

## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT is by and between \_\_\_\_\_, (“GUARANTOR”) and the Kentucky Lottery Corporation (KLC), a de jure municipal corporation and political subdivision of the Commonwealth of Kentucky, with its principal place of business located at 1011 West Main Street, Louisville, Kentucky 40202-2623.

### **WITNESSETH:**

WHEREAS, \_\_\_\_\_ (name of business entity) doing business as \_\_\_\_\_ (“Retailer”), is a business which has applied to be licensed as a KLC retailer, and

WHEREAS, the KLC has determined that it is unwilling to license, contract with, and extend credit to Retailer without a full guarantee, jointly and severally by Guarantor, of all obligations now existing or hereinafter incurred by Retailer to KLC, including, without limitation, all obligations under the Kentucky Lottery Corporation Retailer Application executed by Retailer and the Kentucky Lottery Corporation Retailer License Agreement by and between Retailer and the KLC, (as the same may be hereafter modified, amended, extended or renewed, and collectively referred to as the “Retailer Documents”).

NOW, THEREFORE, in consideration of the covenants and consideration described in this Guaranty Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce KLC to license, contract with, and extend credit to Retailer, Guarantor, jointly and severally, hereby covenants and agrees as follows:

1. Guarantor, for himself and his successors, heirs and assigns, hereby unconditionally, jointly and severally, and irrevocably guarantees to KLC:

(i) The prompt and unconditional payment, whether by electronic fund transfer or other means required by KLC, of all sums due or which may become due to KLC by Retailer under or in connection with the Retailer Documents or otherwise, including all renewals, extensions and modifications of the Retailer Documents, and together with accrued interest, late charges, attorneys fees, and costs of collection; and

(ii) The prompt and unconditional performance when due of all other obligations of Retailer under the Retailer Documents or which are otherwise undertaken by Retailer. The obligations of Guarantor are completely independent of the obligations of Retailer.

2. This Guaranty Agreement shall terminate on the date of termination of the license granted to Retailer pursuant to the Kentucky Lottery Corporation Retailer License Agreement by and between the Retailer and the KLC and the other Retailer Documents, provided, however, that such termination shall not affect the liabilities of Guarantor with respect to:

(i) Any obligations created or incurred prior to such date; or

(ii) Any obligations created or incurred in connection with any amendments to or extension or renewals of the Retailer Documents or temporary licenses granted to Retailer pursuant to the Retailer Documents, or interest accruing on, or fees, costs or expenses incurred with respect to such obligations on or after such date.

3. The maximum principal amount guaranteed under this Agreement shall be the total amount of all obligations now existing or hereinafter incurred by Retailer to the KLC under the Retailer Documents in addition to interest, late charges, attorneys fees and costs of collection.

4. This is a continuing, absolute and unconditional guaranty of payment and not of collection. Accordingly, Guarantor unconditionally and irrevocably waives each and every defense which under principles of guaranty and suretyship law would otherwise operate to impair or diminish the liability of Guarantor, including, but not limited to:

(i) The validity or enforceability of the Retailer Documents or any other agreement between KLC and Retailer;

(ii) Any defense, offset or counterclaim that may at any time be available to or be asserted by Retailer against KLC;

(iii) Any extension, modification, compromise, settlement or variation of the terms of any of the obligations of Retailer under the Retailer Documents or otherwise, or of any agreement entered into with Guarantor, any other guarantor of the Retailer's obligations, or any other person liable for Retailer's obligations;

(iv) The voluntary or involuntary discharge or release of any of Retailer's obligations under the Retailer Documents, or of any person liable therefore, by reason of bankruptcy or insolvency or otherwise;

(v) The application or allocation by KLC of payments, collections, or credits on any portion of Retailer's obligations regardless of what portion of the obligations remains unpaid;

(vi) The creation of any new obligations covered by this Guaranty Agreement or renewal or extension of any existing obligations;

(vii) The making of a demand, or absence of demand, for payment of Retailer's obligations under the Retailer Documents or giving, or failing to give, any notice of dishonor or protest or any other notice;

(viii) Any acceptance or notice of acceptance of this Guaranty Agreement by KLC;

(ix) Any right of indemnity against Retailer, or right to reimbursement from Retailer, if such rights would impair the remedies of KLC against Guarantor under this Agreement or against any collateral for any of the obligations of Retailer, in connection with the bankruptcy of Retailer or otherwise; and

(x) Any subrogation to the rights of KLC against Retailer, until all of the obligations have been satisfied in full.

5. Guarantor waives any right to require KLC:

(i) To take any steps whatsoever to collect from Guarantor or to file a claim against Guarantor;

(ii) To first, or at the same time, proceed against Retailer or any assets of Retailer, or to enforce any lien filed on Retailer's property;

(iii) To proceed against any other guarantor of or person responsible for the obligations of Retailer under the Retailer Documents; or

(iv) To otherwise exhaust any remedies KLC may have.

6. Guarantor agrees that KLC may, without notice to the Guarantor and without affecting Guarantor's liability hereunder:

(i) Modify or amend the Retailer Documents or any other agreements it may now or hereafter have with Retailer (including modifying or extending the time for Retailer's obligations of payment);

(ii) Release any liens or other security it may now or hereafter hold for the obligations of Retailer; and

(iii) Waive any obligations of Retailer.

7. Guarantor represents and warrants to KLC that:

(i) There is no action, suit, or proceeding pending, or to the knowledge of Guarantor threatened against or affecting Guarantor or involving the validity or enforceability of this Guaranty Agreement, including before or by any governmental authority, and Guarantor is not in default with respect to any order, writ, judgment, decree or demand of any court or other governmental authority;

(ii) If applicable, the financial statements of Guarantor most recently delivered to KLC are (1) complete and correct in all material respects, (2) accurately represent the financial condition of the Guarantor as of their date, and (3) disclose all of Guarantor's liabilities, direct or contingent, as of such date. There has been no adverse change in financial condition of Guarantor since the date of such financial statements. The term "adverse change in financial condition" means a decrease of 20% or more in the aggregate net worth, solvency, bankruptcy, or prospective failure to meet current liabilities as they come due;

(iii) Neither this Guaranty Agreement nor any other document furnished to KLC by or on behalf of Guarantor contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in this Guaranty Agreement or any other document furnished to KLC by Guarantor not misleading. There are no facts known to Guarantor that, individually or in the aggregate, materially adversely affect the Guarantor's business condition or affairs, properties, or assets considered as an entirety.

8. No amendment, modification, or waiver of this Guaranty Agreement shall be deemed to be made by KLC unless in writing signed by a duly authorized officer of KLC, and any such amendment, modification, or waiver, shall be strictly construed. No waiver by KLC shall be construed or deemed to be a waiver of any other provision or condition of this Guaranty Agreement or a waiver of a subsequent breach of the same provision or condition.

9. The invalidity or unenforceability of any one or more provisions of this Guaranty Agreement shall not impair the validity and enforceability of all the other provisions of this Guaranty Agreement.

10. Guarantor acknowledges and agrees that this Guaranty Agreement has been delivered in Jefferson County, Kentucky, and that in the event either KLC or Guarantor shall institute any action or proceeding pertaining to this Guaranty Agreement, Guarantor shall be subject to jurisdiction in all courts of the Commonwealth of Kentucky and that any such action will be brought only in the courts of Jefferson County, Kentucky.

11. Any notice given to KLC hereunder shall be given in writing and either personally delivered, sent by a nationally recognized courier service, or sent by registered or certified mail, postage prepaid, to KLC at the address specified herein and directed to the attention of Cindy DeVore.

12. This Guaranty Agreement, and all rights and obligations hereunder, shall be governed by the laws of the Commonwealth of Kentucky.

13. Guarantor agrees that KLC may refuse, at any time, to license, contract with or extend credit to Retailer and that such refusal shall not affect this Guaranty Agreement.

14. This Guaranty Agreement shall be binding upon the Guarantor, his heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, Guarantor and KLC have executed this Guaranty Agreement which shall be effective as of the date of execution by the KLC.

_____	KENTUCKY LOTTERY CORPORATION
Name of Guarantor (print name)	
_____	By: _____
Signature of Guarantor	(print name)
_____	_____
Social Security Number of Guarantor	Title
_____	_____
Address of Guarantor	Signature
_____	_____
Telephone Number of Guarantor	Date of Execution by KLC
_____	
Date of Execution by Guarantor	

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January 30, 2008