



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

OFFICE OF THE ARKANSAS LOTTERY

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July 31, 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 July 8, 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-302 Pink Panther™ (the "Game"). The following information is provided:

1. Date of Agreement: July 8, 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 Pink Panther™.

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 1,680,000 (+5%, -0%) tickets of Instant Game No. 302 "PINK PANTHER™" as fully described in Version 1.1 of the "Game Specifications" document dated July 8, 2015 with Prize Structure Version A dated June 18, 2015. Final invoice will be based on total number of tickets sold based on percentage of sales (1.8100%).

Instant Ticket Lottery Game Services: 1.5800%
Web Site Marketing Services (Player's Club/Internet Marketing): 0.0900%
Play It Again™ and Second Chance Drawing Management Services: 0.1400%

The three (3) prices shown above are based upon the lottery implementing all three (3) services.

Points for Prizes® Rewards/Merchandise Prizes and Fulfillment: 1.35% of the prize fund for all instant games included in program.

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

7/8/2015
Date



ACKNOWLEDGED AND ACCEPTED:

Martha H. Gross
Martha H. Gross
General Mgr I

7/8/15
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, characters and other elements of any type associated with the Pink Panther™ brand licensed by MGM Consumer Products (“**Licensor**”). The rights to the Property are licensed to Scientific Games International, Inc. (“**SGI**”) and its wholly owned subsidiary MDI Entertainment, LLC (“**MDI**”) 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-302 Pink Panther™ (the “**Game**”). All rights not specifically granted to the OAL herein are reserved by SGI, MDI and/or Licensor.

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 Pink Panther™.
- 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 licensee of Licensor with respect to the copyright and/or trademark rights in the Property for use with instant-win scratch-off ticket lottery games in the Territory.
- 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.
- b) The OAL agrees to place the following notice on the ticket back and related print marketing materials, supered at the end of TV spots and on slate for radio:

THE PINK PANTHER TM & © 1964 – 2015 Metro-Goldwyn-Mayer Studios Inc. All Rights Reserved.

- c) At a minimum, the OAL shall provide SGI with the following samples for this Game, as appropriate:
 - i. Ten (10) 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.
- d) 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.
- e) 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.
- f) 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.
- g) 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.
- h) The OAL represents and warrants that the ticket back for the Game will include the phrase "Void where prohibited by law."

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 and redeeming prizes for the Game as established by the OAL.

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.

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 use of 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.