



FULLY EXECUTED
 Purchase Order No: 4300325373
 Original PO Effective Date: 03/30/2012
 PO Issue Date: 03/30/2012

Your SAP Vendor #: 191952

Please Deliver To:
 PA Lottery Headquarters
 1200 Fulling Mill Road Suite 1
 Middletown PA 17057 US

Supplier Name/Address:
 DLA PIPER LLP US
 6225 SMITH AVE
 BALTIMORE MD 21209-3626 US

Please Bill To:
 Commonwealth of Pennsylvania - PO Invoice
 PO Box 69180
 Harrisburg, Pennsylvania 17106

Supplier Phone Number: 6094497026

Purchasing Agent

Name: Mary Breen
 Phone: 717-772-0511
 Fax: 717-787-5954

Purchase Order Description:
 P00495366 03/09/2012 12:43

This Purchase Order is comprised of: The above-referenced Solicitation, the Suppliers Bid or Proposal, and any documents attached to this Purchase Order or incorporated by reference.

Suppliers must provide four mandatory elements on PO invoices: PO Number, Invoice Date, Invoice Number, and Invoice Gross Amount. Failure to comply will result in the return of the invoice. Additional optional information such as supplier name, address, remit to information and PO Line Item information will improve invoice processing.

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
1	Associate	225.000	Hour	04/02/2012	350.00	1	78,750.00
2	Partner	95.000	Hour	04/02/2012	695.00	1	66,025.00
3	Miscellaneous Expenses	5,225.000	Each	04/02/2012	1.00	1	5,225.00
4	Associate	300.000	Hour	07/01/2012	350.00	1	105,000.00

Information:	Total Amount: SEE LAST PAGE FOR TOTAL OF ALL ITEMS
	Currency: USD

Supplier's Signature _____	Title _____
Printed Name _____	Date _____



FULLY EXECUTED
 Purchase Order No: 4300325373
 Original PO Effective Date: 03/30/2012
 PO Issue Date: 03/30/2012

Supplier Name:
 DLA PIPER LLP US

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
5	Partner	140.000	Hour	07/01/2012	695.00	1	97,300.00
6	Miscellaneous Expenses	22,700.000	Each	07/01/2012	1.00	1	22,700.00

General Requirements for all Items:

Header Text

This Purchase Order is between the PA Lottery and DLA Piper.

DLA Piper is to provide specialized legal services to represent the Department of Revenue/PA Lottery.

Termination Date: December 31, 2012

Amount of Purchase Order not to exceed \$375,000

With the approval of the General Counsel, the Department and the Law Firm may extend the term of this contract at any time during the term of the contract or any renewals or extensions.

Changes regarding funding of a contract that states an amount not to exceed as set forth, or change in contract length, may be accomplished by a letter of mutual consent signed by the Department and the Firm.

Cost Center: 1869001640

Fund: 2029611000 (\$150,000)

2029612000 (\$225,000)

GL: 6343117

No further information for this PO.

Information:

Total Amount:

375,000.00

Currency: USD

OGC No. 993

OFFICE OF GENERAL COUNSEL
REQUEST FOR APPROVAL

DATE: February 23, 2012

TO: James D. Schultz and Rodney R. Akers
First Executive Deputy Deputy General Counsel
General Counsel

THRU: Dana D. Wellner
Administrative Officer

FROM: David R. Kraus
Chief Counsel

RE: Request for Approval

RECEIVED
BY _____
FEB 23 2012
OFFICE OF GENERAL COUNSEL
REFERRED _____

Requesting agency:	Department of Revenue
Agency contact person: (Include name, address, email address and phone number)	David R. Kraus Chief Counsel Department of Revenue 10 th Floor, Strawberry Square (717) 787-1440 dkraus@pa.gov
Contractor: (Include name of firm, address, contact person, email address and phone number)	Timothy J. Lowry DLA Piper LLP (US) One Liberty Place 1650 Market Street, Suite 4900 Philadelphia, Pennsylvania 19103-7300 T: (609) 449-7025 (Lowry) T: (215) 656-3300 (Office) F: (215) 656-3301 timothy.lowry@dlapiper.com
Is there a time deadline/rush for approval of request? (If rush, please explain <i>here</i>)	Yes.
Type of request: (Request for outside counsel, request for bond counsel, approval for amendment to contract, approval to renew contract, etc.)	Request for outside counsel to represent the Commonwealth in connection with the Department's optimization and prospective private management of the Pennsylvania Lottery.

Title of document: (Contract for Legal Services, Request for Bond/Outside Counsel, Amendment #___ to Contract for Legal Services, etc.)	Contract for Legal Services
Regarding what matter? (If this request is for a particular type of work, e.g. Mcare, workers compensation, inheritance tax, please note that here.)	
Brief description of matter: (Include OGC Log/ID No.)	Legal representation relative to the procurement and execution of an alternative management model for the Pennsylvania Lottery.
Date of original contract/document, if applicable: (If this is an amendment request, please attach copy of original contract.)	N/A
Current Contract Cap:	\$375,000
Requested amount of increase to the current contract cap, if applicable:	N/A
Proposed new cap level (current cap plus any increase amount):	N/A
Applicable Hourly Rates:	Ranging from \$350 (associates) to \$695 (partners)
Justification of rate if it is other than OGC standard:	Specialized expertise of counsel in this nascent area of the law.

How much has been spent on this matter to date:	\$0.
-------------------------------------------------	------

CONTRACT JUSTIFICATION

Why do we need outside counsel to handle this matter, case, hearing, etc.? This proposed transaction involves challenging, intricate, and unusual legal issues beyond the expertise of in-house counsel. (See "*Why is this firm being recommended?*" below.)

Do we have in-house resources? No.

If we do need outside counsel, how long will we need them? Approximately one year, or until the transaction concludes.

How much do we project we will spend? \$375,000.

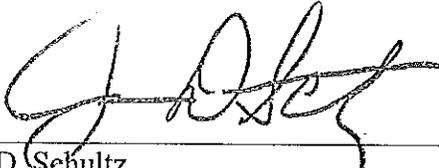
Do we have a litigation or transaction budget from them? Not at this time.

Who is managing the legal and business aspects of the case for the Department? David R. Kraus, Chief Counsel, in conjunction with James D. Schultz, First Executive Deputy General Counsel.

Why is this firm being recommended? DLA Piper is the only law firm in the world as of February 2012 to have successfully represented a state lottery (Illinois) relative to its procurement of, and commercial transactions with, a lottery private manager.

Provide any further explanation of time sensitivity, if necessary.

Please indicate your approval by signing and returning this memo to me. If you have any questions, call me at (717) 787-1440 or send an email to dkraus@pa.gov. Thank you for your kind attention to this matter.



 James D. Schultz
 First Executive Deputy General Counsel

02/23/2012
 Date

CONTRACT FOR LEGAL SERVICES

This Contract for Legal Services ("Contract"), entered into as of the _____ of _____, 2012, by and between DLA Piper LLP (US), hereinafter called the "Law Firm" and the Commonwealth of Pennsylvania, acting by and through the Department of Revenue, hereinafter called the "Department."

WHEREAS, the Department has a need for professional and specialized legal services to represent the Department in matters described in Appendix A; and

WHEREAS, the Law Firm has represented that it is qualified to and has agreed to perform such professional and specialized legal services.

NOW, THEREFORE, the Department and the Law Firm, with the intention of being legally bound, hereby agree as follows:

1. Definitions. The following definitions shall apply when used in this Contract:
 - a. "General Counsel" shall mean the Governor's General Counsel, who serves as chief legal advisor to the Governor and supervises, coordinates, and administers the legal services for each Executive Agency pursuant to the Commonwealth Attorneys Act (71 P.S. §§ 732-101 *et seq.*), or her designee.
 - b. "Department" shall mean the Department of Revenue, a governmental entity of the Commonwealth of Pennsylvania under the Governor's jurisdiction. The Department of Revenue Office of Chief Counsel shall serve as the main contact for all references to "Department" in this Contract.
 - c. "Guidelines" shall mean the Retention Guidelines for Outside Counsel promulgated by the Office of General Counsel ("OGC"), setting forth OGC policies and procedures. The Guidelines are attached to this Contract as Appendix J, and are incorporated into this Contract as if set forth fully herein. In case of a conflict between this Contract and the Guidelines, the Contract shall control.
2. Services. The Law Firm shall perform the services described in Appendix A of this Contract.
3. Compensation. The Law Firm shall be compensated by the Department for the services contracted for up to a currently estimated total cost of \$375,000, in accordance with the provisions established in Appendices B and C of this Contract.

4. Term of Contract.

a. The term of this Contract shall commence on the date of the issuance of the Purchase Order hereunder and shall end on December 31, 2012, subject to the other provisions of this Contract.

b. Except as otherwise specifically provided for herein, the Commonwealth of Pennsylvania, including the Department, shall not be liable to pay the Law Firm for any services or work performed or expenses incurred before the issuance of the Purchase Order hereunder.

c. With the approval of the General Counsel, the Department and the Law Firm may extend the term of this Contract at any time during the term of the Contract or any renewals or extensions thereof pursuant to Paragraph 9 of this Contract.

d. If the services to be provided by the Law Firm hereunder have been approved by the Department of General Services as an emergency procurement until full execution of this Contract, the Law Firm may provide these services based upon such emergency approval. Upon full execution of this Contract, all services provided during the period between the date of emergency approval and the issuance of the Purchase Order hereunder shall be merged into and covered by the terms of this Contract.

5. Billing. The Law Firm shall submit monthly invoices to the Department for services performed during each billing period. Invoices shall be forwarded to the following contact and address:

David R. Kraus
Chief Counsel
Office of Chief Counsel
Department of Revenue
10th Floor, Strawberry Square
Harrisburg, Pennsylvania 17128-1061

with an electronic copy to:

James D. Schultz
First Executive Deputy General Counsel
Office of General Counsel
333 Market Street, 17th Floor
Harrisburg, Pennsylvania 17101

a. Each invoice shall be under cover of a letter on law firm letterhead and itemized listing the services performed by attorney and legal assistant by date, by hours worked, and by rate and shall generally follow the format appearing in Appendix D of this Contract. The following information must be included on all invoices. Failure to include this information will result in return of the invoice and a request for a new invoice:

- (1) Purchase Order Number;
- (2) Invoice Date;
- (3) Service Dates (i.e., start and end dates for services covered by invoice);
- (4) Invoice Number;
- (5) Gross/Total Amount.

b. The amount shown on each invoice for labor costs shall be in accordance with the rates set forth in Appendix B of this Contract.

c. The invoices shall also list non-labor costs such as those incurred for travel, food, and lodging, as described in Appendix C of this Contract.

d. The Department agrees to pay the Law Firm for travel, meal costs, and lodging costs for which supporting documentation is provided, in reasonable amounts incurred in connection with performance of services under the Contract, as described in Appendix C of this Contract. Prior approval is required for travel expenses whose aggregate (i.e., including airfare, hotel, and meals) will exceed \$1,000.

e. The Department will use its best effort to make payments on invoices within 45 days of their receipt, in final form.

f. All invoices shall contain a statement that reads substantially as follows:

The Law Firm hereby certifies that the services supplied and expenses incurred as stated in the attached invoice have met all of the required standards set forth in the Contract for Legal Services.

g. All invoices or accompanying letters of transmittal shall be signed by the Law Firm and shall set out the Law Firm's federal employer identification number.

6. Consultation. The Law Firm shall consult with and keep the General Counsel and the Department fully informed as to the progress of all matters covered by this Contract. The Law Firm shall consult and cooperate with, and shall be responsible directly to, the General Counsel, the Department, and other officials as designated by the General Counsel on all matters of strategy and tactics. The duty of the Law Firm shall be to advise, counsel, and recommend actions to the Department and the General Counsel or the other officials designated by him, and to carry out to the best of its ability their directions. The Law Firm will not make any offer, settlement, or compromise without the written consent of the General Counsel. The Law Firm shall offer the General Counsel the opportunity to review court documents and briefs prior to filing. The Law Firm shall promptly furnish the General Counsel with copies of all correspondence and all court documents and briefs prepared in connection with the services rendered under this Contract and such additional documents as may be requested. Upon notification of its availability by the General Counsel, the Law Firm shall make all of its work product prepared in connection with the services rendered under this Contract, and other parties' pleadings, discovery, correspondence, and other relevant documents and materials, available to

the General Counsel via the OGC LawNet extranet in PDF or other format acceptable to the General Counsel.

7. Subcontracting, Key Personnel, and Experts. Subcontracting, assignment, or transfer of all or part of the interest of the Law Firm in this Contract or in the work covered by this Contract is prohibited without the prior written approval of the General Counsel. In the event such consent is given, the terms and conditions of this Contract shall apply to and bind the party or parties to whom such work is subcontracted, assigned, or transferred as fully and completely as the Law Firm is hereby bound and obligated and the Law Firm shall obtain written acknowledgement thereof from all subcontractors and experts so engaged. The Law Firm, with respect to any replacement of key personnel assigned to this matter, shall consult with the Department. The Department's consent to the proposed assignment is required, and may not be withheld unreasonably. Notwithstanding the foregoing, the Law Firm may, with the prior written approval of the General Counsel, engage experts in various fields related to the subject matter of this Contract to assist the Law Firm in the performance of its services under this Contract. The hourly rates, fees, or other compensation to be paid to such experts shall also be subject to the approval of the General Counsel. Approved compensation of such experts, as incurred, shall be included in the Law Firm's invoices presented pursuant to the provisions of Paragraph 5 of this Contract, without addition, surcharge, or increase by the Law Firm of the actual fees billed to the Law Firm by such experts. The terms and conditions of this Contract including, but not limited to, the provisions of Appendices C and D, shall apply to and bind the subcontractors or experts engaged as fully and completely as the Law Firm is hereby bound and obligated and the Law Firm shall obtain written acknowledgement thereof from all subcontractors or experts so engaged.

8. Ownership Rights. All documents, data, and records produced by the Law Firm and any experts in carrying out the obligations and services hereunder, without limitation and whether preliminary or final, are and shall become and remain the property of the Commonwealth.

a. The Commonwealth shall have the right to use all such documents, data, and records without restriction or limitation and without additional compensation to the Law Firm and any experts and the Law Firm and any experts shall have no right or interest therein.

b. Upon completion of the services hereunder or at the termination of this Contract, all such documents, data, and records shall, if requested by the General Counsel or the Department, be appropriately arranged, indexed, and delivered to the General Counsel or the Department by the Law Firm.

c. Any documents, data, and records given to or prepared by the Law Firm and any subcontractors or experts under this Contract shall not be made available to any individual or organization by the Law Firm or any subcontractors or experts without the prior approval of the General Counsel. Any information secured by the Law Firm and any subcontractors or experts from the Commonwealth in connection with carrying out the services under this Contract shall be kept confidential unless disclosure of such information is approved in writing by the General Counsel or is directed by a court or other tribunal of competent jurisdiction.

d. Notwithstanding the provisions of Paragraph 8 of this Contract, the Law Firm may retain copies of documents delivered to the General Counsel or to the Department.

9. Modification or Changes. With the approval of the General Counsel, the Department and the Law Firm may make modifications to this Contract at any time during the term of the Contract or any renewals or extensions thereof. Changes regarding funding of a Contract that refers to the total estimated amount of the Contract as set forth in paragraph 3 may be accomplished via a funding adjustment pursuant to Commonwealth procedures. Changes regarding funding of a Contract that states an amount not to exceed as set forth in paragraph 3, or a change in Contract length, may be accomplished by a letter of mutual consent signed by the Department and the Law Firm. All other changes to contract terms, including changes in the scope of work, must be incorporated into a formal written amendment to this Contract, signed by both parties, and executed in the same manner as this original Contract and in accordance with applicable law.

10. Conflict of Interest. The Law Firm represents and warrants that it has no conflicting representation that has not been fully disclosed to and waived by the General Counsel and shall not undertake any representation that conflicts with the performance of the services or obligations under this Contract unless such conflicting representation has been fully disclosed to and waived by the General Counsel. Any conflicting representation shall be promptly disclosed to the General Counsel. The General Counsel shall determine whether such conflict is cause for termination of this Contract. The process for obtaining conflict waivers is more fully described in the Office of General Counsel Conflict Waiver Procedure, which is attached as Appendix E of this Contract.

11. Inability to Perform. The Law Firm agrees that if, because of death or any other occurrence beyond the control of the Law Firm, it becomes impossible for any principal or principals and, in particular, the principals assigned to this project, to render the services set forth in this Contract, neither the Law Firm nor the surviving principals shall be relieved of their obligations to complete performance hereunder. The Law Firm shall, with respect to any replacement principal proposed to be assigned to this matter, consult with the General Counsel. The General Counsel's consent to the proposed replacement is required and may not be withheld unreasonably.

12. License to Appear. The Law Firm represents and warrants that attorneys involved in this representation are duly licensed and in good standing to practice before the judicial forum, court, board, or tribunal before which they will appear or practice on behalf of the Commonwealth. The Law Firm, subject to approval by the General Counsel, may obtain a subcontractor to act as co-counsel where appearance by the Department is required in a forum or jurisdiction where its attorneys are not licensed to practice, provided, however, that the firm's use of the subcontractor in that circumstance is subject to Paragraph 7 of this Contract.

13. Independent Contractor. In performing the services required by this Contract, the Law Firm will act as an independent contractor and not as an employee or agent of the Commonwealth.

14. Termination Provisions. The Commonwealth has the right to terminate this Contract for any of the following reasons. Termination shall be effective upon written notice to the Law Firm.

a. Termination for Convenience. The Commonwealth shall have the right to terminate this Contract for its convenience if the Commonwealth determines termination to be in its best interest. The Law Firm shall be paid for work satisfactorily completed prior to the effective date of the termination, but in no event shall the Law Firm be entitled to recover loss of profits.

b. Non-Appropriation. The Commonwealth's obligation to make payments during any Commonwealth fiscal year succeeding the current fiscal year shall be subject to availability and appropriation of funds. When funds (state and/or federal) are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year period, the Commonwealth shall have the right to terminate this Contract. The Law Firm shall be reimbursed for the reasonable value of any nonrecurring costs incurred but not amortized in the price of the supplies or services delivered under this Contract. Such reimbursement shall not include loss of profit, loss of use of money, or administrative or overhead costs. The reimbursement amount may be paid from any appropriations available for that purpose.

c. Termination for Cause. The Commonwealth shall have the right to terminate this Contract for Law Firm default upon written notice to the Law Firm. The Commonwealth shall also have the right, upon written notice to the Law Firm, to terminate the Contract for other cause as specified in this Contract or by law. If it is later determined that the Commonwealth erred in terminating the Contract for cause, then, at the Commonwealth's discretion, the Contract shall be deemed to have been terminated for convenience under Subparagraph 14.a.

15. Integration Clause. This Contract, including all referenced documents, constitutes the entire agreement between the parties. Terms used in appendices hereto shall have the same meanings as are ascribed thereto in this Contract unless otherwise defined therein. No agent, representative, employee, or officer of either the Commonwealth or the Law Firm has authority to make, or has made, any statement, agreement, or representation, oral or written, in connection with the Contract, which in any way can be deemed to modify, add to, detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Contract. No modifications, alterations, changes, or waiver to the Contract or any of its terms shall be valid or binding unless accomplished pursuant to Paragraph 9 of this Contract.

16. Nondiscrimination/Sexual Harassment. The Law Firm shall comply with all applicable provisions of state and federal constitutions, laws, regulations, and judicial orders pertaining to nondiscrimination, sexual harassment, and equal employment opportunity, including the provisions of the Nondiscrimination/Sexual Harassment Clause, which is attached hereto as Appendix F and incorporated by reference.

17. Integrity Provisions. The Law Firm agrees to comply with the Integrity Provisions, which are attached hereto as Appendix G and incorporated by reference.

18. Responsibility Provisions. The Law Firm agrees to comply with the Responsibility Provisions, which are attached hereto as Appendix H and incorporated by reference.

19. The Americans With Disabilities Act. The Law Firm agrees to comply with The Americans With Disabilities Act Provisions, which are attached hereto as Appendix I and incorporated by reference.

20. Audit Provisions. The Commonwealth shall have the right, at reasonable times and at a site designated by the Commonwealth, to audit the books, documents, and records of the Law Firm to the extent that the books, documents, and records relate to fees, costs, or pricing data for this Contract. The Law Firm agrees to maintain records that will support the fees charged and costs incurred for this Contract.

The Law Firm shall preserve books, documents, and records that relate to fees, costs, or pricing data for this Contract for a period of three years from the date of final payment hereunder. The Law Firm shall give full and free access to all records to the Commonwealth and/or its authorized representatives.

21. Offset Provision. The Law Firm agrees that the Commonwealth may set off the amount of any state tax liability or other obligation of the Law Firm or its subsidiaries to the Commonwealth against any payments due the Law Firm under any contract with the Commonwealth.

22. Indemnity. The Law Firm shall indemnify and defend the Commonwealth from and against any and all claims, demands, actions, liabilities, losses, costs, and expenses, including but not limited to reasonable attorneys and other fees, asserted by third parties ("Claims"), which Claims are caused by or arise from injuries or damages sustained by such third parties resulting or arising from any negligent act or omission or intentionally wrongful act of the Law Firm or any of its officers, agents, employees and/or representatives in relation to professional services provided to the Commonwealth by the Law Firm under this Contract. This indemnity provision shall not apply to Claims for which payment is available under the Law Firm's professional liability insurance policies.

23. Insurance. The Law Firm represents and warrants that it carries malpractice insurance in the amount usual and customary for firms of its size and practice areas, subject to normal deductibles, and covenants that it will maintain such coverage throughout its representation of the Commonwealth.

24. Notice. Any written notice to the Department under this Contract shall be deemed sufficient if delivered to the Department personally, or by facsimile, telecopy, electronic or digital transmission (provided such delivery is confirmed), or by a recognized overnight courier service (e.g., DHL, Federal Express, etc.), with confirmed receipt, or by certified or registered

United States mail, postage prepaid, return receipt requested, sent to the address set forth below or to such other address as such party may designate by notice given pursuant to this section:

David R. Kraus
Chief Counsel
Office of Chief Counsel
Department of Revenue
10th Floor, Strawberry Square
Harrisburg, Pennsylvania 17128-1061

with a copy to:

James D. Schultz
First Executive Deputy General Counsel
Office of General Counsel
333 Market Street, 17th Floor
Harrisburg, Pennsylvania 17101

For purposes of Appendix J, *infra*, Mr. Schultz is the designated OGC in-house attorney.

Any written notice to the Law Firm under this Contract shall be deemed sufficient if delivered to the Law Firm personally, or by facsimile, telecopy, electronic or digital transmission (provided such delivery is confirmed), or by a recognized overnight courier service (e.g., DHL, Federal Express, etc.), with confirmed receipt, or by certified or registered United States mail, postage prepaid, return receipt requested, sent to the address set forth below or to such other address as such party may designate by notice given pursuant to this section:

Timothy J. Lowry
DLA Piper LLP (US)
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, Pennsylvania 19103-7300

25. Contract Controversies. In the event of a controversy or claim arising from this Contract, the Law Firm must, within six months after the cause of action accrues, file a written notice of the controversy or claim with the General Counsel for a determination. The General Counsel shall send a written determination to the Law Firm. The decision of the General Counsel shall be final and conclusive unless, within 15 days after receipt of such written determination, the Law Firm files a claim with the Commonwealth Board of Claims. Pending a final judicial resolution of a controversy or claim, the Law Firm shall proceed diligently with the performance of this Contract in a manner consistent with the interpretation of the General Counsel, and the Commonwealth shall compensate the Law Firm pursuant to the terms of this Contract.

26. Applicable Law. This Contract shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. The Law Firm consents

to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The Law Firm agrees that any such court shall have in personam jurisdiction over it and consents to service of process in any manner authorized by Pennsylvania law.

27. Purchase Orders

a. The Department will issue this Contract, and any subsequent change, electronically as a Purchase Order.

b. Purchase Orders may not include "ink" signatures by the Commonwealth. The electronically-printed name of the purchaser represents the signature of that individual who has the authority, on behalf of the Commonwealth and the Department, to authorize the Law Firm to proceed.

c. Purchase Orders may be issued electronically or through facsimile equipment. The electronic transmission or facsimile of a Purchase Order shall require acknowledgement of receipt of the transmission by the Law Firm.

d. Receipt of the electronic or facsimile transmission of the Purchase Order shall constitute receipt of an order.

e. The Commonwealth and the Law Firm specifically agree as follow:

(1) No handwritten signature shall be required in order for the Contract and Purchase Order to be legally enforceable.

(2) Upon receipt of a Purchase Order, the Law Firm shall promptly and properly acknowledge its receipt. Any order which is issued electronically or via facsimile shall not give rise to any obligation to deliver on the part of the Law Firm, or any obligation to receive and pay for delivered products on the part of the Department, unless and until the Department transmitting the order has properly received an acknowledgment.

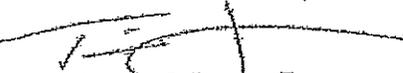
(3) The parties hereby agree not to contest the validity or enforceability of a Purchase Order or acknowledgment issued electronically under the provisions of a statute of frauds or any other applicable law relating to whether certain agreements must be in writing and signed by the party bound thereby. Any Purchase Order or acknowledgment issued electronically, if introduced as evidence on paper in any judicial, arbitration, mediation, or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of Purchase Orders or acknowledgements under either the business records exception to the hearsay rule or the best evidence rule on the basis that the order or acknowledgment were not in writing or signed by the parties.

(4) Notwithstanding any language of the Purchase Order to the contrary, the Department of General Services Standard Terms and Conditions do not apply to this Contract.

IN WITNESS WHEREOF, the Commonwealth of Pennsylvania, acting by and through the DEPARTMENT OF REVENUE, and DLA PIPER LLP (US) have caused this Contract to be executed on the date and year first above written.

DLA PIPER LLP (US)

COMMONWEALTH OF PENNSYLVANIA,
acting by and through
DEPARTMENT OF REVENUE

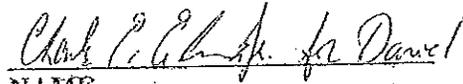

By: Timothy J. Lowry, Esq.

Title: Of Counsel

Date: February 22, 2012

Tax Identification Number: 

By:



NAME

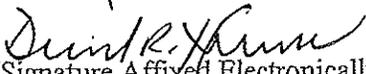
TITLE

Deputy Sec. for Administrative *Meuser* Secretary

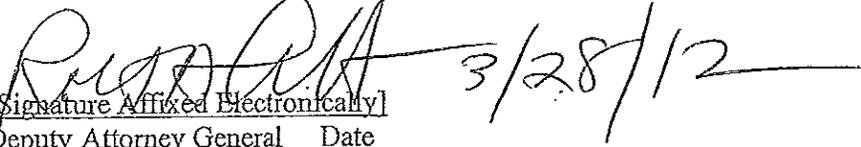
Date:

3/23/12

APPROVED AS TO FORM AND LEGALITY

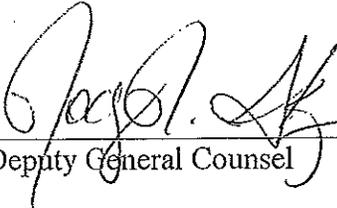

[Signature Affixed Electronically]
Chief Counsel Date
DEPARTMENT 3/23/2012
Revenue

[Signature Affixed Electronically]
Deputy General Counsel Date


[Signature Affixed Electronically] 3/28/12
Deputy Attorney General Date

APPROVED AS TO FORM AND LEGALITY

Chief Counsel Date
DEPARTMENT

 3/26/12

Deputy General Counsel Date

Deputy Attorney General Date

FISCAL APPROVAL BY COMPTROLLER OPERATIONS

This document is approved for fiscal responsibility and budgetary appropriateness, subject to the issuance of a Purchase Order and the availability of funds.

Comptroller Operations Date

APPENDIX A
DESCRIPTION OF SERVICES

1. The Law Firm shall represent the Commonwealth of Pennsylvania, in matters relating to the procurement and execution of an alternative management model for the Pennsylvania Lottery. The Law Firm agrees generally to provide contract negotiation services and customary legal and regulatory guidance, including the preparation and negotiation of the following: (i) procurement guidelines and public documentation; (ii) definitive management agreement; (iii) employee use and labor agreement (if applicable); (iv) compliance program and code of ethics; (v) governance protocols; (vi) operating standards; and (vii) such ancillary transactional documents and agreements, all as deemed necessary by the General Counsel and Department with consultation by counsel to effect the contemplated transactions.

2. The Law Firm shall consult with the General Counsel and the Department on legal issues involved in the matters referred to in Paragraph 1 of this Appendix and in other matters requested by the General Counsel or the Department.

3. The General Counsel reserves the right to represent the Commonwealth in any specific claims and determinations as he, in his sole judgment, might determine.

**APPENDIX B
BILLING RATE INFORMATION**

The Law Firm will bill monthly at a range of \$350 per hour for associates, and up to \$695 per hour for partners and of counsel to effect an overall hourly blended rate not to exceed \$538 per hour.

The Contract for Legal Services will be capped at \$375,000 for an initial phase of the transaction for the period to end the later of December 31, 2012 or exhaustion of such amount. In addition to the notice provisions set forth at Appendix C, section 5, *infra*, notice will be provided to the Commonwealth when the amount of costs reaches \$300,000.

Notwithstanding the foregoing, the Commonwealth retains the right to terminate this Contract at any time, but will pay all amounts then due, and as otherwise provided in this Contract for Legal Services.

APPENDIX C COMPENSATION

The Department shall pay the Law Firm for the services under this Contract and reimbursement of the Law Firm's eligible costs at the time of closing of the transaction creating an alternative management model for the Pennsylvania Lottery as referenced in Appendix A. The Contract provides for compensation of the Law Firm's fees and costs up to the amount of \$375,000. Payments of additional amounts may be made, and continued performance by the Law Firm will be required pursuant to Paragraph 9 of this Contract.

1. The Law Firm shall be reimbursed for all reasonable, actual, direct labor costs incurred in fulfilling the terms of this Contract in accordance with the rates and procedures established in Paragraphs 3 and 5 and Appendices B, C, and J of this Contract.

2. The Law Firm shall be reimbursed for all reasonable, actual, ordinary, and necessary direct non-labor costs incurred in fulfilling the terms of this Contract, subject to specific limitations such as those set forth in the Guidelines and Paragraph 5 of this Contract including, but not limited to, the following:

a. Reasonable, actual, ordinary, and necessary expenses for travel, meals, and lodging incurred by the Law Firm to fulfill the Law Firm's obligations under this Contract, subject to the limitation in section 5(d) of the Contract for Legal Services. The Law Firm shall retain all receipts thereof and shall provide copies to the Department if requested. Mileage reimbursement shall be made in accordance with the travel regulations applicable to the Commonwealth for the use of personally owned motor vehicles. Expenses for lodging and meals shall be reimbursed at rates limited to the single-occupancy rate at the nearest Holiday Inn or other major moderately priced hotel or motel chain and the amount of reimbursement for meals shall be limited to the price of a moderately-priced meal at that hotel or motel. No reimbursement shall be allowed for any alcoholic beverages.

b. Reasonable, actual, ordinary, and necessary expenses for:

(1) Communications, including telephone, facsimile transmissions, postage, parcel post, and freight and package express;

(2) Photocopies made by the Law Firm "in house," to be reimbursed at the maximum rate of \$.15 per page;

(3) Other reproduction costs (including, but not limited to, photographs, photocopies, prints, and offset work); and

(4) Document control and analysis contracted for with outside firms.

The Law Firm shall retain all receipts thereto and shall, upon request of the Department, provide any necessary documentation.

c. Reasonable, actual, ordinary, and necessary expenses for other specific materials required for and used solely in the fulfillment of this Contract. The Law Firm shall retain all receipts thereto and shall, upon request of the Department, provide any necessary documentation.

3. Travel, meals, lodging, and other direct non-labor costs which the Law Firm expects to incur under this Contract outside of the Commonwealth of Pennsylvania, with the exception of telephone, mailing, and other similar communication expenses, shall require the prior approval of the General Counsel, which approval shall not be unreasonably withheld. Prior approval by the General Counsel of travel to be undertaken by the Law Firm outside of the Commonwealth of Pennsylvania as an incident of the Law Firm's performance of services under this Contract shall constitute approval for the Law Firm to incur reasonable, actual, ordinary, and necessary expenses for travel, meals, lodging, and other ordinary and necessary direct non-labor costs. The Law Firm shall retain all receipts and shall, upon request of the Department, provide any necessary documentation.

4. The Law Firm shall require approval by the General Counsel before incurring any extraordinary or unusual expenses.

5. The Law Firm shall advise the General Counsel and the Department when direct labor and other costs reach 50% of the amount initially encumbered for performance of this Contract and also 50% of any amount encumbered by any amendment.

APPENDIX D
INVOICE FORMAT
(SUMMARY)

LAW FIRM: (LAW FIRM)
ADDRESS: (ADDRESS)

PHONE: (PHONE)

COMMONWEALTH OF PENNSYLVANIA (CLIENT #): (MATTER #)
(PURCHASE ORDER #)
(DEPARTMENT) DATE: (DATE)
(DEPARTMENT ADDRESS) INVOICE NO.: (INVOICE #)

ATTN: (NAME OF CHIEF COUNSEL OR ATTORNEY MONITORING THE
SERVICES PERFORMED)

REGARDING: (MATTER)

TOTAL FEES FOR PROFESSIONAL SERVICES RENDERED
FROM (DATE) THROUGH (DATE)
\$(TOTAL FEES)

TOTAL EXPENSE ADVANCES MADE TO YOUR ACCOUNT
FROM (DATE) THROUGH (DATE)
\$(TOTAL EXPENSE ADVANCES)

BALANCE DUE: \$(GRAND TOTAL)

FEDERAL EMPLOYER I.D. NO. (FEDERAL I.D. NUMBER)

(RESPONSIBLE ATTORNEY AT LAW FIRM) on behalf of (LAW FIRM) hereby certifies
that the services supplied and expenses incurred as stated in the attached invoice have met all
of the required standards set forth in the Contract for Legal Services.

(SIGNATURE)

APPENDIX D
INVOICE FORMAT
(TIME DETAIL)

LAW FIRM: (LAW FIRM)
ADDRESS: (ADDRESS)

PHONE: (PHONE)

COMMONWEALTH OF PENNSYLVANIA (CLIENT #): (MATTER #)
(PURCHASE ORDER #)
(DEPARTMENT) DATE:(DATE)
(DEPARTMENT ADDRESS) INVOICE NO.: (INVOICE #)

ATTN: (NAME OF CHIEF COUNSEL OR ATTORNEY MONITORING THE
SERVICES PERFORMED)

REGARDING: (MATTER)

TOTAL FEES FOR PROFESSIONAL SERVICES RENDERED FROM (DATE) THROUGH
(DATE)

DATE	HOURS	DESCRIPTION OF SERVICES	ATTORNEY

**APPENDIX D
INVOICE FORMAT
(TIME SUMMARY)**

LAW FIRM: (LAW FIRM)
 ADDRESS: (ADDRESS)
 PHONE: (PHONE)

COMMONWEALTH OF PENNSYLVANIA (CLIENT #): (MATTER #)
 (PURCHASE ORDER #)
 (DEPARTMENT) DATE: (DATE)
 (DEPARTMENT ADDRESS) INVOICE NO.: (INVOICE #)

ATTN: (NAME OF CHIEF COUNSEL OR ATTORNEY MONITORING THE SERVICES PERFORMED)

REGARDING: (MATTER)

TOTAL FEES FOR PROFESSIONAL SERVICES RENDERED FROM (DATE) THROUGH (DATE)

ATTORNEY	RATE	HOURS	TOTAL
		TOTAL:	

**APPENDIX D
INVOICE FORMAT
(COSTS)**

LAW FIRM: (LAW FIRM)
ADDRESS: (ADDRESS)

PHONE: (PHONE)

COMMONWEALTH OF PENNSYLVANIA (CLIENT #): (MATTER #)
(PURCHASE ORDER #)
(DEPARTMENT) DATE: (DATE)
(DEPARTMENT ADDRESS) INVOICE NO.: (INVOICE #)

ATTN: (NAME OF CHIEF COUNSEL OR ATTORNEY MONITORING THE SERVICES PERFORMED)

REGARDING: (MATTER)

TOTAL FEES FOR PROFESSIONAL SERVICES RENDERED FROM (DATE) THROUGH (DATE)

DATE	DESCRIPTION OF EXPENSE ADVANCES	AMOUNT
	TOTAL:	

APPENDIX E
OFFICE OF GENERAL COUNSEL CONFLICT WAIVER PROCEDURE
(December 2008)

1. OGC's standard Contract for Legal Services requires the lawyer or law firm (hereinafter "law firm") to disclose promptly any conflicting representation, unless it has been otherwise waived. (See the attached paragraph from the Contract for Legal Services.) Failure to disclose a conflict or undertaking a conflicting representation without obtaining a waiver is cause for termination of the contract.
2. The law firm's request for a waiver shall be submitted in writing to the Chief Counsel of each agency the law firm represents, with a contemporaneous copy to the Executive Deputy General Counsel for Litigation. Requests shall be in letter form, but may be sent electronically in PDF format.
3. The waiver request shall:
 - a. Identify all existing representations of Commonwealth agencies;
 - b. Describe the nature of the conflict;
 - c. Set forth the measures the law firm will take to protect the Commonwealth, its agencies, officials or employees from any prejudice or detriment if the conflict is waived, and
 - d. State that the other party the law firm represents or seeks to represent has granted a waiver (or a waiver has been sought, and if sought, a second written notice of the granting of such waiver shall be provided).
4. Each affected Chief Counsel shall analyze the request and submit his or her recommendation to approve or disapprove the request to the Executive Deputy General Counsel for Litigation, with supporting legal analysis, including any applicable references to the Rules of Professional Conduct.
5. The General Counsel or, upon designation, the Executive Deputy General Counsel for Litigation, will make all waiver decisions and issue a letter to the law firm approving or disapproving the waiver request.
6. The decision in a matter shall not be binding on the General Counsel with respect to future matters unless the General Counsel so states.
7. Each affected Chief Counsel will receive a copy of the General Counsel's letter.
8. A file for each waiver request and the resolution of each request will be maintained in the Office of General Counsel.

Conflict of Interest Provision

Conflict of Interest. The Law Firm represents and warrants that it has no conflicting representation that has not been fully disclosed to and waived by the General Counsel and shall not undertake any representation that conflicts with the performance of the services or obligations under this Contract unless such conflicting representation has been fully disclosed to and waived by the General Counsel. Any conflicting representation shall be promptly disclosed to the General Counsel. The General Counsel shall determine whether such conflict is cause for termination of this Contract.

APPENDIX F
NONDISCRIMINATION/SEXUAL HARASSMENT CLAUSE
(STD-271/278A, dated 8/19/10)

During the term of this Contract, the Law Firm agrees as follows:

1. In the hiring of any employees for the manufacture of supplies, performance of work, or any other activity required under this Contract or any subcontract, the Law Firm, subcontractor, or any person acting on behalf of the Law Firm or subcontractor, shall not, by reason of gender, race, creed, or color, discriminate against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.
2. Neither the Law Firm nor any subcontractor nor any person on their behalf shall in any manner discriminate against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under this Contract on account of gender, race, creed, or color.
3. The Law Firm and each subcontractor shall establish and maintain a written sexual harassment policy and shall inform their employees of the policy. The policy must contain a notice that sexual harassment will not be tolerated and employees who practice it will be disciplined.
4. The Law Firm and each subcontractor shall not discriminate by reason of gender, race, creed, or color against any subcontractor or supplier who is qualified to perform the work to which this Contract relates.
5. The Law Firm and each subcontractor shall, within the time periods requested by the Commonwealth, furnish all necessary employment documents and records to and permit access to its books, records, and accounts by the Department; the Office of General Counsel; and the Department of General Services, Bureau of Minority and Women Business Opportunities (BMWBO), for purposes of investigation to ascertain compliance with the provisions of this Nondiscrimination/Sexual Harassment Clause. If the Law Firm or subcontractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the Department; the Office of General Counsel; or the Department of General Services, Bureau of Minority and Women Business Opportunities.
6. The Law Firm shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.
7. The Commonwealth may cancel or terminate this Contract, and all money due or to become due under this Contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the Department or the Office of General Counsel may proceed with debarment or suspension and may place the Law Firm in the Contractor Responsibility File.

APPENDIX G
INTEGRITY PROVISIONS
(STD-271/278A, dated 11/1/10)

1. For purposes of these Integrity Provisions, the words “confidential information,” “consent,” “financial interest,” “gratuity,” and “Law Firm” shall have the following definitions.

a. “Confidential information” means information that (1) is not already in the public domain; (2) is not available to the public upon request; (3) is not or does not become generally known to the Law Firm from a third party without an obligation to maintain its confidentiality; (4) has not become generally known to the public through an act or omission of Contractor; or (5) has not been independently developed by the Law Firm without the use of confidential information of the Commonwealth.

b. “Consent” means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this Contract.

c. “Financial Interest” means:

- (1) ownership of more than a 5% interest in any business; or
- (2) holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.

d. “Gratuity” means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.

e. “Immediate family” means a spouse and any unemancipated child.

f. “Law Firm” means the individual or entity that has entered into this Contract with the Commonwealth, including directors, officers, partners, managers, key employees, and owners of more than a 5% interest.

g. “Political contribution” means any payment, gift, subscription, assessment, contract, payment for services, dues, loan, forbearance, advance or deposit of money or any valuable thing, to a candidate for public office or to a political committee, including but not limited to a political action committee, made for the purpose of influencing any election in the Commonwealth of Pennsylvania or for paying debts incurred by or for a candidate or committee before or after any election.

2. The Law Firm shall maintain the highest standards of honesty and integrity in the performance of this Contract and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.

3. The Law Firm shall be subject to the obligations of confidentiality with which lawyers must comply under the applicable Rules of Professional Conduct.

4. The Law Firm shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to the Law Firm's employee activity with the Commonwealth and Commonwealth employees, and which is distributed and made known to all employees of the Law Firm.

5. The Law Firm, its affiliates, agents and employees shall not influence, or attempt to influence, any Commonwealth employee to breach the standards of ethical conduct for Commonwealth employees set forth in the *Public Official and Employees Ethics Act, 65 Pa.C.S. §§1101 et seq.*; the *State Adverse Interest Act, 71 P.S. §776.1 et seq.*; and the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.*, or to breach any other state or federal law or regulation.

6. The Law Firm, its affiliates, agents and employees shall not, in connection with this or any other Contract with the Commonwealth, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.

7. The Law Firm, its affiliates, agents and employees shall not, in connection with this or any other Contract with the Commonwealth, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth.

8. The Law Firm, its affiliates, agents and employees shall not offer, give, or agree or promise to give any gratuity to a Commonwealth official or employee or to any other person, the acceptance of which would violate the *Governor's Code of Conduct, Executive Order 1980-18, 4 Pa. Code §7.151 et seq.* or any statute, regulation, statement of policy, management directive or any other published standard of the Commonwealth.

9. Except with the consent of the Commonwealth, neither the Law Firm nor anyone in privity with the Law Firm shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under this Contract except as provided therein.

10. The Law Firm shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project, unless the financial interest is disclosed to the Commonwealth in writing and the Office of General Counsel consents to the Law Firm's financial interest no later than the Law Firm's submission of the contract signed by the Law Firm, and prior to Commonwealth execution of the contract.

11. The Law Firm, its affiliates, agents and employees shall not disclose to others any information, documents, reports, data, or records provided to, or prepared by, the Law Firm under this Contract without the prior written approval of the Commonwealth, except as required by the *Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104*, or other applicable law or as otherwise provided in this Contract. Any information, documents, reports, data, or records

secured by the Law Firm from the Commonwealth or a third party in connection with the performance of this Contract shall be kept confidential unless disclosure of such information is:

- a. Approved in writing by the General Counsel prior to its disclosure; or
- b. Directed by a court or other tribunal of competent jurisdiction unless the contract requires prior Commonwealth approval; or
- c. Required for compliance with federal or state securities laws or the requirements of national securities exchanges; or
- d. Necessary for purposes of the Law Firm's internal assessment and review; or
- e. Deemed necessary by the Law Firm in any action to enforce the provisions of this Contract or to defend or prosecute claims by or against parties other than the Commonwealth; or
- f. Permitted by the valid authorization of a third party to whom the information, documents, reports, data, or records pertain; or
- g. Otherwise required by law.

12. The Law Firm certifies that neither it nor any of its officers, directors, associates, partners, limited partners or individual owners has not been officially notified of, charged with, or convicted of any of the following and agrees to immediately notify the Commonwealth in writing if and when it or any officer, director, associate, partner, limited partner or individual owner has been officially notified of, charged with, convicted of, or officially notified of a governmental determination of any of the following:

- a. Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property.
- b. Commission of fraud or a criminal offense or other improper conduct or knowledge of, approval of or acquiescence in such activities by the Law Firm or any affiliate, officer, director, associate, partner, limited partner, individual owner, or employee or other individual or entity associated with:
 - (1) obtaining;
 - (2) attempting to obtain; or
 - (3) performing a public contract or subcontract.

The Law Firm's acceptance of the benefits derived from the conduct shall be deemed evidence of such knowledge, approval or acquiescence.

- c. Violation of federal or state antitrust statutes.
- d. Violation of any federal or state law regulating campaign contributions.

- e. Violation of any federal or state environmental law.
- f. Violation of any federal or state law regulating hours of labor, minimum wage standards or prevailing wage standards; discrimination in wages; or child labor violations.
- g. Violation of the *Act of June 2, 1915 (P.L.736, No. 338)*, known as the *Workers' Compensation Act, 77 P.S. 1 et seq.*
- h. Violation of any federal or state law prohibiting discrimination in employment.
- i. Debarment by any agency or department of the federal government or by any other state.
- j. Any other crime involving moral turpitude or business honesty or integrity.

The Law Firm acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause upon such notification or when the Commonwealth otherwise learns that the Law Firm has been officially notified, charged, or convicted.

13. The Law Firm must, (as required by *Section 1641 of the Pennsylvania Election Code*) file a report of political contributions with the Secretary of the Commonwealth on or before February 15 of the next calendar year. The report must include an itemized list of all political contributions known to the Law Firm by virtue of the knowledge possessed by every officer, director, associate, partner, limited partner, or individual owner that has been made by:

- a. Any officer, director, associate, partner, limited partner, individual owner or members of the immediate family when the contributions exceed an aggregate of one thousand dollars (\$1,000) by any individual during the preceding year; or
- b. Any employee or members of his immediate family whose political contribution exceeded one thousand dollars (\$1,000) during the preceding year.

To obtain a copy of the reporting form, the Law Firm shall contact the Bureau of Commissions, Elections and Legislation, Division of Campaign Finance and Lobbying Disclosure, Room 210, North Office Building, Harrisburg, PA 17120.

14. The Law Firm shall comply with requirements of the *Lobbying Disclosure Act, 65 Pa.C.S. § 13A01 et seq.*, and the regulations promulgated pursuant to that law. Actions by outside lobbyists on behalf of the Law Firm are not exempt and must be reported.

15. When the Law Firm has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or in these provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, the Law Firm shall immediately notify the Commonwealth in writing.

16. The Law Firm, by execution of this Contract and by the submission of any bills or invoices for payment pursuant thereto, certifies and represents that it has not violated any of these Integrity Provisions.

17. The Law Firm shall cooperate with the Office of the Inspector General in its investigation of any alleged Commonwealth employee breach of ethical standards and any alleged Law Firm non-compliance with these provisions. The Law Firm agrees to make identified employees of the Law Firm available for interviews at reasonable times and places. The Law Firm, upon the inquiry or request of the Inspector General of the Commonwealth or any of that official's agents or representatives, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Inspector General to the Law Firm's integrity and compliance with these provisions. Such information may include, but shall not be limited to, the Law Firm's business or financial records, documents, or files of any type or form that refer to or concern this Contract. Such information shall be retained by the Law Firm for a period of three years beyond the termination of this Contract unless otherwise provided by law.

18. For violation of any of the above provisions, the Commonwealth may terminate this and any other Contract with the Law Firm, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all additional costs and expenses incurred in obtaining another Law Firm to complete performance hereunder, and debar and suspend the Law Firm from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation or otherwise.

APPENDIX H
RESPONSIBILITY PROVISIONS
(STD-271/278A, dated 10/15/10)

1. The Law Firm certifies, for itself and all its subcontractors, that as of the date of its execution of this Contract, that neither the Law Firm, nor any subcontractors, nor any suppliers are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Law Firm cannot so certify, then it agrees to submit, along with its Contract, a written explanation of why such certification cannot be made.

2. The Law Firm also certifies, that as of the date of its execution of this Contract, it has no tax liabilities or other Commonwealth obligations.

3. The Law Firm's obligations pursuant to these provisions are ongoing from and after the effective date of this Contract through the termination date thereof. Accordingly, the Law Firm shall have an obligation to inform the Commonwealth if, at any time during the term of this Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. The failure of the Law Firm to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of this Contract with the Commonwealth.

5. The Law Firm agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Pennsylvania Office of Inspector General for investigations of the Law Firm's compliance with the terms of this or any other Contract between the Law Firm and the Commonwealth, which results in the suspension or debarment of the Law Firm. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime, travel, and lodging expenses; and expert witness and documentary fees. The Law Firm shall not be responsible for investigative costs for investigations that do not result in the Law Firm's suspension or debarment.

6. The Law Firm may obtain a current list of suspended and debarred Commonwealth contractors either by searching the Internet at www.dgs.state.pa.us, or by contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, Pennsylvania 17125
Phone: (717) 783-6472
Fax: (717) 787-9138

APPENDIX I
THE AMERICANS WITH DISABILITIES ACT PROVISIONS
(STD-271/278A, dated 07/99)

1. Pursuant to federal regulations promulgated under the authority of *The Americans With Disabilities Act*, 28 C.F.R. § 35.101, *et seq.*, the Law Firm understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Contract or from activities provided for under this Contract on the basis of the disability. As a condition of accepting this Contract, the Law Firm agrees to comply with the *General Prohibitions Against Discrimination*, 28 C.F.R. § 35.130, and all other regulations promulgated under Title II of *The Americans With Disabilities Act* which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

2. The Law Firm shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Law Firm's failure to comply with the provisions of Paragraph 1 of this Appendix.

APPENDIX J
RETENTION GUIDELINES FOR OUTSIDE COUNSEL
(October 2009)

The Office of General Counsel (“OGC”) expects to have a productive, professional and cost-effective relationship with outside counsel. These Guidelines apply to all engagements for services between OGC (and any of its agency offices) and your law firm, regardless of the law firm office from which those legal services are performed. Any exception must be approved in advance by OGC.

I. MATTER MANAGEMENT AND REPORTING

A. The Contract for Legal Services

Your firm has been retained by OGC to perform legal services as set forth in the Contract for Legal Services (“Contract”). The Contract shall define the scope of services covered by the matter which is the subject of the Contract; a “matter” may consist of a single representation or the provision of legal services in connection with a relatively routine, high volume practice area (e.g., workers’ compensation). The Contract identifies the principal OGC in-house attorney responsible for managing the work. For complex litigation matters, a senior-level OGC litigation manager also may be assigned or otherwise involved in the case. For high volume matters, a third party administrator also may have a defined role in managing the work. You are expected to keep the responsible OGC attorney(s) informed of all significant developments that arise, as well as seek his or her direction on strategy and tactics.

Throughout the course of your representation, you must be mindful of conflict issues and disclose promptly any conflicting representation. The Conflict Waiver Procedure that is a part of the Contract for Legal Services sets forth the process for such disclosure. Failure to disclose a conflict or undertaking a conflicting representation without obtaining a waiver from the General Counsel is cause for termination of the contract.

B. Effective Utilization of Personnel

OGC generally expects a single outside lawyer to be primarily responsible for each matter. Outside counsel should discuss with OGC the staffing requirements for each matter, including the number of attorneys and staff that may work on the matter. We encourage the use of law clerks and paralegals for those aspects of any matter that do not need to be performed by an attorney. Staffing should reflect management practices that are consistent with the delivery of the appropriate level and type of legal services required in order to achieve effective results and resource efficiency.

OGC generally expects one lawyer to attend all relevant depositions, meetings, hearings, trial, and other proceedings. In more complex matters, additional lawyers may be necessary to represent the Commonwealth.

In concert with the Commonwealth's commitment to workforce diversity, OGC expects each law firm it engages to use its best efforts to: (1) consider persons from diverse backgrounds for assignment to its OGC engagements; and (2) actively promote full and equal participation of women, racial and ethnic minority groups, and all other persons of diverse backgrounds in the legal profession, as evidenced by the firm's employment practices.

C. Matter Management, Budget and Reports

OGC expects regular communications with its counsel. The most effective representation results from a true partnership between the OGC lawyer and outside counsel. You must send to OGC an initial report within forty-five (45) days of the retention of your services covering the following areas:

- Management Plan and Budget – the Management Plan and Budget (“Plan”) should include an initial assessment of the assigned matter (see below) and a detailed strategy for handling the matter, including the feasibility of employing alternative dispute resolution techniques in litigation matters. The Plan must include an initial budget that estimates the legal fees and other costs to be incurred for the current calendar year as well as projected legal fees and costs for the entire duration of any matter that continues beyond the end of a calendar year. The firm must identify all personnel assigned to the matter, and their respective billing rates. An updated budget and personnel list, on firm stationery, must be submitted at the start of each subsequent calendar year or more frequently if there is a known material variance in the budget. OGC recognizes that it may be difficult at an early stage to project all the resources required for a matter; however, we believe that the plan and budget are important management tools.

- Initial Assessment of Litigation Claims¹ – The Initial Assessment must include a detailed description of the claim, applicable defenses, an assessment of potential liability and possible verdict range, any settlement demand by opposing counsel, and estimated trial date/time (if applicable).

You are expected to keep the responsible OGC attorney advised of the status of the matter. In the absence of material developments that require immediate notification, you should submit at least quarterly a confidential matter status report that (1) summarizes developments to date; (2) identifies actions that are planned to be taken in the forthcoming six (6) months; and (3) updates the previously submitted Management Plan and Budget. In those instances where the responsible OGC attorney is not present at a meeting, hearing, deposition or any other relevant event, you must send a prompt report of the event by telephone or electronic mail as directed by the responsible OGC attorney.

¹ If the matter involves litigation of a routine, high volume nature (e.g., workers' compensation), the responsible OGC attorney shall define for the firm the level of reporting required for each individual claim.

D. Correspondence and Pleadings²

No significant correspondence or pleading should be sent or filed without prior approval of the responsible OGC attorney. In general, outside counsel should keep the responsible OGC attorney fully informed of all developments on a timely basis and consult with him or her on all matters of strategy, planning and proposed disposition by motion, trial or settlement.

- Correspondence:* Copies of all correspondence received or sent on OGC's behalf by your firm to opponents or other third parties should be sent to the responsible OGC attorney.
- Pleadings:* Copies of all pleadings received or filed on OGC's behalf by your firm should be sent to the responsible OGC attorney.

The responsible OGC attorney should have the opportunity to discuss the preparation of pleadings with your firm sufficiently in advance of filing deadlines to determine who will perform the work. The responsible OGC attorney, or her/his designee, may elect to prepare draft answers, motions, request for discovery and other pleadings. In such instances, such items will be forwarded to you either in final form for filing or in draft form, and you are expected to place them in final form in accordance with local rules.

E. Discovery

All discovery, electronic or otherwise, should be coordinated with the responsible OGC attorney.³ Commonwealth personnel are not to be contacted directly without prior approval of the responsible OGC attorney.

OGC may prefer to have someone from its offices present during the preparation for and deposition of Commonwealth personnel. OGC believes its knowledge of the Commonwealth's business can be beneficial to you in preparing the witness and in the course of questioning by opposing parties. You are not permitted to waive the right of Commonwealth personnel to review and sign their depositions and must not enter into any stipulations to the contrary.

All discovery requests should be forwarded to the responsible OGC attorney immediately, indicating the response date. OGC can better assist in preparing responses if outside counsel can, preliminarily, identify objectionable questions and indicate these questions for which information is requested, as well as a recommended approach for completing the response. Outside counsel must consult with the responsible OGC attorney regarding anticipated electronic discovery (e-discovery) requests and use of any e-discovery computer programs,

² If the matter involves litigation of a routine, high volume nature, the responsible OGC attorney shall define for the firm the level of reporting required for each individual claim

³ If the matter involves litigation of a high volume nature, the responsible OGC attorney shall define for the firm his or her role in coordinating discovery, which may be minimal.

whether owned by the firm or provided by third-party vendors. OGC will not pay for any such programs without advance approval.

Many internal Commonwealth documents are confidential or protected by privilege. Accordingly, the responsible OGC attorney may require that a Confidentiality Agreement and/or Protective Order be secured to insure that the confidential nature of the information is maintained.

F. Expert Witnesses or Consultants

Where outside counsel determines that an expert witness or a special consultant is necessary for any matter, the responsible OGC attorney must be consulted prior to any engagement, and prior written approval must be obtained. In making such recommendation, outside counsel should provide the responsible OGC attorney with a written description of the study or testimony the expert is expected to provide, the expert's qualifications, the rationale for using an expert in the matter and an estimate of the expert's fees and expenses. As with your firm's staffing and time on any matter, OGC expects that recommendations concerning the use of expert witnesses and consultants will be at appropriate levels for the risk and exposure involved in the matter.

G. Negotiations, Settlements and Appeals

The decision to try, settle or appeal a case rests solely with OGC. All settlement opportunities and demands must be brought promptly to the attention of the responsible OGC attorney, along with your recommendations. Under no circumstances should your firm agree to settle any case on the Commonwealth's behalf, enter into a consent decree or stipulation, release any substantial right, or otherwise commit the Commonwealth on any issue without OGC's prior approval.

II. BILLING REQUIREMENTS

A. In General

Billing invoice requirements have been developed to clearly advise you as to how OGC would like the bills submitted. Specific provisions are set forth in your Contract for Legal Services, and the format that should be used in invoice preparation is set forth at Appendix D to that document. These requirements must be followed with respect to all bills unless the responsible OGC attorney has pre-authorized another arrangement.

OGC expects that any firm retained to perform services on behalf of OGC will accomplish its goals and objectives in a manner that maximizes value and minimizes expense without sacrificing quality. Compensation arrangements are set forth in the Contract for Legal Services.

If OGC inadvertently pays an invoice, which on review does not comply with the Guidelines, OGC retains the right to obtain reimbursement of such payment.

B. Rates

Unless a different billing arrangement is provided in the Contract for Legal Services, OGC will pay specified hourly rates, as set forth in the Contract for professional services by attorneys and paralegals. In matters where fees are based upon hourly rates, actual time in units of 1/10 hour is the maximum acceptable time unit to be used in billing. No changes in billing methodology or hourly rates will be made without the express written approval of the General Counsel.

C. Billing Cycle

Bills for legal services should be submitted on a monthly basis, for services through the last day of the month in which services are performed. Departments will use best efforts to make payments on invoices within 45 days of receipt, in final form with requisite documentation.

D. Billing Format

Specific billing instructions are set forth in the Contract for Legal Services. At a minimum, a copy should be directed to the responsible OGC attorney, and the assigned senior-level OGC litigation manager, where applicable. Invoices should not be sent to the General Counsel.

All billing statements should include:

- Date task performed
- Identification of attorney/paralegal performing the task with full name and title listed on the statement
- Specific task description
- Time being billed per task
- Hourly rate being charged by the attorney/paralegal
- A summary of the total time and amount charged for each attorney/paralegal
- A specific description of all expenses incurred including the rate charged for copying as limited by the Contract for Legal Services. This description of services should be as specific as possible.

E. Disbursements/Expenses

We expect the hourly billing rate to include overhead and internal charges associated with the law firm's practice. The Law Firm shall require written approval by the responsible OGC attorney before incurring any extraordinary or unusual expenses. Functions such as legal research or photocopying must be billed at cost and may not be profit centers.

OGC will not pay separate charges for the following expenses:

- Word processing
- Overtime charges (including overtime local transportation and meal charges)
- Secretarial/clerical time or functions such as collating, scheduling, indexing, creating files or typing, opening or closing files, data entry, updating pleading binders or retrieval of documents from files
- File organization
- Basic overhead charges (local telephone charges, local fax charges, ordinary postage, courier services to OGC)
- Books, subscriptions or educational expenses
- Professional association memberships
- Office supplies
- Preparation and review of bills
- Mark-ups for computerized databases (such as Westlaw and Lexis)
- Storage charges
- Re-education of a new attorney if a file is transferred
- Cellular phone charges
- Training on and maintenance of computer systems

OGC will pay for the following when incurred specifically for OGC matters:

- Filing fees
- Court reporter fees
- Expert witness fees, if approved in advance by the responsible OGC attorney
- Computerized/database research, if approved in advance by the responsible OGC attorney
- Long distance telephone charges and long distance fax charges
- Air freight/express mail deliveries, where necessary to meet applicable deadlines, or as may otherwise be approved by the responsible OGC attorney**
- Outside photocopying, binding and printing services, if approved in advance by the responsible OGC attorney
- Outside messenger services**

** While OGC may pay for messenger and express service where warranted, as a general matter, OGC encourages use of e-mail and regular U.S. mail service whenever possible.

F. Travel

Reasonable, actual, ordinary, and necessary expenses for travel, meals, and moderately-priced lodging incurred by the law firm to fulfill its obligations under the Contract will be permitted as set forth in the Contract for Legal Services. Prior approval is needed for any air travel and only coach air rates will be reimbursed. Prior approval is needed for any overnight stay. Local travel

expenses, such as taxis and trains, are reimbursable. Personal auto travel will be reimbursed at the mileage rate authorized by the Commonwealth. You are expected to expense only reasonable amounts for meals and non-alcoholic beverages. OGC also does not pay for minibar expenses, sundries, in-hotel movies or similar entertainment charges. The Law Firm shall retain all receipts and shall, upon request of the requisite OGC agency legal office or the Department for whom the work is being performed, provide any necessary documentation.

G. Legal Research

Counsel should know the legal aspects of the Commonwealth's business for which it has been retained, particularly the areas in which the case or transaction arises, and should keep abreast of developments in the law that may impact its OGC engagement. Prior approval for extensive legal research is required. If it is anticipated that more than two (2) hours will be spent on computerized legal research, please secure the approval of the responsible OGC attorney. OGC should not be charged for routine research on matters of common knowledge among reasonably experienced counsel in the same geographical location. Where circumstances exist that enable you to use your data or brief banks, OGC should only be charged for updating the previously researched material. OGC expects that paralegals or more junior associates will be used on research matters. All research completed on an OGC matter is the property of OGC and a copy of all significant research projects should be submitted to OGC.

H. Confidentiality and Media Coverage

OGC expects absolute confidentiality regarding legal matters handled by each outside counsel. In addition, no statement may be made to the press or any other media – on or off the record - unless prior express written approval is secured from OGC. Under no circumstances should a firm use OGC representation in firm promotional or other informational material without the prior approval of OGC.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

CONTRACTOR RESPONSIBILITY VERIFICATION

Document No. _____

LAW FIRM

This Contract has been reviewed and the Law Firm has been determined to be responsible in accordance with the procedures outlined in Management Directive 215.9 Amended, dated April 16, 1999.

Designated Senior Manager Date
DEPARTMENT

IN WITNESS WHEREOF, the Commonwealth of Pennsylvania, acting by and through the DEPARTMENT OF REVENUE, and DLA PIPER LLP (US) have caused this Contract to be executed on the date and year first above written.

DLA PIPER LLP (US)

COMMONWEALTH OF PENNSYLVANIA,
acting by and through
DEPARTMENT OF REVENUE


By: Timothy J. Lowry, Esq.

Title: Of Counsel

Date: February 22, 2012

Tax Identification Number: 

By: _____

NAME
TITLE

Date: _____