

KENTUCKY LOTTERY CORPORATION RETAILER LICENSE AGREEMENT

This Retailer License Agreement is executed by and between _____ doing business as _____ (“Retailer”) and the Kentucky Lottery Corporation (the “KLC”), pursuant to the Retailer License Application (the “Application”) submitted to the

1. Grant of License; Incorporation by Reference

Retailer is hereby licensed to sell such lottery products as the KLC may approve from time to time

- (a) in consideration of the Retailer’s promise in this Retailer License Agreement, and
- (b) in reliance upon Retailer’s representations in the Application.

Retailer represents and warrants that there has been no change in the information supplied to the KLC in the Application. This Agreement is subject to, and Retailer agrees to comply with, the Application, the Retailer Manual, the laws and regulations governing the KLC and the rules, practices and procedures of the KLC regarding retailers and the sale of lottery tickets, as the same may be amended from time to time, all of which are incorporated herein by reference in their entirety and are hereinafter, together with this Retailer License Agreement, collectively referred to as this “Agreement.” Retailer acknowledges that this Agreement sets forth a summary of only certain of the rights, obligations and remedies of the KLC and Retailer, and hereby acknowledges receipt of the Retailer Manual.

2. Term

Unless earlier terminated as set forth herein, this Agreement shall be in effect for two (2) years from the date it is executed by the KLC and a Retailer License is issued by the KLC as indicated below. The KLC may, in its sole discretion, temporarily extend in writing this Agreement to permit completion of background investigation and other prerequisites to renewal. This Agreement shall be subject to renewal by the KLC upon satisfactory completion of all background investigations and other requirements placed by the KLC on such renewal, and upon payment by Retailer of the renewal fee in an amount established from time to time by the KLC.

3. Sale and Redemption of Lottery Tickets; Retailer Compensation

In exchange for compensation established from time to time by the KLC, Retailer agrees to sell all lottery tickets which the KLC, in its sole discretion, permits and requires Retailer to sell, including, but not limited to, any combination of instant, on-line, and pull-tab tickets. The price at which Retailer shall sell tickets shall be that established by the KLC, and Retailer shall, if required by the KLC, accept coupons in exchange for tickets. **Retailer agrees to redeem all tickets, whether or not sold by the Retailer, without charge, for all prizes of six hundred dollars (\$600.00) or less for winning tickets, properly validated, for categories of games (on-line, instant and/or pull tab) sold by Retailer and, if Retailer and the KLC have executed an Addendum for Cashing Agents, to redeem, without charge, all such prizes of five thousand dollars (\$5,000) or less.** Retailer acknowledges that all funds received from the sale of lottery tickets, net of compensation due to Retailer by the KLC and credit for prizes properly paid by Retailer on winning tickets, constitute a trust fund held by Retailer, in a fiduciary capacity, on behalf of the KLC by Retailer and are the property of the KLC. Retailer agrees to promptly pay all funds due and owing to the KLC by means and in a form acceptable to the KLC, including, without limitation, any funds erroneously credited to Retailer’s account by the KLC, and any funds which become due and owing, or with respect to which the KLC demands payment, after the termination of this Agreement and the Retailer License.

4. Responsibility for Tickets

Retailer accepts responsibility for, and agrees to be debited and to pay for, all lottery tickets delivered to Retailer or issued by Retailer’s on-line terminal(s) in accordance with the terms and conditions established by the KLC, even if such tickets are or are alleged to be lost, stolen or destroyed. Notwithstanding any debits or payments made by Retailer and notwithstanding the preceding sentence, Retailer acknowledges that all lottery tickets delivered to Retailer shall remain the property of the KLC and are held in trust by Retailer, in a fiduciary capacity, for the account of the KLC. Retailer agrees to comply with all directives of the KLC regarding secure storage of tickets, ticket stock and other materials; however, compliance with such directives shall not relieve Retailer from liability for tickets as set forth in this Paragraph 4.

5. Marketing Requirements

Retailer agrees to comply with all KLC marketing requirements and to display KLC-provided point-of-sale materials and signage in a prominent area of its business location acceptable to the KLC. Retailer agrees to utilize instant ticket dispensers (including any in-counter dispensers) provided by the KLC and to display or install the dispensers at its cash register area in a location mutually acceptable to the KLC and Retailer. Retailer agrees to abide by all promotional guidelines promulgated by the KLC.

6. Age Restriction on Sales and Prize Payments

Retailer will neither sell lottery games to nor redeem prizes for any person under eighteen (18) years of age. Retailer will monitor any vending machines and player-activated terminals to ensure that individuals under eighteen (18) years of age do not purchase tickets.

7. Retail Location; Changes in Ownership and Location

The license to sell lottery tickets issued to Retailer in conjunction with this Agreement (the "License") is limited to the sale of tickets over the counter from the retail location identified in the Application (and under other circumstances subject to the express prior written approval of the KLC), and to sale of lottery tickets by the entity identified as Retailer in the Application with the "Owners" as defined and identified in the Application. Retailer agrees to notify the KLC in writing at least thirty (30) days in advance of any change in location or Owners of Retailer and of any change in the form of business of Retailer (or, to the extent a change in Owners is occasioned by the death of an Owner, within fifteen (15) days of the death of such Owner), and acknowledges that any such change shall require submission of a new Application, a new background investigation, payment of new application and licensing fees and issuance of a new License. Issuance of a new License shall be in the sole discretion of the KLC and may be conditioned upon fulfillment of such requirements as repayment of all outstanding obligations of Retailer. The KLC may, in its sole discretion, authorize Retailer to continue to sell lottery tickets on a temporary basis pending completion of the requirements for issuance of a new License, and any such temporary authorization shall be upon the terms and conditions set forth herein.

8. Property Provided by KLC

All property provided to Retailer by the KLC or the KLC's vendors (including, without limitation, all on-line terminals, instant validation terminals, electronic displays, instant and pull-tab ticket vending machines and dispensers, telecommunications equipment, wiring, play centers, tickets, ticket stock, signage and advertising and point-of-sale materials) is, and shall remain, the property of the KLC and its vendors, and (except with respect to disposable advertising materials relating to specific games) must be returned to the KLC or made available to the KLC for removal upon demand. The KLC shall have the right to enter the property of Retailer and remove any and all such property at any time, during the term of and upon termination of this Agreement. Retailer agrees that it shall not relocate, repair or modify any property of the KLC or its vendors without the prior written agreement of the KLC.

9. Breach of Agreement

Retailer shall be deemed to breach this Agreement upon (a) the breach or violation of any provision of this Agreement; (b) failure to accurately account for, and to remit to the KLC upon demand, lottery tickets, proceeds from the sale of lottery tickets, and prizes with respect to lottery tickets; (c) commission of any fraud, deceit or misrepresentation; (d) failure to sell an adequate level of lottery tickets, in the sole judgment of the KLC; (e) conduct prejudicial to the integrity of and public confidence in the KLC, its retailers or lottery games; (f) any material change in any circumstance considered by the KLC in entering into this Agreement; or (g) failure to meet any of the requirements set out in Article IV, or the meeting of any criteria set out in Article VIII.A, of the Retailer Regulations.

10. Remedies Upon Breach of Agreement

Upon breach of this Agreement by Retailer, the KLC may, at its sole discretion and in addition to all other remedies the KLC may have at law or in equity, on a temporary or permanent basis, (a) discontinue operation of and, if deemed appropriate, remove any property of the KLC; (b) require Retailer to pay for all instant and pull-tab tickets on a C.O.D. basis in immediately available funds; (c) suspend Retailer's right to sell one or more types of lottery tickets; and (d) terminate this Agreement and the License. Election of any one remedy shall not preclude election of any other remedy, and delay or failure of the KLC to exercise any remedy with respect to any one breach shall not constitute a waiver of the KLC's right to exercise any remedy with respect to that or any subsequent breach.

continued

11. Termination of Agreement

This Agreement, and the License issued in connection herewith, shall terminate on the earlier of (a) two years from the date of execution of this Agreement by the KLC unless this Agreement and the License have been renewed by the KLC; (b) any change in Owners, change in the retail location or change in the type of business of Retailer; (c) termination of this Agreement by the KLC for cause; (d) thirty (30) days after notice of termination by the KLC without cause; and (e) voluntary termination by Retailer, all as more specifically described in the Retailer Regulations made a part of the Retailer Manual and incorporated by reference into this Agreement. Upon termination, the KLC shall be entitled to remove all property of the KLC as described in Paragraph 8 above, and upon completion of the KLC's final accounting, Retailer or the KLC, as the case may be, shall remit all sums due to the other immediately upon notice by electronic funds transfer or by such other method as may be acceptable to the other party.

12. Survival

All obligations of Retailer to the KLC shall survive termination of this Agreement and the Retailer License.

13. Indemnification

Retailer hereby agrees to release, indemnify and hold harmless the KLC, its officers, directors, employees and agents, and the Commonwealth of Kentucky, its elected officials, employees and agents (the "Released Parties"), from and against any and all loss, claims, damages, expenses and costs (including attorney fees) arising out of or resulting from any and all acts or omissions of Retailer, its Owners, Employees or Agents. Without limiting the foregoing, Retailer releases the Released Parties from any and all claims that may arise out of any cessation, interruption or suspension of the KLC's games or related sales.

14. Payment of Interest, Costs of Collection and Litigation Costs

It is agreed that any amounts of money due and owing to the KLC by Retailer under this Agreement shall bear interest at the rate of eight percent (8%) per annum from the date due until paid in full. Should the KLC seek and obtain a judgment against Retailer for the payment of any sums, such sums shall thereafter bear interest at the rate of twelve percent (12%) per annum from the date of judgment until paid in full. In addition, Retailer agrees to pay all costs and expenses incurred by the KLC in connection with the collection of all overdue amounts and any other breach of this Agreement by Retailer, including, without limitation, all legal fees, court costs and other expenses of outside counsel, all fees and expenses of outside collection agencies, all fees and expenses of the Kentucky Revenue Cabinet and all administrative fees imposed on account of nonsufficient fund returns to the KLC.

15. Applicable Law

This Agreement and all matters related to it shall be governed by and interpreted under the laws of the Commonwealth of Kentucky.

16. Venue

Any matter arising under this Agreement shall be brought in a court of competent jurisdiction in Jefferson County, Kentucky.

(Legal Name of Retail Business)

(Assumed Name of Business)

(State of Formation)

BY: NAME: _____

TITLE: _____

SIGNATURE: _____

DATE OF EXECUTION: _____

<p>KLC USE ONLY</p> <p>KENTUCKY LOTTERY CORPORATION 1011 WEST MAIN STREET LOUISVILLE, KY 40202</p> <p>BY: NAME: _____</p> <p>TITLE: _____</p> <p>SIGNATURE: _____</p> <p>DATE OF EXECUTION AND LICENSE: _____</p>

(For partnerships, attach additional sheet to Agreement for additional signatures, each general partner must sign.)

KENTUCKY LOTTERY CORPORATION RETAILER LICENSE ATTACHMENT 1

SIGNATURE PAGE

(Legal Name of Retail Business)

(State of Formation)

BY: NAME: _____

TITLE: _____

SIGNATURE: _____ DATE OF EXECUTION: _____

BY: NAME: _____

TITLE: _____

SIGNATURE: _____ DATE OF EXECUTION: _____

BY: NAME: _____

TITLE: _____

SIGNATURE: _____ DATE OF EXECUTION: _____

BY: NAME: _____

TITLE: _____

SIGNATURE: _____ DATE OF EXECUTION: _____

BY: NAME: _____

TITLE: _____

SIGNATURE: _____ DATE OF EXECUTION: _____

ORIGINAL-CORPORATE

YELLOW-RETAILER

PINK-REGION