick4	*	drawsale_report_p017_d016367_english.rep	*
Online Reports	Pick4	*	drawseal_p017_d016368_english.rep	*
Online Reports	Pick4	*	drawseal_p017_d016369_english.rep	*
Online Reports	Pick4	*	fast_pool4_report_d016368_english.rep	*
Online Reports	Pick4	*	fast_pool4_report_d016369_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Online Reports	Pick4	*	file_cleanup_report_p017_c10676_english.rep	*
Online Reports	Pick4	*	gamesale_report_p017_c10676_dayprp_english.rep	*
Online Reports	Pick4	*	liab_report_p017_c10676_english.rep	*
Online Reports	Pick4	*	liab_report_summary_p017_c10676_english.rep	*
Online Reports	Pick4	*	liab_update_and_purge_except_p017_c10676_english.rep	*
Online Reports	Pick4	*	liab_update_and_purge_expire_p017_c10676_english.rep	*
Online Reports	Pick4	*	liab_update_and_purge_windtl_purge_p017_c10676_english.rep	*
Online Reports	Pick4	*	liab_update_and_purge_xtra_except_p017_c10676_english.rep	*
Online Reports	Pick4	*	liab_update_and_purge_xtra_expire_p017_c10676_english.rep	*
Online Reports	Pick4	*	printcomplete_winner_report_p017_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick4	*	printcomplete_winner_report_p017_d016368_wincnt_english.rep	*
Online Reports	Pick4	*	printcomplete_winner_report_p017_d016368_winrep_english.rep	*
Online Reports	Pick4	*	printcomplete_winner_report_p017_d016369_wincnt_english.rep	*
Online Reports	Pick4	*	printcomplete_winner_report_p017_d016369_winrep_english.rep	*
Online Reports	Pick4	*	uncash_expire_report_p017_c10676_english.rep	*
Online Reports	Pick4	*	uncash_purge_report_p017_c10676_english.rep	*
Online Reports	Pick4	*	winner_summary_report_p017_d016368_to_d016369_winlod_english.rep	*
Online Reports	Pick4	*	winner_summary_report_p017_d016368_wincnt_english.rep	*
Online Reports	Pick4	*	winner_summary_report_p017_d016368_winrep_english.rep	*
Online Reports	Pick4	*	winner_summary_report_p017_d016369_wincnt_english.rep	*
Online Reports	Pick4	*	winner_summary_report_p017_d016369_winrep_english.rep	*
Online Reports	Pick4	*	winseal_p017_d016368_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Online Reports	Pick4	*	winseal_p017_d016369_english.rep	*
Online Reports	Pick4	*	xtra_cash_purge_report_p017_c10676_english.rep	*
Online Reports	Pick4	*	xtra_uncash_purge_report_p017_c10676_english.rep	*
Online Reports	Powerball	*	cash_purge_report_p012_c10676_english.rep	*
Online Reports	Powerball	*	cash_report_p012_c10676_english.rep	*
Online Reports	Powerball	*	drawsale_report_p012_d000638_english.rep	*
Online Reports	Powerball	*	file_cleanup_report_p012_c10676_english.rep	*
Online Reports	Powerball	*	gamesale_report_p012_c10676_dayprp_english.rep	*
Online Reports	Powerball	*	liab_report_p012_c10676_english.rep	*
Online Reports	Powerball	*	liab_report_summary_p012_c10676_english.rep	*
Online Reports	Powerball	*	liab_update_and_purge_except_p012_c10676_english.rep	*
Online Reports	Powerball	*	liab_update_and_purge_expire_p012_c10676_english.rep	*
Online Reports	Powerball	*	liab_update_and_purge_xtra_except_p012_c10676_english.rep	*
Online Reports	Powerball	*	liab_update_and_purge_xtra_expire_p012_c10676_english.rep	*
Online Reports	Powerball	*	mlt_unc_rpt_p012_c10676_english.rep	*
Online Reports	Powerball	*	PWRB_hrlywk_rep012_10676.rep	*
Online Reports	Powerball	*	pwrbsales_report_p012_c010676_d000638.rep	*
Online Reports	Powerball	*	uncash_expire_report_p012_c10676_english.rep	*
Online Reports	Powerball	*	uncash_purge_report_p012_c10676_english.rep	*
Online Reports	prmo	*	file_cleanup_report_p002_c10676_english.rep	*
Online Reports	prmo	*	gamesale_report_p002_c10676_dayprp_english.rep	*
Online Reports	prmo	*	promotion_activity_report_c10676_english.rep	*
Online Reports	prmo	*	promotion_detail_report_c10676_english.rep	*
Online Reports	Raffle	*	cash_purge_report_p023_c10676_english.rep	*
Online Reports	Raffle	*	cash_report_p023_c10676_english.rep	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Online Reports	Raffle	*	file_cleanup_report_p023_c10676_english.rep	*
Online Reports	Raffle	*	gamesale_report_p023_c10676_dayprp_english.rep	*
Online Reports	Raffle	*	liab_report_p023_c10676_english.rep	*
Online Reports	Raffle	*	liab_report_summary_p023_c10676_english.rep	*
Online Reports	Raffle	*	liab_update_and_purge_except_p023_c10676_english.rep	*
Online Reports	Raffle	*	liab_update_and_purge_expire_p023_c10676_english.rep	*
Online Reports	Raffle	*	liab_update_and_purge_xtra_except_p023_c10676_english.rep	*
Online Reports	Raffle	*	liab_update_and_purge_xtra_expire_p023_c10676_english.rep	*
Online Reports	Raffle	*	uncash_expire_report_p023_c10676_english.rep	*
Online Reports	Raffle	*	uncash_purge_report_p023_c10676_english.rep	*
Online Reports	Raffle	*	uncashed_reportP023D0023C10677.rep	*
Online Reports	xtra	*	file_cleanup_report_p025_c10676_english.rep	*
Online Reports	xtra	*	gamesale_report_p025_c10676_dayprp_english.rep	*
Online Reports	xtra	*	liab_report_p025_c10676_english.rep	*
Online Reports	xtra	*	liab_report_summary_p025_c10676_english.rep	*
Gaming Management System Report				
Gaming Management System	*	Daily	AdminEntry-2016-03-20_032116_03_13.html	*
Gaming Management System	*	Daily	Audit-2016-03-20_032116_03_12.html	*
Gaming Management System	*	Daily	AutoPayError-2016-03-20_032116_03_28.html	*
Gaming Management System	*	Daily	AutopayDailyExtract-2016-03-21_00_05_America_Chicago.zip	*
Gaming Management System	*	Daily	AutopayDailyExtract-2016-03-21_03_05_America_Chicago.zip	*
Gaming Management System	*	Daily	AutopayDepositEntries-2016-03-20_032116_03_27.html	*
Gaming Management System	*	Daily	AutopayDepositFailures-2016-03-20_032116_03_28.html	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Gaming Management System	*	Daily	AutopayException-2016-03-20_032116_03_14.html	*
Gaming Management System	*	Daily	ChannelSummary-2016-03-20_032116_03_25.html	*
Gaming Management System	*	Daily	CurrentStatus-2016-03-20_032116_03_15.html	*
Gaming Management System	*	Daily	EmailStats-2016-03-20_032116_03_28.html	*
Gaming Management System	*	Daily	ExceptionStatus-2016-03-20_032116_03_14.html	*
Gaming Management System	*	Daily	GiftSubscriptions-2016-03-20_032116_03_13.html	*
Gaming Management System	*	Daily	PlayerCardTransferDetail-2016-03-20_032116_03_28.html	*
Gaming Management System	*	Daily	PlayerCardTransferSummary-2016-03-20_032116_03_28.html	*
Gaming Management System	*	Daily	PlayerKYCFailureCSV-2016-03-20_032116_03_28.csv	*
Gaming Management System	*	Daily	Winning_Emails_Sent-2016-03-20_032116_03_00.zip	*
Gaming Management System	*	Daily	iwSalesOut-2016-03-20_032116_03_00.html	*
Gaming Management System	*	Daily	tncOut-2016-03-20_032116_03_00.html	*
		User Generated Ad Hoc Reports		
Finance, Sales and Marketing	*	*	Advanced Sales Report	*
Finance, Sales and Marketing	*	*	Annuity Audit Report	*
Finance, Sales and Marketing	*	*	Draw Sales/Liability Daily	*
Finance, Sales and Marketing	*	*	Draw Sales/Liability Monthly	*
Finance, Sales and Marketing	*	*	Electronic Funds Transfer (EFT) Report	*
Finance, Sales and Marketing	*	*	Instant Avg Days to Settle	*
Finance, Sales and Marketing	*	*	Instant Net Sales by Game	*
Finance, Sales and Marketing	*	*	Instant Net Sales by Tradestyle	*
Finance, Sales and Marketing	*	*	Instant Sales by Game	*
Finance, Sales and Marketing	*	*	Instant Sales Obligations	*
Finance, Sales and Marketing	*	*	Instant Validation Sales by ZIP and County	*
Finance, Sales and Marketing	*	*	Instant Validations by Day/Game Financial	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Finance, Sales and Marketing	*	*	Internet & Subscription Sales	*
Finance, Sales and Marketing	*	*	Online and Instant Summary	*
Finance, Sales and Marketing	*	*	Online Game Sales/Liability	*
Finance, Sales and Marketing	*	*	Online Net Sales by Game_Date	*
Finance, Sales and Marketing	*	*	Online Sales by Game	*
Finance, Sales and Marketing	*	*	Online Sales by Game_No Free Tkts	*
Finance, Sales and Marketing	*	*	Online Validations by Day/Game	*
Finance, Sales and Marketing	*	*	Purged Ticket - Online	*
Finance, Sales and Marketing	*	*	Subscription Purchases	*
Finance, Sales and Marketing	*	*	Subscription Sales	*
Finance, Sales and Marketing	*	*	Subscription Sales by Draw	*
Finance, Sales and Marketing	*	*	Territory 13wk Sales Avg	*
Finance, Sales and Marketing	*	*	YoY by Retailer: Online & Instant Net Sales	*
Retailer Services	*	*	Active Retailer List	*
Retailer Services	*	*	All Retailers List	*
Retailer Services	*	*	Auto Book Settlement Report - Summary	*
Retailer Services	*	*	Bill of Lading	*
Retailer Services	*	*	Bonus Activity Report	*
Retailer Services	*	*	Book History by Retailer	*
Retailer Services	*	*	Cashing/Selling Bonus by Retailer	*
Retailer Services	*	*	End of Game Inventory - Includes Issued Facings by Retailer	*
Retailer Services	*	*	Facings by Retailer	*
Retailer Services	*	*	Full/Partial Returns	*
Retailer Services	*	*	Instant Game Lifecycle Dates	*
Retailer Services	*	*	Instant Game Penetration Rates	*
Retailer Services	*	*	Instant Game Penetration Rates by Region	*
Retailer Services	*	*	Instant Tickets by Game - Packs Ordered by Day	*
Retailer Services	*	*	Instant Tickets Orders with Pack Details	*
Retailer Services	*	*	Instants Inventory Tracking by Retailer	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Retailer Services	*	*	ITDM Sales (Rolling 3 Days)	*
Retailer Services	*	*	ITDM Sales with Retailer and Date Prompts	*
Retailer Services	*	*	Monthly Bonus Report Chain Retailer Claim Date Sequence	*
Retailer Services	*	*	Pack Status Changes	*
Retailer Services	*	*	Retailer 13wk Sales Avg	*
Retailer Services	*	*	Retailer Bill of Ladings	*
Retailer Services	*	*	Retailer Full/Partial Returns	*
Retailer Services	*	*	Retailer Invoice	*
Retailer Services	*	*	Retailer Sales & Commision	*
Retailer Services	*	*	Retailer Sales Report by Calendar Date	*
Retailer Services	*	*	Retailer Selling Bonus by Game	*
Retailer Services	*	*	Retailer Stolen Packs	*
Retailer Services	*	*	Retailers Terminated by Date	*
Retailer Services	*	*	Retailers With at least 100 Packs Currently Activated	*
Retailer Services	*	*	Settled Books by Retailer	*
Retailer Services	*	*	Territory 13wk Sales Avg	*
Retailer Services	*	*	TMIR	*
Retailer Services	*	*	Transaction Info By Product	*
Retailer Services	*	*	V2/Excessive Invalid Validation Attempts per Instant Ticket (All attempts)	*
Retailer Services	*	*	V3/Excessive Non Winning Instant Ticket Validation Attempts for Retailer	*
Retailer Services	*	*	Warehouse Inventory	*
Claims and Payments	*	*	Adjustments	*
Claims and Payments	*	*	Bonus Activity Report	*
Claims and Payments	*	*	Check Writer Claims by Check Writer Center	*
Claims and Payments	*	*	Check Writer Claims by Check Writer Center by Game with Draw Date/Number	*
Claims and Payments	*	*	Checkwriter Activity Report	*
Claims and Payments	*	*	Claims By Retailer & Creation Date	*
Claims and Payments	*	*	Claims on Hold Missing SSN	*
Claims and Payments	*	*	Claims Verification Report	*
Claims and Payments	*	*	CLM012 - Pre Production Run	*
Claims and Payments	*	*	CLM013 - Pre Production Run	*
Claims and Payments	*	*	CLM214 Bonus and Prize Activity Report	*
Claims and Payments	*	*	Commercial Manual Check	*

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
			Register	
Claims and Payments	*	*	Comptroller Payments	*
Claims and Payments	*	*	Comptroller Payments - Draw Date/Draw Number	*
Claims and Payments	*	*	Daily Check Register	*
Claims and Payments	*	*	Daily Checks by Checkwriter and Paid Date	*
Claims and Payments	*	*	Instant Claims	*
Claims and Payments	*	*	Instant Claims over $600	*
Claims and Payments	*	*	Manual Payments	*
Claims and Payments	*	*	Merchandise Payments	*
Claims and Payments	*	*	Monthly Bonus Report Chain Retailer Claim Date Sequence	*
Claims and Payments	*	*	Online Claims over $600	*
Claims and Payments	*	*	Pending Claims by Creator ID	*
Claims and Payments	*	*	Player Card Payments	*
Claims and Payments	*	*	Retailer Selling Bonus by Game	*
Claims and Payments	*	*	Tax Report	*
Claims and Payments	*	*	Top 200 Repeat Claimants for the Last 36 Months Summary	*
Claims and Payments	*	*	W2G Balancing Report Yearly	*

Manager Produced Reports

Call Center	*	Weekly	Call Center Weekly Status	Contact Center
Call Center	*	Weekly	Call Statistics Report	Contact Center
Call Center	*	Weekly	Clear Rate Summary	Contact Center
Call Center	*	Weekly	Player Call Reason Summary	Contact Center
Call Center	*	Weekly	Player Case by Reason Issue and Disposition	Contact Center
Call Center	*	Weekly	Player Case Information	Contact Center
Call Center	*	Weekly	Player Case Status Report	Contact Center
Claims	*	Daily	Daily Check Register	Report of claim checks written
Claims	*	Weekly	Daily Check Upload File for Bank	Report of claim checks for bank
Claims	*	Daily	Daily Winners	Daily winners
Claims	*	Weekly	Pick 3 & Pick 4 Payouts by Draw	Actual prizes by draw
Claims	*	Weekly	Pick 3 & Pick 4 Payouts by Draw Sunday Only	Sunday actual prizes by draw
Claims	*	Weekly	Player Information for Winners Over $1,000 - CAK	Lottery developed report
Claims	*	Daily	Winners over $1,000 Instants	List of winning tickets over $1,000
Governance	*	Monthly	Corporate Social Responsibility (CSR) Report	CSR spending

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Governance	*	Monthly	Governance Meeting Report	Material changes to annual business plan
Governance	*	Monthly	Minority Business Participation Report	Minority business expenditures
Governance	*	Monthly	Subcontractor Report	Subcontractors and vendors, contracts >$50K
Marketing	*	Weekly	Monthly Brand Tracker Topline	Monthly update to key brand attributes
Marketing	*	Weekly	Pulse Tracker Report	Weekly pulse on player attitudes and behaviors
Marketing	*	Weekly	Weekly Event Recap	Recap of performance of recent lottery events and sponsorships
Marketing	*	Weekly	Weekly Event Summary	Summary of upcoming lottery events and sponsorships
Retail	*	Daily	Change of Ownership (next 15 days)	Change of retail ownership
Retail	*	Daily	Daily Equipment Installs	List of equipment installs
Retail	*	Daily	Empty Bins Report by LSR	Reports empty Instant ticket vending bins
Retail	*	Every Friday	End Of Game Inventory	Inventory report by retailer
Retail	*	Weekly	Estimated Jackpots	Estimated jackpot report
Retail	*	Calendar	Game Launch Retailer Statistics	Game activation by retailer
Retail	*	Calendar	Game Launch Summary	Games launched at retailer
Retail	*	Every Thursday	Games (top) Penetration Rates by Region	Instant ticket penetration rates by region
Retail	*	Weekly	Instant Ticket Distribution and Penetration Report	Pack distribution and instant ticket penetration rate
Retail	*	Every Tuesday	Instant Ticket Stats	Various instant statistics
Retail	*	Every 15th Day of Month	Instant Tickets Per Pack	Pack size
Retail	*	Daily	New Retailers Built	List of new retailers in system
Retail	*	Daily	Pending License Expirations	List of licenses about to expire
Retail	*	Every Tuesday	Retailer Full/Partial Returns	Pack returns
Retail	*	Daily	Retailer in Approved/Terminated Status	Approved or terminated retailers

Primary Area	Secondary Area	Frequency	Report Name	Purpose / Business Process
Retail	*	Every Tuesday	Retailers Not Selling Top Games	List of retailers not selling top performing games
Retail	*	Every Monday	Retailers With at least 100 Packs Currently Activated	
Retail	*	Daily	Retailers with Online Sales Greater than $10,000	Security report - retailers with daily online sales over $10K
Retail	*	Daily	W2G Balancing Report Yearly - Date Prompts	Tax report for Elsym
Retail	*	Weekly	Weekly Sales for New Installs 26wk	Average sales for new retailer's first 26 weeks
Sales	*	Daily	Daily Sales	Daily online and instant sales report
Sales	*	Daily	Daily Sales by Region	Daily online and instant sales report by region
Sales	*	Daily	Sales Comparison Online Daily	Security report - daily sales vs. normal average
Sales	*	Every Tuesday	Sales Comparison Weekly	Security report - weekly sales vs. normal average
Sales	*	Every Tuesday	Territory 13wk Sales Avg	Average 13 week sales by territory
Sales	*	Weekly	Weekly Internet Update	Update on internet sales
System	*	Every 1st Day of Month	ES Active User List	List of active ES users
System	*	As needed	Operational Incident Reports	Reports indicating incident detail, root cause and resolution
System	*	Weekly	Network System Uptime	Network performance
System	*	Yearly	PCI-DSS Attestation of Compliance	Payment Card Industry service provider onsite assessment
System	*	Yearly	PCI-DSS Report on Compliance	Payment Card Industry service provider onsite assessment
System	*	Yearly	Services Organization Control 2 (SSAE16)	Suitability of the design and operation effectiveness of service organization system controls
System	*	Weekly	Service Level Performance Reports	Performance indicator showing SLA compliance

*To be updated post Agreement Effective Date as agreed by the Parties.

SCHEDULE 8.1.2

STATE INTELLECTUAL PROPERTY

ILLINOIS LOTTERY TRADEMARKS				
Mark	**Notice Symbol**	**Services**	**Owner**	**Registration/Application No. and Date**
	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4128303 Reg. Date: April 17, 2012
Lucky-You Lottery	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4336208 Reg. Date: May 14, 2013
Lucky Day Lotto	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4401121 Reg. Date: September 10, 2013
Anything's Possible	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4407942 Reg. Date: September 24, 2013
Proof That Anything's Possible	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4411899 Reg. Date: October 1, 2013
Illinois Lottery	®	Lottery services; online lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4089963 Reg. Date: January 24, 2012
	®	Lottery services; online lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4012583 Reg. Date: August 16, 2011
Mega Millions	®	Lottery and lotto game services in Class 41	Illinois Department of	Reg. No. 2801045 Reg. Date: December 30,

ILLINOIS LOTTERY TRADEMARKS				
Mark	**Notice Symbol**	**Services**	**Owner**	**Registration/Application No. and Date**
			the Lottery	2003
	®	Lottery and lotto game services in Class 41	Illinois Department of the Lottery	Reg. No. 2807210 Reg. Date: January 20, 2004
Todo Es Posible	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery	Reg. No. 4547148 Reg. Date: June 10, 2014
Luck is Everywhere	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of Lottery	Reg. No. 5183101 Reg. Date: April 11, 2017
Fun On The Fly	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of Lottery	Reg. No. 5185994 Reg. Date: April 18, 2017
Luckypak	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery Northstar Lottery Group, LLC	Reg. No. 4397842 Reg. Date: September 3, 2013
	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery Northstar Lottery Group, LLC	Reg. No. 4530395 Reg. Date: May 13, 2014
My3	®	Lottery services; operating lotteries; organization of lotteries in Class 41	Illinois Department of the Lottery Northstar Lottery Group, LLC	Reg. No. 4412063 Reg. Date: October 1, 2013

ILLINOIS LOTTERY URLS	
URL	**Title**
https://www.illinoislottery.com	Illinois Lottery Official Site
https://www.myillinoislottery.com/en-us/m/home.html	Mobile Home: Illinois Lottery

SCHEDULE 10.1

PAYMENTS SCHEDULE

Section 1. **Net Income**. "**Net Income**" means, with respect to any Contract Year, the result of (i) the aggregate gross operating revenue of the Lottery for such Contract Year (the "**Operating Revenue**") minus (ii) the aggregate operating expenses of the Lottery for such Contract Year (the "**Operating Expenses**") as contained within the Audited Financial Statements for such Contract Year (in respect of any partial or stub Contract Year, such Operating Revenue and Operating Expenses shall be allocated to the Contract Year in accordance with GAAP). Except for any exceptions to GAAP incorporated into the sample Net Income calculation set forth in the *Sample Calculation* Section of the Calculations Workbook attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook) (the "**Sample Calculation**") and the exceptions or nonconformities otherwise described in the notes thereto, Net Income and, each component thereof, shall be determined in accordance with GAAP; provided, however, that Incentive Compensation shall be calculated after adjusting for: (i) operating expenditures of the Lottery that are, by the express provisions of this Agreement, excluded from Operating Expenses as illustrated in Section 1, row (f) of the Section titled *Sample Calculation* in the Calculations Workbook attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook), and (ii) operating revenues of the Lottery that are, by the express provisions of this Agreement, excluded from Operating Revenue as illustrated in Section 1, row (g) of the Section titled *Sample Calculation* in the Calculations Workbook attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook). For the avoidance of doubt, the Parties intend the determination of Net Income and resulting Incentive Compensation to exclude all Operating Expenses (including for the avoidance of doubt Administrative Expense or expenses incurred by the Current Manager) incurred in respect of the Lottery prior to the Base Services Commencement Date.

Section 2a. **Estimated Operating Allowance**. Subject to the increases expressly Approved in accordance with the terms and conditions of this Agreement (other than Sections 3.3 and 10.6, where such increase does not require Approval or as finally adjudicated by a court of competent jurisdiction), the "**Estimated Operating Allowance**" for each Contract Year shall be an amount equal to:

(i) with respect to the Initial Stub Contract Year, 4.31% of the projected Operating Revenue for the Initial Stub Contract Year as specified in the Annual Business Plan for such Contract Year; or

if the projected Operating Revenue for the Initial Stub Contract Year cannot reasonably be determined by Manager, because the State has not Approved the Annual Business Plan for such Contract Year pursuant to Section 5.3.5, 4.31% of the Operating Revenue of the immediately preceding fiscal year of the State multiplied by 1.025, divided by 365 and multiplied by the number of days between the Base Services Commencement Date and June 30, 2018. For the avoidance of doubt, the number of days between the Base Services Commencement Date and June 30, 2018 shall include both the Base Services Commencement Date and June 30, 2018.

(ii) with respect to the Contract Year beginning on July 1, 2018, (x) 4.71% of the projected Operating Revenue for such Contract Year as specified in the Annual Business Plan for such Contract Year; or (y) if the projected Operating Revenue for such Contract Year cannot reasonably be determined by Manager, because the State has not Approved the Annual Business Plan for such Contract Year pursuant to Section 5.3.5 an amount equal to (1) 4.71% of the Operating Revenue of the immediately preceding fiscal year of the State multiplied by (2) 1.025.

(iii) with respect to each subsequent Contract Year, beginning with the Contract Year beginning on July 1, 2019, an amount equal to (x) 4.89% of the projected Operating Revenue for such Contract Year as specified in the Annual Business Plan for such Contract Year or (y) if the projected Operating Revenue

for such Contract Year cannot reasonably be determined by Manager, because the State has not Approved the Annual Business Plan for such Contract Year pursuant to Section 5.3.5 an amount equal to (1) 4.89% of the Operating Revenue of the immediately preceding fiscal year of the State multiplied by (2) 1.025 (in respect of the Final Stub Contract Year, such amount shall be divided by 365 days and multiplied by number of days contained within such Final Stub Contract Year).

A sample calculation of the Estimated Operating Allowance is set forth in the Calculations Workbook attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook).

Section 2b. Final Operating Allowance

Subject to the increases expressly Approved in accordance with the terms and conditions of this Agreement (other than Sections 3.3 and 10.6, where such increase does not require Approval or as finally adjudicated by a court of competent jurisdiction), the "**Final Operating Allowance**" for each Contract Year shall be an amount equal to:

(i) with respect to the Initial Stub Year, 4.31% of the actual Operating Revenue for such Contract Year.

(ii) with respect to the Contract Year beginning on July 1 2018, 4.71% of the actual Operating Revenue for such Contract Year.

(iii) with respect to each subsequent Contract Year, beginning with the Contract Year beginning on July 1 2019, 4.89% of the actual Operating Revenue for such Contract Year.

A sample calculation of the Final Operating Allowance is set forth in the Calculations Workbook attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook).

Section 3a. Estimated Management Fee. Subject to the increases expressly Approved in accordance with the terms and conditions of this Agreement (other than as finally adjudicated by a court of competent jurisdiction), the "**Estimated Management Fee**" in each Contract Year shall be an amount equal to either:

(i) with respect to the Initial Stub Contract Year, 0.876% of the projected Operating Revenue for the Initial Stub Contract Year as specified in the Annual Business Plan for such Contract Year; or

if the projected Operating Revenue for the Initial Stub Contract Year cannot reasonably be determined by Manager, because the State has not Approved the Annual Business Plan for such Contract Year pursuant to Section 5.3.5, 0.876% of the Operating Revenue of the immediately preceding fiscal year of the State multiplied by 1.025, divided by 365 and multiplied by the number of days between the Base Services Commencement Date and June 30, 2018. For the avoidance of doubt, the number of days between the Base Services Commencement Date and June 30, 2018 shall include both the Base Services Commencement Date and June 30, 2018.

(ii) with respect to the Contract Year beginning on July 1, 2018, (x) 0.876% of the projected Operating Revenue for such Contract Year as specified in the Annual Business Plan for such Contract Year; or (y) if the projected Operating Revenue for such Contract Year cannot reasonably be determined by Manager, because the State has not Approved the Annual Business Plan for such Contract Year pursuant to Section 5.3.5, 0.876% of the Operating Revenue of the immediately preceding fiscal year of the State multiplied by 1.025.

(iii) with respect to each subsequent Contract Year, beginning with the Contract Year beginning on July 1, 2019, (x) 0.896% of the projected Operating Revenue for such Contract Year as specified in the Annual Business Plan for such Contract Year or (y) if the projected Operating Revenue for such Contract Year cannot reasonably be determined by Manager, because the State has not Approved the Annual Business Plan for such Contract Year pursuant to Section 5.3.5, 0.896% of the Operating Revenue of the immediately preceding fiscal year of the State multiplied by (2) 1.025 (in respect of the Final Stub Contract Year, such amount shall be divided by 365 days and multiplied by number of days contained within such Final Stub Contract Year).

A sample calculation of the Estimated Management Fee is set forth in the Calculations Workbook attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook).

Section 3b. Final Management Fee

Subject to the increases expressly Approved in accordance with the terms and conditions of this Agreement (other than as finally adjudicated by a court of competent jurisdiction), the "**Final Management Fee**" for each Contract Year shall be an amount equal to:

(i) with respect to the Initial Stub Year and Contract Year beginning on July 1 2018, 0.876% of the actual Operating Revenue for such Contract Years.

(ii) with respect to each subsequent Contract Year, beginning with the Contract Year beginning on July 1 2019, 0.896% of the actual Operating Revenue for such Contract Year.

A sample calculation of the Final Management Fee is set forth in the Calculations Workbook attached to this Agreement as **Schedule 10.1-A** (Calculations Workbook).

Section 4. Incentive Compensation. The Incentive Compensation shall be paid to Manager in accordance with Section 10.3 of this Agreement. "**Incentive Compensation**" means, with respect to the subject Contract Year, the sum of (i) 17.00% of the portion of Net Income (as defined in row h of the Sample Calculation) that exceeds Minimum Net Income but is less than the Middle Net Income Target, plus (ii) 22.00% of the portion of Net Income (as defined in row h of the Sample Calculation) that exceeds the Middle Net Income Target but is less than the Upper Net Income Target, plus (iii) 27.00% of the portion of Net Income (as defined in row h of the Sample Calculation) that exceeds the Upper Net Income Target; provided, that Incentive Compensation in respect of any Contract Year shall not exceed an aggregate amount equal to 5% of Net Income for such Contract Year. "**Minimum Net Income**," "**Middle Net Income Target**," and "**Upper Net Income Target**," respectively, mean with respect to any Contract Year, the amount set forth under the appropriate column heading opposite such Contract Year in the following table:

Contract Year	Minimum Net Income (millions)	Middle Net Income Target (millions)	Upper Net Income Target (millions)
Initial Stub Contract Year*	$718.3	$735.0	$750.0
Contract Year 1 (beginning July 1, 2018)	$731.3	$750.0	$780.0
Contract Year 2	$744.4	$770.0	$830.0
Contract Year 3	$757.8	$790.0	$900.0
Contract Year 4	$771.5	$805.0	$930.0
Contract Year 5	$785.3	$820.0	$955.0
Contract Year 6	$799.5	$835.0	$980.0
Contract Year 7	$813.9	$847.0	$1,000.0
Contract Year 8	$828.5	$860.0	$1,000.0
Contract Year 9	$843.4	$873.0	$1,000.0
Final Stub Contract Year*	$858.6	$880.0	$1,000.0

*** Amounts in stub years to be pro-rated in accordance with Section 5 below**

Section 5. **Proration for Partial and Stub Years**. The Minimum Net Income, Middle Net Income Targets, and Upper Net Income Targets shall be prorated for all purposes of this Agreement with respect to any partial or stub Contract Year based on the number of days in proportion to a 365-day Contract Year.

SCHEDULE 10.1.1

SUBCONTRACT SPEND CATEGORIES

The following is a non-exhaustive list of Operating Allowance Expense categories:

- DBG Subcontractor costs and expenses (including costs of the IGT and Intralot Inc. Subcontracts)
- Instant Tickets Subcontractor costs and expenses (including Instant Tickets printing and related services, warehouse, distribution and logistics fees)
- Marketing Subcontract costs and expenses (e.g., Public Relations, advertising, market/consumer research, game development costs, agency fees, game/second chance promotions content fees, and for the avoidance of doubt marketing in respect of both retail and digital/iLottery channels (including UX, design and CRM))
- Depreciation of Operating Allowance capital expenditures (e.g., capital costs incurred in respect of Permanent Point Of Sale in lottery distribution outlets)
- Employee Use Agreement costs and expenses
- iLottery bank transaction fees (e.g., costs incurred in respect of card/merchant acquiring, bank identification, IP Fencing, KYC/ID verification/geo-location checks, Payment Service Provider fees, ACH Transfer, prepaid card services)
- Continuing State Contracts and Supply Agreements assumed or jointly administered by Manager
- Other Subcontract costs and expenses (e.g., Subcontracts relating to instant ticket game development research, digital affiliate fees, third party call/contact center (for iLottery and retail channels), Retail Services (including Geomapping, retail analytics, instore design, sales training, field marketing, merchandising), PPOS maintenance (replacement costs for damaged / broken PPOS), third party network fees (e.g., WAN and ISP link costs, third party DDOS protection fees, costs of handling cash payments at retail locations), third party testing costs in relation to the DBG, Instant Tickets Subcontracts, but excluding any Manager Subcontracts

SCHEDULE 10.1-A

CALCULATIONS WORKBOOK

Sample Calculation - Section 1

Section 1) Sample Calculation of the Estimated and Final Annual Statement (described in Section 10.3.1 and 10.3.3)
Numbers shown are for illustration only in USD millions

Example below shows Estimated Incentive Compensation (10.3.1) and Final Incentive Compensation (10.3.3) calculations in a given Contract Year. In this example, prize expense is reduced by $1m and the Operating Allowance Expenses are reduced by $3m as part of revisions to the financial statements during the audit process. In Section 2 the Estimated Incentive Payment as contemplated in 10.3.1 is $38.75m. The Final Incentive Payment as contemplated in 10.3.3 is $39.83m. This results in a payment due from State to Manager under 10.3.5 (a) of $1.08m

		Estimated Annual Statement As referenced in 10.3.1		Final Annual Statement As referenced in 10.3.3	
Days>>		365	184	365	184
Operating Revenue		**Full Contract Year**	**Stub Year**	**Full Contract Year**	**Stub Year**
(a) Ticket sales		3,600.0	1,814.8	3,600.0	1,814.8
Other revenue including but not restricted to:					
NSF Finance Charge Income		0.5	0.3	0.5	0.3
Line charge income (charge for telecoms)		1.0	0.5	1.0	0.5
Retailer License Fee Income (applications and renewals)		1.0	0.5	1.0	0.5
Transparency Credits		0.1	0.1	0.1	0.1
Service Level Credits (excluding Estimated Lost Net Income)		0.2	0.1	0.2	0.1
Estimated Lost Net Income paid by Manager pursuant to Schedule 5.4		1.0	0.5	1.0	0.5
(b) Total Other Revenue		**3.8**	**1.9**	**3.8**	**1.9**
(c) Operating Revenue (a+b)		**3,603.8**	**1,816.7**	**3,603.8**	**1,816.7**
Operating Expenses					
Prizes		(2,273.0)	(1,145.8)	(2,272.0)	(1,145.3)
Add back unclaimed prizes		36.0	18.1	36.0	18.1
Retailer commission		(205.2)	(103.4)	(205.2)	(103.4)
Management Fee (Schedule 10.1 Section 3), based on the lower of a) Management Fee Expenses and b) Final Management Fee:		(25.0)	(12.6)	(25.0)	(12.6)
a) Management Fee Expenses (as defined in this Agreement)	*(27.0)*			*(27.0)*	
b) Final Management Fee (as specified in Schedule 10 Section 3b)	*(25.0)*			*(25.0)*	
Operating Allowance (Schedule 10.1 Section 2), based on the lower of a) Operating Allowance Expenses and b) Final Operating Allowance		(133.0)	(67.0)	(130.0)	(65.5)
a) Operating Allowance Expenses (as defined in 10.1.1 and 10.1.2)	*(133.0)*			*(130.0)*	
b) Final Operating Allowance (as specified in Schedule 10 Section 2b)	*(135.0)*			*(135.0)*	
Disentanglement Costs		0.0	0.0	0.0	0.0
State Administrative Expenses		(20.8)	(10.5)	(20.8)	(10.5)
(d) Total Operating Expenses		**(2,621.0)**	**(1,321.3)**	**(2,617.0)**	**(1,319.2)**
(e) Net Income (c+d)*		**982.8**	**495.5**	**986.8**	**497.5**
(f) Adjustments to Operating Expenses under 10.1.3 or specified elsewhere in the PMA (eg where an item is deemed not to be an Operating Expense such as State Litigation Fees per Section 20) for purposes of calculating Incentive Compensation		**0.5**	**0.3**	**0.5**	**0.3**
(g) Adjustments to Operating Revenues to exclude payments by Manager in respect of i) Transparency Credits (11.10) and ii) Service Level Credits (5.6) - for the avoidance of doubt, payment of Service Level Credits in respect of Estimated Lost Net Income shall not be excluded from Operating Revenue for calcuating Incentive Compensation		**(0.3)**	**(0.2)**	**(0.3)**	**(0.2)**
(h) Net Income for purposes of calculating Incentive Compensation (e+f+g)		**983.0**	**495.6**	**987.0**	**497.6**

* For the avoidance of doubt Net Income is shown before charging non-operating items including investment income and interest expense

Sample Calculation – Section 2

Section 2) Sample Calculation for purposes of calculating Estimated and Final Incentive Compensation as described in Section 10.3.1 and 10.3.3
Numbers shown are for illustration only in USD millions, using contract Year 6 as an example

	Estimated Annual Statement As referenced in 10.3.1		Final Annual Statement As referenced in 10.3.3	
Days>>	365	184	365	184
	Full Contract Year	**Stub Year**	**Full Contract Year**	**Stub Year**
(a) Net Income for purposes of calculating Incentive Compensation	**983.0**	**495.6**	**987.0**	**497.6**
(b) Minimum Net Income (per Schedule 10.1 Section 4; Year 6 in this example)	799.5	403.0	799.5	403.0
(c) Net Income above Minimum Net Income (a-b)	183.5	92.5	187.5	94.5
Net Income Targets:				
Minimum Net Income (per Schedule 10.1 Section 4; Year 6 in this example)	799.5	403.0	799.5	403.0
Middle Net Income Target	835.0	420.9	835.0	420.9
Upper Net Income Target	980.0	494.0	980.0	494.0
Net Income above Minimum Net Income by tranche				
(d) Net Income above Minimum Net Income up to Middle Net Income Target	35.5	17.9	35.5	17.9
(e) Net Income above Middle Net Income Target up to Upper Net Income Target	145.0	73.1	145.0	73.1
(f) Net Income above Upper Net Income Target	3.0	1.5	7.0	3.5
Total Net Income above Minimum Net Income	183.5	92.5	187.5	94.5
Incentive Compensation percentages by tranche				
(g) Percentage of the portion of Net Income above Minimum Net Income up to Middle Net Income Target	17.00%	17.00%	17.00%	17.00%
(h) Percentage of the portion of Net Income above Middle Net Income Target up to Upper Net Income Target	22.00%	22.00%	22.00%	22.00%
(i) Percentage of the portion of Net Income above Upper Net Income Target	27.00%	27.00%	27.00%	27.00%
Incentive Compensation that shall be paid to Manager				
(j) For Net Income above Minimum Net Income up to Middle Net Income Target (d x g)	6.0	3.0	6.0	3.0
(k) For Net Income above Middle Net Income Target up to Upper Net Income Target (e x h)	31.9	16.1	31.9	16.1
(l) For Net Income above Upper Net Income Target (f x i)	0.8	0.4	1.9	1.0
Total Incentive Compensation that shall be paid to Manager	**38.75**	**19.54**	**39.83**	**20.08**
Amount payable to Manager from State under 10.3.5 a) - Final Incentive Payment > Estimated Incentive Payment, therefore balance due from State to Manager is Final Incentive Payment minus Estimated Incentive Payment			**1.08**	**0.54**

Worked example of recapture of Postponed Incentive Compensation Amount

Examples of Recapture of Postponed Incentive Compensation Amount

Numbers shown are for illustration only in USD millions

		Example 1		Example 2	
		CY1	CY2	CY1	CY2
	Recapture of Incentive Compensation				
a	Net Income for the purpose of calculating Incentive Compensation		800.000		755.000
b	**Minimum Net Income**		**744.400**		**744.400**
c	Middle Net Income Target		770.000		770.000
d	Upper Net Income Target		830.000		830.000
e = c-b (if a > c) OR = a-b (if a < c)	Net Income subject to Incentive Compensation @ 17.00%		25.600		10.600
f = a-c (as a < d) OR = 0 (if a < c)	Net Income subject to Incentive Compensation @ 22.00%		30.000		0.000
g = a-d (if a > d)	Net Income subject to Incentive Compensation @ 27.00%		0.000		0.000
h = (e x 17.00%) + (f x 22.00%)	Incentive Compensation in respect of Contract Year 2		10.952		1.802
i	Postponed Incentive Compensation Amount brought forward from Contract Year 1		10.000		10.000
j	Interest for 1 year on Postponed Inventive Compensation Amount @ Prime Rate (assume 4.25% in this example)		0.425		0.425
k = h+i+j	**Total Incentive Compensation due to Manager**		**21.377**		**12.227**
= b	Minimum Net Income per 10.1.3 b) i)		744.400		744.400
= h	Incentive Compensation earned per 10.1.3 b) ii)		10.952		1.802
l = i+j	Postponed Incentive Compensation Amount brought forward plus Accrued Interest thereon per 10.1.3 b) iii)		10.425		10.425
m	**Amounts to be satisfied by Net Income**		**765.777**		**756.627**
if (m>a) then = m-a	**Postponed Incentive Compensation Amount Brought Forward and Carried Forward**	**10.000**	**0.000**	**10.000**	**1.627**
	Incentive Compensation payable to Manager				
if (a > m)	Example 1 - As Net Income ($800m) exceeds the Amount to be satisfied by Net Income ($765.777m), the full amount of				
then = k	Incentive Compensation due to Manager can be paid		21.377		
OR					
if (a < m)	Example 2 - As Net Income ($755m) is less than the Amounts to be satisfied by Net Income, the amount of Incentive Compensation				
then = k-(m-a)	payable to Manager is restricted to an amount that means that Amounts to be satisfied by Net Income equals Net Income				10.600
	As set forth in 10.1.3 (b) the Postponed Incentive Compensation Amount of $1.627m would become payable (in part or in full) within 15 days following final determination of Net Income and Incentive Compensation in the next year in which Net Income for such Contract Year exceeds an amount equal to i) Minimum Net Income and ii) Incentive Compensation				

Operating Allowance True-Up – worked example

Operating Allowance True-Up - worked example
per 10.3.5 (b)

		Scenarios						Explanation
		1	2	3	4	5	6	
E	Estimated Operating Allowance	139	145	137	145	137	145	Calculated in line with Schedule 10 Section 2a
F	Final Operating Allowance	135	143	150	149	150	138	Calculated in line with Schedule 10 Section 2b
A	Operating Allowance Expenses	140	140	140	140	155	140	Recognised on accruals basis under GAAP under 10.1.1 or 10.1.2
	Manager pays IF:							
Scenario 4	(E < F) AND (A < E)				5			Manager has been paid $145m and could have incurred up to $149m but Operating Allowance Expenses were only $140m therefore repays $5m
Scenario 1	(E > F) AND (A > E)	4						Manager has been paid $139m, Operating Allowance Expenses were more than that ($140m) but was only entitled to claim $135m therefore repays $4m
Scenario 2	(E > F) AND (E > A) AND (F > A)		5					Manager has been paid $145m but as Operating Allowance Expenses were only $140m, has to repay $5m
Scenario 6	(E > F) AND (E > A) AND (A > F)						7	Manager has been paid $145m but as Final Operating Allowance was only $138m, has to repay $7m
	State pays IF:							
Scenario 3	(E < F) AND (A > E) AND (F > A)			3				Manager has been paid $137m (and could have incurred up to $150m) but actually incurred $140m of Operating Allowance Expenses therefore State pays $3m
Scenario 5	(E < F) AND (A > E) AND (A > F)					13		Manager has been paid $137m, Operating Allowance Expenses were $155m but Final Operating Allowance was only $150m therefore State pays $13m

Management Fee True Up - Worked Example

Management Fee True-Up - worked example
per 10.3.5 (c)

		Scenarios						Explanation
		1	2	3	4	5	6	
E	Estimated Management Fee	29	35	27	35	27	35	Calculated in line with Schedule 10 Section 3a
F	Final Management Fee	25	33	35	39	35	28	Calculated in line with Schedule 10 Section 3b
A	Management Fee Expenses	30	30	30	30	40	30	Recognise in line with Management Fee Expenses definition
	Manager pays IF:							
Scenario 4	(E < F) AND (A < E)				5			Manager has been paid $35m and could have incurred up to $39m but Management Fee Expenses were only $30m therefore repays $5m
Scenario 1	(E > F) AND (A > E)	4						Manager has been paid $29m, Management Fee Expenses were more than that ($30m) but was only entitled to claim $25m therefore repays $4m
Scenario 2	(E > F) AND (E > A) AND (F > A)		5					Manager has been paid $35m but as Management Fee Expenses were only $30m, has to repay $5m
Scenario 6	(E > F) AND (E > A) AND (A > F)						7	Manager has been paid $35m but as Final Management Fee was only $28m, has to repay $7m
	State pays IF:							
Scenario 3	(E < F) AND (A > E) AND (F > A)			3				Manager has been paid $27m (and could have incurred up to $35m) but actually incurred $30m of Management Fee Expenses therefore State pays $3m
Scenario 5	(E < F) AND (A > E) AND (A > F)					8		Manager has been paid $27m, Management Fee Expenses were $40m but Final Management Fee was only $35m therefore State pays $8m

Operating Allowance worked examples

Operating Allowance worked examples

1. Estimated Operating Allowance due for the Initial Stub Contract Year

Calculation per Schedule 10.1, Section 2a (i)

1.1 Where projected Operating Revenue for the Contract Year as specified in the Annual Business Plan is available:	
a) Projected Operating Revenue for the Initial Stub Contract Year as specified in the Annual Business Plan for the Contract Year (illustrative)	1,429,300,000
b) Operating Allowance percentage	4.31%
c) Estimated Operating Allowance (a x b)	**61,602,830**
OR:	
1.2 Where projected Operating Revenue for the Contract Year cannot reasonably be determined by Manager (because the State has not Approved the Annual Business Plan pursuant to Section 5.3.7):	
a) Operating Revenue for the immediately preceding fiscal year of the State (illustrative)	2,850,000,000
b) Operating Allowance percentage	4.31%
c) Indexation factor	1.025
d) Estimated Operating Allowance (a x b x c) before adjusting for days in Initial Stub Contract Year	125,905,875
Adjustment to reflect days in Inital Stub Contract Year	
e) Base Services Commencement Date	January 2, 2018
f) Last day of Initial Stub Contract Year	June 30, 2018
g) Number of days between e and f (inclusive of date e and f)	180
h) Estimated Operating Allowance before adjusting for days in Initial Stub Contract Year (row d)	125,905,875
i) Daily Estimated Operating Allowance (h/365)	344,947.60
j) Estimated Operating Allowance for the Initial Stub Contract Year (g x i)	**62,090,568**

2. Estimated Operating Allowance due for the first full Contract Year (July 2018 - June 2019)

Calculation per Schedule 10.1, Section 2a (ii)

2.1 Where Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan is available:	
a) Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan for the Contract Year (illustrative)	2,953,600,000
b) Operating Allowance percentage	4.71%
c) Estimated Operating Allowance (a x b)	**139,114,560**
OR	
2.2 Where projected Operating Revenue for the Contract Year cannot reasonably be determined by Manager (because the State has not Approved the Annual Business Plan pursuant to Section 5.3.7):	
a) Operating Revenue for the immediately preceding fiscal year of the State (illustrative)	2,858,600,000
b) Operating Allowance percentage	4.71%
c) Indexation factor	1.025
d) Estimated Operating Allowance (a x b x c)	**138,006,062**

3. Estimated Operating Allowance due for the second full Contract Year (July 2019 - June 2020) and subsequent Contract Years

Calculation per Schedule 10.1, Section 2a (iii)

3.1 Where Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan is available:	
a) Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan for the Contract Year (illustrative)	3,000,000,000
b) Operating Allowance percentage	4.89%
c) Estimated Operating Allowance (a x b)	**146,700,000**
OR	
3.2 Where projected Operating Revenue for the Contract Year cannot reasonably be determined by Manager (because the State has not Approved the Annual Business Plan pursuant to Section 5.3.7):	
a) Operating Revenue for the immediately preceding fiscal year of the State (illustrative)	2,950,000,000
b) Operating Allowance percentage	4.89%
c) Indexation factor	1.025
d) Estimated Operating Allowance (a x b x c)*	**147,861,375**

* In respect of Final Stub Contract Year, such amount shall be divided by 365 days and multiplied by number of days contained within such Final Stub Contract Year

Invoicing of Estimated Operating Allowance and Calculation of Final Operating Allowance

Invoicing of Estimated Operating Allowance

Initial Stub Contract Year:	
Estimated Operating Allowance for Initial Stub Contract Year (calculated as 1.1.c or 1.2.j above, amount shown taken from 1.1.c)	61,602,830
Number of months in Initial Stub Contract Year (per Section 10.2.1)	6
Amount to be invoiced by Manager on Base Services Commencement Date and first Business Day of each subsequent month in the Initial Stub Contract Year	**10,267,138**
First Full Contract Year:	
Estimated Operating Allowance for Contract Year (calculated as 2.1.c or 2.2.d above, amount shown taken from 2.1.c)	139,114,560
Number of months in Contract Year (per Section 10.2.1)	12
Amount to be invoiced by Manager on first Business Day of each month of that Contract Year	**11,592,880**
Example to illustrate subsequent Full Contract Years	
Estimated Operating Allowance for Contract Year (calculated as 3.1.c or 3.2.d above, amount shown taken from 3.1.c)	146,700,000
Number of months in Contract Year	12
Amount to be invoiced by Manager on first Business Day of each month of that Contract Year	**12,225,000**
Final Stub Contract Year	
Estimated Operating Allowance for Final Stub Contract Year (in this example FY28) as calculated in section 3 above assuming $4.1bn annualised sales x 4.89% pro-rated for 186 days	102,167,507
Number of months in Final Stub Contract Year (per Section 10.2.1)	6
Amount to be invoiced by Manager on the first Business Day of each month (excluding January 2028) in the Stub Contract Year	**17,027,918**

Calculation of Final Operating Allowance

Initial Stub Year	
Operating Revenue in respect of Initial Stub Year (illustrative) as estimated under 10.3.1 or following completion of State Annual Audit for that Contract Year (per Section 10.3.3)	1,450,000,000
Final Operating Allowance percentage	4.31%
Final Operating Allowance in respect of Initial Stub Year	62,495,000
First full Contract Year (July 2018 - June 2019)	
Operating Revenue in respect of first full Contract Year (illustrative) as estimated under 10.3.1 or following completion of State Annual Audit for that Contract Year (per Section 10.3.3)	3,000,000,000
Final Operating Allowance percentage	4.71%
Final Operating Allowance in first full Contract Year	141,300,000
Subsequent Contract Years	
Operating Revenue in respect of Contract Year (illustrative) as estimated under 10.3.1 or following completion of State Annual Audit for that Contract Year (per Section 10.3.3)	3,100,000,000
Final Operating Allowance percentage	4.89%
Final Operating Allowance	151,590,000

Management Fee worked examples

Management Fee worked examples

1. Estimated Management Fee due for the Initial Stub Contract Year
Calculation per Schedule 10.1, Section 3a (i)

1.1 Where projected Operating Revenue for the Contract Year as specified in the Annual Business Plan is available:	
a) Projected Operating Revenue for the Initial Stub Contract Year as specified in the Annual Business Plan for the Contract Year (illustrative)	1,429,300,000
b) Management Fee percentage	0.8760%
c) Estimated Management Fee (a x b)	**12,520,668**
OR:	
1.2 Where Projected Operating Revenue for the Contract Year cannot reasonably be determined by Manager (because the State has not Approved the Annual Business Plan for Such Contract Year pursuant to Section 5.3.7):	
a) Operating Revenue for the immediately preceding fiscal year of the State (illustrative)	2,850,000,000
b) Management Fee percentage	0.8760%
c) Indexation factor	1.025
d) Estimated Management Fee (a x b x c) before adjusting for days in Initial Stub Contract Year	25,590,150
Adjustment to reflect days in Inital Stub Contract Year	
e) Base Services Commencement Date	January 2, 2018
f) Last day of Initial Stub Contract Year	June 30, 2018
g) Number of days between e and f (inclusive of date e and f)	180
h) Estimated Management Fee before adjusting for days in Initial Stub Contract Year (row d)	25,590,150
i) Daily Estimated Management Fee (h/365)	70,110.00
j) Estimated Management Fee for the Initial Stub Contract Year (g x i)	**12,619,800**

2. Estimated Management Fee due for the first full Contract Year (July 2018 - June 2019)
Calculation per Schedule 10.1, Section 3a (ii)

2.1 Where Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan is available:	
a) Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan for the Contract Year (illustrative)	2,953,600,000
b) Management Fee percentage	0.8760%
c) Estimated Management Fee (a x b)	**25,873,536**
OR	
2.2 Where Projected Operating Revenue for the Contract Year cannot reasonably be determined by Manager (because the State has not Approved the Annual Business Plan for Such Contract Year pursuant to Section 5.3.7):	
a) Operating Revenue for the immediately preceding fiscal year of the State (illustrative)	2,852,700,000
b) Management Fee percentage	0.8760%
c) Indexation factor	1.025
d) Estimated Management Fee (a x b x c)	**25,614,393**

3. Estimated Management Fee due for the second full Contract Year (July 2019 - June 2020) and subsequent Contract Years

Calculation per Schedule 10.1, Section 3a (iii)

3.1 Where Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan is available:	
a) Projected Operating Revenue for the Contract Year as specified in the Annual Business Plan for the Contract Year (illustrative)	3,000,000,000
b) Management Fee percentage	0.8960%
c) Estimated Management Fee (a x b)	**26,880,000**
OR	
3.2 Where Projected Operating Revenue for the Contract Year cannot reasonably be determined by Manager (because the State has not Approved the Annual Business Plan for Such Contract Year pursuant to Section 5.3.7):	
a) Operating Revenue for the immediately preceding fiscal year of the State (illustrative)	2,950,000,000
b) Management Fee percentage	0.8960%
c) Indexation factor	1.025
d) Estimated Management Fee (a x b x c)*	**27,092,800**

* In respect of Final Stub Contract Year, such amount to be divided by 365 days and multiplied by number of days contained within such Final Stub Contract Year

Invoicing of Estimated Management Fee and Calculation of Final Management Fee

Invoicing of Estimated Management Fee

Initial Stub Contract Year:	
Estimated Management Fee for Initial Stub Contract Year (calculated as 1.1.c or 1.2.j above, amount shown taken from 1.1.c)	12,520,668
Number of months in Initial Stub Contract Year (per Section 10.2.1)	6
Amount to be invoiced by Manager on Base Services Commencement Date and first Business Day of each subsequent month in the Initial Stub Contract Year	**2,086,778**
First Full Contract Year:	
Estimated Management Fee for Contract Year (calculated as 2.1.c or 2.2.d above, amount shown taken from 2.1.c)	25,873,536
Number of months in Contract Year (per Section 10.2.1)	12
Amount to be invoiced by Manager on first Business Day of each month of that Contract Year	**2,156,128**
Example to illustrate subsequent Full Contract Years	
Estimated Management Fee for Contract Year (calculated as 3.1.c or 3.2.d above, amount shown taken from 3.1.c)	26,880,000
Number of months in Contract Year (per Section 10.2.1)	12
Amount to be invoiced by Manager on first Business Day of each month of that Contract Year	**2,240,000**
Final Stub Contract Year	
Estimated Management Fee for Final Stub Contract Year (FY28 in this example) as calculated in section 3 above, assuming $4.1bn annualised sales x 0.896% pro-rated for 186	18,720,263
Number of months in Final Stub Contract Year (per Section 10.2.1)	6
Amount to be invoiced by Manager on the first Business Day of each month (excluding January 2028) in the Final Stub Contract Year	**3,120,044**

Calculation of Final Management Fee

Initial Stub Year	
Operating Revenue in respect of Initial Stub Year (illustrative) as estimated under 10.3.1 or following completion of State Annual Audit for that Contract Year (per Section 10.3.3)	1,450,000,000
Final Management Fee percentage	0.8760%
Final Management Fee in respect of Initial Stub Year	12,702,000
First full Contract Year (July 2018 - June 2019)	
Operating Revenue in respect of first full Contract Year (illustrative) as estimated under 10.3.1 or following completion of State Annual Audit for that Contract Year (per Section 10.3.3)	3,000,000,000
Final Management Fee percentage	0.8760%
Final Management Fee in first full Contract Year	26,280,000
Subsequent Contract Years	
Operating Revenue in respect of Contract Year (illustrative) as estimated under 10.3.1 or following completion of State Annual Audit for that Contract Year (per Section 10.3.3)	3,100,000,000
Final Management Fee percentage	0.8960%
Final Management Fee	27,776,000

SCHEDULE 11.10

TRANSPARENCY CREDITS

Capitalized terms used but not defined in this **Schedule 11.10** shall have the meaning ascribed to them in the Agreement.

For purposes of calculating any ongoing credits contemplated herein, if the State delivers to Manager written notice of Manager's failure to comply with any Transparency Section, and Manager reasonably should have known of its failure to comply with such Transparency Section prior to receipt of such written notice, ongoing credits shall accrue from the earlier of (i) the date Manager first had or reasonably should have had knowledge of such failure and (ii) the date which is twelve (12) months prior to the date on which the State delivers written notice, provided, that the accrual of credits shall be suspended during any applicable cure period.

For purposes of calculating any on-going credits contemplated herein, if the State delivers to Manager written notice of Manager's failure to comply with any Transparency Section, and Manager did not previously have actual knowledge of its failure to comply with such Transparency Section, ongoing credits shall accrue from the date the State first delivers written notice to Manager of Manager's failure to comply, subject to any applicable cure period.

PMA Transparency Requirements	**State Remedy**
Maintenance of Contract Records per Section 11.1	The State shall apply credits for any of the following actions: (1) Manager does not maintain all Contract Records in accordance with the PMA. (2) Manager does not provide the State with access to all Contract Records in Manager's possession within ten (10) Business Days after written request. $5,000 per occurrence of failing to provide the State with access to all Contract Records in Manager's possession, after (other than pursuant to an FOIA Request) written notice from the State, or Manager failing to maintain all Contract Records, plus, reasonable legal fees and fines incurred by the State as the result of any third party claim, in each event, solely as the result of Manager's failure to provide the requested Contract Record, plus, reasonable legal fees of the State incurred after assessment of the $5,000 credit solely in connection with compelling Manager's production of any requested Contract Record in Manager's possession.
Participation and cooperation in audits initiated by the State, a Government	The State shall apply credits for the following action:

Authority or a standards organization per Sections 11.3 and 11.5	(1) Manager does not cooperate with the occurrence of any audit, or cooperate during the performance of any audit, in each case, as required by the PMA. $5,000 per occurrence, after written notice from the State and Manager's failure to cure such non-cooperation within twenty-four (24) hours of receipt of such written notice of non-cooperation, plus $4,000 for each subsequent day of delay.
Required Manager audits per Section 11.7	The State shall apply credits for any of the following actions: (1) Manager does not (i) perform the required audits specified in Section 11.7.1 within the time periods specified in the PMA or (ii) cause an independent CPA to complete and submit to the State the results of an SSAE No. 16 audit as provided in Section 11.7.2 and within the time periods specified in the PMA. (2) Manager does not report results of the required audits to State within the time periods specified in the PMA. $20,000 per annual audit not completed within ninety (90) days after the end of the Contract Year. $5,000 per occurrence for failure to provide the report of audit results to the State, plus, reasonable legal fees and fines incurred by the State as the result of any third party claim, in each event, solely as the result of Manager's failure to provide the audit results, plus, reasonable legal fees of the State incurred after assessment of the $5,000 credit solely in connection with compelling Manager's delivery of the report of audit results.

Correction of audit findings per Sections 11.4, 11.6 and 11.8	The State shall apply credits for the following actions, in addition to any other enumerated cost recovery permitted by these Sections: (1) Manager does not meet with the State within thirty (30) days after completion of the State audit, other than a failure to meet with the State arising from the negligence or misconduct of the State. (2) Manager does not report to the State a plan for correcting all audit findings determined to be the responsibility of Manager within thirty (30) days after completion of the audit. (3) Manager does not correct all material audit findings determined to be the responsibility of Manager within sixty (60) days after the submission of a corrective plan or such other time period reasonably agreed upon by the Parties. (4) In the case of Section 11.6 only, Manager does not address and resolve or cause the applicable Service Provider to address and resolve the Regulatory Requirement deficiencies identified by the Governmental Authority or standards organization, as the case may be, within the commercially reasonable time period specified by such Governmental Authority or standards organization. $5,000 per occurrence for not preparing a plan for correction. $1,000 per finding, per day, for Manager Audit Deficiencies that extend beyond the correction period as agreed by the Parties (which Transparency Credit shall not accrue for the period that the State reviews the Manager Audit Correction Notice). $1,000 per finding, per day, for Governmental Audit Deficiencies that extend beyond the specified correction period or such other correction period as agreed by the Parties (which Transparency Credit shall not accrue for the period that the State reviews the Governmental Audit Correction Notice).
Required Reports per Section 5.8	The State shall apply credits for the following action:

	(1) Manager does not use its Reasonable Best Efforts to prepare and submit each of the Reports. $1,000 per report, per occurrence of delay, plus $500 for each subsequent day of delay, based upon the due date specified in PMA, or within 10 Business Days after the State's written request if not specified in PMA.
Required Update Annual Business Plan per Section 5.3.5	The State shall apply credits for the following action: (1) Manager fails to prepare and submit the Updated Annual Business Plan no later than ninety (90) days prior to the end of each Contract Year. $1,000 per occurrence of delay, plus $500 for each subsequent day of delay.
Required compliance with Governance Protocols per **Schedule 5.1**	The State shall apply credits for any of the following actions: (1) Manager does not prepare and submit the report specified in Section 3.1(a) of Schedule 5.1 at least five (5) days prior to the monthly meeting. (2) Manager does not attend monthly meetings contemplated by Section 5.11 or clause (b) of Section 3.1 of Schedule 5.1, other than an attendance failure arising from the negligence or misconduct of the State. (3) Manager proceeding without Approval for any action which expressly requires Approval under the PMA. $1,000 per occurrence of items set forth in 1, 2 and 3 above. $100,000 per occurrence for proceeding without Approval for any action which expressly requires Approval under the PMA.
Required compliance with Section 11.2 (Recordkeeping), subject to Section 9.1 (Ownership of Lottery Data) and Section 9.3 (Confidentiality)	The State shall apply credits for any of the following actions: (1) Manager fails to promptly deliver to the State

	within ten (10) Business Days after written request from the State, or fails to cause each other Service Provider to deliver to the State within thirty (30) days after written request from the State, any Lottery Data in its or such other Service Provider's control or possession. (2) Manager fails to return or destroy, or fails to cause each other Service Provider to return or destroy, all copies of Lottery Data in its control or possession in no event later than thirty (30) Business Days following a request by the State, and certify the same. (3) Manager fails to promptly notify, or fails to cause each other Service Provider to promptly notify, the State in writing if the Manager or applicable Service Provider believes Lottery Data has been used in a manner inconsistent with the provisions of Section 9.1. $1,000 per occurrence of delay, plus $500 for each subsequent day of delay per delaying entity.
Required compliance with FOIA Requests per Section 9.3.4	The State shall apply credits for any of the following actions: (1) Unless a protective order or other remedy has been granted, Manager does not provide the following information within four (4) Business Days after its receipt of a FOIA Request from the State: a. all records in its possession that Manager reasonably determines are responsive to such FOIA Request; and b. any other records in its possession related to the PMA or the Lottery that the State reasonably determines are responsive to such FOIA Request and has requested from Manager in writing $5,000 per occurrence, plus, reasonable legal fees and fines incurred by the State as the result of any third party claim, in each event, solely as the result of Manager's failure to provide Contract Records requested by the FOIA Request, plus $1,000 for each subsequent day of delay.

SCHEDULE 12.1

COMPETITORS OF MANAGER

Schedule to be updated from time to time post Agreement Effective Date in accordance with the definition of "Competitor of Manager."

EXHIBIT 3.1

TRANSITION PLAN

1. INTRODUCTION

This Transition Plan (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Transition Plan**"), serves as a plan for the transition of the Services to Manager. Capitalized terms used but not defined in this Transition Plan shall have the meaning ascribed to them in that certain Private Management Agreement, dated October 13, 2017, by and between the State and Manager (as may be amended, restated, supplemented or otherwise modified, the "**PMA**").

2. ROLES AND RESPONSIBILITIES

Successful disentanglement and transition will require strong coordination among the State, the Current Manager, Manager, and Subcontractors. Cooperation among these stakeholders will also be required for detailed planning, monitoring and reporting of progress, identification of project streams and the associated leads, and management of issues and risks.

In addition to the specific roles and responsibilities listed below, each of the identified Persons will participate in the governance structure specified in the Northstar Disentanglement Plan.

State

- Perform State Transition Activities
- Approve transition plans
- Approve external communication plans
- Provide guidance regarding resource constraints
- Review, confirm and accept Milestone Completion Notices
- Execute and deliver the Certificate of Completion upon confirmation of Manager's successful completion of all transition milestones

Program Management Office ("PMO")

- Ensure coordination of key personnel of the State of Illinois' Department of the Lottery, the Current Manager, and Manager with respect to the implementation of the Transition Plan, the Termination Plan, the Northstar Disentanglement Plan and all ancillary actions related thereto
- Maintain the plan to monitor the progress of the project streams, check linkages between teams, and identify and maintain critical activities the Disentanglement Master Plan
- Verify overall resource requirements for the transition and communicate additional resource needs to the State and Manager
- Provide project management support to key personnel to help facilitate the completion of the Disentanglement Master Plan
- Work with both the Executive and Operations Committees (as defined in the Northstar Disentanglement Plan) to ensure information flow and timely action relating to any arising issues
- Communicate progress and issues to all stakeholders

Manager

- Perform Manager Transition Services in accordance with the timetable and milestones specified in this Transition Plan and complete all ancillary actions related thereto
- Propose a plan and strategy to transition operation and maintenance information and other information and data from the Current Manager to the State and Manager that is well coordinated with the PMO
- Build transition processes and procedures to accomplish the foregoing
- Build IT design
- Develop a transition implementation schedule and plan that is well coordinated with the PMO
- Develop a cutover process plan
- Provide a list of the transition team members and, for each such member, the expertise and qualifications for accomplishing the objectives allocated to him or her

Current Manager

- Perform activities and obligations associated with the transition in a timely and complete fashion in accordance with Northstar Disentanglement Plan, the Termination Agreement and the Private Management Agreement, dated January 18, 2011, by and between the State and the Current Manager.

3. MILESTONES AND TIMELINE

Key transition milestones are listed in the below table.

Phase/Activity	Business Transition Date
Agreement Effective Date	**October 13, 2017**
Transition Meeting Deadline (3.1.2)	**October 13, 2017 or such other date as mutually agreed to by the Parties**
Base Services Commencement Date	**January 2, 2018**
Transition Completion Date **(Delivery of Certificate of Completion)**	**April 2, 2018**

4. TOOLS

Transition processes will be facilitated by the following tools and Software:

- Microsoft SharePoint
- Microsoft Office Suite

- Microsoft Project
- Clarizen

Additional tools and Software will be utilized as necessary and by mutual agreement of the State and Manager.

5. TRANSITION EXPENSES

Manager shall deliver to the State or its designee an invoice in the form and format set forth in **Exhibit 10.2.5** (Form of Invoice) for payment of Transition expenses and for the costs of Manager incurred in performing the Transition Services (the "**Transition Expenses**"). The spending plan for the Transition Expenses anticipated by the Parties (the "**Transition Spending Plan**") is attached to this Transition Plan as Schedule 5 to the Transition Plan (Transition Spending Plan). The State shall pay, in accordance with the payment terms set forth in Section 10 and the Transition Spending Plan, all invoiced and reasonably documented amounts for Transition Expenses.

6. TRANSITION REPORTS; ADDITIONAL INFORMATION

Manager shall submit Transition Reports in the format and medium of transmission, schedule and frequency reasonably specified by the PMO in writing from time to time. In addition, Manager shall promptly provide such additional Transition Reports as the State or PMO may reasonably request regarding the performance of the Manager Transition Services and Manager's then-current status with respect to the Transition Milestones and other timetables set forth in this Transition Plan.

7. SUPPLY AGREEMENTS.

On the Base Services Commencement Date, Manager shall assume the Supply Agreements. In addition, Manager shall promptly provide such additional Transition Reports as the State may reasonably request regarding the performance of the Manager Transition Services and the then-current status with respect to the Transition Milestones and other timetables set forth in the Supply Agreements.

SCHEDULE 5 TO THE TRANSITION PLAN

TRANSITION SPENDING PLAN

The State shall pay, in accordance with the payment terms set forth in Section 10, all invoiced and reasonably documented amounts for those Transition Expenses identified in the Transition Spending Plan as "Transition Costs Including Camelot Global Resource Costs." If Manager anticipates incurring Transition Expenses identified in the Transition Spending Plan as "Camelot Global Resource Contingency" costs (a) Manager shall provide written notice to the State of such anticipated Transition Expenses and the time frame for incurring the same and (b) the State shall review such anticipated Transition Expenses and discuss the same with Manager within ten (10) Business Days of receiving such notice. The State shall pay, in accordance with the payment terms set forth in Section 10, all Camelot Global Resource Contingency invoiced Transition Expenses that are Approved and reasonably documented. The State shall not pay Transition Expenses incurred prior to the Agreement Effective Date.

The Transition Spending Plan is set forth below:

	Transition Period - Phase 1			Transition Period - Phase 2			
Illinois Staff Costs (Recruitment/ New Hires)	**Oct '17**	**Nov '17**	**Dec '17**	**Jan '18**	**Feb '18**	**Mar '18**	**Total**
Senior Management, Legal, Corporate Affairs and Compliance	81,557	163,055	168,490	0	0	0	413,102
Digital Channel Team	0	29,106	30,076	0	0	0	59,182
Retail Channel Team	136,595	210,218	217,223	0	0	0	564,034
Marketing & Product Team	91,597	192,630	213,994	0	0	0	498,221
Finance Team	100,264	123,666	144,809	0	0	0	368,739
IT Operations Team	142,029	190,734	226,960	0	0	0	559,723
HR Team	70,829	68,544	70,829	0	0	0	210,202
Camelot Illinois Staff Payroll Costs	622,871	977,951	1,072,381	0	0	0	2,673,203
Illinois Staff FTE's	42	73	79	86	92	95	
Illinois Staff Recruitment fees and one-time transition costs							
Compliance	17,499	16,035	17,499	17,499	15,806	17,499	102,737
Executive Retained Search	126,000	126,000	0	0	0	0	252,000
Executive Assessments	125,000	125,000	0	0	0	0	250,000
General Staff Search	103,910	97,678	48,760	37,960	52,713	34,360	375,381
Expatriate Premiums	30,575	29,589	30,575	30,575	27,616	30,575	179,505
Signing Bonus (employee's lost bonuses for leaving former employer)	375,000	375,000	375,000	0	0	0	1,125,000
Relocation	53,119	53,018	53,119	3,119	2,817	3,119	168,311
Development & Other	18,887	23,107	24,843	25,969	24,329	27,418	144,553
Camelot Illinois Staff Recruitment and one-time transition costs	849,990	846,327	549,796	115,122	123,281	112,971	2,597,487
Other Illinois Costs							
Other HR related costs (ADP, Concur, on-boarding, etc.)	48,198	182,798	51,898	0	0	0	282,893
Facilities Costs, (incl. Rent, fit-out)	224,655	246,925	(96,073)	0	0	0	375,509
Compliance Costs (incl. Finance, legal & compliance)	378,667	496,667	196,667	0	0	0	1,072,001
IT costs (incl. NetSuite; Mobile phones/tablets; office equip.)	148,606	94,069	177,749	46,610	46,490	41,090	554,614
Travel and subsistence (reimbursed at State rates)	50,400	28,000	16,800	11,200	5,600	5,600	117,600
Camelot Illinois Other Costs	850,526	1,048,459	347,041	57,811	52,091	46,691	2,402,617
Base Contingency for Illinois Staff Costs, Illinois Recruitment & one-time costs and Other Illinois costs (recoverable based on incurred expenses)	*510,000*	*510,000*	*510,000*	0	0	0	*1,530,000*
Transition Costs Excluding Camelot Global Resource Costs	2,833,387	3,382,737	2,479,218	172,933	175,372	159,662	9,203,307
Camelot Global Temp Transition Resource Costs							
Senior Management, Legal, Corporate Affairs and Compliance	42,075	28,050	26,775	29,325	12,750	14,025	153,000
Digital Channel Team	42,075	42,075	20,081	21,994	19,125	21,038	166,388
Retail Channel Team	28,050	28,050	26,775	7,331	6,375	7,013	103,594
Marketing & Product Team	143,000	100,925	69,563	43,988	38,250	42,075	437,801
Finance Team	61,710	61,710	58,905	27,859	24,225	12,823	247,032
IT Operations Team	40,673	40,673	38,824	21,994	19,125	14,025	175,314
HR Team	74,250	74,250	70,875	48,300	42,000	0	309,675
Project Managers	78,540	64,515	61,583	57,448	45,900	50,490	358,476
Camelot Global Resource Costs	510,373	440,248	373,381	258,239	207,750	161,289	1,961,280
Transition Costs Including Camelot Global resource costs	3,343,760	3,822,985	2,852,599	441,172	383,122	320,951	11,164,587
Camelot Global Resource Contingency - recoverable subject to state approval only	*621,248*	*621,248*	*776,560*	0	0	0	*2,019,056*
Transition Costs including Camelot Global Resource Costs and Camelot Global Resource contingency	3,965,008	4,444,233	3,629,159	441,172	383,122	320,951	13,183,643

EXHIBIT 3.1.2

NORTHSTAR DISENTANGLEMENT PLAN

(See attached)

EXHIBIT C

ILLINOIS LOTTERY DISENTANGLEMENT SERVICES PLAN

September 29, 2015

1. ORGANIZATION AND PROCESS

1.1 Purpose

Pursuant to Article 14 of the Private Management Agreement by and between the State of Illinois, acting through the Illinois Department of Lottery (the **"State"**), and Northstar Lottery Group, LLC, an Illinois limited liability company (the **"Manager"** and together with the State, the **"Parties"**) entered into as of January 18, 2011 (the **"PMA"**), the Manager will, at the State's direction and with its cooperation, accomplish a transition from Manager to the Replacement Manager designated by the State or to the State as directed by the State, of any terminated Services being provided by the Manager as of the termination date of the PMA, without any material disruption of, or material adverse impact on, the Services being provided or the terms of the PMA, except as mutually agreed by the Parties.

The State of Illinois acting through the Illinois Department of the Lottery ("State"), GTECH Corporation ("GTECH"), Scientific Games International, Inc. ("Scientific Games"), and Manager have entered into a Letter Agreement of Termination effective September 18, 2015 (the "Letter Agreement").

This Disentanglement Services Plan may be amended or extended as needed and permitted by the Letter Agreement. This Disentanglement Plan supersedes all prior versions submitted by Manager to the State. All undefined capitalized terms used but not defined in this Disentanglement Services Plan shall have the meaning ascribed to that term in the PMA.

This Disentanglement Services Plan provides a framework to formulate a detailed master plan for implementing the provision of Disentanglement Services set forth in Article 14 of the PMA during the Disentanglement Services Period, including:

- An overview of the governance framework to monitor the day-to-day operations of the Lottery to ensure uninterrupted operations prior to and after the selection of the Replacement Manager by the Lottery;
- Ensure all Subcontractors, including without limitation GTECH Corporation ("GTECH") and Scientific Games International, Inc. ("SGI"), vendors and other parties with contractual obligations to the Manager in support of Lottery operations (together referred to as "Key Suppliers"), adhere to their ongoing contractual commitments;
- Identification of roles, responsibilities, and services that will be performed by the Manager, Key Suppliers, the State, and/or the Replacement Manager during the Disentanglement Services Period;
- Facilitate a smooth transition of Lottery operations from Manager to a Replacement Manager;
- Minimize, and where necessary, resolve disputes between Manager, Key Suppliers, the State, and the Replacement Manager;
- Manage dependencies between Key Suppliers, Manager, Replacement Manager, and the State; and
- Identification and documentation of major transition risks and mitigating actions.

Throughout the Disentanglement Services Period, the State shall continue to have actual control and oversight over all Lottery operations by retaining the authority to direct or countermand Manager's operating decisions, maintaining ready access to information regarding all aspects of Lottery operations, and retaining ownership of all Lottery assets including all State Intellectual Property. The rights granted to Manager in this Disentanglement Services Plan are subject to these actual control and oversight powers and the regulatory and step-in power of the State with respect to the Lottery.

1.2 Governance of the Disentanglement and Transition Process

Disentanglement and transition will require strong coordination between the State, the Manager, the Replacement Manager, and Key Suppliers. Strong cooperation among these stakeholders will also be needed for detailed planning, rigorous monitoring and reporting of progress, identification of the Streams, the associated Leads, and management of issues and risks.

Figure 1 depicts the governance and operational structures for management of the Disentanglement Services and transition process.

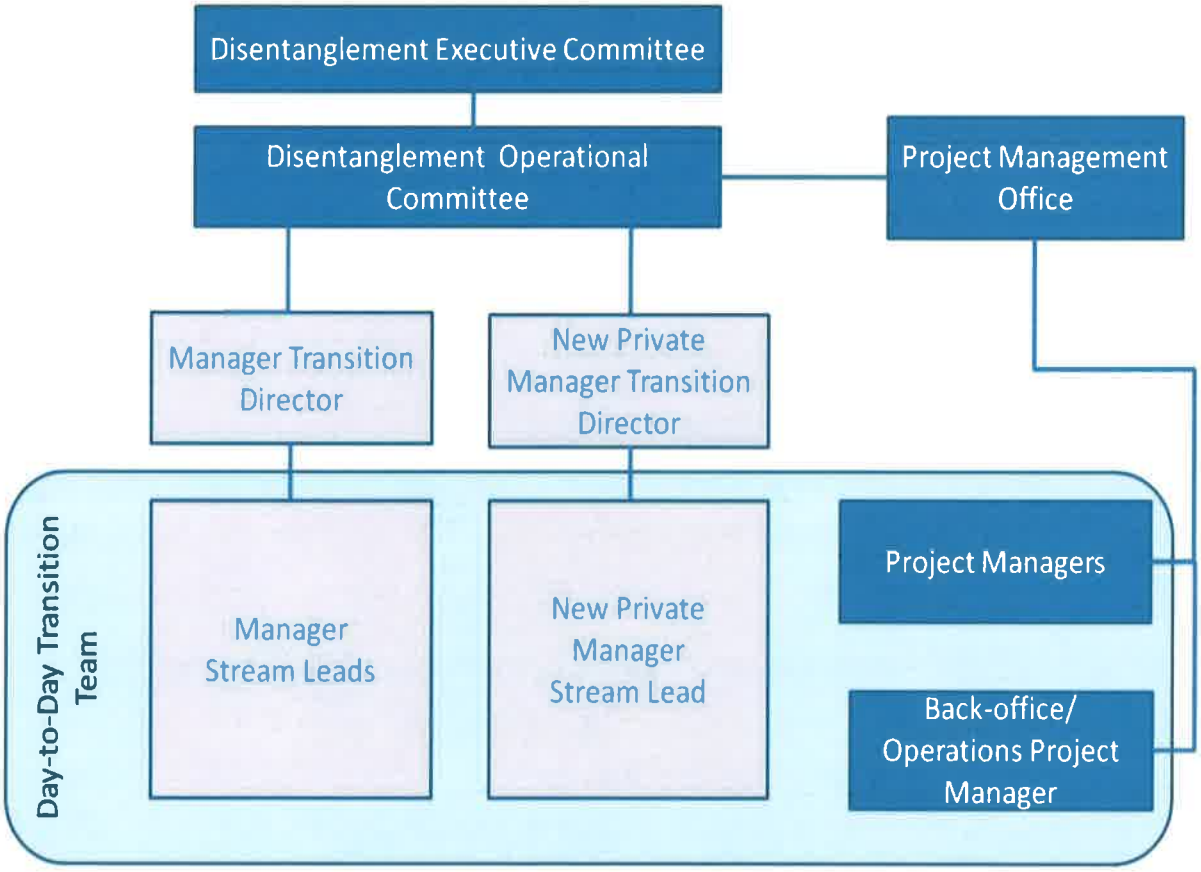


Figure 1 – Disentanglement and Transition Organizational Structure.

Disentanglement Services Period

The Program Management Office ("PMO") will report to the Lottery Director or her designee. The PMO will initially be located in the Manager's office to ensure appropriate coordination. The State and PMO will be provided with access to all documentation and data of the Manager. The Manager will accommodate the State with the use of one office if requested.

1.3 Parties Involved in the Disentanglement Services

The entities involved in the Disentanglement Services are:

- Disentanglement Executive Committee: Responsible for defining, aligning, and monitoring of the transition objectives and milestones. Responsible for the resolution of escalated issues. Ownership and oversight of the Risk Management Plan.

- Disentanglement Operational Committee: Responsible for translating the Disentanglement Executive Committee objectives into attainable operational action items, identifying issues that require escalation to the Disentanglement Executive Committee, and evaluating PMO reports, plans, timelines, and budgets. Members of this Committee will serve as key operational liaisons among all other committees regarding process implementation.

- PMO: Responsible for creation of and coordination of the activities of a consolidated plan of all of the project plans related to Disentanglement Services (the "Disentanglement Master Plan"), overseeing maintenance of all project plans created by the project managers working closely with the Stream Leads, reporting and facilitating resolution of issues, and verifying milestones. The PMO will be procured by the Manager via a request for proposals ("RFP") in accordance with the PMA. The State shall have input into the drafting of the RFP, shall approve the RFP before it is released by the Manager, and shall have one or more designees on the evaluation committee.

- Stream Leads: Will be organized by functional area and will be responsible for the management and execution of the defined tasks within their function in coordination with the other Streams and the PMO. The Manager will be responsible for proposing the actual Streams and Stream Leads; Streams will be activated upon approval by the State. The State reserves the right to propose and create additional Streams. It is essential that all business areas and key activities of the Manager are addressed and tracked.

1.4 Disentanglement Executive Committee

The Disentanglement Executive Committee will be comprised of the Lottery Director, the Manager's CEO, and the Replacement Manager's CEO (after the Replacement Manager is selected). Representatives of the PMO and other officers, consultants, and staff designated or approved by the State and invited by the Chair may join meetings, as necessary. The Committee will be chaired by the Lottery Director, and will meet at least monthly (or more often as necessary). The Committee will:

- Review and approve the Project Mandate (as described in Section 1.5 below) documenting the objectives, teams, milestone plan, roles and responsibilities, initial compilation of the Risk Management Plan and Issues log;
- Review and approve the comprehensive Disentanglement Master Plan;
- Review and validate milestone achievements against the approved project plans;
- Review and validate milestone achievements against the approved Dependency Plan;
- Review and approve the Risk Management Plan and monitor its implementation;
- Discuss any escalated issue arising from the transition or day-to-day operation of the lottery and, if necessary, instruct and provide guidance to the Disentanglement Operational Committee on resolved issues.

Sections 3.2, 3.3 and 4 of Schedule 5.1 of the PMA are expressly incorporated herein. For purposes of Section 5.1 and Schedule 5.1 of the PMA, the Disentanglement Executive Committee shall serve as the sole governance structure during the Disentanglement Services Period. Meetings of the Disentanglement Executive Committee shall constitute "Standing Meetings" for purposes of Section 3.2 of Schedule 5.1 of the PMA.

1.5 Disentanglement Operational Committee

The Disentanglement Operational Committee will be comprised of the Chief of Staff (or equal position), General Counsel, COO and CFO of the State, Manager's Chief Operating Officer, Vice President, Technology & Operations, Transition Lead and Vice President, Legal & Regulatory Compliance, and Replacement Manager. Representatives of the PMO and additional staff and consultants designated or approved by the State may be added on a permanent or temporary basis as necessary. The Committee will be led by the Lottery's Chief of Staff and will meet not less than twice per month. The Committee will:

- Monitor the Disentanglement Master Plan to ensure all objectives are achievable, necessary, and beneficial to the disentanglement process;
- Take direction from the Disentanglement Executive Committee on key business decisions relating to the transition and day-to-day operation of the Lottery as well as escalate issues to the Disentanglement Executive Committee as necessary;

- Mobilize the appropriate Stream Leads or other resources to address transition or day-to-day operational issues in a timely fashion;

- At an operational level, review and validate milestone achievements against the approved Dependency Plan;

- At an operational level, review and validate milestone achievements against the approved Risk Management Plan; and

- Devise and approve common sense adjustments and conflict resolution provisions as necessary.

1.6 Program Management Office

Manager will issue an RFP to select a third party company not later than thirty days from the date of this Disentanglement Plan to operate and staff the PMO as well as recruit and procure suitable project managers to assist with Disentanglement Services. The RFP and ultimate selection of the third party company and project managers will be conducted in accordance with the requirements of the PMA and the necessary approval of the State. Initially the contract with the third party shall constitute a Subcontract under the PMA; however, said Subcontract shall contain a provision that it is assignable to the State in accordance with Section 7.13 of the PMA. Sections 7.5 and 7.10 of the PMA shall not apply to the Subcontract for the PMO. The Subcontract for the PMO and all Subcontracts entered into by the Manager during Disentanglement Services shall contain provisions: (1) making the Department and the State third party beneficiaries under the Subcontract; and (2) giving the Department and the State the right to enforce the Subcontract.

The PMO will serve as the information structure for Disentanglement Services. Program Management Services include the creation, implementation, documentation, and updating of a:

a) Disentanglement Services Master Plan
b) All plans associated with the Disentanglement Master Plan
c) Issues Log
d) Project plans and other micro-plans as necessary

PMO staff will evaluate and record the progress of each Stream, arrange communication avenues, record and catalogue meeting minutes, and assign and coordinate topics and activities among Committees and Streams. They will also document and condense the activities into a single Disentanglement Master Plan, managed by the PMO.

The implementation and management of the Disentanglement Master Plan requires the:

- Creation of the Project Mandate document;

- Creation of project charters that align and provide consistency amongst the various Streams identified;

- Effective identification, reporting, and management of project goals, dependencies and objectives;

- Identification of critical activities, milestones, deliverables, constraints, and dependencies;

- Creation of a risk assessment and corresponding mitigation plan to avoid delays;

- Effective management of project baseline changes and issues as well as status reporting and tracking; and

- Successful close-out of the project.

The PMO will manage the Disentanglement Master Plan, process, and timeline on a day-to-day basis. Further, the PMO will identify issues for the Disentanglement Executive and Operational Committees, report activity progress, escalate issues, and propose major changes to the Disentanglement Master Plan, if dictated by issues arising from the Disentanglement Services.

The PMO will also:

- Ensure coordination of key personnel of the Manager, the State, and the Replacement Manager with respect to the implementation of the Disentanglement Master Plan;

- Maintain the Disentanglement Master Plan to monitor the progress of the Streams, check linkages between teams, and identify and maintain critical activities;

- Verify overall resource requirements for the transition and communicate additional resource needs;

- Provide project management support to key personnel to help facilitate the completion of the Disentanglement Master Plan;

- Work with the Disentanglement Executive and Operational Committees to ensure information flow and timely action related to any arising issues; and

- Communicate progress and issues to all stakeholders.

1.7 Stream Leads

Each Stream will be staffed with representatives of the Manager, Replacement Manager (where required and as determined by the State), PMO, and the State (where required and as determined by the State). These teams will deal with cross-functional issues that are particularly critical and

need to be specifically addressed to ensure a smooth transition and minimize any day-to-day operational risks.

In the case of Manager, as depicted in Figure 2 below, each Stream Lead will have three primary areas of focus during the Disentanglement Services Period:

a) Continued operation of the day-to-day activities of the Lottery,
b) Transition to the Replacement Manager,
c) Demobilization of Manager (where relevant).

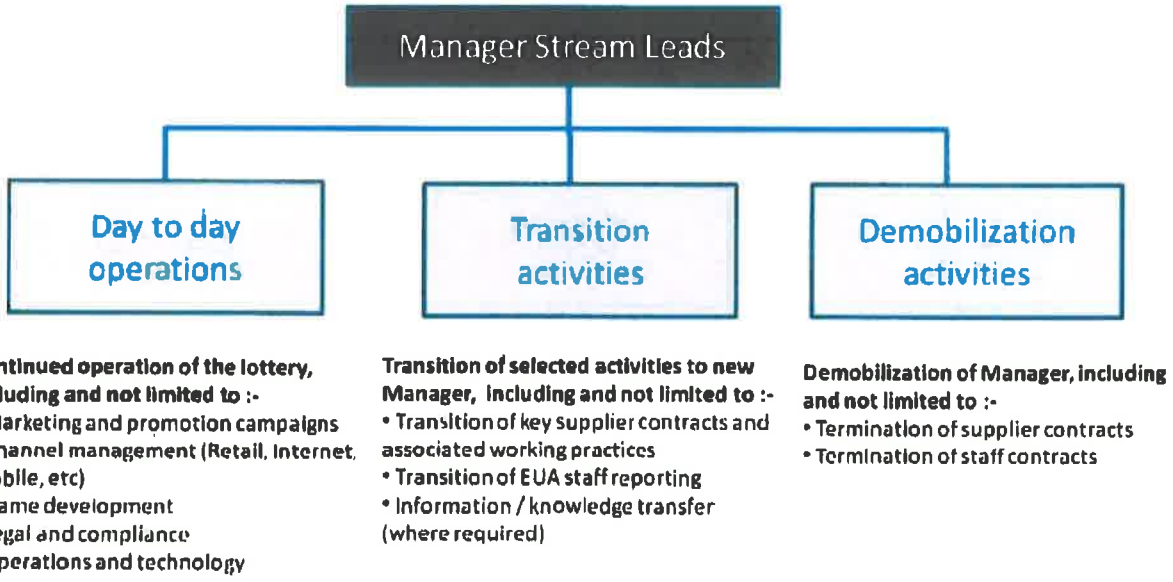


Figure 2 – Overview of Primary Responsibilities of Manager Stream Leads during the Disentanglement Services Period

Each Stream Lead throughout the Disentanglement Services Period will be responsible for the continued operation of their designated area of the Lottery, overseeing the activities and plans of the Transition Activities for their area and Demobilization activities (where relevant) to ensure overall success in the delivery of the Disentanglement Services. The Stream Leads will develop and update a plan for their specific activities and work with the PMO to make sure all plans are synchronized with the Disentanglement Master Plan. In particular, the Stream Leads' responsibilities include:

- Approval and execution of day-to-day operational decisions and, where necessary, escalating to the CEO of Manager or his/her designee;
- Development and maintenance of detailed project plans for their activities;
- Ensure reporting and achievement of transition milestones that are within their respective scope of responsibility and reporting progress thereof to the PMO; and

- Identification, management, and mitigation of risks within their scope of responsibility.

Each Stream will have a Statement of Work provided by the PMO to clarify its role and responsibilities, including:

- An overview of the role and scope of Stream, including the identification of the Stream Lead, related contact information, and required approvals and sign-offs;

- If necessary, background information commensurate with the scope of responsibility; and

- The list of initiatives that must be accomplished, their timing, staffing requirements, and identification of existing operating constraints, and/or risks that the team is facing (mitigation actions will be addressed).

As part of their responsibilities, each Stream Lead will update the PMO regularly as required. Updates will contain milestone details (associated with the related owner), tracking linkages with other Streams, listing potential issues (roadblocks, etc.) and updates to their portion of the Risk Management Plan.

1.8 Disentanglement Milestones

The PMO shall prepare a written summary of all activities and the Transition milestones. With the completion of the Disentanglement Milestones, the work of the Disentanglement Teams will be concluded. Their responsibilities will be transferred directly to the Replacement Manager. The relevant Stream Leads will continue operating according to their respective plans to ensure managerial attention and focused efforts to their deliverables.

1.9 Process for Monitoring the Progress of the Disentanglement Master Plan

Tracking the progress of the Disentanglement Master Plan will be critical. Therefore, this activity will be the primary responsibility and major focus of the PMO that will operate within the defined governance structure with three major guiding principles:

- Accountability: Stream Lead decisions must be aligned with overall objectives of the State and the Manager. For each stream and milestone, individuals will be identified as accountable for follow-through and to measure performance.

- Prioritization: Finite resources will be allocated against highest-value initiatives; individual team members will always be aligned against highest value interactions.

- Early warning: Specific process is put in place to identify and address issues and risks early. For this reason, on a weekly basis, the PMO will submit a detailed work plan to each team.

The PMO will adopt a set of metrics to identify early issues and risks and to monitor activity progress.

1.10 Risk Management and Mitigation Actions

Operational risks during the Disentanglement Phase will be assessed and documented during the Disentanglement Services Period and included within the Risk Management Plan. This Risk Management Plan will continually be updated by all of the stakeholders and continually monitored by the Disentanglement Executive Committee.

1.11 Adjustments to the Disentanglement Services Plan Resulting in Disentanglement Services Period Extension

In the event of any State-initiated Disentanglement Services Period extension, the parties shall agree on appropriate adjustments to the Disentanglement Services Plan and all associated dates and milestones. Where such adjustments between the Manager and the Replacement Manager are in dispute, the Lottery Director will resolve the dispute. Where such adjustments between the State, the Manager, or the Replacement Manager are in dispute, the Lottery Director will resolve the dispute.

1.12 Annual Business Planning Process

Manager will continue to act in accordance with the FY 16 Updated Annual Business Plan and at the direction of the State. In the event that the Disentanglement Services Period is extended, the Manager in consultation with the State shall produce a FY 17 Updated Annual Business Plan. Notwithstanding the provisions of Section 5.3.3 and Schedule 5.3 of the PMA, the FY 17 Updated Annual Business Plan shall contain the following provisions: (A) Disentanglement Lottery Operating Expenses for FY 2017; (B) the proposed goals and objectives for FY 2017 for each of the activities set forth in Schedule 2.1 to the Agreement; (C) plans to assure participation of disadvantaged individuals and businesses that are a minority-owned business, a female-owned business, or a business owned by a person with disability in employment and contracts.

2. MANAGER-PROVIDED ASSETS

2.1. Transfer of Assets and Other Items under the Specific Disentanglement Services Obligations in the PMA

2.1.1. Items Subject to Conveyance or Re-Conveyance

In connection with the initiation of the Disentanglement Services, but in no event longer than thirty (30) Business Days after such initiation of Disentanglement Services, the Manager will provide to the State in writing a complete and accurate list of all items that will be subject to conveyance or re-conveyance to the State and the Replacement Manager as provided in Section 14.3 of the PMA. Such list may contain, without limitation, the types of items set forth on Schedule 2.1 of the PMA.

2.1.2. Information and Knowledge Transfer

The Manager will provide to the State, and/or the Replacement Manager full, complete, detailed, and sufficient information to enable the State, and/or the Replacement Manager to assume the provision of the Services and assure an orderly transition, including, without limitation, information and knowledge related to the following:

a) Information then being utilized by the Manager with respect to data conversions, interface specifications, programs, tools, utilities, and other resources used to provide the Services;
b) Documentation of work in progress including, but not limited to, project mandates, project plans, issues logs, risk management plans, cost estimates, and budgets, etc.;
c) Documentation and data related to the State and the operation of the Lottery, including State Data (as that term is defined in the PMA); and
d) Procedures, standards, and operating schedules, including the Operating Standards (as that term is defined in the PMA), held by the Manager.

Where such information is not currently documented or assumed to be pervasive organizational knowledge, the Manager nonetheless has an affirmative obligation to ensure such information is documented in order to minimize risks and facilitate a smooth transition of lottery operations to the Replacement Manager.

2.1.3. Third Party Contracts and Manager Subcontracts

During the planning of the Disentanglement Services Period, the Manager will provide to the State, its affiliates, and/or the Replacement Manager un-redacted copies of Subcontracts, Vendor Contracts, and all other Third Party Contracts (as those terms are defined in the PMA) to be assumed by or transferred to the State, its affiliates, and/or the Replacement Manager upon termination or expiration of the PMA. A list of Subcontracts, Vendor Contracts, and all other Third Party Contracts and Subcontracts shall be provided by the Manager not later than (10) days after the date of this Disentanglement Plan, which list shall be incorporated as Schedule 4.1.3 to this Disentanglement Services Plan. Where required, the Manager will facilitate and assist the State and/or Replacement Manager in the termination and/or transition/novation of such Subcontracts and Vendor Contracts.

2.1.4. Manager Intellectual Property

The Manager will comply with the post-termination license rights and obligations with respect to Manager Intellectual Property set forth in Article 8 of the PMA.

During the Disentanglement Services Period, the Manager will deliver to the State (or, at the State's election, to its designee(s)) the object code for such Manager Proprietary Intellectual Property to the extent such code is reasonably necessary to permit the State to access and use such Manager Proprietary Intellectual Property to the extent such access and use is reasonably required for the State to receive the Services during the Disentanglement Services Period.

During the Disentanglement Services Period, the Manager will offer to provide to the State (or, at the State's election, to its designee(s)), to the extent reasonably required for the State to receive the Services during the Disentanglement Services Period, upgrades, maintenance, support, and other services for commercial off-the-shelf Manager Proprietary Intellectual Property on the terms and conditions set forth in Schedule 4.1.4.

2.1.5. Manager Organization Chart

Manager shall submit to the State, Manager's organizational chart by the start of the Disentanglement Services Period.

As required by Section 3.3.2 of the Operating Standards, Manager shall make available for review by the State, the Jobs Compendium and job descriptions for vacant and filled positions by the start of the Disentanglement Services Period. The State shall have full access to said documentation, which shall be continuously updated and maintained in Manager's offices.

3. FEES

All fees payable to Manager during the Disentanglement Services Period shall be payable in accordance with the Letter Agreement.

EXHIBIT 5.3.1

INITIAL ANNUAL BUSINESS PLAN

Response to 5.3.2 of the Illinois Lottery Private Management Agreement

This Exhibit provides a response to the following subsections of Section 5.3.2;

a - Allocation of the Operating Allowance

b - Ability to satisfy Minimum Net Income

k - Detailed financial projections over the term

j - Capital investments equal to or in excess of $1m

l - Compliance with financial stability requirements in the PMA and Operating Standards

Manager submitted its Bid for the Illinois Lottery Private Manager on November 4, 2016. Included in this Bid was a full Initial Annual Business Plan and a separate pricing packet which covered the financial elements of Manager's bid. Please refer to Manager's bid response for the non-financial aspects of the Initial Annual Business Plan which remain unchanged.

5.3.2 (a)

*The projected allocation of the Operating Allowance, including a line item for Subcontractor expenses and any other Third Party expenses for each of the Contract Years after the Base Services Commencement Date (as thereafter updated in accordance with Section 5.3.5 below, the "**Budget**") and the assumptions on which such budget is based;*

Response:

The figure below summarizes Manager's projected allocation of the Operating Allowance:

Operating Allowance ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
DBG Subcontractor Costs	(20.3)	(38.8)	(38.5)	(41.7)	(43.3)	(45.0)	(45.8)	(46.4)	(47.1)	(47.8)	(24.2)	(438.9)
Instants Subcontractor Costs	(11.1)	(21.2)	(20.4)	(21.7)	(22.7)	(23.7)	(24.0)	(24.2)	(24.4)	(24.6)	(12.4)	(230.3)
Marketing	(18.9)	(44.2)	(47.4)	(51.8)	(54.1)	(56.3)	(57.3)	(58.3)	(59.2)	(60.2)	(30.5)	(538.3)
Depreciation of Op Allowance CAPEX	(0.1)	(0.9)	(1.5)	(1.6)	(1.7)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(0.9)	(15.8)
State Admin Expenses - EUA	(5.6)	(11.3)	(11.6)	(11.8)	(12.0)	(12.3)	(12.5)	(12.8)	(13.0)	(13.3)	(6.8)	(123.0)
iLottery Bank Transaction Fees	(0.7)	(1.9)	(4.9)	(10.5)	(13.3)	(15.1)	(16.6)	(18.4)	(20.3)	(22.3)	(11.8)	(135.8)
Other Costs	(1.3)	(2.0)	(2.9)	(5.2)	(6.3)	(6.9)	(7.3)	(7.8)	(8.3)	(8.8)	(4.7)	(61.4)
Sub Total (P&L Charge)	**(57.9)**	**(120.3)**	**(127.2)**	**(144.3)**	**(153.6)**	**(161.0)**	**(165.3)**	**(169.7)**	**(174.2)**	**(178.8)**	**(91.3)**	**(1,543.6)**

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

Critical assumptions

This section details the critical assumptions for each of the line items in the financial projections.

i) Draw Game subcontractor cost

Draw Game subcontractor costs are forecast to average ~$44m pa, a reduction of c.$6m pa vs. the current IGT/GTECH contract. These costs cover the scope of the Draw Game Services shown in Exhibit B Table B of Manager's response to the PMA (including central system provision, development and maintenance) and reflect the Binding Term Sheet entered into between Manager and Intralot Inc. Costs are based predominantly on a percentage of gross sales (an approach which aligns the interests of the DBG Significant Subcontractor with those of Manager and State), and so increase throughout the Term in line with sales projections.

Manager has assumed that the existing IGT charging arrangements continue from the Base Services Commencement Date (assumed to be 2nd January 2018) until 31st December 2018 and ii) the costs for the new Intralot Inc. contract commence on 1st January 2019. Any costs arising from an earlier termination of the IGT/GTECH contract will be shown as an Administrative Expense.

ii) Instant tickets subcontractor cost

Instant Game subcontractor costs are forecast to be ~$23m pa. These costs cover the scope of the Instant Ticket Game Services specified in Exhibit B Table B of the PMA (including ticket printing, production, warehousing and distribution). The costs incorporated within the forecast reflect the Letter of Intent entered into with Scientific Games.

iii) Marketing

Manager projects marketing costs of $18.9m in the Initial Stub Contract Year, and an amount equivalent to 1.5% of Ticket Sales for FY19 onwards. While Manager considers 1.5% of Ticket Sales to be an appropriate amount at this point in time, the headroom built into the Operating Allowance provides some scope to increase or decrease marketing spend in any given year. A breakdown of projected Marketing spend for the first five years is shown in the table below:

Projected Marketing Budget	FY18*	FY19	FY20	FY21	FY22	FY23
Base Buy - TV	5.2	11.3	12.9	12.9	14.3	14.5
Base Buy - Digital	0.7	4.9	5.6	6.3	6.4	6.5
Base Buy - Other	1.1	2.5	2.8	2.8	2.9	3.0
Base Buy Media Total	**7.0**	**18.7**	**21.3**	**22.0**	**23.6**	**24.0**
Draw Games	1.5	5.0	5.7	6.5	6.6	6.7
Instants	3.0	7.1	8.1	8.4	9.0	9.5
iLottery and Brand	0.5	1.6	1.8	2.2	2.5	3.0
Agency fees and PR	2.5	5.0	5.0	5.0	5.0	5.2
Research and Econometrics	1.3	2.0	2.0	2.0	2.0	2.0
Broadcast	0.8	1.5	1.5	1.5	1.5	1.5
POS and Production	2.5	3.3	2.0	4.2	3.9	4.4
Total - Other	**12.0**	**25.5**	**26.1**	**29.8**	**30.5**	**32.3**
Total Marketing Spend	**18.9**	**44.2**	**47.4**	**51.8**	**54.1**	**56.3**

iv) Depreciation of Operating Allowance capital expenditure

Under Section 10.1.2 of the PMA, Manager has assumed in its financial projections that it is able to recover through the Operating Allowance depreciation charged on a straight-line basis in accordance with

GAAP (or, if such spend is treated as a long-term debtor, Manager will seek recovery of such costs if the related assets were depreciated over their useful economic life). The table below summarizes depreciation of Operating Allowance capital expenditure.

Depreciation charged to Op. Allowance($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
Depreciation of PPOS	(0.1)	(0.9)	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)	(0.8)	(15.0)
Depreciation of New Stores Install Cost	-	(0.0)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.8)
Total expenditure to be recovered through Op. Allowance	(0.1)	(0.9)	(1.5)	(1.6)	(1.7)	(1.8)	(1.8)	(1.8)	(1.8)	(1.8)	(0.9)	(15.8)

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

Critical assumptions

The critical assumptions supporting these projections are summarized in the table below.

Asset class	Useful economic life	Comment
Retailer Permanent Point of Sale	i) Rollout preparation costs are depreciated from January 2018 until the end of the Term ii) Other PPOS costs are depreciated from the point of installation to the end of the Term	Spend includes all costs directly attributable to bringing assets into working condition Spend is exempt from Sales, Use and other taxes.

As noted in its response to the asset management section of the RFP, Manager will undertake regular reviews of its asset base. Should Manager identify changes to the useful economic life of any of its assets, it will seek to adjust the level of depreciation allocated to the Operating Allowance to reflect the revised useful economic life.

v) State Administrative Expenses—Employee Use Agreement

Manager has incorporated an estimate of the State's charges for Employee Use Agreement Expenses into its Operating Allowance projections consistent with 10.1.1 of the PMA. Manager has based this estimate on the following assumptions:

That FY17 costs are $11.1m (as per the State's forecast provided in the Data Room).

That FY18 and future costs grow at no more than 2.5% per annum over the FY17 figure of $11.1m.

vi) iLottery bank transaction fees

In relation to bank fees for iLottery transactions Manager assumes that these costs are equivalent to 4.0% of iLottery sales

vii) Other costs

Other costs include the following expense items:

- Instant Game Development research—a cost of $0.15m in FY18.
- Digital affiliate fees - Manager has assumed that any commissions paid to third parties who distribute lottery products through the internet (e.g., Retailers using their e-commerce channels to

sell lottery tickets) are paid a fee equivalent to 7% of such digital sales from FY19. The cost of these fees are $0.2m in FY19 rising to $3.6m in FY27, by which time iLottery sales via affiliates are projected to be $51m.

- Third party Contact Center—Manager has assumed a cost of $0.3m in the Initial Stub Contract Year for an outsourced contact center, with costs increasing as sales and contacts grow.
- PPOS Maintenance—Manager has included $15m of capital expenditure for new PPOS. In order to a) provide new retailers with PPOS and b) replace equipment that may be damaged, Manager has included a cost of $0.46m in FY19, increasing at a rate of 2% per annum reaching $0.54m by FY27
- Third Party Wide Area Network and ISP link costs—Costs of $0.25m per annum have been included, increasing at 2% per annum
- Third Party fees for Distributed Denial Of Service protection of $0.41m per annum, increasing at 2% per annum, with one-off setup costs of $0.5m in FY18.

Accounting treatment of expenditure allocated to Operating Allowance

A critical assumption in preparing the financial projections for the Operating Allowance is that Manager will recognize costs to be recovered by the Operating Allowance on an accruals basis under GAAP.

5.3.2 (b)

A description of Manager's objectives for each of the Contract Years, including Manager's ability to satisfy the Minimum Net Income, the projected Net Income for each such Contract Year, and the elements or assumptions used to calculate the projected Net Income;

5.3.2 (k)

Detailed financial projections over the Term, including the allocation of the Operating Allowance and Net Income and a description of the assumptions and factors driving such projections and a discussion of the relative importance of such assumptions and factors;

By providing a comprehensive set of financial projections and commentary for the Overall Business Plan covering the whole Term, this section also addresses the requirements of 5.3.3 (the First Year Plan, which requires the Budget for the following Contract Year and the assumptions on which the Budget is based) and 5.3.4 (the Five Year Plan which requires a Budget for each of the next five Contract Years during the Term and the assumptions on which such Budget is based, pro-forma income statements for the next five Contract Years, a description of Manager's objectives for the next five Contract Years, including but not limited to, achieving the Minimum Net Income, Manager's projected Net Income for each such Contract Year and the elements of assumptions used to calculate such project Net Income).

The figure below provides a summary profit and loss account for the Illinois Lottery for the duration of the Private Management Agreement. It demonstrates that Manager's Business Plan will generate total Ticket Sales of $36.1bn and Net Income before Incentive Compensation of $9.2bn over the Term.

State Income Statement ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
Ticket Sales	1,426	2,948	3,161	3,453	3,607	3,752	3,821	3,885	3,950	4,016	2,033	36,052
Retailer fees	3	6	6	6	7	7	7	7	7	7	4	67
Operating Revenue	1,429	2,954	3,168	3,459	3,613	3,759	3,828	3,892	3,957	4,023	2,037	36,119
Retail Commissions	(80)	(165)	(173)	(182)	(187)	(192)	(194)	(195)	(196)	(197)	(99)	(1,861)
Gross Prizes	(946)	(1,942)	(2,065)	(2,239)	(2,340)	(2,431)	(2,475)	(2,514)	(2,554)	(2,594)	(1,313)	(23,413)
Unclaimed Prizes	19	39	40	42	44	45	46	46	46	46	23	437
Net Prizes	(927)	(1,903)	(2,024)	(2,197)	(2,296)	(2,386)	(2,429)	(2,468)	(2,508)	(2,547)	(1,290)	(22,976)
Gross Margin	422	885	970	1,080	1,131	1,181	1,205	1,229	1,253	1,278	648	11,282
% of sales	29.5%	30.0%	30.6%	31.2%	31.3%	31.4%	31.5%	31.6%	31.7%	31.8%	31.8%	31.2%
Operating allowance (Net)	(58)	(120)	(127)	(144)	(154)	(161)	(165)	(170)	(174)	(179)	(91)	(1,544)
Management Fee	(13)	(26)	(28)	(31)	(32)	(34)	(34)	(35)	(35)	(36)	(18)	(323)
State Administrative Expenses (Non-EUA)	(10)	(21)	(22)	(22)	(23)	(23)	(24)	(25)	(25)	(26)	(13)	(234)
Total Operating Expenses	(81)	(167)	(177)	(197)	(209)	(218)	(224)	(229)	(235)	(241)	(123)	(2,101)
Net Income for the purposes of calculating Incentive Compensation	341	718	793	883	922	963	982	1,000	1,018	1,037	525	9,181
Incentive Compensation	-	-	(9)	(26)	(31)	(38)	(38)	(39)	(41)	(43)	(21)	(287)
Net Income before Operating Expense Exclusions	341	718	784	857	890	925	943	960	977	994	504	8,894

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

The following section will consider each of the line items in the projections shown above and highlight the key assumptions supporting this plan.

(a) Ticket Sales

Overview by channel and game

The figure below summarizes the Ticket Sales forecast, split by channel and game category. Overall sales grow from $2,948m in FY19 to $4,016m in FY27. The two lead drivers of growth are iLottery and Instants. Strong iLottery performance will be an important driver of overall sales performance, increasing from being ~1% of total sales in FY18 to ~15% in FY28. Manager's Business Plan also sees growth in the Instants category, with sales growing by 28% over the Term.

Retail Ticket Sales ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
Draw-Based Games	469	975	1,033	1,072	1,061	1,091	1,091	1,086	1,083	1,080	539	10,581
Instants	940	1,926	2,006	2,118	2,212	2,284	2,315	2,337	2,359	2,379	1,199	22,076
Total Retail Ticket Sales	1,409	2,901	3,039	3,190	3,273	3,375	3,407	3,424	3,442	3,459	1,738	32,656
% Total Ticket Sales	98.8%	98.4%	96.1%	92.4%	90.7%	89.9%	89.1%	88.1%	87.1%	86.1%	85.5%	90.6%
iLottery Ticket Sales ($m)												
Draw-based games	18	47	122	262	334	377	415	461	508	557	295	3,396
Instants	-	-	-	-	-	-	-	-	-	-	-	-
Total iLottery Ticket Sales	18	47	122	262	334	377	415	461	508	557	295	3,396
% Total Ticket Sales	1.2%	1.6%	3.9%	7.6%	9.3%	10.1%	10.9%	11.9%	12.9%	13.9%	14.5%	9.4%
Total Ticket Sales	1,426	2,948	3,161	3,453	3,607	3,752	3,821	3,885	3,950	4,016	2,033	36,052

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

Overview by game

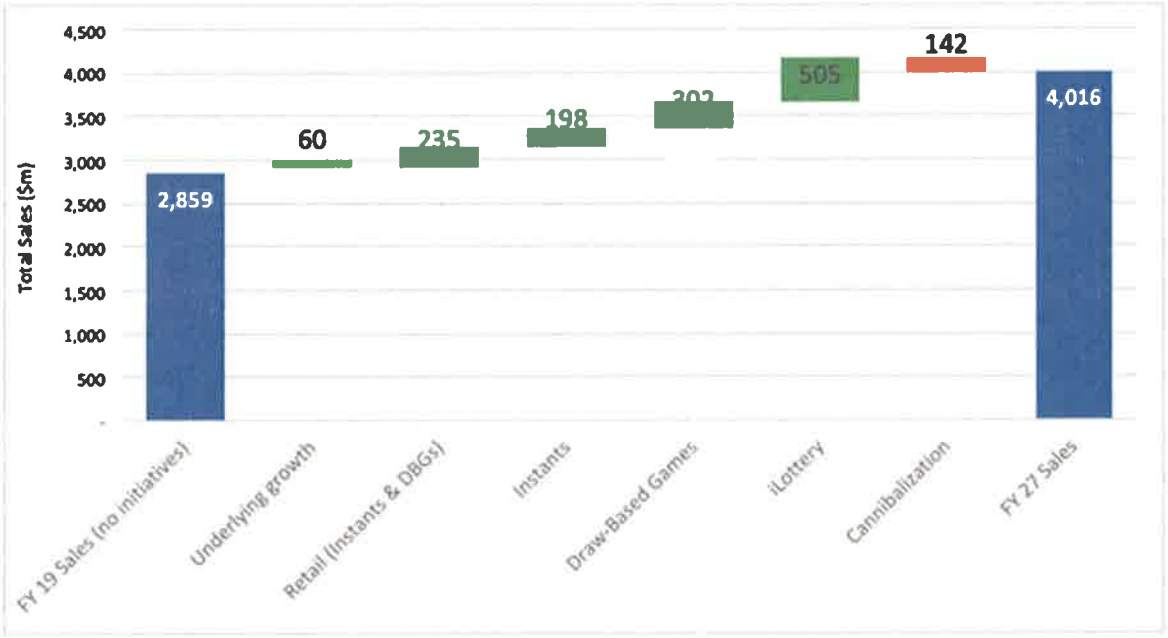
The figure below provides a breakdown of the Ticket Sales projection by game. Manager forecasts balanced growth across the portfolio with growth across all the main game categories (Numbers, In-State, Multi-State, Instants). iLottery is an important driver of DBG growth as well as a range of game innovations, as summarized in the table below.

Ticket Sales by Game ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
Pick 2	-	-	18	63	61	63	64	65	67	69	35	504
Pick 3	108	217	224	232	234	235	236	236	235	235	117	2,308
Pick 3 Fireball	22	44	45	47	47	47	48	48	48	47	24	466
Pick 4	90	183	193	203	209	214	218	222	226	230	117	2,105
Pick 4 Fireball	26	54	57	60	62	63	65	66	67	69	35	624
Numbers games	246	498	536	604	614	623	630	637	643	649	327	6,007
Raffle	4	8	8	8	8	8	8	8	8	8	4	81
Lotto	43	89	106	131	137	139	148	157	160	164	83	1,356
Lucky Day Lotto + EZ Match	69	141	156	183	190	197	205	208	212	216	109	1,887
DBG Innovation and New Digital Games	-	-	12	24	37	80	81	87	103	119	65	608
In-State games	116	238	282	346	372	423	441	461	483	507	262	3,932
Mega Millions	49	105	116	135	145	151	156	162	168	175	90	1,454
Powerball	76	160	174	198	210	217	224	231	239	247	126	2,102
Cash 4 Life	-	21	47	51	53	54	55	56	57	59	30	482
Multi-State games	125	286	337	384	408	422	435	449	465	481	246	4,037
Total DBGs	486	1,021	1,155	1,334	1,394	1,468	1,506	1,547	1,591	1,637	834	13,976
Instants	940	1,926	2,006	2,118	2,212	2,284	2,315	2,337	2,359	2,379	1,199	22,076
Total Ticket Sales	1,426	2,948	3,161	3,453	3,607	3,752	3,821	3,885	3,950	4,016	2,033	36,052

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

Critical assumptions

The following figure summarizes how the critical elements of Manager's sales plan contribute to an increase in Ticket Sales from $2,859m in FY19 (without initiatives) to $4,016m in FY27.



The table below summarizes the critical assumptions supporting this forecast and the incremental Ticket Sales and Net Income from each initiative group:

Sales driver	**Incremental Ticket Sales vs FY 2019**	**Incremental Net Income generated in FY 2027**	**Key assumptions**
Retail (Instants and DBGs)	$302m	$72m	Key activities in this area include a Retail Standards Program, Permanent Point of Sale refresh and the recruitment of new retailers (increasing from an assumed ~7,500 at Base Services Commencement Date to 9,000 by the end of FY24) Timely support of State in licensing proposed expansion
Instants	$198m	$53m	Approval for innovative game initiatives such as a multi-jurisdictional scratchcard Approval of new games families every year from Q2 2019 onwards Ongoing program of individual game improvements and launches from Q1 FY19 with approval where necessary Increased sales through better range management, structure and stocking
Draw-Based Games	$235m	$91m	Improved marketing and execution of Lotto, Lucky Day Lotto, Mega Millions and Powerball Approval and launch of Cash4Life in Q3 FY2019 Approval and launch of Pick 2 in FY20

Digital expansion	$362m (+$505m less $143m cannibalization)	$142m	Legislative approval of iLottery throughout the Term Increase in iLottery participation from ~45k active players to ~700k players by FY23 Spend per player of $70 per month

The following tables set out the detailed sales and Net Income benefits of each of the major initiatives in Manager's forecast:

Sales

Incremental Ticket Sales by Initiative ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
Do Nothing Ticket Sales	2,853	2,859	2,868	2,880	2,893	2,896	2,899	2,904	2,911	2,919	2,932	31,814
DBG 1 - Lotto Enhancement	-	3.4	13.9	19.1	16.0	14.6	20.1	25.5	24.8	24.0	23.7	185
DBG 2 - Lucky Day Lotto Enhancement	-	0.6	8.0	17.1	14.6	15.6	19.1	17.6	16.8	15.4	14.3	139
DBG 3 - Mega Millions and Powerball Enhar	-	11.2	18.0	13.7	12.1	11.5	11.4	11.3	11.2	11.0	11.0	122
DBG 4 - Cash 4 Life Launch	-	20.6	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	426
DBG 5 - Pick 2 Launch	-	-	13.7	53.7	50.0	50.0	50.0	50.0	50.0	50.0	50.0	417
DBG 6 - Ongoing Innovation Program	-	-	-	-	13.1	52.7	53.7	57.4	72.6	89.3	101.8	441
Total DBG Initiatives	-	**35.8**	**98.7**	**148.6**	**150.8**	**189.3**	**199.3**	**206.8**	**220.3**	**234.7**	**245.8**	**1,730**
Instants 1 - New Game Families	-	1.0	5.1	9.9	16.3	29.7	32.0	31.4	30.8	30.3	29.9	216
Instants 2 - Individual Launches and Impro	-	5.2	14.0	24.6	38.1	43.8	42.4	41.5	40.7	39.8	39.2	329
Instants 3 - Range Management	-	6.8	11.3	19.6	29.2	34.1	35.0	38.2	39.2	39.1	39.1	292
Instants 4 - Game Innovation	-	-	6.7	18.3	33.6	54.5	64.0	66.0	66.9	66.1	65.5	442
Instants 5 - Win belief & Prize Payout Progr	-	-	-	-	-	-	-	-	-	-	-	-
Instants 6 - Advanced Scratchcard Repleni	-	-	-	-	-	-	-	-	-	-	-	-
Instants 7 - Ongoing Category Enhancemer	-	-	-	-	-	-	-	2.6	13.0	22.5	28.6	67
Total Instant Initiatives	-	**12.9**	**37.0**	**72.4**	**117.2**	**162.1**	**173.3**	**179.7**	**190.6**	**197.8**	**202.4**	**1,345**
Retail 1 - Retail Standards Program	-	-	6.4	32.7	40.5	40.6	43.7	53.2	53.2	53.3	53.3	377
Retail 2 - Expanded Retail Base	-	23.9	60.0	106.3	148.5	184.0	199.3	200.5	202.1	203.7	204.9	1,533
Retail 3 - Improved In-store Look	-	8.8	28.3	48.7	41.8	35.0	35.0	35.0	35.0	35.0	35.1	338
Retail 4 - Improved Key Account Managem	-	-	0.7	1.7	3.2	4.5	5.2	7.1	7.9	9.5	9.6	49
Total Retail Initiatives	-	**32.8**	**95.3**	**189.5**	**234.1**	**264.0**	**283.3**	**295.7**	**298.2**	**301.5**	**302.9**	**2,297**
iLottery 1: New Ways of Playing	-	2.0	9.0	32.2	46.2	50.0	59.8	68.7	79.5	90.4	95.2	533
iLottery 2: Improved User Experience and C	-	2.0	6.6	54.3	69.2	76.9	85.1	95.6	106.9	111.5	112.9	721
iLottery 3: Launch of Single Pick 3 & 4 Play	-	0.9	12.2	8.5	8.7	9.0	9.4	9.8	10.2	10.6	11.0	90
iLottery 4: iLottery Marketing and Media Pl	-	1.9	15.4	29.0	39.1	47.1	52.4	59.8	67.7	82.5	98.2	493
iLottery 5: Affiliate Marketing	-	-	7.0	14.5	24.1	31.4	32.7	34.2	35.6	37.2	37.6	254
iLottery 6: New Games	-	-	12.0	24.0	24.0	27.0	27.0	30.0	30.0	30.0	29.1	233
Total iLottery Initiatives	-	**6.8**	**62.2**	**162.6**	**211.3**	**241.4**	**266.5**	**298.1**	**329.9**	**362.2**	**384.0**	**2,325**
Total Initiatives	-	**88.3**	**293.2**	**572.9**	**713.3**	**856.9**	**922.3**	**980.3**	**1,038.9**	**1,096.2**	**1,135.0**	**7,697**
With Initiative Ticket Sales	2,853	2,948	3,161	3,453	3,607	3,752	3,821	3,885	3,950	4,016	4,067	39,512

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027). Sales are shown for the full year.

Net Income

Incremental Net Income by Initiative ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
Without Initiatives Net Income	**341**	**680**	**679**	**679**	**678**	**677**	**676**	**673**	**672**	**671**	**331**	**6,756**
DBG 1 - Lotto Enhancement	-	1.3	5.3	7.3	6.1	5.6	7.7	9.8	9.5	9.2	4.5	66
DBG 2 - Lucky Day Lotto Enhancement	-	0.2	3.0	6.4	5.4	5.8	7.1	6.6	6.3	5.7	2.7	49
DBG 3 - Mega Millions and Powerball Enhai	-	4.6	7.4	5.7	5.0	4.7	4.7	4.7	4.6	4.6	2.3	48
DBG 4 - Cash 4 Life Launch	-	8.5	18.6	18.6	18.6	18.6	18.6	18.6	18.6	18.6	9.3	167
DBG 5 - Pick 2 Launch	-	-	5.7	22.2	20.7	20.7	20.7	20.7	20.7	20.7	10.3	162
DBG 6 - Ongoing Innovation Program	-	-	-	-	4.7	19.1	19.5	20.8	26.4	32.4	18.5	141
Total DBG Initiatives	**-**	**14.7**	**40.0**	**60.1**	**60.6**	**74.5**	**78.3**	**81.1**	**86.0**	**91.2**	**47.6**	**634**
Instants 1- New Game Families	-	0.2	1.2	2.3	3.7	6.9	7.4	7.3	7.1	7.0	3.4	47
Instants 2 - Individual Launches and Impro	-	1.3	3.5	5.1	7.5	8.7	8.4	8.2	8.0	7.8	3.8	62
Instants 3 - Range Management	-	1.3	2.2	3.8	5.7	6.6	6.7	7.3	7.4	7.4	3.7	62
Instants 4 - Game Innovation	-	-	1.6	4.3	7.7	12.3	14.4	14.8	15.0	14.8	7.3	92
Instants 5 - Win belief & Prize Payout Progr	-	6.7	11.0	11.4	11.6	11.8	11.9	12.1	12.3	12.5	6.3	108
Instants 6 - Advanced Scratchcard Repleni	-	-	-	-	-	-	-	-	-	-	-	-
Instants 7 - Ongoing Category Enhancemer	-	-	-	-	-	-	-	0.4	2.1	3.7	2.4	9
Total Instant Initiatives	**-**	**9.6**	**19.5**	**26.9**	**36.2**	**46.2**	**48.8**	**50.1**	**51.9**	**53.1**	**27.0**	**369**
Retail 1 - Retail Standards Program	-	-	1.6	8.4	10.3	10.3	11.0	13.4	13.3	13.3	6.6	88
Retail 2 - Expanded Retail Base	-	5.8	14.6	26.1	36.2	44.6	48.2	48.4	48.7	49.0	24.6	346
Retail 3 - Improved In-store Look	(0.1)	1.3	5.6	10.9	9.0	7.2	7.1	7.1	7.1	7.1	3.5	66
Retail 4 - Improved Key Account Managem	-	-	0.2	0.4	0.8	1.1	1.3	1.8	2.0	2.4	1.2	11
Total Retail Initiatives	**(0.1)**	**7.1**	**22.0**	**45.8**	**56.3**	**63.2**	**67.7**	**70.7**	**71.1**	**71.7**	**35.9**	**511**
iLottery 1: New Ways of Playing	-	0.8	3.5	12.5	17.9	19.5	23.3	26.9	31.1	35.4	18.7	190
iLottery 2: Improved User Experience and C	-	0.8	2.6	21.1	26.9	30.0	33.2	37.4	41.8	43.7	22.1	260
iLottery 3: Launch of Single Pick 3 & 4 Play	-	0.3	4.4	3.1	3.2	3.3	3.4	3.6	3.7	3.9	2.0	31
iLottery 4: iLottery Marketing and Media Pl	-	0.7	6.0	11.2	15.2	18.3	20.4	23.4	26.5	32.3	19.2	173
iLottery 5: Affiliate Marketing	-	-	2.7	5.6	9.4	12.2	12.8	13.4	13.9	14.6	7.4	92
iLottery 6: New Games	-	-	4.9	9.8	9.8	11.1	11.1	12.3	12.3	12.4	6.0	90
Total iLottery Initiatives	**-**	**2.6**	**24.2**	**63.4**	**82.4**	**94.4**	**104.3**	**116.9**	**129.5**	**142.3**	**75.4**	**835**
Instant Games Subcontractor Savings	-	1.5	3.0	2.7	2.5	2.2	2.2	2.2	2.2	2.1	2.1	23
Draw Games Subcontractor Savings^	-	2.8	5.5	5.4	5.5	5.5	5.5	5.5	5.5	5.6	5.6	52
Subcontractor Savings	**-**	**4.2**	**8.4**	**8.2**	**8.0**	**7.7**	**7.7**	**7.7**	**7.7**	**7.7**	**7.7**	**75**
Total Initiatives	**(0)**	**38**	**114**	**204**	**243**	**286**	**307**	**326**	**346**	**366**	**194**	**2,425**
With Initiative Net Income	**341**	**718**	**793**	**883**	**922**	**963**	**982**	**1,000**	**1,018**	**1,037**	**525**	**9,181**

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)
^ Net of assumed cost of software development (~$0.65m pa)

(b) Retailer fees

Manager has made the following critical assumptions regarding Retailer fees:

- Contribution from retailers towards telecoms fees remains at $10 per week per retailer

- Retailer penalty charges (5% penalty for insufficient funds when the Lottery performs its weekly retailer account sweep, and the 2% monthly interest charge on the retailer's accounts receivable) are at least $2m per annum.

- All additional retailers will be subject to the same such fees.

(c) Retailer commissions

Manager has assumed:

- Retailer commission rates remain at 5.0% of sales for both draw-based games and Instant games throughout the Term, based on the file "Commission and Payment Structure.xlsx" in the State Data Room.

- Retailer commissions for payment of prizes and high-tier winners remain on the same terms as at the time of bid preparation, equating to 0.7% of sales over the Term based on the file "Commission and Payment Structure.xlsx" in the State Data Room.

(d) Prizes

The figure below shows the theoretical prize payout levels (before unclaimed prizes) Manager has assumed for each game in its financial projections, based on its interpretation of the game rules and procedures and the data room Excel file "Lottery Draw Game Theoretical Prize Payouts (FY13-16)."

For new digital games (FY20 onward), we have assumed a prize payout of 50%. For DBG Innovation (FY22 onward) we have assumed a prize payout of 55%.

Overall, Instant ticket prize payout increases slightly over the Term due to the mix of higher priced tickets. For more detail on the Instants plan please refer to the "Instants Games Plan" within the Technical Packet.

Theoretical Prize Payout by Game	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*
Pick 2	n/a	n/a	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Pick 3	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Pick 3 Fireball	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Pick 4	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Pick 4 Fireball	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Numbers games	**55.4%**	**55.4%**	**55.3%**	**54.9%**	**55.0%**	**55.0%**	**55.0%**	**55.0%**	**55.0%**	**55.0%**	**55.0%**
Raffle	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Lotto	58.0%	54.2%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%
Lucky Day Lotto + EZ Match	54.0%	54.0%	54.0%	54.1%	54.1%	54.1%	54.1%	54.1%	54.2%	54.2%	54.2%
DBG Innovation and New Digital Games	n/a	n/a	50.0%	50.0%	51.8%	53.3%	53.3%	53.3%	53.5%	53.7%	53.9%
In-State games	**55.4%**	**54.0%**	**53.4%**	**53.3%**	**53.4%**	**53.5%**	**53.5%**	**53.5%**	**53.6%**	**53.6%**	**53.7%**
Mega Millions	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Powerball	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Cash 4 Life	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Multi-State games	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**
Instants	**72.7%**	**72.4%**	**72.2%**	**72.3%**	**72.3%**	**72.3%**	**72.3%**	**72.4%**	**72.4%**	**72.5%**	**72.6%**

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

The figure below provides a breakdown of the gross and net prize expense for the Illinois Lottery over the Term. It shows that total prize expense before unclaimed prizes is forecast to grow from $1,942m in FY19 to $2,594m in FY27 (from 65.9% of total sales to 64.6% of total sales). The main driver of this change is sales mix; the plan forecasts that Draw Based Games increase from ~35% of sales today to ~41% of sales by FY27 (average payout for Draw Games is ~53% vs. ~72% for Instant tickets). Unclaimed prizes are assumed to be 1.0% of retail sales for Draw Based Games and 1.5% of retail sales for Instants.

Prize payout by Game ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
Pick 2	-	-	(9)	(32)	(31)	(31)	(32)	(33)	(33)	(34)	(17)	(252)
Pick 3	(54)	(109)	(112)	(116)	(117)	(118)	(118)	(118)	(118)	(117)	(58)	(1,154)
Pick 3 Fireball	(16)	(33)	(34)	(35)	(35)	(36)	(36)	(36)	(36)	(36)	(18)	(349)
Pick 4	(45)	(92)	(97)	(101)	(105)	(107)	(109)	(111)	(113)	(115)	(58)	(1,053)
Pick 4 Fireball	(21)	(43)	(46)	(48)	(50)	(51)	(52)	(53)	(54)	(55)	(28)	(499)
Numbers games	(136)	(276)	(297)	(332)	(337)	(342)	(346)	(350)	(354)	(357)	(180)	(3,307)
Raffle	(2)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(2)	(41)
Lotto	(25)	(48)	(56)	(69)	(72)	(74)	(78)	(83)	(85)	(87)	(44)	(722)
Lucky Day Lotto + EZ Match	(37)	(76)	(85)	(99)	(103)	(106)	(111)	(113)	(115)	(117)	(59)	(1,021)
DBG Innovation and New Digital Games	-	-	(6)	(12)	(19)	(42)	(43)	(47)	(55)	(64)	(35)	(324)
In-State games	(64)	(128)	(151)	(185)	(199)	(227)	(236)	(247)	(259)	(272)	(140)	(2,108)
Mega Millions	(25)	(53)	(58)	(68)	(73)	(76)	(78)	(81)	(84)	(87)	(45)	(727)
Powerball	(38)	(80)	(87)	(99)	(105)	(109)	(112)	(116)	(119)	(123)	(63)	(1,051)
Cash 4 Life	-	(10)	(23)	(25)	(26)	(27)	(27)	(28)	(29)	(29)	(15)	(241)
Multi-State games	(63)	(143)	(168)	(192)	(204)	(211)	(217)	(225)	(232)	(240)	(123)	(2,019)
Draw-Based Games	(263)	(547)	(615)	(708)	(740)	(780)	(800)	(822)	(845)	(869)	(443)	(7,433)
Instants	(683)	(1,395)	(1,449)	(1,531)	(1,600)	(1,651)	(1,675)	(1,692)	(1,709)	(1,725)	(870)	(15,980)
Gross Prizes	(946)	(1,942)	(2,065)	(2,239)	(2,340)	(2,431)	(2,475)	(2,514)	(2,554)	(2,594)	(1,313)	(23,413)
Unclaimed Prizes	19	39	40	42	44	45	46	46	46	46	23	437
Net Prizes	(927)	(1,903)	(2,024)	(2,197)	(2,296)	(2,386)	(2,429)	(2,468)	(2,508)	(2,547)	(1,290)	(22,976)

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

Critical assumptions

Manager has prepared the forecast above assuming that the State:

- Recognizes, on an accruals basis, prize payout in its profit and loss account at the percentages shown in the forecast above.
- Invokes a capping mechanism such that extreme prize payout outcomes on fixed-prize games do not result in a material increase in prize payout over the levels contained in the figure above.
- Adds back unclaimed prizes in the profit and loss account for the purposes of calculating incentive compensation.

(e) Management Fee, Operating Allowance, Net Income Targets

Please refer to **Schedule 10.1** (Payment Schedule) of the PMA for details of the Management Fee, Operating Allowance and Net Income Targets for each year of the Term.

(f) State Administrative Expenses and Employee Use Agreement Expenses

For the purposes of its plan, Manager has assumed that the aggregate total of State Administrative Expenses and Employee Use Agreement Expenses are $31.5m in FY18 ($15.8m pro-rata), and increase by 2.5% pa, reaching a combined total of $39.3m in FY27. A breakdown of the two costs is shown below:

State Admin and EUA costs ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
State Administrative Expenses	(10.2)	(20.9)	(21.5)	(22.1)	(22.7)	(23.4)	(24.0)	(24.7)	(25.4)	(26.1)	(13.5)	(234.5)
Employee Use Agreement costs	(5.6)	(11.3)	(11.6)	(11.8)	(12.0)	(12.3)	(12.5)	(12.8)	(13.0)	(13.3)	(6.8)	(123.0)
Total	(15.8)	(32.3)	(33.1)	(33.9)	(34.8)	(35.6)	(36.5)	(37.4)	(38.4)	(39.3)	(20.3)	(357.5)

*During these Financial Years the lottery is under Private Management for 6 months only (Jan-Jun 2018 and Jul-Dec 2027)

5.3.2 (j)

*A description of any proposal for capital investment(s) equal to or in excess of One Million Dollars ($1,000,000) per investment (a "**Significant Investment**"), and a description of Manager's rationale for the Significant Investment, including the anticipated annual increase in Net Income directly resulting from the Significant Investment over the depreciation period of such Significant Investment, as well as Manager's or its Affiliates' previous experience in implementing the same or similar investments;*

As noted in its Bid response detailed in Appendix A to the capital expenditure plan requirements of the RFP, Manager's Business Plan contains significant provision for capital investment in the Illinois Lottery. Manager would class the following items of its capital expenditure plan as being "Significant Investments" as they each represent project spend in excess of $1m:

- Retailer PPOS equipment (total spend of $15m to be recovered through the Operating Allowance).
- Implementation of Manager's next-generation iLottery platform (costs to be recovered by the Management Fee).
- Replacement of the Central Systems and retailer lottery equipment (e.g., lottery terminals and vending machines). The costs of undertaking this refresh of lottery technology are incorporated within the DBG Subcontractor fee of c.$44m pa shown in Manager's detailed financial projections for the Lottery.

Manager has segregated capital expenditure which is eligible to be recovered by the Operating Allowance and Management Fee. Manager proposes to recover $15m in capital expenditure relating to the new PPOS rollout through the Operating Allowance in line with Section 10.1.2 of the PMA.

PPOS Rollout ($m)	FY18*	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28*	Total
PPOS - (a) Design, Development and Store Audit	3.9	-	-	-	-	-	-	-	-	-	-	3.9
PPOS - (b) Digital Pilot	-	-	0.2	-	-	-	-	-	-	-	-	0.2
PPOS - (c) PPOS Equipment and Rollout	-	9.5	0.2	0.6	0.4	0.2	-	-	-	-	-	10.9
Total capital expenditure to be recovered through Operating Allowance	3.9	9.5	0.4	0.6	0.4	0.2	-	-	-	-	-	15.0

These items are considered more fully below:

(a) Retailer PPOS equipment

Description and rationale. As part of its bid preparation, Manager undertook extensive research in Illinois, including a broad program of retail visits. This research identified a major opportunity to improve the way in which the Illinois Lottery brand is presented in retail. In response to this research, Manager has developed a plan to undertake a major refresh of Illinois lottery retailers' PPOS as considered in its response to Section 5, Plan for Performing the Services. This refresh will see the replacement of retailer playcenters, signage and scratchcard dispensers.

Anticipated annual increase in Net Income directly resulting from the Significant Investment. Manager anticipates that this investment, over the Term, could generate $320m in sales and $66m in Net Income. In addition, Manager sees this investment as playing an important role in supporting the wider plans to strengthen the Illinois Lottery brand.

Manager's previous experience in implementing the same or similar investments. As with technology rollouts, Manager has extensive experience of implementing the rollout of Retailer Permanent

Point of Sale equipment. For example, in 2009 Manager undertook a major refresh of its in-store environment with a further upgrade to ~45,000 stores in 2015.

(b) Implementation of iLottery platform

Description and rationale. As part of its bid preparation, Manager identified a significant opportunity to improve the performance of the iLottery channel through improving digital marketing, player analytics and user experience. A key element of Manager's digital plans is the implementation of its next-generation iLottery platform, Excalibur. Manager views this investment as critical as it will provide the Illinois Lottery with a modern and flexible iLottery platform which will remain fit-for-purpose for the Term.

Anticipated annual increase in Net Income directly resulting from the Significant Investment. Manager's Business Plan anticipates that its digital plans will generate an incremental $2,133m in sales and $835m in Net Income over the Term. The investment in a new iLottery platform will be an important enabler of this growth.

Manager's previous experience in implementing the same or similar investments. Manager has significant experience of managing iLottery implementations:

- Manager implemented its own iLottery platform in the UK in 2013, migrating away from a legacy platform provided by IGT. The introduction of a new, Manager-controlled platform has provided the UK business with much greater speed-to-market and flexibility, and contributed to a 35% increase (+£409m) in digital sales over two years (from Manager's fiscal year 13/14 to 15/16).
- Manager has delivered a range of digital products to its customers including Loterie Romande (where Manager recently implemented a replacement iLottery system) and Ireland (where Manager has implemented mobile apps for the Irish National Lottery).

(c) Lottery technology

Description and rationale. Manager's Business Plan provides for a full refresh of lottery technology including central systems and new retailer equipment (such as terminals and vending machines). Manager has selected Intralot Inc., a market-leading lottery technology provider, as its DBG Significant Subcontractor. The supply arrangements also provide for sufficient retail equipment to support expansion of the retail estate from ~7,500 today to 9,000. Manager has sought to align the interests of the DBG Significant Subcontractor with Manager and State by negotiating a remuneration mechanism which is primarily linked to overall sales performance of the Lottery. Total annual costs for the new lottery technology supply arrangements will be ~$44m per annum.

Manager's rationale for this refresh of lottery technology is two-fold:

- It is necessary to invest in a modern, flexible central system and new retailer hardware which will achieve high levels of uptime and remain fit-for-purpose throughout the Term; and
- The new supply arrangements will deliver a material cost saving to the Lottery, estimated at an average of $6m per annum versus the current provider.

Anticipated annual increase in Net Income directly resulting from the Significant Investment. As a provider of a new central system and retailer hardware, the DBG Significant Subcontractor will play a key role in supporting delivery of the Manager Business Plan which sees total Net Income before

Incentive Compensation increase from $718m in FY19 to $1,037m in FY27. More specifically, the new supply arrangements also supports Manager's proposed expansion of the retail estate which Manager anticipates generating an incremental $1,431m in sales and $346m in Net Income over the Term.

Manager's previous experience in implementing the same or similar investments. Manager has extensive experience in managing major lottery investments in respect of technology transitions. This includes the management of major technology transitions in the UK National Lottery in 1994, 2001-02, and 2008-09. The technology transition in 2008-09 was one of the most challenging ever undertaken in the lottery industry with Manager rolling out new terminals and communications to over 28,000 retailers and replacing its iLottery system. Total capital expenditure for this project was ~$200m[1]. Manager also successfully delivered a major technology transition in the Irish National Lottery in 2014, transitioning away from a central system provided by Gtech to one provided by Intralot Inc.

5.3.2 (l)

A detailed analysis of Manager's compliance with the financial stability requirements set forth in this Agreement and in the Operating Standards;

Manager's Business Plan provides a high level of financial and operational stability throughout the Term. In preparing its bid, Manager has undertaken detailed cash flow projections for the Private Manager legal entity Camelot Illinois LLC to establish its funding requirements throughout the Term. Based on this analysis, Manager proposes to put sufficient funding arrangements in place to enable it to meet its obligations as they fall due.

The Operating Standards applicable to the current Private Manager contain the following financial stability requirements described in Section 2.2.5 (Financial and Operational Stability of Manager):

(a) The ability to assure the financial integrity of its operations by the maintenance of a bankroll or equivalent provisions adequate to pay all expenses when due.

As noted above, Manager has prepared detailed cash flow forecasts for Manager in preparing its Business Plan, including the identification of its peak cash flow requirement. Manager will be created as a standalone entity with more than sufficient funds to meet its liabilities as they fall due. This funding will support delivery of the Transition and capital expenditure plans as well as working capital requirements for Manager.

(b) The ability to meet ongoing expenses which are essential to the maintenance of continuous and stable operations. Manager shall be found to have established this standard if it demonstrates the ability to achieve positive gross operating profit, measured on an annual basis.

As noted above, Manager will be funded as a standalone entity with more than sufficient funds to meet its liabilities as they fall due. Manager believes that Earnings Before Interest, Tax and Depreciation ("EBITDA") is an appropriate measure for demonstrating the ability of the business to generate positive net operating cash flows. As shown in the forecast statement of income and balance sheet for Manager that follows, in the period to the end of Financial Year 2019, Manager generates positive EBITDA of $3.9m.

[1] Based on a GBP-USD exchange rate at the time of GBP 1 = USD 1.5.

(c) The ability to pay, as and when due, all local, State and Federal taxes, including the tax on gross revenues and any fees imposed by the Division, if any.

Consistent with Section 10.6, where Manager purchases Services, capital or consumable items for re-sale to the State via the Operating Allowance, it has assumed that such purchases shall be exempt from State sales or use taxes (including Retailers' Occupation Tax). Manager's business plan has provided for the full range of other taxes including corporation tax and payroll taxes.

(d) The ability to make necessary capital and maintenance expenditures in a timely manner which are adequate to ensure maintenance of a superior service of exceptional quality.

Manager's Business Plan and calculation of funding requirements make provision for significant capital expenditure in respect of new Permanent Point of Sale ("PPOS") equipment for the retailer estate, a new iLottery system and a full refresh of lottery technology (including central systems and retail equipment). The business plan and financial projections also make allowance for the cost of maintenance contracts in support of Lottery assets deployed in Illinois (e.g., terminal equipment, PPOS, software etc).

(e) The ability to pay, exchange, refinance or extend debts, including long-term and short-term principal and interest and capital lease obligations, which will mature or otherwise come due and payable during the Term, or to otherwise manage debts and any default with respect to such debts.

Manager has provided for the costs of its contractual obligations (e.g., key supplier contracts during the Term) either in its Operating Allowance or Management Fee. Manager's business plan demonstrates it meets its obligations as they become due.

(f) The ability to perform each and every one of its obligations and responsibilities as set forth in the PMA, these Operating Standards, and State Policies and Rules.

Manager's financial plan makes provision for its view of the necessary resources required to deliver the Private Management Agreement.

Manager would also note the requirement, set out in Section 2.2.6(c), for the Manager to file with the Division of Lottery, at the end of each calendar year, the following: (1) an annual forecast by calendar quarters of the operating and financial performances of Manager for the upcoming calendar year, including statement of income and balance sheet, which shall be submitted in the standard format prescribed by the State or such other format approved by the State.

The following section provides i) the annual forecast statement of income and balance sheet and ii) uses this analysis to support its response to requirements Sections 2.2.5(a)—2.2.5(f)

Manager highlights the following points in this analysis:

- In respect of the income statement:
  - Manager makes a small one-off loss during the first phase of the Transition period (to Dec 31, 2017) in respect of costs not recovered through the Transition Plan. The Transition Plan assumes recovery of Transition Expenses of up to $13.2m over the six months to March 31, 2018.
  - Manager generates positive EBITDA by the end of Contract Year 1 reflecting its ability to generate cash from the Base Services Commencement Date.

- In respect of the balance sheet:
  - Initial funding is assumed to be phased in, enabling Manager to meet its requirements for the Transition Plan, capital expenditure plans and working capital requirements. For the purposes of modeling, equity funding reaches $40m in FY19.
  - Manager has strong cash balances to meet its liabilities as they fall due in all periods.

Forecast statement of income and balance sheet for Manager:

Quarterly Income Statement ($m)

	Transition	Stub Year		Contract Year 1				
	Q2 FY18	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Total Stub and CY1
Income	11.3	38.9	37.1	41.2	41.2	41.2	41.2	240.9
EBITDA	(0.4)	2.8	(2.1)	5.2	4.9	6.2	(13.2)	3.9
Profit After Tax	(0.2)	1.5	(1.5)	2.7	2.4	3.2	(8.3)	(0.0)

Quarterly Income Statement ($m)

	Transition	Stub Year		Contract Year 1			
		Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19
Current Assets							
Cash	7.6	17.0	18.0	27.1	27.5	32.1	16.1
Accounts Receivable	7.4	1.1	-	-	-	-	-
Total Current Assets	15.0	18.1	18.0	27.1	27.5	32.1	16.1
Non-Current Assets							
Property, Plant & Equipment	0.4	1.1	4.2	5.0	8.9	10.1	12.8
Intangible Assets	3.5	11.2	15.9	20.5	20.6	20.0	19.5
Total Non-current Assets	3.9	12.3	20.1	25.4	29.5	30.1	32.3
Total Assets	18.9	30.5	38.1	52.5	57.0	62.2	48.4
Current Liabilities							
Accounts Payable	(0.7)	8.4	8.6	8.4	8.7	8.5	8.8
Tax payable/(receivable)	(0.2)	0.9	(0.2)	1.7	3.4	5.6	(0.2)
Total Current Liabilities	(0.9)	9.2	8.4	10.1	12.1	14.1	8.7
Non-current liabilities	-	-	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-	-	-
Total Liabilities	(0.9)	9.2	8.4	10.1	12.1	14.1	8.7
NET ASSETS	19.8	21.2	29.7	42.4	44.9	48.0	39.7
Equity							
Share capital / Shareholder debt	20.0	20.0	30.0	40.0	40.0	40.0	40.0
Retained Earnings	(0.2)	1.2	(0.3)	2.4	4.9	8.0	(0.3)
TOTAL EQUITY	19.8	21.2	29.7	42.4	44.9	48.0	39.7

EXHIBIT 6.2

EMPLOYEE USE AGREEMENT

This Employee Use Agreement (this "**Agreement**") is entered into as of this 13th day of October 2017, by and between the State of Illinois acting through the Department of the Lottery (the "**State**") and Camelot Illinois LLC, an Illinois limited liability company, with corporate offices at 318 West Adams Street, Suite 400E, Chicago, Illinois 60606 ("**Manager**," and together with the State, each, a "**Party**," and, collectively, the "**Parties**").

RECITALS

WHEREAS, the State selected Manager to provide the State with the services set forth in that certain Private Management Agreement dated as of the date hereof (the "**Private Management Agreement**");

WHEREAS, as a condition of Manager's selection, Manager is required to utilize the services of certain State Lottery Employees to assist Manager in the administration and operation of the Illinois Lottery pursuant to the Private Management Agreement; and

WHEREAS, the Parties desire to establish an arrangement whereby Manager shall utilize the assistance of certain State Lottery Employees, and the terms and conditions pursuant to which such State Lottery Employees will assist Manager.

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

1. Definitions. Certain capitalized terms have the meanings specified below. Other capitalized terms used in this Agreement are defined in the context in which they are used and shall have the meanings ascribed to them therein. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Private Management Agreement.

"**EUA Employees**" means the State Lottery Employees who are assigned by the State to assist Manager in the administration and operation of the Illinois Lottery. The initial EUA Employees are set forth on Appendix A attached hereto.

"**EUA Period**" means the period of time when an EUA Employee is assisting Manager pursuant to this Agreement.

"**Manager Contact**" means the person specified in Section 9 herein, or his or her designee.

"**Manager Personnel**" means Manager Personnel as defined in the Private Management Agreement. For the avoidance of doubt, EUA Employees shall not be considered Manager Personnel.

"**State Contact**" means the person specified in Section 9 herein, or his or her designee.

"**State Employee Benefit Plans**" means the employee benefits plans available to State Lottery Employees.

"**State Personnel Code**" shall mean 20 ILCS 415/1 *et seq.*, as amended.

"**State Lottery Employees**" shall mean State employees who work at the Illinois Department of the Lottery.

"**Transferred Employee**" means an EUA Employee who has accepted an offer of direct employment with Manager and severed his or her employment relationship with the State.

1. **Private Management Agreement** This Agreement is entered into pursuant to and in accordance with the Private Management Agreement, and subject to all of the terms and conditions of the Private Management Agreement. In the event of a conflict between this Agreement and the Private Management Agreement, the Private Management Agreement shall control.

2. **State's Responsibilities.**

2.1. Provision of EUA Employees. During the term of the Private Management Agreement and subject to the terms and conditions herein, the State shall assign certain State Lottery Employees to assist Manager in the administration and operation of the Illinois Lottery as EUA Employees. The State will determine which State Lottery Employees will become EUA Employees and the starting and ending dates of the EUA Period for each EUA Employee; provided that the EUA Employees shall have the job titles set forth on Appendix A attached hereto. The State shall monitor and approve all overtime requests made by EUA Employees. The State may terminate or transfer an EUA Employee to a non-EUA Employee position with the State. The State shall provide Manager not less than two weeks' written notice prior to such termination, transfer or other non-discretionary leave of absence; except when an EUA Employee has been terminated, placed on a non-discretionary leave of absence, or transferred out of his/her position without adequate notice, in which case the State shall provide the written notice as soon as practicable.

2.2. Status. The State shall be the employer of all EUA Employees assigned to perform work for Manager. EUA Employees shall be State employees, as defined by the State Personnel Code, and shall operate under the same employment policies, rules, regulations, and procedures as State Lottery Employees, and in accordance with the applicable State Policies and Rules, the Regulatory Requirements governing the employment relationship between State Lottery Employees and the State, including without limitation the State Officials and Employees Ethics Act (5 ILCS 430/1 *et seq.*); and, where applicable, with any collective bargaining agreement.

(a) With regard to the EUA Employees, the State shall: (i) administer the payroll, and determine and pay all applicable wages and salaries, including applicable overtime and other premium pay; (ii) fulfill all payroll tax and benefit withholding and depositing obligations; (iii) comply with applicable tax Regulatory Requirements, including income tax and employment tax withholding Regulatory Requirements; (iv) comply with all applicable Regulatory Requirements governing the employment relationship between the State and its employees, including Regulatory Requirements, as applicable, relating to accommodation of disabilities, equal pay, provision of leave (e.g., FMLA, jury duty, etc.), unlawful discrimination, as well as wage and hour requirements; (v) comply with all workers' compensation insurance coverage Regulatory Requirements; (vi) ensure that all EUA Employees are appropriately licensed and/or supervised to perform their assigned duties in accordance with applicable Regulatory Requirements; and (vii) maintain all required employment records, including 1-9, personnel and medical files consistent with applicable State Policies and Rules and Regulatory Requirements.

(b) To the extent necessary for an EUA Employee to perform his or her duties and assist Manager, the State will provide an EUA Employee with the use of a State automobile in accordance with the State's Policies and Rules, including the appropriate insurance coverage for such

automobile, gasoline and maintenance for that automobile (together the "**Automobile Expenses**"). Manager Personnel are prohibited from using State automobiles provided to EUA Employees.

(c) The State will process expense reimbursements for EUA Employees' authorized business expenses arising out of their assistance to Manager during the EUA Period, consistent with the applicable State Personnel Code, State Policies and Rules, Regulatory Requirements, and, where applicable, the terms of any collective bargaining agreement.

(i) Manager shall obtain the State's prior written approval for EUA Employee business expenses for travel outside the State of Illinois, and for any EUA Employee's business expense in excess of one hundred dollars ($100.00).

(ii) The State will provide a copy of all expense reimbursement requests from EUA Employees to Manager within a reasonable period after the expense is submitted to the State for reimbursement. Manager shall provide the State Contact with written notice within ten (10) Business Days after receipt of such EUA Employees' expense reimbursement requests if Manager disputes that an EUA Employee's expense was an authorized business expense. Such notice shall include an explanation of the reason why Manager disputes the business expense. The State shall make all final determinations on whether to approve or decline any EUA Employee's business expense reimbursement request.

(iii) Manager shall reimburse the State for all EUA Employee business expenses approved by the State in accordance with the process set forth in below Section 3.2.

3. Manager's Responsibilities.

3.1. Direction and Scope of EUA Employees' Work. Manager will direct and control each EUA Employee's assistance to Manager during such EUA Employee's EUA Period, which shall include duties and responsibilities substantially similar to the work the EUA Employee performed for the State and/or Current Manager, as applicable, prior to the Agreement Effective Date of the Private Management Agreement, and/or such other duties and responsibilities as Manager may direct, provided that such duties and responsibilities are consistent with the applicable State Personnel Code, State Policies and Rules and Regulatory Requirements (including without limitation the State Officials and Employees Ethics Act (5 ILCS 430/1 *et seq.*)) and any applicable collective bargaining agreement.

(a) Manager (i) may introduce new technology that increases operational efficiency; (ii) shall direct the day to day work of EUA Employees and measure their performance; (iii) may consult with the State regarding the performance of any EUA Employee; (i) shall report any professional, technical, or other deficiencies in such EUA Employee's performance to the State Contact; (v) may request that the State terminate the EUA Period of any EUA Employee; and (vi) shall assist the State with corrective actions against EUA Employees pursuant to applicable State Personnel Code, State Policies and Rules and Regulatory Requirements (including without limitation the State Officials and Employees Ethics Act (5 ILCS 430/1 *et seq.*)) and any applicable collective bargaining agreement. The State shall consider Manager's observations and opinions with respect to management decisions regarding the EUA Employees and shall make reasonable efforts to accommodate Manager's business needs and interests in performing Manager's duties and responsibilities pursuant to the Private Management Agreement. The State shall have

the final authority to make all employment-related decisions with respect to the EUA Employees, including, without limitation, whether to (x) terminate any EUA Employee's EUA Period or (y) discipline or discharge any EUA Employee.

(b) Manager will not account for any state, local, or federal income taxes, FICA, employment taxes or other amounts normally withheld from compensation due to the EUA Employees.

(c) **Equal Employment**. With respect to the EUA Employees, Manager and Manager Personnel shall comply, and shall require all of Manager's Subcontractors to comply, with all Regulatory Requirements that pertain to or otherwise touch upon the employment relationship, including without limitation all applicable provisions of State and Federal laws and regulations pertaining to discrimination against any employee or applicant for employment because of race, color, religion, age, gender, national origin, ancestry, marital status, sexual orientation, military status, physical or mental disability unrelated to ability, order of protection status, unfavorable discharge from military service, sexual or other forms of unlawful harassment and equal employment opportunity, such as the Illinois Human Rights Act (775 ILCS 5); the Public Works Employment Discrimination Act (775 ILCS 10); the United States Civil Rights Act of 1964 (as amended) (42 U.S.C. §2000a- §2000h-6); Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794); the Americans with Disabilities Act of 1990 (42 U.S.C. §12101 et seq.); and, to the extent applicable, Executive Orders 11246 and 11375 (Equal Employment Opportunity) and Executive Order 13160 (2000) Improving Access to Services for Persons with Limited English Proficiency). Upon the State's request, Manager shall furnish to the State written certification that Manager is in compliance with all applicable non- discrimination Regulatory Requirements and Manager shall obtain similar certifications from any Subcontractors.

(d) **Manager Conduct and Compliance**. Manager and Manager Personnel shall with respect to the EUA Employees comply with the State Personnel Code, **State** Policies and Rules, Regulatory Requirements, and any applicable collective bargaining agreement. Manager shall be responsible for the promulgation and distribution of the State Personnel Code, State Policies and Rules, any applicable collective bargaining agreement, and Regulatory Requirements to Manager Personnel to the extent necessary and appropriate to comply with this Agreement.

(e) **Manager Supplied Workspace and Offices**. Manager will provide any necessary supplies, tools, **workspace** or offices, as appropriate, for EUA Employees to perform their work during their EUA Periods.

3.2. Payments to the State for the Use of EUA Employees. In consideration for the services provided by the EUA Employees pursuant to this Agreement, Manager shall pay to the State an amount equal to the aggregate amount of all direct costs and expenses of such EUA Employees ("**EUA Fees**") including, without limitation, the compensation, payroll taxes, costs and expenses under State Employee Benefit Plans, paid vacation, holiday and sick leave programs, workers' compensation insurance, liability insurance, the Automobile Expenses, expense reimbursements for business expenses incurred by EUA Employees pursuant to Section 2.2(c), and any other direct costs or expenses incurred by the State with respect to the EUA Employees.

(a) **EUA Fees Invoice**. Each calendar month during the EUA Period, the State will send Manager a monthly invoice for the EUA Fees, which provides sufficient **information** to validate the various components of the direct costs and expenses incurred by the State related to the EUA Employees. At the State's election, the invoice(s) and data underlying each invoice may be delivered to Manager electronically in a form and format compatible with the Parties' accounting systems.

(b) **Payment Due Date; Late Payment**. The State's invoices are payable within thirty (30) days after Manager's receipt of the invoice. If any such invoice is not paid within thirty (30) days after Manager's receipt thereof, Manager shall pay interest in the amount of 1% per month on the amount of such **invoice**, calculated from the expiration of the 30- day period until such invoice (including any interest owed thereon) is fully paid.

(c) **Operating Allowance; Off-Set**. For the avoidance of doubt, (i) the EUA Fees may be allocated by Manager against the Operating Allowance and (ii) the amount of such fees may be offset against any amount owed to Manager by the State in accordance with Section 10.6 of the Private Management Agreement.

3.3. Books and Records. Manager shall keep appropriate books and records of account in sufficient detail and with supporting documentation, with respect to the hours of work, absence or leave from work, business expenses of the EUA Employees, and any other EUA Employee information reasonably required by the State. Manager shall make available to the State the books, records and supporting documentation described in this Section 3.3.

4. Payroll and Employment Tax Reporting.

4.1. Payroll. During the EUA Period, each EUA Employee shall be paid through the State's payroll at the same rate as such EUA Employee would be paid if such EUA Employee was performing his or her duties directly for the State. The State agrees that during the EUA Period of any EUA Employee, the State shall not increase the salary and wages, including bonuses, and business expense limitations of such EUA Employee other than (i) increases in the ordinary course in accordance with the State Personnel Code, State Policies and Rules, Regulatory Requirements and, where applicable, any collective bargaining agreement or (ii) as may be requested by Manager, subject to approval by the State.

5. Benefits.

5.1. EUA Employee Benefit Plans. During the EUA Period, the EUA Employees shall continue to participate in State Employee Benefit Plans, as amended from time to time, provided that they were qualified and continue to remain qualified for such State Employee Benefit Plans, and subject to their terms, and in accordance with the applicable State Personnel Code, State Policies and Rules, Regulatory Requirements and any applicable collective bargaining agreement. The State shall be solely responsible for operating and administering State Employee Benefit Plans for the EUA Employees and for administering all claims incurred during the EUA Period in accordance with the terms and conditions of the applicable State Employee Benefit Plans.

(a) During the EUA Period, the State shall not make any amendment to any State Employee Benefit Plan that discriminates between EUA Employees covered by such plan and State Lottery Employees covered by such plan unless such amendment is required by applicable Regulatory Requirements.

(b) During the EUA Period, no EUA Employee shall participate in any "employee benefit plan," as defined in Section 3(3) of Employee Retirement Income Security Act of 1974, profit-sharing, bonus, stock option, stock purchase, stock ownership, pension, retirement, severance, deferred compensation, excess benefit, supplemental unemployment, post- retirement medical or life insurance, welfare, incentive, sick leave, long-term disability, medical, hospitalization, life insurance, other insurance or employee benefit plan, maintained or contributed to by Manager or any of its affiliates, except upon written authorization by the State.

(c) **Vacation, Holidays, Sick Leave and Other Leaves of Absence**. During the EUA Period, each EUA Employee's vacation days, sick leave and all other leaves of absence shall be administered in accordance with the applicable State Personnel Code, State Policies and Rules, Regulatory Requirements and any applicable collective bargaining agreement; provided that the State may delegate to Manager the authority to schedule vacations and discretionary leaves of absence subject to the State's approval.

6. Workers' Compensation, Unemployment Compensation and Other Legally Required Benefit Programs. The State shall remain responsible and retain liability for, and shall pay, if and when due before or after the commencement of the EUA Period, the expense for all workers' compensation benefits (including weekly benefits, medical and rehabilitation expenses, and any other expenses or obligations) payable on account of any injuries, illnesses or other conditions of EUA Employees that occur during the EUA Period, and all other benefits that are provided to State Employees in the same job classification as EUA Employees, subject to reimbursement in accordance with above Section 3.2.

7. Inquiries and Claims. During the EUA Period, the State shall respond to all inquiries from all State, federal, local, governmental authority, and other authorized persons, regarding EUA Employee terms and conditions of employment, payroll, data, issues, and history, provided that Manager shall cooperate with the State to the extent necessary for the State to prepare a response.

(a) Neither party shall represent that any EUA Employee is an employee of Manager, or that such EUA Employee's relationship to Manager is other than that of a State Lottery Employee assisting Manager in accordance with this Agreement.

(b) Not more than three (3) Business Days after its receipt of an inquiry or claim, Manager shall (i) provide the State Contact with written notice of any inquiries or claims regarding the EUA Employees and (ii) forward copies of any correspondence or other documents related to such inquiries or claims to the State Contact.

8. Solicitation and Right Hire. Manager may solicit and hire any EUA Employee to become Manager Personnel, provided that Manager's offer of employment is conducted in accordance with all Regulatory Requirements. A Transferred Employee shall not retain any right to return to his or her previous employment with the State.

9. Information Sharing and Cooperation Between the Parties.

(a) Subject to the State Personnel Code, State Policies and Rules, Regulatory Requirements and any applicable collective bargaining agreement, the State shall provide to Manager all information regarding the EUA Employees that is necessary for Manager to perform its obligations under this Agreement.

(b) Each Party agrees to cooperate with and assist the other in connection with any investigation or defense of any employment claims related to the EUA Employees, including, without limitation, any enforcement and/or investigations pertaining to alleged violations of the State Personnel Code, State Policies and Rules, Regulatory Requirements and any applicable collective bargaining agreement.

(c) Each party hereby appoints the person named below as its primary contact for any and all matters related to this Agreement:

IF TO THE STATE:	IF TO MANAGER:
Illinois Department of the Lottery 122 S. Michigan, 19th Floor Chicago, IL 60603 Attn: Director and General Counsel	Camelot Illinois LLC 318 West Adams Street, Suite 400E Chicago, IL 60606 Attn: General Counsel/Vice President of Compliance

10. Term; Termination. This Agreement shall run coterminous with the term of the Private Management Agreement, unless extended or otherwise terminated by mutual agreement of the Parties.

11. Miscellaneous.

11.1. Captions. The headings of the several Articles and Sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.

11.2. Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Illinois without regard to its choice of law provisions.

11.3. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

11.4. Amendment and Waiver. This Agreement may not be amended, modified or any provision waived, except by an instrument in writing signed by an authorized signatory of the Party against whom enforcement of the amendment, modification or waiver is sought. In the event of a change in the Regulatory Requirements applicable to EUA Employees or, if applicable, change to or arbitral interpretation of a collective bargaining agreement covering the terms and conditions of work for EUA Employees following the date hereof that creates a conflict with this Agreement, the Parties hereby agree to modify this Agreement and the arrangements contemplated hereunder in a mutually agreeable manner in order to avoid or correct any such conflict. A waiver by any Party of the performance of any covenant, agreement, obligation, condition, representation or warranty will not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any Party of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

11.5. Expenses. Except as otherwise provided in this Agreement, each Party shall pay its own expenses and costs of attorneys, accountants and consultants incurred in connection with the transactions contemplated by this Agreement.

11.6. Severability. If any provision of this Agreement shall finally be determined to be unlawful, then such provision will be deemed to be severed from this Agreement and replaced by a lawful provision which carries out, as closely as possible, the intention of the parties and preserves the economic bargain contemplated by this Agreement and, in such case, each and every other provision of this Agreement will remain in full force and effect.

11.7. No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the Parties and their respective successors and permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other person or entity. No EUA Employee, beneficiary or dependent of an EUA Employee or other person shall be regarded for any purpose as a third party beneficiary of this Agreement.

11.8. Disputes/Indemnification. Any dispute or indemnification related to or arising in connection with the Agreement shall be resolved in accordance with the Private Management Agreement.

[The Remainder of This Page Is Intentionally Left Blank.]

IN WITNESS WHEREOF, the Parties hereto have executed this Employee Use Agreement as of the date first written above.

ILLINOIS DEPARTMENT OF THE LOTTERY

By:_____

Name:

Title:

CAMELOT ILLINOIS LLC

By:_____

Name:

Title:

RECOMMENDED:

By:_____

Name:

Title: General Counsel
Illinois Department of the Lottery

By: _____

Name:

Title: Chief Financial Officer
Illinois Department of the Lottery

APPENDIX A

Name	Title	Work Schedule	Work Hours	Lottery Hire Date	Monthly Salary	Union Status	Hrs/ Week
Masterhan, Lorie	Executive Secretary	5-day - 1 hr lunch	8:30 am - 5:00 pm	7/1/1985	$5,913	AFSCME	37.5
Johnson, Julie	Instant Product Manager	5-day - 1 hr lunch	8:15 am - 4:45 pm	12/3/1984	$8,570	AFSCME	37.5
Babowice, Robert	Lottery Regional Coordinator	5-day - 1/2 hr lunch	6:00 am - 2:00 pm	6/16/2001	$6,990	AFSCME	37.5
Vacant (Berra)	Lottery Regional Coordinator	N/A	N/A	N/A	N/A	AFSCME	
Biag, Sesinando	Lottery Regional Coordinator	5-day - 1/2 hr lunch	8:30 am - 4:30 pm	11/1/1979	$6,990	AFSCME	37.5
Cebuhar, Michelle A.	Lottery Regional Coordinator	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	6/16/2015	$6,990	AFSCME	37.5
Fowler, Steven	Lottery Regional Coordinator	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	11/16/2013	$5,067	AFSCME	37.5
Muir, Marybeth	Lottery Regional Coordinator	5-day - 1/2 hr lunch	8:00 am - 4:00 pm	12/26/1989	$6,336	AFSCME	37.5
Ritter, Diane E.	Lottery Regional Coordinator	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	3/31/1986	$6,990	AFSCME	37.5
Vazquez, Britane	Lottery Regional Coordinator	5-day - 1/2 hr lunch	7:45 am - 3:45 pm	8/1/2005	$6,990	AFSCME	37.5
Zimmer, Nicholas	Lottery Regional Coordinator	5-day - 1 hr lunch	7:30 am - 4:00 pm	6/24/2002	$6,990	AFSCME	37.5
Witherspoon, Neveda	Lottery Regional Coordinator	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	7/19/2001	$6,336	AFSCME	37.5
Ageny, Tracy	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	2/16/2016	$5,685	AFSCME	37.5
Bedford, Gerald	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	8/3/1998	$5,913	AFSCME	37.5
Blumhagen, Karen	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	3/1/2007	$5,913	AFSCME	37.5
Byrne, Josephine	Lottery Sales Representative	Leave of Absence - N/A	Leave of Absence - N/A	4/9/2001	$5,797	AFSCME	N/A
Case, Michael	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	11/16/2013	$4,556	AFSCME	37.5
Dillon, Vincient	Lottery Sales Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	6/1/2016	$3,969	AFSCME	37.5
Ferguson, Thomas	Lottery Sales Representative	5-day - 1/2 hr lunch	9:00 am - 5:00 pm	3/16/2001	$5,913	AFSCME	37.5
Gallardo, Alfredo	Lottery Sales Representative	5-day - 1/2 hr lunch	8:00 am - 4:00 pm	7/1/2015	$4,556	AFSCME	37.5
Gomez, James	Lottery Sales Representative	5-day - 1/2 hr lunch	6:30 am - 2:30 pm	5/16/2011	$5,162	AFSCME	37.5
Gray, Deborah	Lottery Sales Representative	5-day - 1/2 hr lunch	8:30 am - 4:30 pm	10/16/2013	$4,954	AFSCME	37.5
Greener, Brian	Lottery Sales Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	8/1/2016	$3,969	AFSCME	37.5
Grotefendt, Brad	Lottery Sales Representative	Leave of Absence - N/A	Leave of Absence - N/A	5/10/1999	$5,683	AFSCME	N/A
Gulumian, Raffi	Lottery Sales Representative	5-day - 1/2 hr lunch	6:30 am - 2:30 pm	5/16/2011	$5,162	AFSCME	37.5
Hawk, Jeremy	Lottery Sales Representative	5-day - 1 hr lunch	8:30 am - 5:00 pm	8/16/2006	$5,913	AFSCME	37.5
Hernandez, Cecil	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	8/1/2005	$5,913	AFSCME	37.5
Jenks, Roger	Lottery Sales Representative	5-day - 1 hr lunch	8:15 am - 4:45 pm	5/1/2008	$5,162	AFSCME	37.5
Jones, Julie	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	4/1/2013	$5,913	AFSCME	37.5
Khamphounvong, Ellen	Lottery Sales Representative	5-day - 1/2 hr lunch	8:00 am - 4:00 pm	7/1/2015	$4,362	AFSCME	37.5
Kincaid, Charles	Lottery Sales Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	2/4/1991	$5,913	AFSCME	37.5
Koeller, Michael	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	3/1/2015	$5,685	AFSCME	37.5
Lampkin, Reginald	Lottery Sales Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	4/6/2013	$4,999	AFSCME	37.5
Lane, Mark	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	8/1/2013	$5,913	AFSCME	37.5
LaPlume, James	Lottery Sales Representative	Leave of Absence - N/A	Leave of Absence - N/A	3/16/2009	$5,913	AFSCME	N/A
Larson, Andrew	Lottery Sales Representative	5-day - 1/2 hr lunch	6:00 am - 2:00 pm	4/17/2000	$5,913	AFSCME	37.5
Lepka, Peter	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	10/16/2007	$5,685	AFSCME	37.5
Lezaic, Boria	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	12/16/2015	$3,969	AFSCME	37.5
McClure, Becky	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	4/16/2015	$4,954	AFSCME	37.5

APPENDIX A

Name	Title	Work Schedule	Work Hours	Lottery Hire Date	Monthly Salary	Union Status	Hrs/ Week
McEntee, Melvin	Lottery Sales Representative	5-day - 1/2 hr lunch	8:30 am - 4:30 pm	7/1/2015	$3,969	AFSCME	37.5
McKeone, Ryan	Lottery Sales Representative	5-day - 1 hr lunch	6:30 am - 3:00 pm	9/15/2004	$5,913	AFSCME	37.5
Meyers, Joseph	Lottery Sales Representative	5-day - 1/2 hr lunch	8:30 am - 4:30 pm	5/2/2016	$3,969	AFSCME	37.5
Mitchell, Matthew	Lottery Sales Representative	5-day - 1/2 hr lunch	6:15 am - 2:15 pm	5/16/2011	$5,162	AFSCME	37.5
Parentice, Paula	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	9/13/1989	$5,913	AFSCME	37.5
Plotner, Curt	Lottery Sales Representative	5-day - 1/2 hr lunch	6:30 am - 2:30 pm	8/16/2015	$5,913	AFSCME	37.5
Powell-Warner, Laurian	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	1/16/2016	$3,969	AFSCME	37.5
Price, Frank	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	8/16/2005	$5,685	AFSCME	37.5
Quirk, Frank	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	5/2/2016	$4,758	AFSCME	37.5
Rakes, Roy	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	5/1/2016	$4,758	AFSCME	37.5
Randle, Dennis	Lottery Sales Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	4/2/2001	$5,913	AFSCME	37.5
Rathjen, Ricki	Lottery Sales Representative	5-day - 1/2 hr lunch	8:00 am - 4:00 pm	7/5/2001	$5,913	AFSCME	37.5
Reichert, Keith	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	5/16/2011	$4,556	AFSCME	37.5
Rodarte, Marie	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	2/1/2001	$5,913	AFSCME	37.5
Rodriquez, Maria	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	7/20/1992	$5,913	AFSCME	37.5
Ryan, Lawrence	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	5/15/1998	$5,913	AFSCME	37.5
Shoemake, Wayne	Lottery Sales Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	2/16/2016	$3,969	AFSCME	37.5
Smith, Rhonda	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	12/30/2002	$4,556	AFSCME	37.5
Sniegowski, Mark	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	7/16/2013	$5,913	AFSCME	37.5
Thomas, David	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	6/18/2004	$5,913	AFSCME	37.5
Trone, Randy	Lottery Sales Representative	5-day - 1/2 hr lunch	7:00 am - 3:00 pm	3/16/2011	$5,162	AFSCME	37.5
Ward, Deneen	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	4/6/2013	$5,162	AFSCME	37.5
Wheeler, James	Lottery Sales Representative	5-day - 1/2 hr lunch	8:15 am - 4:15 pm	9/17/2001	$5,913	AFSCME	37.5
Wilson, Ryan	Lottery Sales Representative	5-day - 1/2 hr lunch	7:30 am - 3:30 pm	12/16/2015	$3,969	AFSCME	37.5
Vacant (101)	Lottery Sales Representative	N/A	N/A	N/A	N/A	AFSCME	N/A
Vacant (600)	Lottery Sales Representative	N/A	N/A	N/A	N/A	AFSCME	N/A
Vacant (607)	Lottery Sales Representative	N/A	N/A	N/A	N/A	AFSCME	N/A
Vacant (608)	Lottery Sales Representative	N/A	N/A	N/A	N/A	AFSCME	N/A
Decker, Edward	Lottery Telemarketing Manager	5-day - 1 hr lunch	6:30 am - 3:00 pm	6/1/1998	$3,768	Non-Union	37.5
Arvidson, Kim	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	7/16/2013	$3,766	AFSCME	37.5
Danner, Cheryl	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	12/22/2008	$3,766	AFSCME	37.5
Derrick, Dean	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	1/4/2016	$3,027	AFSCME	37.5
Duffy, Lisa	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	4/16/2015	$3,027	AFSCME	37.5
Flynn, William	Lottery Telemarketing Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	6/18/2001	$4,223	AFSCME	37.5
Haile, Belainesh	Lottery Telemarketing Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	12/19/2002	$4,223	AFSCME	37.5
Hughes, Shelly	Lottery Telemarketing Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	4/20/2000	$4,223	AFSCME	37.5
Kirchgesner, Dennis	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	2/22/2000	$4,223	AFSCME	37.5
Lange, Amy	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	1/4/2016	$4,223	AFSCME	37.5
Myers, David	Lottery Telemarketing Representative	5-day - 1 hr lunch	7:30 am - 4:00 pm	1/2/2003	$4,223	AFSCME	37.5

Name	Title	Work Schedule	Work Hours	Lottery Hire Date	Monthly Salary	Union Status	Hrs/ Week
Myerscough, Ragan	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	1/4/2016	$3,766	AFSCME	37.5
Nudo, Barbara	Lottery Telemarketing Representative	Leave of Absence - N/A	Leave of Absence - N/A	11/23/1999	$4,223	AFSCME	N/A
Poeschel, Carl	Lottery Telemarketing Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	12/16/2002	$4,223	AFSCME	37.5
Sample, Aaron	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	9/1/2014	$3,539	AFSCME	37.5
Stanley, Ladonna	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	3/1/2015	$3,539	AFSCME	37.5
Stoneking, Kristie	Lottery Telemarketing Representative	5-day - 1 hr lunch	8:00 am - 4:30 pm	1/4/2016	$3,027	AFSCME	37.5
Walters, Robb	Lottery Telemarketing Representative	5-day - 1 hr lunch	7:00 am - 3:30 pm	11/1/2001	$4,223	AFSCME	37.5
Leonis, James	Public Service Administrator	5-day - 1 hr lunch	8:15 am - 4:45 pm	11/1/2002	$9,472	AFSCME	37.5
Hoffmann, Marc	Regional Sales Manager	5-day - 1 hr lunch	8:30 am - 5:00 pm	2/18/1986	$8,041	Non-Union	37.5
Vacant	Regional Sales Manager	N/A	N/A	N/A	N/A	Non-Union	N/A
Vacant	Regional Sales Manager	N/A	N/A	N/A	N/A	Non-Union	N/A
Vacant	Regional Sales Manager	N/A	N/A	N/A	N/A	Non-Union	N/A
Vacant	Regional Sales Manager	N/A	N/A	N/A	N/A	Non-Union	N/A
Vacant	Regional Sales Manager	N/A	N/A	N/A	N/A	Non-Union	N/A

EXHIBIT 6.3.1

MANAGER KEY PERSONNEL

	Title	**Name**
1.	Illinois General Manager	*
2.	Vice President, Retail Sales	*
3.	Vice President, Digital Sales	*
4.	Vice President, Marketing	*
5.	Senior Director of Finance	*
6.	Senior Director of Technology	*
7.	Vice President, People and Diversity	*
8.	Vice President, Corporate Affairs	*
9.	Vice President, Compliance and General Counsel	*

* Schedule to be updated from time to time in accordance with Section 6.3.1.

EXHIBIT 7.1

PROVISIONALLY APPROVED SUBCONTRACTS

	Description of Agreement	**Services Provided in Agreement**	**Key Subcontract**	**CPO Approved**
1.	Binding Term Sheet by and between Manager and SGI	Instant Ticket Services, including BEP Freight and Shipping	Yes	Yes
2.	Binding Term Sheet by and between Manager and Intralot S.A.	Draw Game Services	Yes	Yes
3.	Binding Term Sheet by and between Manager and Camelot Global Services (North America) Inc.	Lottery Technology, Services, and Advisory	No	No
4.	Binding Term Sheet by and between Manager and Camelot Global Services Limited	Lottery Technology, Services, and Advisory	No	No
5.	Binding Term Sheet by and between Manager and Camelot Global Lottery Solutions Limited	Lottery Technology, Services, and Advisory	Yes	No
6.	Binding Term Sheet by and between Manager and Isobar	Digital Marketing, UX, Design, CRM	No	No
7.	Binding Term Sheet by and between Manager and Premier Lotteries UK Limited	Lottery Technology, Services, and Advisory	No	No

8.	Binding Term Sheet by and between Manager and Sogeti USA LLC	Testing Services, PM, BA Resource	No	No
9.	Binding Term Sheet by and between Manager and Electronic Nation LLC dba QualiTest	Testing Services	No	No
10.	Binding Term Sheet by and between Manager and ZeroDayLab Limited	Security Testing	No	No
11.	Binding Term Sheet by and between Manager and Outform Inc. (100% owner of The Shopper Agency and The Valley Group)	In-Store Retail Look Concepts, Designs, and Implementation	No	No
12.	Binding Term Sheet by and between Manager and MultiLot AS	Supplier of PhotoLotto Game Format	No	No
13.	Binding Term Sheet by and between Manager and O'Keefe Reinhard & Paul	General Market Full Service Marketing Agency	No	Yes
14.	Binding Term Sheet by and between Manager and FCB Chicago	General Market Full Service Marketing Agency	No	No
15.	Binding Term Sheet by and between Manager and ELSE London Ltd.	Experience Design Consultancy	No	No

16.	Binding Term Sheet by and between Manager and Tierpoint	Datacenter and IaaS	No	No
17.	Binding Term Sheet by and between Manager and Equinix	Datacenter	No	No
18.	Binding Term Sheet by and between Manager and Verifi/CAMS	Payments, ID Verification, Geolocation Gateway	No	Yes
19.	Binding Term Sheet by and between Manager and LexisNexis Risk Solutions	KYC, ID Verification	No	No
20.	Binding Term Sheet by and between Manager and Idology	KYC, ID Verification	No	No
21.	Binding Term Sheet by and between Manager and Vantiv, LLC	Merchant Acquirer (Card Payments)	No	No
22.	Binding Term Sheet by and between Manager and First Data Merchant Services, LLC	Merchant Acquirer (Card Payments)	No	Yes
23.	Binding Term Sheet by and between Manager and Secure Trading	Prepaid Card Service	No	No
24.	Binding Term Sheet by and between Manager and Location Smart	IP Fencing, Geolocation	No	No

25.	Binding Term Sheet by and between Manager and Fifth Third Bank	Standard ACH Transfer, Credit/Debit	No	No
26.	Binding Term Sheet by and between Manager and Richter	Transparency and Integrity Advisors	No	No
27.	Binding Term Sheet by and between Manager and Pollard Banknote	Instant Ticket Printing Supplier	No	No
28.	Binding Term Sheet by and between Manager and 2CV Research (US)	Market Research	No	Yes
29.	Binding Term Sheet by and between Manager and Consumer Insights Group	Market Research	No	Yes
30.	Binding Term Sheet by and between Manager and Incite LLC	Market Research	No	No
31.	Binding Term Sheet by and between Manager and Intrinsic/4Media	Market Research	No	No
32.	Binding Term Sheet by and between Manager and Elsym Consulting, Inc.	Internal Control System for iLottery	No	Yes
33.	Binding Term Sheet by and between Manager and Callcredit	Retail Geomapping	No	No

34.	Binding Term Sheet by and between Manager and AllStaff Recruiting Inc.	Call Center Services	No	Yes
35.	Binding Term Sheet by and between Manager and iCall Service Inc.	Call Center Services	No	Yes
36.	Binding Term Sheet by and between Manager and Marketing Alternatives	Call Center Services	No	Yes
37.	Binding Term Sheet by and between Manager and Flowers Communications	BEP Marketing Angency	No	Yes
38.	Binding Term Sheet by and between Manager and Instant Technology	BEP Staffiing and Payroll company	No	No
39.	Binding Term Sheet by and between Manager and Grisko	BEP Public Relations, Marketing Services	No	Yes
40.	Binding Term Sheet by and between Manager and M&G	BEP Printing and Design	No	No
41.	Binding Term Sheet by and between Manager and MOTR Grafx	BEP Printing and Design	No	No
42.	Binding Term Sheet by and between Manager and OH Community Partners	BEP Management Consulting	No	No
43.	Binding Term Sheet by and between Manager and Pugh Jones Johnson, P.C.	BEP Law Firm	No	Yes

44.	Binding Term Sheet by and between Manager and Purple Group	BEP Marketing Agency	No	No
45.	Binding Term Sheet by and between Manager and Special Project Staffing by Salem, Inc. dba The Salem Group	BEP Staffing and Payroll	No	No
46.	Binding Term Sheet by and between Manager and The San Jose Group, Co.	BEP Marketing Agency	No	No
47.	Binding Term Sheet by and between Manager and Brothers & Thompson, PC	BEP Law and Consulting	No	Yes
48.	Binding Term Sheet by and between Manager and Leo Burnett	Marketing Agency	No	No
49.	Binding Term Sheet by and between Manager and Angel Flight Services	BEP Marketing Agency	No	No

EXHIBIT 10.1.4

EXTENDED TECHNOLOGY TRANSITION SERVICES PLAN

If, following a delay in the introduction of the replacement Central Gaming System beyond the first (1st) anniversary of the Agreement Effective Date, Manager anticipates incurring Extended Technology Transition Expenses as identified in the Extended Technology Transition Services Plan, (a) Manager shall provide written notice to the State of such anticipated Extended Technology Transition Expenses and the time frame for incurring the same no less than sixty (60) days before incurring such costs or such shorter time as mutually agreed by the Parties and (b) the State shall review such anticipated Extended Technology Transition Expenses and discuss the same with Manager within ten (10) Business Days of receiving such notice. The State shall pay, in accordance with the payment terms set forth in Section 10, all Extended Technology Transition Expenses that are Approved and reasonably documented.

The Extended Technology Transition Services Plan is set forth below:

	Extended Technology Transition Expenses ($)	Oct '18	Nov '18	Dec '18	Jan '19	Total
	Resource costs					
	PMO Central Costs					
a	Central Architect/Product Manager	42,000	42,000	42,000	18,000	144,000
b	PMO Contract Resources	40,000	40,000	40,000	20,000	140,000
c	Business Analyst	16,000	16,000	16,000	8,000	56,000
	Core Conversion					
d	Project Management	50,000	50,000	50,000	30,000	180,000
e	Quality and Test Management	120,000	120,000	120,000	60,000	420,000
f	Systems Integration	68,000	68,000	68,000	34,000	238,000
1	**TOTAL Camelot Resources**	**336,000**	**336,000**	**336,000**	**170,000**	**1,178,000**
	Other Costs/Third Party Costs					
	Core Conversion					
g	Retailer Rollout	44,000	44,000	44,000	20,000	152,000
h	Project Management	15,600	15,600	15,600	7,800	54,600
i	Quality and Test Management	72,000	72,000	72,000	36,000	252,000
	Technical Environments					
j	Data Center Hosting	60,000	60,000	60,000	30,000	210,000
k	AWS Hosting	28,571	28,571	28,571	14,287	100,000
l	Software Licencing	23,714	23,714	23,714	11,858	83,000
	Office Space/Travel/Subsistence					
m	Rent - Office Space	20,000	20,000	20,000	10,000	70,000
n	Travel, Subsistence, Accommodation	47,300	47,300	47,300	23,650	165,550
2	**TOTAL Other/Third Party Costs**	**311,185**	**311,185**	**311,185**	**153,595**	**1,087,150**
1+2	**TOTAL Extended Technology Transition Expenses**	**647,185**	**647,185**	**647,185**	**323,595**	**2,265,150**

EXHIBIT 10.2.5

FORM OF INVOICE

REMIT TO:	Invoice Number:	1
Camelot Illinois	Invoice Date:	2/1/18
318 W. Adams Street, Suite 400E	Dates of Service:	1/2/18 – 1/31/18
Chicago, Illinois 60606	Contract Number:	123456

BILL TO:
Illinois Lottery
Attn: Accounts Payable
101 W. Jefferson Street, MC 3-900
Springfield, Illinois, 62702

INVOICE

INVOICE FOR PRIVATE MANAGEMENT SERVICES

Service Description	*Amount*
1. Management Fee (1/12 of $00,000,000)	$00,000,000.00
2. Operating Allowance (1/12 of $00,000,000)	$00,000,000.00
3. EUA Costs (Estimate)	$0.00
EUA Paid or EUA Credit	$0.00
4. Incentive Compensation	$0.00
5. Transition Reimbursement	$0.00
6. Termination Payments	$0.00
7. Other Amounts Due	$0.00
TOTAL AMOUNT DUE	**$00,000,000.00**

Please provide supporting detail for line items 3 – 7 if amounts are being charged.

EXHIBIT 18.1

PERFORMANCE SECURITY

ANNUALLY RENEWABLE PERFORMANCE BOND

BOND #_____

KNOW ALL MEN BY THESE PRESENTS: THAT CAMELOT ILLINOIS LLC, AN ILLINOIS LIMITED LIABILITY COMPANY (HEREINAFTER CALLED THE PRINCIPAL) AND U.S. SPECIALTY INSURANCE COMPANY (HEREINAFTER CALLED THE SURETY), ARE HELD AND FIRMLY BOUND UNTO THE STATE OF ILLINOIS, ACTING THROUGH THE ILLINOIS DEPARTMENT OF THE LOTTERY (HEREINAFTER CALLED THE OBLIGEE), IN THE FULL AND JUST SUM OF TWENTY MILLION DOLLARS ($20,000,000.00), THE PAYMENT OF WHICH SUM, WELL AND TRULY TO BE MADE, THE SAID PRINCIPAL AND SURETY BIND THEMSELVES, AND EACH OF THEIR HEIRS, ADMINISTRATORS, EXECUTORS, AND ASSIGNS, JOINTLY AND SEVERALLY, FIRMLY BY THESE PRESENTS.

WHEREAS, the Principal has by written agreement dated the ___ day of October, 2017 entered into a Private Management Agreement (hereinafter called the Agreement) with the Obligee to provide the Services (as defined in the Agreement) in connection with the Lottery (as defined in the Agreement) for a period of ten (10) years.

WHEREAS, the Agreement requires the Private Manager to provide the Performance Security (as defined in the Agreement) in the aggregate amount of Twenty Million Dollars ($20,000,000) to serve as collateral and security for the Trigger Events (as defined in Section 18.2 of the Agreement).

WHEREAS, the Obligee has agreed to accept this bond to satisfy the Performance Security requirement for a period of one year.

NOW, THEREFORE, THE CONDITIONS OF THE ABOVE OBLIGATION ARE SUCH, that if no Trigger Event occurs during the term of the Agreement, or if a Trigger Event occurs but the applicable amount owed to Obligee in respect of such Trigger Event is otherwise satisfied (whether by the Private Manager, or otherwise), then, neither the Principal nor the Surety shall have any obligation under this bond, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that this bond is subject to the following conditions:

1. This bond is for the term beginning October __, 2017 and ending [ ], 2018. The bond may be extended for additional terms at the option of the Surety, by continuation certificate executed by the Surety. Neither non-renewal by the Surety, nor failure, nor inability of the Principal to file a replacement bond shall constitute a loss to the Obligee recoverable under this bond. In the event that during the term of the Agreement this bond is not to be extended for an additional term, the Surety will provide written notice to the Obligee at least thirty (30) days prior to the expiration of this bond.

2. In the event of a Trigger Event and a demand (in accordance with provision 3 below) by the Obligee, the Surety shall promptly and at the Surety's expense tender to the Obligee funds sufficient to pay all costs associated with the curing of the Trigger Event up to an amount not to exceed the sum of this bond.

3. Any demand made by the Obligee shall be accompanied by a written statement certifying that a Trigger Event has occurred (describing with reasonable specificity the circumstances thereof) and the amount demanded by the Obligee under this bond.

4. No claim, action, suit or proceeding, except as hereinafter set forth, shall be had or maintained against the Surety on this instrument unless same be brought or instituted upon the Surety within two years from termination or expiration of the bond term.

5. No right of action shall accrue on this bond to or for the use of any person, corporation or other entity other than the Obligee named herein.

6. The aggregate liability of the surety is limited to the sum of this bond stated herein regardless of the number or amount of claims brought against this bond and regardless of the number of years this bond remains in force.

7. If any conflict or inconsistency exists between the Surety's obligations or undertakings as described in this bond and as described in the underlying document, then the terms of this bond shall prevail.

8. This bond shall not bind the Surety unless the bond is accepted by the Obligee. The acknowledgement and acceptance of this bond is demonstrated by signing where indicated below. If this obligation is not accepted by way of signature of the Obligee below, this bond shall be deemed null and void.

9. All notices to be delivered herein shall be delivered in accordance with the Agreement and to the addresses for each party provided below.

10. The Surety hereby waives notice of any change, including changes of time, to the Agreement or to related subcontracts, purchase orders and other obligations.

11. The Surety acknowledges that it does not hold any equity interest, directly or indirectly, in the Principal or any affiliate thereof.

12. (a) THE SURETY CONSENTS AND SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS LOCATED IN THE STATE OF ILLINOIS.

    (b) THE SURETY AGREES THAT ANY DISPUTE HEREUNDER SHALL BE FINALLY RESOLVED EXCLUSIVELY IN ACCORDANCE WITH THE ILLINOIS COURT OF CLAIMS ACT (705 ILCS 505/1).

Signed and sealed this _____ day of _____, 2017.

PRINCIPAL:	SURETY:
_____ (seal)	_____ (seal)
_____	_____
(name & title)	Attorney-in-Fact

THE ABOVE TERMS AND CONDITIONS OF THIS BOND HAVE BEEN REVIEWED AND APPROVED AND ACCEPTED BY THE (OBLIGEE).

ACKNOWLEDGED, APPROVED AND ACCEPTED BY OBLIGEE:

BY: _____

PRINTED NAME/TITLE: _____

DATE: _____

PLEASE RETURN A COPY OF ACCEPTED BOND TO:

Marsh USA Inc.

1717 Main Street, Suite 4400

Dallas, TX 75201.

Attn: Phil Neighorn

EXHIBIT 18.3

ACCOUNT CONTROL AGREEMENT

DEPOSIT ACCOUNT CONTROL AGREEMENT

This Deposit Account Control Agreement (this "Agreement") is entered into as of _____ 2017, by and among Camelot Illinois LLC, an Illinois limited liability company ("Company"), the State of Illinois, acting through the Illinois Department of the Lottery, (the "Secured Party"), and _____, a[n] _____ banking corporation ("Depository Bank"), with reference to the following facts:

A. Company maintains the deposit account(s) listed in Exhibit A attached hereto (each such account, a "Deposit Account"; collectively, the "Deposit Accounts") at Depository Bank.

B. Company and Secured Party have entered or are about to enter into a Private Management Agreement, dated on October 11, 2017 **[>>LOCKBOX VARIABLE:** pursuant to which the Company will cause all checks, drafts, and other orders of payments made payable to Company to be mailed to one or more of the lockboxes described in Exhibit A attached hereto (each a "Lockbox" and collectively, the "Lockboxes") maintained at Depository Bank. All payments mailed to the Lockboxes shall be deposited in the Deposit Account(s) located at Depository Bank**<<LOCKBOX VARIABLE]**.

C. Secured Party, Company and Depository Bank have agreed to enter into this Agreement to acknowledge Secured Party's security interest in the Deposit Account(s) and to provide for the control of the Deposit Account(s) by Secured Party.

NOW, THEREFORE, in consideration of the mutual promises and covenants, contained herein the parties hereto mutually agree as follows.

1. **Deposit Agreements.** The terms and conditions of this Agreement are in addition to any deposit account agreements and other related agreements that Company has with Depository Bank, including without limitation all agreements concerning banking products and services, treasury management documentation, account booklets containing the terms and conditions of the Deposit Account(s), signature cards, fee schedules, disclosures, specification sheets and change of terms notices (collectively, the "Deposit Agreements"). The provisions of this Agreement shall supersede the provisions of the Deposit Agreements only to the extent the provisions herein are inconsistent with the Deposit Agreements, and in all other respects, the Deposit Agreements shall remain in full force and effect. **[>>LOCKBOX VARIABLE** All items received at Lockboxes and deposited into the Deposit Account(s) shall be processed daily according to the provisions of the Deposit Agreements, as amended by this Agreement.**<<LOCKBOX VARIABLE**]

2. **Security Interest.** Company has granted to Secured Party a security interest in the Deposit Account(s) as such term is defined in the [_____ Code], with Depository Bank, and in all credits or proceeds thereto and all monies, checks and other instruments held or deposited therein, all of which, shall be and hereby are included in this definition of the

"Deposit Account(s)" for purposes of this Agreement. Company represents and warrants that there are no perfected liens or encumbrances with respect to the Deposit Account(s) and covenants with Secured Party that it shall not enter into any acknowledgment or agreement that gives any other person or entity except Secured Party control over, or any other security interest, lien or title in, the Deposit Account(s).

3. **Control.** In order to provide Secured Party with control over the Deposit Account(s), Company agrees that Depository Bank shall comply with any and all orders, notices, requests and other instructions originated by Secured Party directing disposition of the funds in the Deposit Account(s) without any further consent from Company, even if such instructions are contrary to any of Company's instructions or demands or result in Depository Bank dishonoring items which may be presented for payment. **[>>LOCKBOX VARIABLE:** Each of the Company and Depository Bank agree, notwithstanding the provisions of Section 4 hereof, that neither Company nor Depository Bank shall be permitted to change the standing instructions from Company to Depository Bank regarding the disposition of receipts into the Lockboxes without the express written consent of Secured Party, and that all deposits received into the Lockboxes shall be promptly deposited into the Deposit Account(s), regardless of any instructions to the contrary received by Depository Bank from Company, unless such request is accompanied with the written consent of Secured Party. Notwithstanding the forgoing, Depository Bank shall not be liable to Secured Party for actions taken by the Company in breach of this Agreement.**<<LOCKBOX VARIABLE]**

4. **Access to Deposit Account(s)**

The Deposit Account(s) shall be under the sole dominion and control of Secured Party. Neither Company, nor any other person or entity, acting through or under Company, shall have any control over the use of, or any right to withdraw any amount from, the Deposit Account(s). Depository Bank is hereby authorized and instructed to transfer all available funds (subject to Depository Bank's funds availability policy) in the Deposit Account(s) to such account and at such times as Secured Party may direct in writing to Depository Bank. Until further notice, Depository Bank shall wire transfer available funds daily to the following account of Secured Party:

[INSERT WIRE TRANSFER INSTRUCTIONS]

Company agrees that Depository Bank shall provide Secured Party access to all Deposit Account(s) activity by mailing to Secured Party at least once a month (or more times per month upon Secured Party's request and at Secured Party's cost) copies of all Deposit Account(s) statement.

5. **Subordination by Depository Bank.** Company and Depository Bank acknowledge notice of and recognize Secured Party's continuing security interest in the Deposit Account(s) and in all items deposited in the Deposit Account(s) and in the proceeds thereof. Depository Bank hereby subordinates any statutory or contractual right or claim of offset or lien resulting from any transaction which involves the Deposit Account(s). Notwithstanding the preceding sentence, Secured Party hereby acknowledges and agrees that nothing herein subordinates or waives, and that Depository Bank expressly reserves,

all of Depository Bank's present and future rights (whether described as rights of setoff, banker's lien, security interest, chargeback or otherwise, and whether available to Depository Bank under applicable law or under any other agreement between Depository Bank and Company concerning the Deposit Account(s), or otherwise) with respect to: (a) items deposited to the Deposit Account(s) and returned unpaid, whether for insufficient funds or for any other reason; (b) automatic clearing house or other electronic entries credited to the Deposit Account(s) and later reversed, whether for insufficient funds or for any other reason,; (c) any credit to the Deposit Account from a merchant card transaction, against which a contractual demand for chargeback has been made; (d) any credit to the Deposit Account made in error (e) claims of breach of the transfer or presentment warranties made to Depository Bank pursuant to the Uniform Commercial Code in connection with items deposited to the Deposit Account(s) (all of the foregoing clauses (a) - (e) referred to, collectively, as "Returned Items"); and (f) Depository Bank's usual and customary charges for services rendered in connection with the Deposit Account(s) ("Bank Charges"). If there are insufficient funds in the Deposit Account(s) or any of Company's other accounts to cover any Bank Charges or Returned Items, Company agrees to immediately reimburse Depository Bank for the amount of such shortfall.

6. **Indemnity.** Company agrees to defend, indemnify and hold Depository Bank and its directors, officers, employees, attorneys, agents, successors and assigns (collectively, for purposes of the indemnity provided herein, "Depository Bank Indemnified Parties" and, individually, a "Depository Bank Indemnified Party") harmless from and against any and all claims, losses, liabilities, costs, actual damages and expenses, including, without limitation, any and all court costs and reasonable legal and accounting fees and disbursements (collectively "Claims"), arising out of or in any way related to this Agreement or any action taken or not taken pursuant hereto (including, without limitation, Claims arising out of such Depository Bank Indemnified Party's compliance with Secured Party's instructions hereunder), excepting only liability arising out of the gross negligence, bad faith or willful misconduct of such Depository Bank Indemnified Party. Company acknowledges and agrees that no Depository Bank Indemnified Party shall have any liability to Company for any loss or damage that Company may claim to have suffered or incurred, either directly or indirectly, by reason of this Agreement or any transaction or service contemplated by the provisions hereof, including, without limitation, Claims arising out of Depository Bank's compliance with Secured Party's instructions hereunder. Without regard to Company's indemnification obligations to the Depository Bank Indemnified Parties, Secured Party agrees to after the compliance by Depository Bank with Secured Party's written instructions in accordance with Section 4, reimburse Depository Bank for any Bank Charges or Returned Items (the proceeds of which were received by Secured Party). Secured Party's obligations to Depository Bank hereunder shall in no way operate to release Company from its obligations to Secured Party, Depository Bank, and/or any Depository Bank Indemnified Party, as applicable, and shall not impair any rights or remedies of Secured Party, Depository Bank, and/or any Depository Bank Indemnified Party, as applicable, to collect any such amounts from Company. Company and Secured Party shall jointly and severally pay to Depository Bank, upon receipt of Depository Bank's invoice, all costs, expenses and attorneys' fees incurred by Depository Bank in connection with the enforcement of this Agreement and

any instrument or agreement required hereunder, including but not limited to any such costs, expenses and fees arising out of the resolution of any conflict, dispute, motion regarding entitlement to rights or rights of action, or other action to enforce Depository Bank's rights in any proceeding under any statute relating to bankruptcy, insolvency, debt reorganization or liquidation, or creditors arrangements. Company agrees to pay Depository Bank, upon receipt of Depository Bank's invoice, all costs, expenses and attorneys' fees incurred by Depository Bank in the preparation and administration of this Agreement (including any amendments hereto or instruments or agreements required hereunder). IN NO EVENT WILL DEPOSITORY BANK NOR ANY DEPOSITORY BANK INDEMNIFIED PARTY BE LIABLE FOR ANY INDIRECT DAMAGES, LOST PROFITS, SPECIAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES THAT ARISE OUT OF OR IN CONNECTION WITH THE SERVICES CONTEMPLATED BY THIS AGREEMENT EVEN IF DEPOSITORY BANK, OR SUCH DEPOSITORY BANK INDEMNIFIED PARTY, HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES.

7. **Depository Bank's Responsibility.** The duties of Depository Bank are strictly limited to those expressly set forth in this Agreement and no duties shall be implied. Depository Bank is not acting as a fiduciary for any party hereto. Depository Bank shall be protected in relying on any form of instruction or other notice purporting to be from Secured Party which Depository Bank in good faith, believes to be genuine and what it purports to be. Depository Bank shall have no duty to inquire as to the genuineness, validity, or enforceability of any such instruction or notice even if Company notifies Depository Bank that Secured Party is not legally entitled to originate any such instruction or notice. Depository Bank shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Agreement. The Deposit Account(s) and all actions and undertakings by Depository Bank shall be subject to all rules and regulations relating to the Deposit Account(s) and to applicable law.

8. **Termination.** This Agreement may be terminated unilaterally by Depository Bank for any reason, in its sole discretion, upon thirty (30) days prior written notice to all parties; provided, however, that Depository Bank may terminate this Agreement immediately without prior notice to Secured Party in the event Secured Party fails to make payments to Depository Bank in accordance with Section 6 above. Upon termination by Depository Bank as described above, any available funds remaining in the Deposit Account(s) upon termination or deposited in thereafter, after deduction for any amounts otherwise reimbursable to Depository Bank or provided hereunder, shall be transferred in accordance with the provisions of Section 4 above. This Agreement may be terminated by Secured Party by written notice of termination in substantially the form attached hereto as Exhibit B ("Notice of Termination"), sent to Depository Bank in which Secured Party releases Depository Bank from any further obligation to comply with instructions originated by Secured Party with respect to the Deposit Account(s). Immediately upon receipt by Depository Bank of such Notice of Termination, the obligations of Depository Bank hereunder with respect to the operation and maintenance of the Deposit Account(s) shall terminate, Secured Party shall have no further right to originate instructions concerning the Deposit Account(s) and any previous Notice of Exclusive Control delivered by Secured Party shall be deemed to be of no further force or effect.

Termination shall not affect the rights and obligations of any party hereto with respect to any period prior to such termination.

9. **Legal Process and Insolvency.** In the event Depository Bank receives any form of legal process concerning any Deposit Account, including, without limitation, court orders, levies, garnishments, attachments, and writs of execution, or in the event Depository Bank learns of any insolvency proceeding concerning Company, including, without limitation, bankruptcy, receivership, debt reorganization, liquidation or assignment for the benefit of creditors, Depository Bank will respond to such legal process or knowledge of insolvency in the normal course or as required by applicable law.

10. **Governing Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. The parties agree that Illinois is the "bank's jurisdiction" for purposes of the Uniform Commercial Code. The parties hereto agree and consent to the exclusive jurisdiction of the federal and state courts having a *situs* in Cook County, Illinois, for any actions arising out of this Agreement. Each of Company and Secured Party hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Each of Company and Secured Party hereby irrevocably consents to the service of any and all process in such action or proceeding by delivery of such process to such party at its address provided in accordance with Section 11.

11. **Notices.** Except as otherwise provided in this Agreement, all notices and other communications required or permitted to be given to a party under this Agreement shall be in writing and may be delivered personally or sent by United States Mail (only if registered or certified, with return receipt requested) or overnight courier or by facsimile, and shall be deemed given when delivered in person or received by facsimile or three (3) days after deposit in the United States Mail or one (1) day after deposit with such courier at the address specified below. As noted in the Exhibits hereto, notification to Depository Bank shall be to the named email address indicated therein. Any party may change its address for notices hereunder by notice to all other parties given in accordance with this Section 11.

Company: [INSERT CONTACT INFORMATION]

Secured Party: [INSERT CONTACT INFORMATION]

Depository Bank: [INSERT CONTACT INFORMATION]

With copy to (which copy will NOT constitute notice):

[INSERT CONTACT INFORMATION]

12. **Miscellaneous.** This Agreement shall bind and benefit the parties and their respective successors and assigns. This Agreement may be amended only with the prior written consent of all parties hereto. None of the terms of this Agreement may be waived except as Depository Bank may consent thereto in writing. No delay on the part of Depository Bank in exercising any right, power or privilege hereunder shall operate as a waiver

hereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude other or further exercise thereof or the exercise of any right, power or privilege. The rights and remedies specified herein are cumulative and are not exclusive of any rights or remedies which Depository Bank would otherwise have.

13. **No Agency.** Nothing contained in this Agreement shall create any agency, fiduciary, joint venture or partnership relationship between Depository Bank and Company or Secured Party. Company and Secured Party agree that nothing contained in this Agreement, nor any course of dealing among the parties hereto, shall constitute a commitment or other obligation on the part of Depository Bank to extend credit to Company or Secured Party.

14. **Counterparts.** This Agreement may be executed by facsimile or PDF in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

15. **Jury Trial Waiver.** COMPANY, SECURED PARTY AND DEPOSITORY BANK HEREBY WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY JUDICIAL PROCEEDING ARISING OUT OF, OR RELATING TO, THIS AGREEMENT OR SERVICES RENDERED IN CONNECTION WITH THIS AGREEMENT.

(SIGNATURES ON FOLLOWING PAGE)

SIGNATURE PAGE
DEPOSIT ACCOUNT CONTROL AGREEMENT

Company:

_____

By: _____
Name: _____
Title: _____

Secured Party:

_____

By: _____
Name: _____
Title: _____

[THIS AGREEMENT IS NOT EFFECTIVE UNTIL AND UNLESS ACCEPTED BY [ ] BANK DACA SUPPORT]

ACCEPTED:

Depository Bank:

[BANK]
DACA SUPPORT

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A: LIST OF DEPOSIT ACCOUNT(S)/LOCKBOXES

Name of Account(s): Deposit Account Number(s):

[>>**LOCKBOX VARIABLE**: Lockboxes:
Lockbox Number(s) <<**LOCKBOX VARIABLE**]

EXHIBIT B: NOTICE OF TERMINATION

ACCOUNT CONTROL AGREEMENT
NOTICE OF TERMINATION

[Bank]
[Email]
(subject line must read "Notice of Termination")

Re: Account Control Agreement ("Agreement") by and among _____ ("Company"), _____ ("Secured Party"), and _____ ("Depository Bank"), dated _____ affecting Account Number(s) ____ (the "Deposit Account").

Date: _____ __, 20__

To Whom It May Concern:

This letter serves as notice to Depository Bank in accordance with Section 8 of the Agreement that Secured Party is hereby permanently releasing its control over the Deposit Account(s) and releases Depository Bank from any further obligation to comply with instructions originated by Secured Party with respect to the Deposit Account(s). The Agreement is hereby permanently terminated.

Please contact us at _____ (phone number) immediately with any questions.

_____
Name and Title

_____
Secured Party