



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE ARKANSAS LOTTERY

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November 10, 2015

The Honorable Jimmy Hickey, Chair
The Honorable Chris Richey, Chair
Arkansas Legislative Council Lottery Oversight Subcommittee
One Capitol Mall, Room R-501
Little Rock, AR 72201

RE: Notice of Execution of Licensing Agreement

Gentlemen:

In accordance with the letter of December 14, 2010, from the Co-Chairs of the Arkansas Lottery Commission Legislative Oversight Committee, please consider this letter and the attachment as notice of the execution on October 2, 2015, of a Non-Exclusive Licensing Agreement between Scientific Games International ("SGI") and the Department of Finance and Administration Office of the Arkansas Lottery ("OAL"). The Non-Exclusive Licensing Agreement grants to OAL the non-exclusive right in the state of Arkansas to reproduce, use, and make copies of the Property in association with the sale, marketing, advertising, and promotion of a scratch-off instant win lottery game to be conducted by the OAL and identified as AR-317 Yahtzee™ (the "Game"). The following information is provided:

1. Date of Agreement: October 2, 2015.
2. Term of Agreement: The term of this agreement shall commence on the date the Working Papers for the Game are signed and shall expire on the last day for claiming Game prizes as established by the OAL.
3. Vendor or other parties to the Agreement: Scientific Games International.
4. Value (cost or cost savings projected for the agreement): The base instant game contract price is 1.81% of net sales. There is a price of \$1.89 per 1000 tickets for FailSafe Barcode Services and a price of 1.35% of the prize fund for Points for Prizes Rewards/Merchandise Prizes and Fulfillment. The preceding costs are standard for OAL instant games and there are no additional costs for the use of Yahtzee™.

A copy of the executed document is attached. Please let me know if you would like additional information or have any questions regarding this matter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Bishop Woosley".

Bishop Woosley
Director

Enclosures

cc: Mr. Larry Walther, Director, Arkansas Department of Finance and Administration
Mr. Roger Norman, Legislative Auditor, Division of Legislative Audit

Scientific Games International
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004

This letter constitutes the order of the OFFICE OF THE ARKANSAS LOTTERY for 1,800,000 (+5.00 % order qty. /-5.00 % order qty.) tickets of Instant Game No. 317 "Yahtzee™" as fully described in Version 1.0 of the "Game Specifications" document dated October 2, 2015 with Prize Structure Version A dated September 15, 2015.

You are hereby authorized to proceed with the production of game tickets and performance of the associated services according to the specifications contained herein.



ACKNOWLEDGED AND ACCEPTED:

Michael P. Smith
Mr. Mike Smith
Gaming Director

10/2/2015
Date



ACKNOWLEDGED AND ACCEPTED:

Martha H. Gross
Martha H. Gross
General Mgr I

10-2-15
Date

1. PROPERTY

As used herein, the term “**Property**” shall individually and collectively refer to the approved artwork, designs, trademarks, service marks, logo graphics, copyrights, symbols and other elements related to YAHTZEE® licensed by Hasbro, Inc. (“**Licensor**”). The licensed Property shall not include the YAHTZEE property as depicted in any visual entertainment program or media, including but not limited to any live action or animated theatrical motion picture, television program or series, or direct-to-video feature. The rights to the Property are licensed to Scientific Games International, Inc. (“**SGI**”) for use with instant scratch ticket lottery games in the United States. The Office of the Arkansas Lottery’s (“**OAL**”) right to use the license for this instant scratch ticket lottery game originates from and relates back to the terms of OAL RFP Number OAL-090001, dated June 19, 2009, and all corresponding RFP documents, and any amendments thereto, including but not limited to SGI responses to the RFP for comprehensive instant ticket services. Accordingly, each of the aforementioned documents is hereby incorporated by reference herein.

Subject to the terms and conditions of the grant of rights hereunder (“**Grant of Rights**”), SGI hereby grants the OAL the non-exclusive right in the state of Arkansas (“**Territory**”) to reproduce, use and make copies of the Property in association with the sale, marketing, advertising and promotion of a scratch-off instant-win lottery game to be conducted by the OAL and identified as AR-317 YAHTZEE™ (the “**Game**”). All rights not specifically granted to the OAL herein are reserved by SGI and/or Licensor. The OAL acknowledges Licensor as a third party beneficiary under this working papers agreement with respect solely to the Game.

2. UTILIZATION OF PROPERTY

- a) Graphic and other creative elements for the Property that may be reproduced and used by the OAL in ticket art designs and related advertising are limited to the following:
 - i. The Property, as defined above; and
 - ii. The trademark YAHTZEE™.
- b) Pre-approved creative elements of the Property are available from SGI for the OAL’s use with the Game, upon written request.
- c) The OAL shall submit all artwork and other materials for tickets, point-of-sale, advertising, marketing and promotional materials (collectively the “**Artwork**”) for the Game to SGI for approval. The OAL shall not disseminate any tickets, advertisement or promotion until it has procured SGI’s written approval. SGI shall have fifteen (15) business days to approve in writing each piece of Artwork and return same to the OAL for use or revision, as the case may be. The OAL shall submit any such revised Artwork to SGI, and SGI shall have fifteen (15) business days to approve all such Artwork or return same to the OAL for use or further revision. Unless SGI notifies the OAL otherwise, if SGI does not return the Artwork within the aforementioned time periods, the

Artwork shall be deemed not approved by SGI. The approval or modifications shall be communicated via email, fax or other written documentation. For purposes of clarification, SGI shall be responsible for facilitating with Licensor for all approvals.

No party hereto will unreasonably withhold its approval of any act or request of the other to which its approval is necessary or desirable; provided, however, that Licensor's consent to any proposed use of the Property may be granted or withheld in Licensor's sole discretion.

- d) On request and to the extent such materials are available, SGI shall provide the OAL with examples of approved promotional material(s) produced by other lotteries that have entered into licensing agreements with SGI for the use of the Property for the sole purpose of providing guidance to the OAL in its creation of the Artwork.
- e) SGI warrants and represents that it acts as either licensee or agent of Licensor with respect to the copyright and/or trademark rights in the Property.
- f) The OAL represents and warrants that it will comply with all applicable laws (including intellectual property laws), rules and regulations in connection with the use of the Property and activities related thereto.
- g) The OAL recognizes the great value of the goodwill associated with the Property and acknowledges that the Property and all rights therein and the goodwill pertaining thereto belong exclusively to Licensor, and that upon expiration of this Grant of Rights the OAL shall discontinue any and all use of the Property and sale or distribution of any articles bearing the Property. All uses of the Property shall inure to Licensor's benefit.

3. TRADEMARKS AND OTHER REQUIREMENTS

- a) The OAL agrees to place a registered trademark ("®") or trademark ("™") designation with each use of the Property on the Artwork, as appropriate, or as may otherwise be specified by SGI or Licensor. The OAL agrees to place any applicable patent markings on the ticket back as may be required by Licensor or SGI. The OAL further agrees to place the following information on the ticket back and related print marketing materials:

YAHTZEE is a trademark of Hasbro and is used with permission. © 2015 Hasbro. All Rights Reserved. Licensed by Hasbro.

- b) At a minimum, the OAL shall provide SGI with the following samples for this Game, as appropriate:
 - i. Five (5) books of voided lottery tickets;
 - ii. Two (2) samples of all out of home advertising;
 - iii. Six (6) samples of all print advertising; and

- iv. Six (6) samples of all retailer sell-in and related communications materials.
- c) SGI reserves the right to modify trademark and patent requirements prior to final approval of all creative elements, including modifications that may be required by Licensor.
- d) SGI and the OAL mutually warrant that any gaming activity offered through the Internet shall be done in full compliance with applicable U.S. law and SGI's governance processes. The parties agree no other electronic media shall be used in connection with this Game and no wagering activity shall take place over the internet or any other electronic media.
- e) The OAL shall indicate that licensing rights for the Property have been obtained from SGI in any press releases relating to this Game issued by the OAL.
- f) The OAL represents and warrants that it is duly organized under applicable law and that it has the right and authority to enter into and perform this Grant of Rights.
- g) The OAL represents and warrants that the ticket back for the Game will include the phrase "Void where prohibited by law."
- h) The OAL represents and warrants that it will comply with all applicable laws, (including intellectual property laws), rules and regulations in connection with the use of the Property and activities related thereto.

4. TERM

The term of this License shall commence on the date the Working Papers for the Game are executed and shall expire on the last day for claiming prizes for the Game as established by the OAL; provided that the right to use the Property for the printing of scratch tickets and promotional material under this Grant of Rights shall expire on December 31, 2018.

5. FORCE MAJEURE

A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled. As herein used, "**Force Majeure**" means an act of God or public enemy, to include acts of terrorism, earthquake, fire, flood, explosion, epidemic, quarantine restriction, strikes, freight embargoes or closure of all major access roads to a geographic area, action of the elements, governmental interference, rationing or any other cause which is beyond the control of the party affected and which, by the exercise of reasonable diligence, a party is unable to control.

SGI shall not be liable for any delay in or failure of performance under this Grant of Rights due to a Force Majeure occurrence provided that SGI shall use reasonably diligent efforts to avoid or otherwise minimize the impact of an event of Force Majeure on SGI's performance.

Any such delay in or failure of performance shall not constitute default or give rise to any liability for damages. The existence of the cause(s) of such delay or failure shall extend the period for performance to such extent as reasonably necessary to enable complete performance by SGI if reasonable diligence is exercised after the cause of delay or failure has been removed, but in no event shall the expiration date set forth above in Section 4 ("TERM") be extended.

6. SEVERABILITY

If a court of competent jurisdiction determines any portion of this Grant of Rights to be invalid, it shall be severed and the remaining portion of this Grant of Rights shall remain in effect.

7. ASSIGNMENT

The OAL shall not have any right to assign or sublicense its rights to use the Property.

8. LIMITATION OF LIABILITY

The OAL acknowledges that Licensor shall have no liability whatsoever to the OAL, including, without limitation, special, incidental, tort, or consequential damages arising out of, or in connection with, the use of the Property or the use or performance of the Game.