



STATE OF ARKANSAS
ARKANSAS LOTTERY COMMISSION

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May 6, 2013

The Honorable Robert Thompson, Co-Chair
The Honorable Mark Perry, Co-Chair
Arkansas Lottery Commission Legislative Oversight Committee
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 previous Co-Chairs of the Arkansas Lottery Commission Legislative Oversight Committee, please consider this letter and the attachments as notice of the execution of a Non-Exclusive Licensing Agreement between the Arkansas Lottery Commission and Scientific Games International on March 26, 2013. The non-exclusive licensing agreement allows the ALC to reproduce, use, and make copies of Instant Game No. AR-190 Monopoly™ licensed property. Pursuant to the requirements of the letter of December 14, 2010, I provide you with the following requested information related to this agreement:

1. Date of Agreement: March 26, 2013.
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 ALC.
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 1.5% of the prize fund for Points for Prizes Rewards/Merchandise Prizes and Fulfillment. The preceding costs are standard for ALC instant games. There are no additional costs for the use of Monopoly™.

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,

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

Bishop Woosley
Director

Enclosure

cc: Ben Pickard, Chair, Arkansas Lottery Commission
Roger Norman, Legislative Auditor, Division of Legislative Audit

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 MONOPOLY® licensed by Hasbro, Inc. (“**Licensor**”). The licensed Property shall not include the MONOPOLY 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 Arkansas Lottery Commission’s (“**ALC**”) right to use the license for this instant scratch ticket lottery game originates from and relates back to the terms of ALC RFP Number ALC-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 ALC 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 ALC and identified as AR-190 MONOPOLY™ (the “**Game**”). All rights not specifically granted to the ALC herein are reserved by SGI and/or Licensor.

2. UTILIZATION OF PROPERTY

- a) Graphic and other creative elements for the Property that may be reproduced and used by the ALC in ticket art designs and related advertising are limited to the following:
 - i. The Property, as defined above; and
 - ii. The trademark MONOPOLY™.
- b) Pre-approved creative elements of the Property are available from SGI for the ALC’s use with the Game, upon written request.
- c) The ALC 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 ALC 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 ALC for use or revision, as the case may be. The ALC 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 ALC for use or further revision. Unless SGI notifies the ALC 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 ALC 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 ALC 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 ALC 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 ALC 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 ALC 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 ALC 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 ALC agrees to place any applicable patent markings on the ticket back as may be required by Licensor or SGI. The ALC further agrees to place the following information on the ticket back and related print marketing materials:

*The MONOPOLY name and logo, the distinctive design of the game board, the four corner squares, the MR. MONOPOLY name and character, as well as each of the distinctive elements of the board and playing pieces are trademarks of Hasbro for its property trading game and game equipment. ©1935, 2013 Hasbro. All Rights Reserved. Licensed by Hasbro.
(MONOPOLY OLP – DIAMOND GAME BOARD LOGO)*

If space is limited:

*MONOPOLY™ & ©2013 Hasbro. All Rights Reserved. Licensed by Hasbro.
(MONOPOLY OLP – DIAMOND GAME BOARD LOGO)*

- b) At a minimum, the ALC 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.
- 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 ALC 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 ALC shall indicate that licensing rights for the Property have been obtained from SGI in any press releases relating to this Game issued by the ALC.
- f) The ALC 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 ALC represents and warrants that the ticket back for the Game will include the phrase "Void where prohibited by law."
- h) The ALC 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 ALC; 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, 2016.

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

8. **LIMITATION OF LIABILITY**

The ALC acknowledges that Licensor shall have no liability whatsoever to the ALC, 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.

Order / Price Confirmation

Scientific Games International
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004

This letter constitutes the order of the ARKANSAS LOTTERY COMMISSION for one million eight hundred thousand (1,800,000) ($\pm 5\%$) tickets of Instant Game No. 190 "Monopoly™" as fully described in Version 1 of the "Game Specifications" document dated March 14, 2013 with Prize Structure Version A dated March 06, 2013. 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: 1.50% 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.

Options	Quantity	Price
FailSafe® Barcode	1,800,000	\$1.89 per 1000
Full UV		No Charge
Total Price For Options (estimated)		Total price per 1000: \$1.89

ACKNOWLEDGED AND ACCEPTED:

Maria Hernandez
Scientific Games International (Printed)
[Signature]
Scientific Games International (Signature)

3/26/2013
Date

ACKNOWLEDGED AND ACCEPTED:

Michael C. Smith
Arkansas Lottery Commission (Printed)
[Signature]
Arkansas Lottery Commission (Signature)

3/26/2013
Date