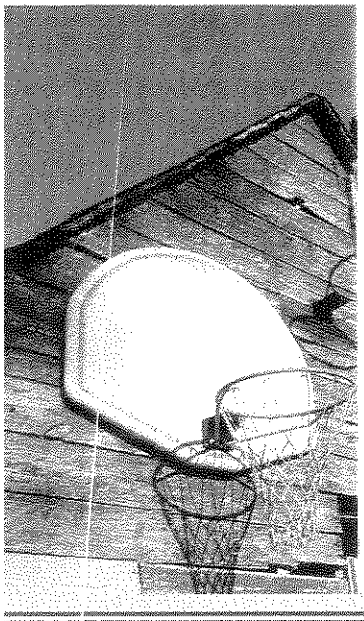

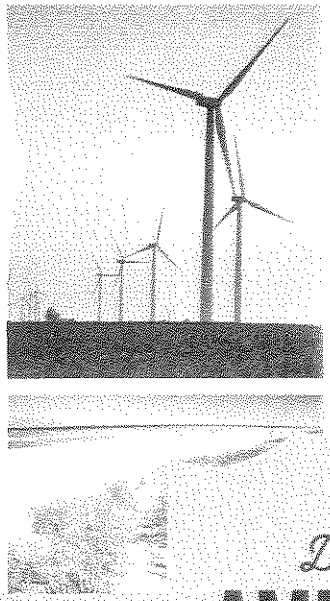

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HOOSIER

AUGUST 31, 2012

HOOSIER LOTTERY INTEGRATED SERVICES
REQUEST FOR INFORMATION

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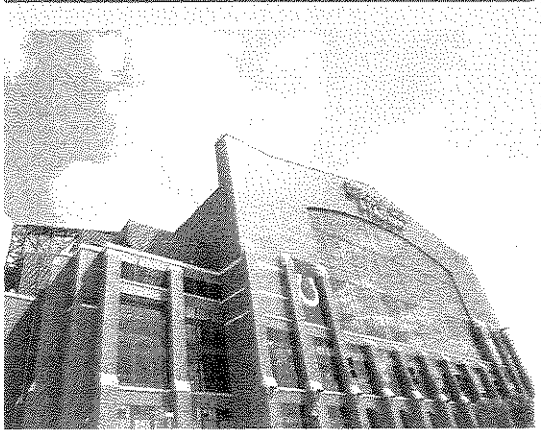

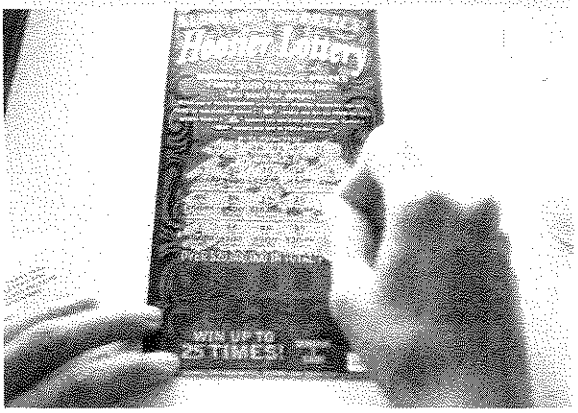

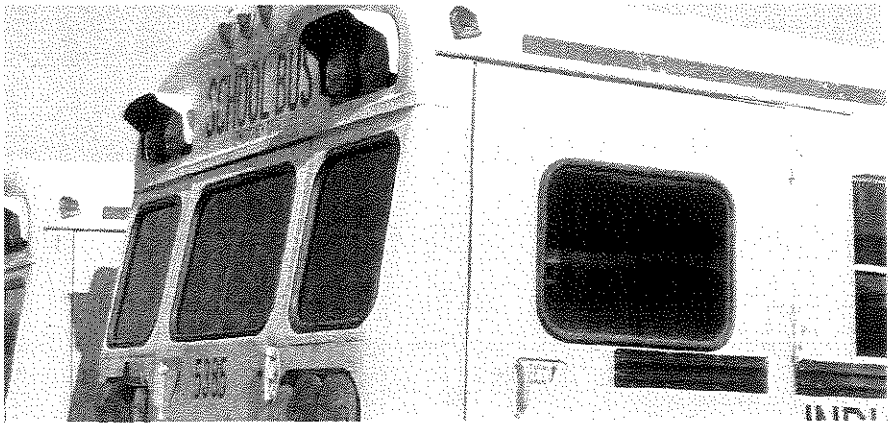

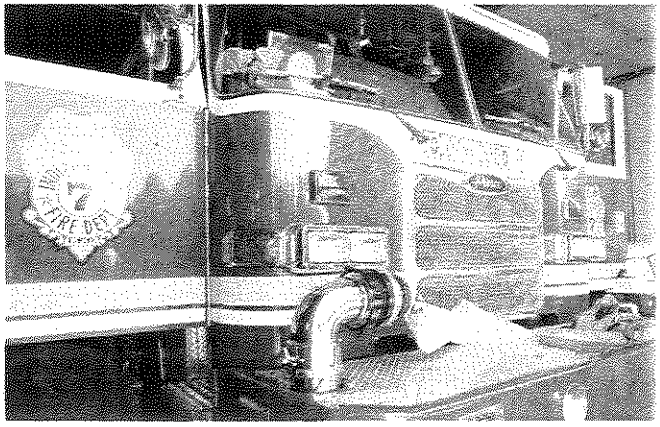

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EXECUTIVE SUMMARY

INTRODUCTION

The Hoosier Lottery is at the leading edge of the evolution of the U.S. lottery industry in seeking a private operator to undertake functions of the Lottery pursuant to an Integrated Services Agreement ("ISA"). We believe this model will empower the Commission to work cooperatively with its chosen operator to drive the Lottery's revenue and net income growth in a socially responsible manner. Scientific Games International, Inc. ("Scientific Games," "we" or "our") is pleased to deliver its Business Plan, Bid Net Income Proposal and Bid Security to the Commission in response to the Hoosier Lottery's Request for Information ("RFI").

If selected, Scientific Games will organize a wholly owned Indiana-domiciled entity to enter into the ISA with the Commission ("SG Indiana"). Scientific Games has invested heavily in the success of its partnership with the Hoosier Lottery for 23 years helping to generate over four billion in net income for the state of Indiana. The Business Plan (or the "Plan") and Bid Net Income targets included in this proposal build on Scientific Games' global capabilities as a leading provider of lottery services, as well as our intimate understanding of the Hoosier Lottery's operating history and present operating condition. This proposal includes a commitment to continue to invest significantly in the Lottery's infrastructure, brand, technology and people, as well as the communities of Indiana. If SG Indiana is awarded the ISA, the Business Plan anticipates generating significant increases in Lottery Net Income over the first five years of operating under the ISA. The Business Plan also contemplates generating substantial incremental commissions for Hoosier Lottery retailers.

THE HOOSIER LOTTERY

As a starting point to developing our business plan, Scientific Games has undertaken a fresh and in-depth review of the Hoosier Lottery's performance and present state. While the details of our situation assessment are presented in each section of the Business Plan, we outline our overall perspective below.

From fiscal 2007 through 2011, the Hoosier Lottery under-performed relative to the industry and its own historical performance. The performance of the Hoosier Lottery during this time frame included sales growth of only 0.1% per year compared to a U.S. average of 1.5%. In addition, the Hoosier Lottery's growth in costs outpaced sales, which caused its net income to decline. As a result of closely collaborating with Scientific Games, the trend has recently improved, and we believe there is tremendous opportunity for further improvement.

Hoosier Lottery Historical Financials ($ in millions)						
Fiscal Year Ending June 30,	**2007**	**2008**	**2009**	**2010**	**2011**	**'07 - '11 CAGR**
Operating Revenues						
Instant Games	$ 525	$ 539	$ 485	$ 474	$ 519	(0.3%)
Online Games	264	284	248	266	272	0.7%
Total Operating Revenues	**789**	**823**	**733**	**740**	**791**	0.1%
YoY Growth %						
Operating Expenses						
Prizes	478	503	453	456	495	0.9%
Retailer Commissions	55	59	50	51	56	0.5%
Ticket Printing Costs	8	9	7	8	9	3.0%
Advertising and Promotion	8	10	11	11	12	10.7%
On-Line Professional Services	8	8	7	8	8	0.0%
ITVM Lease and Courier Services	4	4	4	3	3	(6.9%)
Other Operating Expenses	17	20	21	19	18	1.4%
Total Operating Expenses	**578**	**613**	**555**	**557**	**600**	0.9%
% of Revenue	*73%*	*74%*	*76%*	*75%*	*76%*	
Operating Income	**$ 211**	**$ 210**	**$ 178**	**$ 183**	**$ 191**	(2.5%)
% Profit Margin	*27%*	*26%*	*24%*	*25%*	*24%*	
Net Income	**216**	**217**	**179**	**190**	**188**	(3.4%)
% Profit Margin	*27%*	*26%*	*24%*	*26%*	*24%*	

Underlying the Hoosier Lottery's historic results are several items worth highlighting. First, the Lottery relies very heavily on its own Hoosier Lotto game, which has tended to perform very well, relative to the performance of local draw games in many other states. An anomalously long jackpot roll occurred in fiscal 2008-2009, with a concomitant boom/bust impact on sales. Indeed, this accounted for an approximately $40 million decline in sales in 2009 and should be taken into consideration when evaluating the overall performance of the Hoosier Lottery during the broader 2007-2011 time frame.

Second, the Indiana economy has struggled over the past five years, which has had a particularly acute impact on its retail sector. According to census data, from 2007 to 2011 Indiana suffered a net loss of 89,000 businesses or approximately 14% of total businesses registered. This weakness has extended to the retail sector. As a result, the Hoosier Lottery has had difficulty expanding its retail base and experienced a net loss of approximately 400 retailers between 2007 and 2011.

Third, Scientific Games believes that management turnover within the Hoosier Lottery impacted performance during this time frame. Working with the lottery on a daily basis, we witnessed how such turnover significantly affected lottery strategy, execution and decision-making. Specifically, we believe that during such period, the Lottery deviated from best practices in terms of price points, distribution strategy, and retail execution. Its organizational structure was also changed in a way that, we believe, disconnected decision-making from marketplace needs.

Fortunately, the Lottery is now reversing these trends as demonstrated by its strong fiscal 2012 performance. Results were up sharply versus 2011 as instant ticket and draw games sales

increased approximately 8% and 9%, respectively, and the gap between the Hoosier Lottery and the industry narrowed. Importantly, fiscal 2012 saw a nearly 12% improvement in the Lottery's operating income. Based on early results of fiscal 2013, it appears that the Lottery's turnaround is continuing as instant ticket and draw sales have improved 9.7% and 9%, respectively over the comparable prior year period. Scientific Games believes this turnaround is driven by the Hoosier Lottery's management again embracing best industry practices and in close collaboration with Scientific Games. There is still room for improvement, but we do not think the Lottery requires wholesale change in strategy. The Lottery needs to improve its game plan, execute on its plans, and broaden its plan to reflect innovations in interactive technologies that promote player engagement. The path forward is very clear, and SG Indiana looks forward to working closely with the Commission and existing Commission personnel to accelerate these initiatives.

KEY LEVERS OF NET INCOME GROWTH

Scientific Games' Business Plan is divided into five major areas: Instant Games, Draw Games, Retail Initiatives, Loyalty and Engagement, and Marketing and Advertising. The theme of each section is tailoring industry best practices to Indiana's specific situation, leveraging both Scientific Games' global experience and our intimate knowledge of Indiana and its lottery. We have unique insight into what has and what has not worked in Indiana in the past, and how Indiana differs from other jurisdictions.

The Bid Net Income Proposal in the Business Plan reflects SG Indiana's confidence in delivering significant net income growth to the Hoosier Lottery. As discussed in the individual plans, we believe the most important levers to drive growth include the following, which are presented in further detail in the corresponding sections.

- **Instant Category Management** – Cooperative Services Programs ("CSP") are an industry innovation that Scientific Games pioneered and has been the most significant driver of growth for the industry. A recent study done on behalf of the State of California by the Berkley Research Group revealed that instant sales at lotteries utilizing CSP grew by 11% per year between 2007 and 2011, whereas instants sales grew at only 2% for states not using CSP; and that states utilizing CSP had 20% higher levels of weekly per capita instants sales.[1] The Business Plan brings CSP to Indiana. This comprehensive business system includes demand-driven predictive ordering, customer support, telemarketing, as well as logistical supply chain management functions, including warehousing and distribution.

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[1] *Berkley Research Group, LLC, "Scientific Games: Cooperative Services in California," July 2012, by William G. Hamm, PhD; David J. Najvar, CFA, CPA; and Craig T. Schulman, PhD., found in Appendix A – Instant Games Section.*

- **Instant Game Optimization** – As noted above, we are very pleased with the recent performance of the Hoosier Lottery's instant game program. The Lottery's staff, working closely with Scientific Games, has done a very good job of revitalizing this segment's performance and we believe that wholesale change is risky and potentially counter-productive. Rather, the key to driving performance for Indiana will be detailed work on product optimization and the execution of best practices. In the Instant Games section, we outline how, once a solid base has been established, hands-on work with the product portfolio and prize structures make a big difference. Work on optimizing the product offering, including new efforts to establish several base games, should pay off in sales performance.
- **Draw Game Improvements** – There is an opportunity to continue revitalizing the performance of draw games. The Business Plan involves working on the core drivers of demand, which include price, payout, and the use of licensed brands. In effect, the Business Plan encourages the adoption of marketing approaches that are analogous to those Scientific Games has pioneered in instant games. These are not fundamental shifts from the current Hoosier Lottery product strategy. The Business Plan includes developing starter kit bundles, applying licensed brands, changes in prices and payouts, leveraging the Hoosier Lotto brand equity by relatively small shifts in the marketing budget, and product introduction schedule.
- **Expanding and Optimizing the Retail Network** – Expanding the retailer base of the Hoosier Lottery can be a major growth lever. The Lottery needs to strengthen retailers' interest in being lottery retailers, and improve the retail merchandising execution in existing retail locations. The Business Plan contemplates the deployment of Scientific Games' SalesMaker™ program. SalesMaker is a solution developed by Scientific Games in which Scientific Games actively works on improving in-store lottery merchandising. Scientific Games trains retailers, develops programs, and helps execute at retail. The Business Plan also contemplates utilizing Scientific Games' geo-demographic analysis system, Geo-MAP and other analytical tools to analyze the Hoosier Lottery's market potential and to identify the most potentially profitable targets.
- **Properties Plus® Loyalty Program** – Scientific Games' subsidiary, MDI Entertainment, LLC ("MDI"), is the industry leader in loyalty programs, which is a rapidly growing and increasingly critical segment of lottery operations. MDI has found that players engage more deeply with lottery when they become members of a loyalty program. MDI's Properties Plus loyalty solution leverages its history of success utilizing licensed brands and merchandise prizing to grow sales. MDI has extended this beyond game play and marketing by having players earn loyalty points across all their lottery purchases. The states where MDI has deployed Properties Plus have seen significant increases in overall sales and repeat purchases by players.

- **Expanding the Player Base** – Lotteries throughout the U.S. are concerned about the aging of their player base, especially in an age of social media and other alternate forms of interactive entertainment. Our Business Plan contemplates a number of interactive elements aimed at broadening the player base. Importantly, these elements are permitted under existing regulations and are consistent with the Hoosier Lottery's robust responsible gaming standards.

Beyond the Base Business Plan, the Enhanced Business Plan contemplates the introduction of three new lottery initiatives:

- **Internet Solutions** – The expansion of the Hoosier Lottery's activities on the internet as described in the Enhanced Business Plan would build upon the interactive strategies introduced in the Base Business Plan. Subject to applicable laws and regulations, the Lottery would conduct ecommerce on its website and social media sites in a socially responsible manner.
- **Monitor Games** – The Enhanced Business Plan highlights that monitor games would also be a potentially powerful lever for expanding the retail and player base. Subject to applicable laws and regulations, monitor games would give many establishments a reason to become a lottery retailer.
- **Video Lottery** – Scientific Games appreciates the difficulty of launching video lottery to establishments in the State of Indiana, especially considering the State's robust casino offerings and Lottery Act restrictions. However, the video lottery section of the Enhanced Business Plan describes Scientific Games' capabilities and solutions for this offering.

While the above elements relate to tangible actions contemplated by the Base and Enhanced Business Plans, as we note in the Organization and Management sections, we also believe that the success of the Hoosier Lottery fundamentally depends on fostering a partnership between the Lottery and SG Indiana characterized by mutual respect and collaborative problem solving. Scientific Games does not believe that wholesale change is the ideal solution. Rather, the Plan envisions supplementing the resources of the Lottery with respected, seasoned professionals who will complement the existing team's capabilities and strengths.

Introduction to Scientific Games

Scientific Games is the only U.S.-owned and operated integrated lottery solutions provider. Since 1973, we have provided business services, technology, and products to the gaming and lottery industry. In fact, we were responsible for the development of the very first secure instant lottery game that revolutionized the lottery industry. Furthermore, many of the innovations and technology used in today's lottery marketplace are rooted in Scientific Games' history. Indeed, we proudly hold 283 industry-related patents.

Scientific Games is one of the lottery industry's global marketing and technology leaders, providing goods and services to over 300 lottery and gaming customers in the U.S. and abroad. Our global presence is made possible through the expertise, skill, and dedicated efforts of our approximately 3,600 employees who serve lottery and gaming customers in more than 50 countries on six continents. Currently, we are the Hoosier Lottery's business partner providing lottery systems technology, retail infrastructure, instant product management, supply chain operations, and marketing services.

Scientific Games and its affiliates have manufacturing and operational facilities in North America, South America, Europe, and Asia, with additional local facilities throughout the U.S. and around the world. We believe that no other lottery company has the depth and breadth of employee experience in the customer service, programming, design, marketing, research, and production areas that Scientific Games offers. For nearly 40 years, Scientific Games has provided a comprehensive, sophisticated, and integrated array of lottery products and services. The following are a few of the many ways Scientific Games leads the industry in infrastructure and experience:

- We provide more games to U.S. lotteries than all of the other suppliers combined.
- We have more than 300 lottery and gaming customers worldwide.
- We have 10 presses located in six printing facilities on five continents (including the facility owned by our China joint venture).
- Our customers include many of the world's highest revenue producing lotteries such as New York, Massachusetts, Florida, Texas, California, Italy, China, United Kingdom (Camelot), and France (FDJ).
- We serve nine of the top 10 U.S. lotteries based on total instant sales and highest percentage of sales growth (source: La Fleur's Magazine Vol. 19, No. 3 January/February 2012).
- We pioneered and continue to be an industry leader in developing and managing customized Cooperative Services Programs (CSPs) for instant game category management services.
- We operate CSPs for 12 U.S. lottery jurisdictions.
- We provide either instant games or licensed property games to every U.S. lottery—a fact no other instant game supplier in the world can state.
- We provide strategic consumer marketing products and services including game design, marketing research, sales and marketing support, and specialty games and promotions
- We facilitated 70 lottery or instant game start-ups worldwide, including nearly all instant game start-ups in the U.S.
- Our worldwide client services infrastructure can deliver 4,000 games a year.

- We are an industry leader in game programming expertise and resources—over 100 game programming professionals worldwide.
- We are the first lottery vendor to achieve ISO 27001:2005 Information Security Management System Certification.

Scientific Games Operational Overview

Scientific Games operates in three business segments: Printed Products, Lottery Systems, and Gaming. The following table summarizes the primary business activities and investments included in each of our business segments.

SEGMENT	PRIMARY BUSINESS ACTIVITIES	STRATEGIC EQUITY INVESTMENTS
Printed Products	• Design, printing and sale of instant lottery tickets to lottery operators • Provision of instant ticket-related value-added services to lottery operators • Provision of licensed properties, player loyalty programs, second chance drawings and internet-based products primarily to lottery operators • Printing and sale of phone cards	• Lotterie Nazionali S.r.l. ("LNS")—Equity interest in, and primary instant ticket supplier to, the operator of the Gratta e Vinci instant ticket lottery in Italy • Northstar Lottery Group ("Northstar")—Equity interest in, and exclusive instant ticket and CSP supplier to, the private manager of the Illinois lottery • Beijing CITIC Scientific Games Technology Co., Ltd. ("CSG")—Equity interest in the instant ticket supplier to the China Sports Lottery

SEGMENT	PRIMARY BUSINESS ACTIVITIES	STRATEGIC EQUITY INVESTMENTS
Lottery Systems	• Provision of lottery systems, including equipment, software, data communication services and support, to lottery operators • Provision of instant ticket validation systems to lottery operators • Provision of central monitoring and control systems to lottery operators and gaming regulators • Provision of software, hardware and support for sports wagering systems and keno to lottery operators	• Beijing Guard Libang Technology Co., Ltd. ("Guard Libang")—Equity interest in a provider of lottery systems and services for the China Welfare Lottery
Gaming	• Provision of server-based gaming terminals, systems and content to commercial gaming operators such as betting shops, bingo halls, arcades and pubs • Provision of interactive gaming products and content primarily to gaming operators	• Roberts Communication Network ("RCN")—Equity interest in provider of communications services to racing and non-racing customers • Sportech Plc ("Sportech")—Equity interest in operator and supplier of football pools and tote systems

PRINTED PRODUCTS

Scientific Games is the leading provider of instant lottery games. Our Printed Products Group is comprised of our instant lottery ticket and licensed properties businesses in the U.S. and around the world. We generate revenue from the manufacturing and sale of instant tickets, as well as the provision of value-added services such as game design, sales and marketing support, specialty games and promotions, inventory management, warehousing, and fulfillment services. We believe that our extensive service offerings, together with our innovative products and extensive library of licensed properties, enable us to effectively help lotteries to increase their retail sales of instant tickets.

We currently operate six instant ticket printing facilities across five continents with an aggregate capacity to print approximately 45 billion 2" × 4" equivalent standard instant lottery tickets annually. Our state-of-the-art production and operations facilities are located in the U.S. and Canada, South America, Europe, and Asia. Each location was carefully chosen and strategically positioned to optimize service and support of our customers. Technology and security requirements necessary to manufacture and service instant lottery tickets continue to separate our business from conventional forms of printing. We believe we are generally recognized within the lottery industry as the leader in applying computer-based technologies to the manufacturing and sale of instant lottery tickets. In order to maintain our position as a leading innovator within the lottery industry, we continue to explore and develop new technologies and their applications to instant lottery tickets and systems.

Cooperative Services Programs

In addition to instant ticket printing, we also provide lotteries with cooperative service programs, or CSPs, to help them efficiently and effectively manage and support their operations to achieve higher retail sales and lower operating costs. In fact, we pioneered the concept of providing lotteries with customized CSPs, which bundle the design and manufacturing of instant lottery tickets, instant game management systems, marketing services, and can include the design and installation of game management software, inventory and distribution, sales, accounting, training and advisory services, marketing and research, and retailer training and recruitment. Scientific Games' CSP is now the "gold standard" by which all lottery warehousing and distribution programs are modeled and measured. We have a 200-person division dedicated to the operation and improvement of instant game management services. Scientific Games CSP program is a fully integrated program for instant ticket management, custom designed for each unique lottery jurisdiction to engage current players, build playerbase and grow revenue.

A recent study conducted by Berkley Research Group found that states using CSP have an approximately 20% higher instant ticket sales per capita than states without CSP. Using a widely accepted statistical method to isolate the impact of CSP by controlling for the effects of differences in payout ratios, the study found that a state using CSP typically achieves growth in instant ticket sales per capita following an increase in its payout ratio that is more than twice what a state without CSP would achieve.

MDI

Through our MDI subsidiary , we also provide licensed games, promotional entertainment and internet-based services to the lottery industry. We hold exclusive lottery licensing rights and provide access to some of the world's most popular entertainment brands for lottery products. Our licensed entertainment brands include Harley-Davidson®, Major League Baseball®,

Monopoly™, National Basketball Association®, The Price is Right®, Wheel-of-Fortune® and World Poker Tour®. The added excitement and bonus entertainment value built into the MDI licensed games often makes these games among the most successful sellers in a lottery's line-up, compared to comparably priced generic games.

We also provide branded merchandise prizes, advertising, promotional support, turnkey drawing management services and prize fulfillment programs. In addition, we offer lotteries a web-based platform called Properties Plus®, which features players clubs, reward programs, second chance promotional websites, interactive games and, subject to applicable law, a subscription system that enables players to purchase lottery games securely over the internet. In fact, MDI is one of the industry's leaders in providing internet services. Having launched over 400 lottery branded websites and over 100 interactive games, no other vendor understands the needs of the interactive lottery industry like MDI.

We are an equity owner in LNS, a joint venture that has held the concession from the Italian Monopoli di Stato to be the exclusive operator of the Italian Gratta e Vinci instant ticket lottery beginning on October 1, 2010. We are the primary supplier of instant lottery tickets for the joint venture. When the joint venture commenced operating the Gratta e Vinci™ in 2004, annual retail sales of instant tickets were only €411 million euro. Gratta e Vinci™ is today one of the biggest lotteries in the world.

We are also an equity owner in Northstar Lottery Group (Northstar), a joint venture that privately manages the Illinois lottery. Under a CSP agreement with Northstar, Scientific Games is responsible for the design, development, manufacturing, warehousing and distribution of instant lottery games. In the first fiscal year in which Northstar has acted as private manager, instant game sales have grown by 27%.

Finally, we own a 49% equity interest in CSG, a joint venture that holds a 15-year contract to supply instant lottery games to the China Sports Lottery. In connection with the contract, the joint venture established a manufacturing facility that began producing instant lottery games at the end of 2008.

LOTTERY SYSTEMS

Our Lottery Systems segment is a leading provider of sophisticated, customized computer software, software support, equipment, and data communication services to government sponsored and privately operated lotteries in the U.S. and internationally. The Lottery Systems segment creates solutions tailored to our customers' needs, with more business management functionality, integration points, and security than anyone else.

AEGIS® Lottery Gaming System

Our AEGIS® lottery gaming system platform provides an open, flexible framework for lottery services. This framework drives interoperability across all lottery systems, from game management and back-office to internal control and administrative management. AEGIS is the gaming platform successfully deployed and operating the transaction and lottery business networks for our lottery customers worldwide.

Video Gaming

Scientific Games implemented the first online video lottery project in partnership with the state of Illinois 25 years ago and has set the standard for performance in video gaming ever since. We currently manage over 90,000 video gaming terminals in approximately 5,600 video gaming locations globally. The sixth generation of our proven video product portfolio, SGVideo™, provides real-time monitoring and control of the gaming environment from a central location. Designed around industry standard open protocols, it supports the configuration, operation, monitoring, and control of gaming devices in wide area networks. It is a premier regulatory system with advanced functionality built on reliable, robust technology with an underlying architecture that ensures data integrity and security.

GAMING

Our Gaming segment includes The Global Draw Limited ("Global Draw"), a leading supplier of server-based gaming terminals and systems and game content primarily to bookmakers that operate licensed betting offices ("LBOs") in the U.K. and, increasingly, to gaming operators outside the U.K. The Gaming segment also includes Barcrest Group Limited ("Barcrest") and Games Media Limited ("Games Media"), leading suppliers of gaming terminals, systems, and game content to pubs, bingo halls, and arcades in the U.K. and continental Europe. We provide many of our Gaming customers with a turnkey offering, which typically includes gaming terminals, remote management of game content and management information, central computer systems, secure data communication, and field support services. We develop our own game content and supplement our offering with content from third parties.

We had an installed base of approximately 23,100 LBO gaming terminals in the U.K. as of December 31, 2011. As of December 31, 2011, we had an installed base of approximately 6,100 gaming terminals in our U.K. pub, bingo hall, and arcade business. We continue to seek to expand our server-based gaming terminal business outside the U.K., with current deployments in the Caribbean, Czech Republic, Italy, Mexico, Lithuania and Puerto Rico. As of December 31, 2011, we had an installed base of approximately 6,500 gaming terminals outside of the U.K.

Our Gaming division also includes Sciplay, which delivers internet gaming solutions to government- sponsored and government-regulated lotteries and certain other gaming operators by licensing internet gaming software and content from third party developers. Sciplay was formed to capitalize on our experience and relationships with lotteries and other gaming operators. Sciplay presently provides intrastate "play for free" poker services to the California Online Poker Association ("COPA"), which is comprised of 29 federally recognized California tribal governments and 31 state-licensed California card clubs. Per our contract, COPA receives a full suite of internet poker services, including network management, hosting, advisory services, customer support, internal marketing, and all associated hardware.

Strengths of Scientific Games

We have partnered with Indiana since the Hoosier Lottery's inception in 1989 as an instant ticket supplier. Scientific Games has also served as the lottery systems provider since 1999. The Hoosier Lottery's confidence in Scientific Games' abilities to meet the Lottery's high technical and operating standards and demands of their players has been affirmed as we have repeatedly been awarded new instant ticket printing and lottery systems facilities management contracts. The Hoosier Lottery's confidence in Scientific Games was most recently expressed when it awarded us a new lottery systems contract in 2009.
Specific strengths Scientific Games brings to bear relevant to Indiana include:

- **Leadership in Growth** – Our track record in growing our customers' businesses is very strong. Virtually all the growth in the lottery industry over the past two decades has occurred in the instant game segment, where Scientific Games is the leader by any measure. We have introduced a series of player-oriented innovations that have reshaped this industry. In the draw games segment, the 10- year growth rate of our customers' businesses has been over 50% higher than the growth rate of the rest of the industry.
- **Clear Understanding of Growth Drivers** – Intimate, on-the-ground work with lotteries has cultivated our deep knowledge of how to drive lottery growth. Indeed, our understanding of the complex, interdependent levers that drive instant and draw game growth has contributed to our development of innovations such as the use of licensed brands, CSP, and innovative player loyalty programs.
- **Focused Execution** –The performance of the Hoosier Lottery has improved over the past two years. As a result, although the product lines can be enhanced, we do not believe that the lottery needs to completely rethink such product lines. On the other hand, the retail network of the Hoosier Lottery needs to be expanded and made more profitable. Our Business Plan sets forth detailed tactical plans in both these areas.

- **Ties and Commitment to Indiana** – Scientific Games has 40 employees in Indiana and has had a significant local presence for over 20 years. We have developed many local relationships during this period. Our largest shareholder, MacAndrews & Forbes Holdings Inc., owns two Indiana-based businesses, Harlan and AM General, and employs over 1,500 people in the state. Including our draw game system, Scientific Games has invested approximately $40 million in systems, terminals and other infrastructure in Indiana during since 1999.
- **Intimate Understanding of Indiana** – Not everything that works in other jurisdictions will succeed in Indiana, and vice versa. Indiana's Hoosier Lotto is an example – few state lottery games have succeeded in the face of the growth of bloc lottery games. An uninformed application of national or foreign best practices is not the right approach. Hoosier Lottery solutions need to be tailored based on an intimate understanding of the lifestyles and the socio-economic environments of Hoosier Lottery players. Scientific Games' history in Indiana contributes to its unique understanding of the Hoosier Lottery players.
- **Operational Experience** – While Scientific Games has traditionally excelled as a supplier, we provide many operational services that may not be fully appreciated. As discussed above:
    - We created the concept of CSP, which is a vehicle by which Scientific Games takes on the operational responsibilities for a significant part of a lottery's supply chain and retailer-facing responsibilities. In CSP, we typically provide all of the warehousing, physical distribution, predictive ordering, call center and inside sales functions. In our MDI licensed properties business, we take on many of the marketing responsibilities of a lottery for specific games.
    - Within MDI we develop game themes, acquire brand licenses, develop all the marketing and promotional materials for a lottery including point of sale materials. In addition, we operate the draws in many second chance situations. We manage players clubs on behalf of lotteries including managing their player databases. In draw games, we typically operate all of the technology systems involved.
    - We work one-on-one with retailers in re-merchandising their stores. We provide partial or complete operational services in virtually every function excluding outside sales and, even in this area, we offer deep analytical services to help guide the sales force.
- **Data and Analytics** – Scientific Games is highly data driven. In addition to providing the industry with an annual State of the Industry report, we engage with our lottery clients in sophisticated quantitative and qualitative market research. We have conducted numerous econometric studies of the determinants of demand. We own a proprietary MAP™ database that allows quantitative analysis of games by prize themes, price points, payouts, jurisdiction,

time of year and other variables. We have geo-analytics capabilities that analyze the optimal retail network configuration.

- **Instant and Draw Integrated Perspective** – Recent successful performance in Illinois is often seen as a reflection of the lottery being run by a private entity, Northstar, in which we are a 20% partner and the exclusive instant game and CSP provider. We believe that the success of Northstar has more to do with a single supplier taking a holistic approach to the Lottery and providing an integrated array of services. Pennsylvania, for example, is a state with exceptionally high performance and we attribute a substantial part of Pennsylvania's performance to the fact that Scientific Games provides a comprehensive set of services including instant tickets, CSP, licensed brands and draw games as a single supplier.
- **Strong Team** – Our plan is to supplement the Hoosier Lottery team with an excellent set of managers. As described below, our proposed leader will be Mr. Ed Trees, the former Executive Lottery Director for the Pennsylvania Lottery, who brings to bear not only terrific experience in driving lottery performance but also a reputation for fostering an open and professional culture characterized by respect and accountability.
- **Strong Local Partnerships** – As discussed immediately below, we have assembled a potent team of local professional organizations to serve Indiana including Publicis, Hirons & Company, and the Indianapolis Colts.

STRONG LOCAL PARTNERSHIPS

Building on Scientific Games' extensive knowledge of the Indiana lottery market, the execution of SG Indiana's Business Plan will be supported by the insight of a distinguished group of local partners.

- **Publicis Indianapolis**

  Publicis Indianapolis and Optimedia are part of the Publicis Groupe, the third largest and fastest growing agency network in the world and the second largest buyers of media in the world. Publicis Indianapolis offers world class marketing and communications services via a wide and deep array of marketing programs and services provided to its domestic and international clientele.

  Publicis has had a presence in Indiana for over 25 years and presently employs over 58 marketing professionals in the State. Services provided include: brand development, marketing strategy, creative development and execution, web marketing, media planning and buying, including digital, social media and mobile; public relations counsel, diversity marketing, print production, and logistics support.

Publicis' client relationships span the major cities and rural towns of Indiana and include both for profit and not for profit entities. Indiana clients include: Simon Property Group; Duke Realty; Roche Diagnostics; Zimmer Holdings; Indianapolis Motor Speedway; BMO Harris; Marsh Supermarkets; Dairy Queen; STAR Financial Bank; Conner Prairie; Indy Hunger Network; INHP; American Legion Auxiliary; Marian University; Harrison College and Butler University; and the Hoosier Lottery.

- **Hirons & Company**

  Hirons & Company is a true Hoosier success story. Founded by Tom Hirons in Bloomington in 1978, the company has grown from the vision of a marketing professor at Indiana University to the State's premier integrated communications company.

  Now based in Indianapolis, Hirons is a full-service public relations and advertising agency with 55 employees in Indianapolis, Bloomington, and Anderson. With complete creative, media buying, branding and communications counsel teams, Hirons has become the preferred communications partner for Indiana fixtures such as Citizens Energy Group, Sidney & Lois Eskenazi (formerly Wishard) Hospital, the Indianapolis Zoo, Monarch Beverage, the City of Indianapolis, The Office of the Indiana Attorney General, the Omni Severin Hotel, the Indiana Association of Beverage Retailers, the Indiana Energy Association and St. Elmo Steak House, just to name a few.

  National clients include the Consumer Healthcare Products Association, Sodexo, DCI Group, the U.S. Chamber of Commerce, the U.S. Department of Energy, and Fifty Plus One.

- **The Indianapolis Colts**

  We have met with The National Football League's Indianapolis Colts to discuss the future of the Hoosier Lottery and they have expressed support for our bid to be awarded the ISA.

EXPERIENCED LOCAL MANAGEMENT TEAM

SG Indiana will assemble an experienced and proven management team to ensure a smooth transition and execution of its Business Plan and achievement of its Bid Net Income Proposal. SG Indiana's management team will be initially formed with interim executives. The interim team, as presented below, has over 121 years of combined lottery management experience. They are immediately available on award of the ISA to lead the team through all initial business activities, including engagement of an executive recruitment plan to identify permanent executive management candidates. This recruitment and candidate selection process will include close coordination with, and participation from the Hoosier Lottery and Commission.

Mr. Ed Trees: Interim Chief Executive Officer (CEO). Mr. Trees will serve as the interim CEO to lead SG Indiana through its initial establishment phase. Mr. Trees most recently served as the Executive Lottery Director for the Pennsylvania Lottery from 2006 to 2011. During his five-year tenure as the Executive Lottery Director for the Pennsylvania Lottery, total sales grew by more than $700 million annually and net revenue to programs increased approximately $200 million annually.

Mr. Anthony Molica: Interim Vice President, Sales. Having served in various senior and executive management roles for the California Lottery for over 19 years, Mr. Molica brings sizeable lottery expertise and knowledge to SG Indiana. In his last position as Chief Executive Officer for the California Lottery in 2003-2004, Mr. Molica increased sales, resulting in excess of $2.9 billion in sales, exceeding the goal by 8%.

Mr. Gerard Scheinbach: Interim Vice President, Finance and Administration. Mr. Scheinbach has been a member of Scientific Games' executive finance staff for 16 years serving as the Senior Vice President of Finance for the past 12 years. He has participated in several mergers and acquisitions, including post-acquisition integration and establishment of financial reporting systems. Mr. Scheinbach serves as the senior financial advisor in connection with Scientific Games' participation in Northstar. He is responsible for Northstar's budget and forecasts as they pertain to Scientific Games, and maintains frequent communications with the administrative and finance departments of Northstar.

Mr. Tom Seaver: Interim Vice President, Marketing. Mr. Seaver brings 27 years of marketing and advertising expertise to SG Indiana. Having served on both sides of the industry as Marketing Manager for the Missouri and Virginia lotteries, and most recently in his role as Vice President of Marketing for Scientific Games' participation in Northstar as an equity partner, Mr. Seaver brings a unique and highly valuable perspective to this leadership position.

Mr. John Osenenko: Interim Vice President, Operations and Technology. With over 19 years of lottery experience, including 11 years with GTECH, as well as having served as Scientific Games' General Manager of the Florida Lottery contract, Mr. Osenenko brings a successful track record across a broad range of business functions, including general management, business development, government affairs and program management. His extensive lottery industry experience includes more than 12 years creating and operating lottery ventures while living in Asia, Europe, South America, and Africa.

ADVISORY BOARD

SG Indiana will benefit from the stewardship of a distinguished and diverse Advisory Board. The Advisory Board will help SG Indiana represent the interests of the community. Members of the Advisory Board will include:

- **Joyce Rogers**, Vice President Development, Ivy Tech
- **Carol D'Amico**, Vice President, East Region, of Project Lead The Way
- **Angel Rivera**, General Manager at AMRB, LLC
- **Bob Laikin,** Chairman of the Board, Chief Executive Officer and Director at BrightPoint

We are confident in our Business Plan as presented herein and believe we are uniquely qualified to provide integrated services to maximize the performance of the Hoosier Lottery. The Plan is customized based on our intimate knowledge of Indiana and the Lottery, with focus on operational efficiencies, retail development, game optimization, and services integration. We have been and remain committed to the success of the Hoosier Lottery, and we stand ready to execute our Plan in collaboration with the Commission.

REFERENCES

As required by RFI Section 3.3 Business Plan – Base Business Plan Item 2, we have provided three references that the Selection Team may contact to discuss Scientific Games' performance. Scientific Games provides products and services to the majority of lotteries in the U.S., and the world. The leaders of the following four U.S. lotteries have kindly agreed to provide references for our services and supplies and can describe Scientific Game's qualifications and capabilities to operate the Hoosier Lottery.

REFERENCE	DESCRIPTION OF SCIENTIFIC GAMES' ROLE
Georgia Lottery Corporation 250 Williams Street, Suite 3000 Atlanta, GA 30303-1071 Ms. Margaret DeFrancisco, President & CEO Office: 404-215-5020 Fax: 404-215-8987	Scientific Games was integral to the successful start-up of the Georgia Lottery Corporation (GLC) in 1993. We are the cooperative services provider and primary vendor to supply instant tickets. In addition to manufacturing instant tickets, we provide warehousing and distribution, as well as marketing and research for the GLC's instant ticket product.

Kentucky Lottery Corporation 1011 West Main Street Louisville, KY 40202 Mr. Arch Gleason, President & CEO Email: arch.gleason@kylottery.com Tel: 502-560-1551 Fax: 502-560-1532	Scientific Games has been a partner with the Kentucky Lottery Corporation (KLC) since we facilitated the KLC's start-up in 1989; and are their primary instant ticket provider. Currently, we are the lottery's sole instant ticket game provider. We also provide licensed properties, pull-tab tickets and a wide variety of marketing services.
Pennsylvania State Lottery 1200 Fulling Mill Road, Suite 1 Middletown, PA 17057 Mr. Todd Rucci, Executive Director Email: trucci@state.pa.us Tel: 717-702-8009 Fax: 717-702-8024	Scientific Games has been an integral partner to the Pennsylvania Lottery for nearly 30 years. We have been the Lottery's primary instant ticket game provider and CSP partner since 1997. We provide the lottery with instant games, licensed properties, warehousing, distribution, research and marketing services. We are also contracted to provide full facilities management for their online gaming.

On the following page, we have also provided a reference letter from Mr. Todd Rucci, Executive Director of the Pennsylvania State Lottery.

PENNSYLVANIA
LOTTERY

Benefits Older Pennsylvanians.
Every Day.

Aug. 28, 2012

Bill Harsh
Transaction Advisor
Oliver Wyman Inc.
111 Monument Circle
Suite 4300
Indianapolis, IN 46204
Email: hoosierlottery@oliverwyman.com

Dear Mr. Harsh,

I am writing as a reference to Scientific Games International, as it pertains to their potential bid for the Hoosier Lottery Integrated Services Agreement for the State Lottery Commission of Indiana. The Pennsylvania Lottery remains the only state lottery that designates all its proceeds to programs that benefit older residents. Since its inception in 1971, the Pennsylvania Lottery has contributed more than $22.6 billion to these programs.

Scientific Games is the Pennsylvania Lottery's current vendor for terminal-based gaming systems and instant games and has performed according to contract standards and requirements. Scientific Games is a valuable partner in our Lottery operations, and their industry expertise has helped the Pennsylvania Lottery establish itself as an industry leader.

Regards,

Todd Rucci
Executive Director
Pennsylvania Lottery

RESPONSE TRANSMITTAL LETTER

Date Submitted: August 31, 2012

Oliver Wyman, Inc.
111 Monument Circle, Suite 4300
Indianapolis, Indiana 46204
Attn: Bill Harsh (as Designated Procurement Contact)

Re: Response to Request for Information Solicitation for Hoosier Lottery Integrated Services issued by the State Lottery Commission of Indiana (d/b/a Hoosier Lottery) on or about July 9, 2012 ("**RFI**")

Submit with Package Labeled "**Hoosier Lottery RFI – Response**"

To: State Lottery Commission of Indian a (the "Commission")

Capitalized terms used in this Response Transmittal Letter shall be given the meaning ascribed to them in the RFI unless otherwise clear from their meaning herein used.

The enclosed Response is being submitted in accordance with the above captioned RFI issued by the Commission for Hoosier Lottery Integrated Services, by the undersigned on behalf of itself and the individuals and/or entities listed below (individually and collectively referred to as the "Offeror" as this term is utilized and defined in the RFI), which individuals and/or entities listed below will have an equity interest (as of the Agreement Effective Date) in the Provider as follows:

Individual/Entity	Equity Interest in Provider
Scientific Games International, Inc. (Individual/Entity executing this letter)	100 %
	____%
	____%
	____%
	____%

By submitting its Response, Offeror accepts all of the terms stated in the RFI and additionally agrees to, and represents, the following:

1. Offeror has carefully read the RFI, and having had an opportunity to ask any and all questions and/or to request clarifications as permitted pursuant to Section 1.8 of the RFI to the extent Offeror determined such was necessary to permit it to submit an Offer, and having received any responses the Commission determined to be appropriate in its discretion, the

Offeror has resolved and determined to submit its Offer based solely upon the terms set forth in the RFI. Offeror agrees it is bound by the terms of the RFI and its Offer.

2. Offeror has carefully read the form of the Integrated Services Agreement, the Operating Standards and the Escrow Agreement in the form that was made available by the Commission in the Virtual Data Room as of the second business day that preceded the date of the submission of this Response (such forms of agreements being the "Proposed Agreements").

3. Neither Offeror nor the Provider (nor any Subcontractor involved in a Major Procurement as submitted by the Offeror with its Business Plan)(nor any officer or political action committee of any of the foregoing persons) has made any contributions that would disqualify it from entering a contract under I.C. 4-30-3-19.5 or I.C. 4-30-3-19.7. Neither Offeror nor the Provider (nor any Subcontractor involved in a Major Procurement as submitted by the Offeror with its Business Plan) is disqualified from entering into a major procurement by reason of any matter referenced in I.C. 4-30-8-4 or I.C. 4-30-8-8.

4. Notwithstanding any discussions and communications that may occur between Offeror and the Commission as contemplated by the RFI (including any requests for best and best offers or any negotiations arising out of the Response submitted by Offeror), the Response submitted by Offeror with this Response Transmittal Letter is:

a. based on the assumption that Offeror will enter into the Proposed Agreements without any changes or modifications other than filling blanks and completing information consistent with the Offer accepted by the Commission; and

b. a binding, irrevocable and enforceable offer that shall be open for acceptance by the Commission up to and including December 31, 2012 regardless of whether a competing offer is initially selected and recommended to the Commission.

5. Offeror's Response includes and discloses the information as required by I.C. 4-30-8-2 for (a) the Provider, (b) each individual and/or entity identified above that will have an equity interest (as of the Agreement Effective Date) in the Provider and (c) each Subcontractor involved in a Major Procurement as submitted by the Offeror with its Business Plan). Separate items required under IC 4-30-8-2 (e.g., tax clearance statement from the department of state revenue) are attached to this Response Transmittal Letter.

6. The Commission will collect the full amount of the tendered Bid Security that Offeror is furnishing with this Response as liquidated damages pursuant to Section 3.5 of the RFI in the event that Offeror fails to satisfy Section 5.1.2 of the RFI upon receiving notice that its Offer has been recommended to the Commission for consideration and acceptance (regardless of whether a competing offer is initially selected and recommended to the Commission).

7. Offeror is solely responsible for all costs and expenses that it incurs in preparing and submitting its Offer and participating in the RFI process.

8. The Selection Team has no obligation to recommend an Offer to the Commission and the Commission has no obligation to accept an Offer during or at the conclusion of the RFI process.

9. The RFI was supplemented and includes the following draft agreements (collectively, the "Transaction Agreements"), each of which was draft dated as hereafter provided and was made available to the Offeror in the Virtual Data Room on or about the same date: (a) the Integrated Service Agreement (draft dated August 9, 2012), (b) the Operating Standards (draft dated August 9, 2012), and (c) the Escrow Agreement (draft dated August 10, 2012). All other notices, postings and communications are made available to the Offeror in the Virtual Data Room (or by communications with any employee, officer, official or agent of the Commission, the State, Indiana Finance Authority, Oliver Wyman Inc., Kroll Inc. or Bingham Greenebaum Doll LLP) regarding the RFI (including the terms of the Transaction Agreements or Offeror's Response), were instructional in nature to aid it in procedurally making its Offer and such notices, postings and communications are understood by the Offer to not have the force or effect of modifying, supplementing or interpreting the terms of the RFI or any of the Transaction Documents.

10. The Offeror will, and agrees to, supplement the Probity Submission from the date hereof through and including the Agreement Effective Date as necessary to cause it to be in compliance with the affirmation set forth in paragraph A below.

AFFIRMATION

I hereby affirm under the penalties of perjury that:

A. The representations and information provided in this Response Transmittal Letter and Offeror's Response (including the Probity Submission and any supplement thereto as submitted pursuant to paragraph 10 above) are complete, true and accurate, and did not and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements, in the light of the circumstances under which they were made, not misleading, as of the date submitted, as of the date hereof and as of Agreement Effective Date;

B. Neither Offeror, the undersigned nor any other employee, member, officer, representative, or agent of Offeror have entered into any combination, collusion or agreement with any person or business entity (a) relative to any Bid Net Income Proposals being offered by Offeror in its Response, (b) to prevent any person or business entity from submitting an offer in response to the RFI, or (3) to induce any person or business entity from submitting an offer in response to the RFI, and that Offeror's Response is made without reference to any other offer and without any agreement, understanding or combination with any other person or business entity in reference to such Response;

C. No employee, member, officer, representative, or agent of Offeror has or will receive directly or indirectly, any rebate, fee, gift, commission or thing of value in connection with the RFI; and

D. I have the authority to bind Offeror with respect to this Response Transmittal Letter and its Response and to execute this affirmation and submit the Response as requested by the RFI.

Dated this 27th day of August 2012.

Scientific Games International, Inc.
(Name Of Organization)

By: _____
(Signature)

James C. Kennedy, Chief Marketing Officer
(Type Name/Title of Person Signing)

ACKNOWLEDGMENT

Important - Notary Signature and Seal Required in the Space Below

STATE OF GEORGIA
SS:
COUNTY OF DAWSON

Subscribed and sworn to before me this 27th day of August, 2012.

My commission expires: 5/10/15 (Signed) Patricia M. Ambarian

Residing in DAWSON County, State of GEORGIA

INSTANT PRODUCT BUSINESS PLAN

This section outlines SG Indiana's proposed approach for improving the performance of the Hoosier Lottery's instant ticket sales. The strategies described in this section of the Plan were developed to accelerate the Lottery's growth trajectory without a radical departure from its current business plan, which SG Indiana believes has driven the recent turnaround in results. The Plan was developed by examining how the Hoosier Lottery operates and performs relative to the industry and the industry's top performing lotteries, but also incorporates strategies based on Scientific Games' experience in Indiana.

SITUATION ANALYSIS

The instant ticket market has been the most significant component of growth in the U.S. lottery industry over the past five years. Between 2007 and 2012, U.S. instant ticket sales grew 3.4% per year and contributed $5.3 billion of incremental revenue compared to draw sales growth of 2.0 % per year and contributed $2.1 billion of incremental revenue.

U.S. LOTTERY SALES 2007-2012 ($ BILLIONS)							
	2007	2008	2009	2010	2011	2012	CAGR
Instants	$29.8	30.5	30.3	30.7	32.1	35.1	3.4%
Draw Games	20.3	20.5	20.5	21.1	21.0	22.4	2.0%
Monitor & Other	3.1	3.1	3.1	3.2	3.2	3.7	3.6%
Total	**53.2**	**54.1**	**53.9**	**55.0**	**56.3**	**61.2**	**2.8%**

Figure 1: U.S. Lottery Sales 2007-2012

Over the same time frame, instant ticket performance in Indiana has lagged the broader U.S. market, and has lagged the performance of peer lotteries collectively referred to in this document as "Lotteries of Interest", or "LOI". The LOI are a compilation of lotteries that are similar in terms of geography and population as the Hoosier Lottery but have higher per capita sales. These comparison lotteries include Massachusetts, Ohio, Virginia, Georgia, Kentucky, Missouri, and Tennessee. Hoosier Lottery instant tickets have grown at 1.64% per year versus an average of 3.2% for the Lotteries of Interest peer group described in Figure 2.

GROWTH OF INSTANTS 2007- 2012 ($MILLIONS)							
	2007	2008	2009	2010	2011	2012	CAGR
Indiana	506.8	525.9	473.8	464.6	508.4	547.6	1.6%
Lotteries of Interest	5,509	5,669	5,787	5,663	5,931	6,458	3.2%
Total U.S.	**$29,808**	**30,479**	**30,384**	**30,704**	**30,749**	**35, 153**	**3.4%**

Figure 2: Growth of Instants 2007-2012

SG Indiana's recommendations for driving growth are based on industry best practice for instant tickets and the Indiana market's unique dynamics. Scientific Games has been working very closely with Hoosier Lottery management over the past two years to bring Indiana back to best practices and results have begun to reflect these efforts. As indicated in Figure 3, sales of instant tickets grew in Indiana at a rate of 1.6% in 2012 compared to declining at 0.1% per year during the period between 2007 and 2011. In 2012, the Hoosier Lottery continued to narrow the performance gap with its peers.

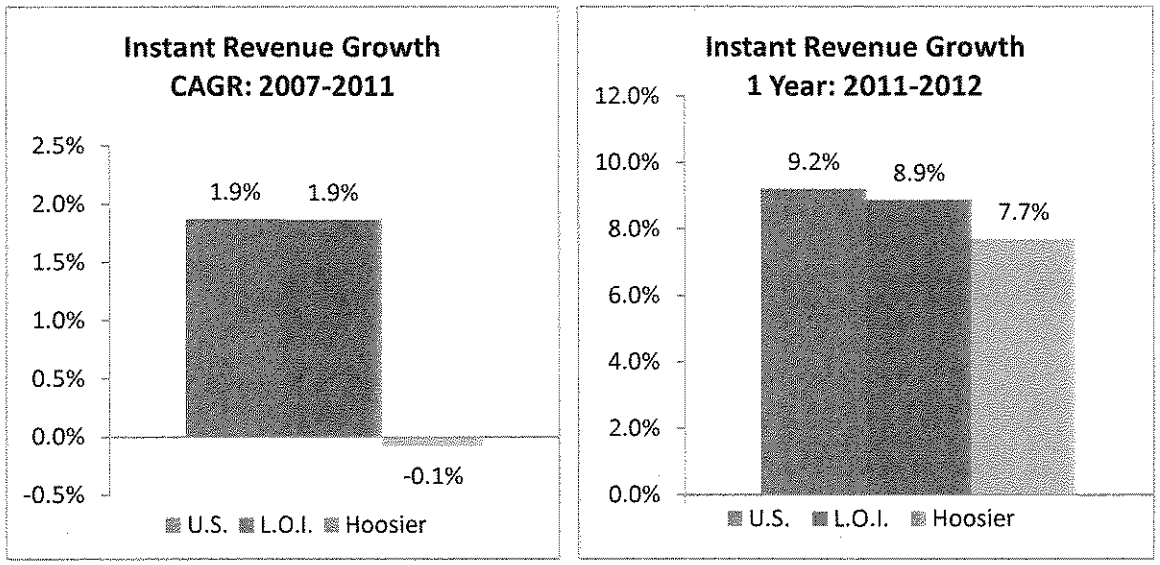

Figure 3: Instant Revenue Growth, 2007-2011 and 2011-2012

More recently, Hoosier Lottery growth has been strong. On an (unaudited) year-to-date basis over 2012, instants are up 16.1%.

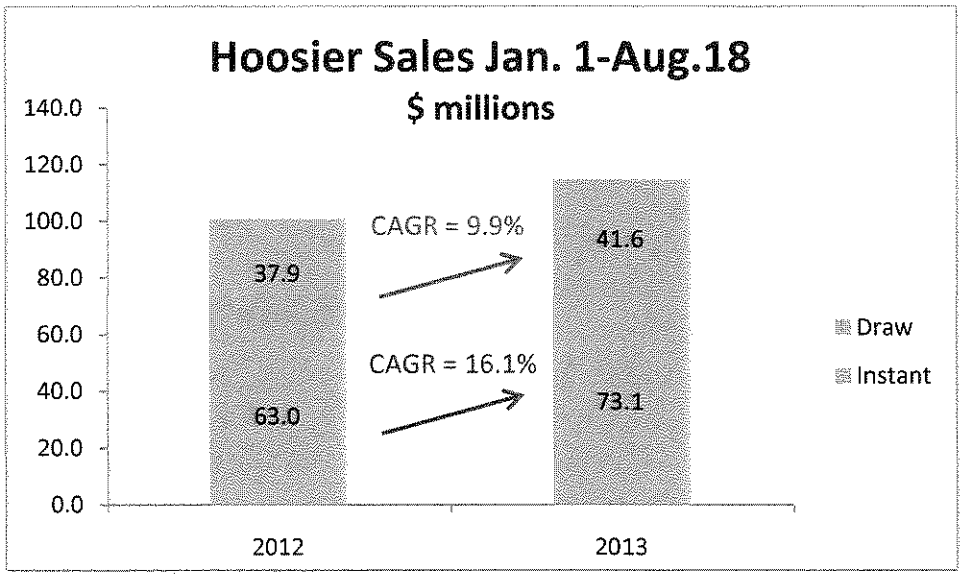

Figure 4: Revenue Growth, 2012-2013, Instant and Draw Games (through Aug. 18)

Determinants of Demand

Scientific Games has been a pioneer in the development of key intellectual capital around the determinants of demand for instant tickets. Over the past 20 years, Scientific Games has developed its proprietary MAP™ database of instant game performance, conducted extensive market research and developed econometric studies to isolate the determinants of demand. Furthermore, Scientific Games has worked closely with virtually every U.S. lottery on detailed product planning and performance monitoring and improvement.

— CONFIDENTIAL INFORMATION BEGINS HERE —

"Confidential as per Indiana Code § 5-14-3-4(a)."

— CONFIDENTIAL INFORMATION ENDS HERE —

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In Figure 9, the impact of higher price points on the Hoosier Lottery 2012 results some measure of success in increasing price points.

Price Point	$1	$2	$3	$5	$10	$20
Change from FY11 to FY12	($3.1m)	$4.0m	$8.9m	$26.9m	$1.1m	$9.2m
	-5.87%	3.75%	48.39%	16.38%	1.36%	12.42%

Figure 9: Hoosier FY12 versus FY11 Sales by Price Point

Portfolio Optimization

Given the power of effective price, a second key driver for growth is optimizing the product portfolio. The most successful U.S. lotteries know that maintaining a strong portfolio across all price points is important and that by doing so, they can ensure profitability even with higher overall payouts.

Figure 10 presents a heat map summarizing key metrics for each U.S. lottery for the most recent fiscal year. The states are ranked from highest to lowest in weekly per capita sales; Massachusetts is first and Montana is last; Indiana ranks #23. Areas in green indicate higher weekly per capita performance and areas in red indicate lower performance (yellow is a mid-point). As implied by this table, top performing lotteries take a holistic view of their instant product portfolio, emphasizing some price points and deemphasizing others.

STATE	Population	Retailers	Density	FY12 WPC $1	$2	$3	$5	$10	$20	>$20	Total	FY12 ASP
MA	6,587,536	8,114	812	$0.38	$2.00		$2.93	$2.22	$1.86		$9.41	$4.12
GA	9,815,210	8,492	1,156	$0.41	$0.86	$0.38	$1.09	$1.29	$0.98		$5.02	$3.67
NY	19,465,197	16,700	1,166	$0.42	$0.86	$0.19	$0.82	$0.92	$0.37	$0.07	$3.51	$3.07
CT	3,580,709	2,704	1,324	$0.17	$0.29	$0.45	$0.81	$1.17	$0.45	$0.13	$3.47	$4.49
PA	12,742,886	9,019	1,413	$0.21	$0.38	$0.21	$1.03	$0.60	$0.79		$3.22	$4.15
TN	6,403,353	4,852	1,320	$0.31	$0.70	$0.22	$0.83	$0.44	$0.62		$3.14	$3.19
SC	4,679,230	3,745	1,249	$0.20	$0.35	$0.12	$0.65	$1.73			$3.06	$4.25
NJ	8,821,155	6,100	1,446	$0.08	$0.93	$0.70	$0.85	$0.49	$0.02		$3.06	$3.05
AR	2,937,979	1,866	1,574	$0.26	$0.37	$0.22	$0.56	$0.70	$0.46		$2.57	$3.57
NH	1,318,194	1,246	1,058	$0.19	$0.40	$0.35	$0.70	$0.69	$0.23	$0.02	$2.55	$3.50
FL	19,057,542	13,138	1,451	$0.16	$0.38	$0.18	$0.53	$0.34	$0.94		$2.53	$4.23
OH	11,544,951	9,950	1,160	$0.30	$0.29	$0.08	$0.72	$0.50	$0.60		$2.48	$3.58
IL	12,869,257	7,519	1,712	$0.27	$0.29	$0.20	$0.73	$0.45	$0.36	$0.10	$2.40	$3.46
ME	1,328,188	1,282	1,036	$0.25	$0.44	$0.40	$0.53	$0.37	$0.41		$2.39	$3.12
MO	6,010,688	4,861	1,237	$0.26	$0.47	$0.27	$0.64	$0.33	$0.34		$2.31	$3.01
VT	626,431	727	862	$0.23	$0.34	$0.25	$0.83	$0.34	$0.23		$2.22	$3.17
KY	4,369,356	2,850	1,533	$0.18	$0.41	$0.14	$0.70	$0.42	$0.37		$2.21	$3.49
TX	25,674,681	16,817	1,527	$0.15	$0.29	$0.26	$0.75	$0.34	$0.30	$0.09	$2.17	$3.73
VA	8,096,604	5,125	1,580	$0.21	$0.28	$0.11	$0.76	$0.32	$0.30		$1.98	$3.37
NC	9,656,401	6,622	1,458	$0.16	$0.30	$0.12	$0.53	$0.45	$0.31		$1.88	$3.60
DC	617,996	505	1,224	$0.29	$0.31	$0.08	$0.53	$0.31	$0.28		$1.81	$2.91
MD	5,828,289	4,226	1,379	$0.11	$0.15	$0.15	$0.69	$0.35	$0.22		$1.66	$4.01
IN	6,516,922	3,921	1,662	$0.14	$0.32	$0.08	$0.55	$0.24	$0.24		$1.57	$3.31
RI	1,051,302	1,235	851	$0.22	$0.37	$0.12	$0.53	$0.19	$0.08		$1.52	$2.62
MI	9,876,187	10,746	919	$0.15	$0.55	$0.11	$0.34	$0.20	$0.12		$1.41	$2.65
CA	37,691,912	21,162	1,781	$0.14	$0.20	$0.41	$0.39	$0.33			$1.37	$2.91
CO	5,116,796	3,049	1,678	$0.14	$0.12	$0.18	$0.38	$0.24	$0.30		$1.36	$3.63
MN	5,344,861	3,021	1,769	$0.09	$0.13	$0.28	$0.35	$0.16	$0.20	$0.18	$1.27	$3.63
AZ	6,482,505	2,965	2,186	$0.07	$0.29	$0.04	$0.40	$0.35	$0.12		$1.26	$3.66
WV	1,855,364	1,586	1,170	$0.28	$0.58	$0.08	$0.19	$0.15			$1.21	$1.89
ID	1,584,985	1,085	1,461	$0.10	$0.10	$0.26	$0.38	$0.17	$0.18		$1.21	$3.51
IA	3,062,309	1,987	1,541	$0.11	$0.21	$0.27	$0.30	$0.23	$0.05		$1.18	$2.98
WI	5,711,767	3,675	1,554	$0.09	$0.20	$0.16	$0.28	$0.16	$0.22		$1.09	$3.41
DE	907,135	535	1,696	$0.12	$0.16	$0.07	$0.18	$0.20	$0.23		$0.96	$3.33
WA	6,830,038	4,192	1,629	$0.06	$0.20	$0.07	$0.31	$0.13	$0.14		$0.90	$3.46
NE	1,842,641	1,179	1,563	$0.16	$0.07	$0.21	$0.17	$0.18	$0.10		$0.86	$2.69
LA	4,574,836	2,889	1,584	$0.20	$0.20	$0.07	$0.16	$0.11			$0.74	$2.01
NM	2,082,224	1,107	1,881	$0.13	$0.10	$0.15	$0.18	$0.03	$0.08		$0.64	$2.44
OR	3,871,859	3,910	990	$0.08	$0.21	$0.10	$0.13	$0.04	$0.08		$0.58	$2.29
SD	824,082	608	1,355	$0.10	$0.09	$0.14	$0.12	$0.05	$0.04		$0.55	$2.41
OK	3,791,508	1,972	1,923	$0.13	$0.10	$0.12	$0.20				$0.55	$2.10
MT	998,199	783	1,275	$0.06	$0.10	$0.04	$0.04	$0.03	$0.04		$0.32	$2.34

Figure 10: Weekly per Capita by Price Point

Figure 10 also reveals that, compared to top lotteries, which underperform at some price points and over perform at others, the Hoosier Lottery has room for growth across all price points.

Figure 11 presents the composition of instant sales by price points. The leading lottery, for example, has its revenue relatively concentrated at the higher ends of the price spectrum. 20% of Massachusetts' instants sales occur at a $20 price point, 24% at $10 and 31% at $5 and only 4% of its sales are at the $1 price point. By comparison, Indiana has only 16% at $20 and 15% at $10. Indiana's $5 game is strong at 35%, but $1 games represent 9% of sales.

STATE	FY12 % of Sales						
	$1	$2	$3	$5	$10	$20	>$20
MA	4.1%	21.3%		31.2%	23.6%	19.8%	
GA	8.2%	17.2%	7.7%	21.8%	25.6%	19.4%	
NY	12.0%	24.4%	1.4%	23.3%	26.2%	10.7%	2.0%
CT	5.0%	8.4%	12.9%	23.2%	33.8%	12.9%	3.8%
PA	6.4%	11.9%	6.6%	32.0%	18.5%	24.6%	
TN	10.0%	22.4%	7.1%	26.6%	14.2%	19.7%	
SC	2.7%	30.6%	22.8%	27.8%	15.9%	0.3%	
NJ	6.4%	11.6%	4.0%	21.3%	56.6%		
AR	7.6%	15.6%	13.6%	27.3%	27.0%	8.9%	0.1%
NH	10.0%	14.3%	8.5%	21.9%	27.3%	18.0%	
FL	6.3%	15.0%	7.0%	21.1%	13.5%	37.0%	
OH	11.9%	11.8%	3.1%	29.2%	20.0%	24.1%	
IL	11.1%	12.2%	8.3%	30.5%	18.9%	15.0%	4.0%
ME	10.4%	18.4%	16.5%	22.2%	15.4%	17.2%	
MO	11.4%	20.3%	11.5%	27.9%	14.2%	14.7%	
VT	10.4%	15.4%	11.4%	37.3%	15.1%	10.2%	
KY	8.1%	18.6%	6.3%	31.6%	18.8%	16.7%	
TX	7.0%	13.4%	11.9%	34.4%	15.5%	13.6%	4.1%
VA	10.6%	14.4%	5.6%	38.4%	16.0%	15.1%	
NC	8.7%	16.0%	6.4%	28.2%	24.2%	16.5%	
DC	15.9%	17.1%	4.7%	29.4%	17.4%	15.6%	
MD	6.4%	9.1%	8.9%	41.4%	21.2%	13.0%	
IN	8.9%	20.2%	5.0%	35.1%	15.3%	15.5%	
RI	14.7%	24.4%	8.1%	35.1%	12.6%	5.1%	
MI	10.3%	39.0%	3.1%	24.2%	14.5%	8.8%	
CA	9.9%	14.4%	29.5%	28.4%	17.8%		
CO	10.1%	9.0%	13.3%	27.5%	17.8%	22.2%	
MN	7.3%	10.3%	21.8%	27.5%	12.3%	15.6%	5.2%
AZ	5.2%	23.1%	2.9%	31.5%	27.6%	9.7%	
WV	23.0%	48.0%	6.5%	14.9%	7.6%		
ID	8.5%	8.2%	21.9%	31.8%	14.4%	15.3%	
IA	9.4%	18.1%	23.3%	25.9%	19.2%	4.2%	
WI	8.1%	18.0%	14.2%	25.2%	14.5%	19.9%	
DE	12.1%	16.7%	7.1%	19.0%	21.3%	23.9%	
WA	6.2%	22.0%	7.8%	34.2%	14.6%	15.3%	
NE	18.5%	8.7%	24.0%	19.9%	20.5%	8.4%	
LA	27.5%	26.6%	9.6%	21.7%	14.6%		
NM	19.5%	15.2%	22.9%	27.6%	2.3%	12.5%	
OR	14.3%	35.6%	17.9%	23.1%	6.8%	2.4%	
SD	18.4%	17.2%	25.2%	21.9%	9.3%	7.9%	
OK	23.7%	19.2%	21.3%	35.9%			
MT	17.7%	32.2%	13.6%	13.9%	10.2%	12.4%	

Figure 11: FY12 % of Sales

Figure 12 underscores how heavily weighted the Hoosier Lottery's instant game launch schedule is toward the lower price point games ($1 and $2). Scientific Games understands the role that these games play in balancing overall instant game payout, but as a mature lottery, it is important that the Hoosier Lottery have a strong portfolio of higher-priced games in the market to maintain player interest and grow sales. SG Indiana's plan is to create a more balanced mix of price points in order to grow sales and revenue.

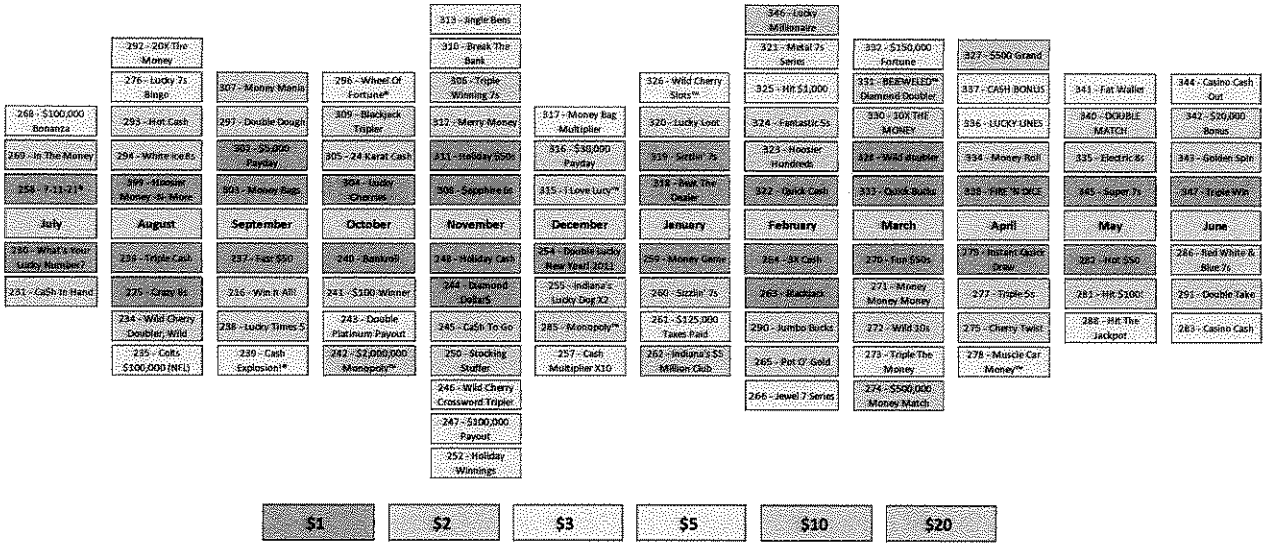

Figure 12: Hoosier Instant Scratch Off Game Launches in FY12
Data source: Scientific Games' Proprietary MAP System

Base Game Strategy

A key element to delivering an effective portfolio of instant games is to develop a suite of base games. The best performing instant lotteries all have succeeded in offering a suite of games that have relatively long product life cycles and that collectively contribute a steady and reliable base of sales. These games are appealing to players because they give the player a sense of continuity and stability. These games thus provide the lottery a framework around which they introduce new games.

The Hoosier Lottery has been highly active in introducing new games. It is important to note, however, that the number of games launched is secondary to the resulting sales and subsequently profit of those launches. The New York Lottery, for example, launched only one fewer $1 games than the Hoosier Lottery in FY 2012 (15 vs. 16) but achieved $0.28 more in weekly per capita sales.

STATE	FY12 Launches $1	$2	$3	$5	$10	$20	>$20	Total
MA	6	12		9	2	2		31
GA	14	14	6	11	3	2		50
NY	15	17	2	12	5	2		53
CT	7	12	8	10	8	3		48
PA	7	11	6	15	4	6		49
TN	13	15	4	17	6	3		58
SC	6	34	16	17	3			76
NJ	17	18	6	14	15			70
AR	6	10	7	10	12	1		46
NH	17	12	6	11	8	1		55
FL	13	15	5	13	3	2		51
OH	19	18	2	14	4	2		59
IL	10	13	10	9	3	2		47
ME	11	17	6	9	3	2		48
MO	11	14	6	14	3	1		49
VT	13	13	6	19	6	2		59
KY	19	22	5	16	7	3		72
TX	19	19	10	30	11	3	1	93
VA	19	18	4	21	2	1		65
NC	15	15	6	11	3	1		51
DC	16	16	3	12	4	1		52
MD	8	13	8	16	10	2		57
IN	16	20	2	14	2	1		55
RI	10	10	3	11	3	1		38
MI	12	24	2	10	7	3		58
CA	13	12	13	11	2			51
CO	10	8	10	11	3	3		45
MN	9	11	16	21	10	10	1	78
AZ	15	17	1	16	6	2		57
WV	25	17	3	5	2			52
ID	10	8	11	12	6	2		49
IA	13	15	8	7	3			46
WI	15	16	14	15	7	6		73
DE	11	15	5	6	3	2		42
WA	13	17	5	19	7	2		63
NE	17	9	7	10	6	1		50
LA	23	24	6	11	4			68
NM	15	10	8	8		1		42
OR	8	20	9	10	3	1		51
SD	8	9	7	6	2			32
OK	19	14	5	8				46
MT	12	20	5	5	1	1		44

Figure 13: FY12 Industry Instant Scratch Game Number of Launches Comparison
Data source: Scientific Games' Proprietary MAP System

State	FY'12 Launches							
	$1	$2	$3	$5	$10	$20	>$20	Total
MA	$0.38	$2.00		$2.93	$2.22	$1.86		$9.41
GA	$0.41	$0.86	$0.38	$1.09	$1.29	$0.98		$5.02
NY	$0.42	$0.86	$0.19	$0.82	$0.92	$0.37	$0.07	$3.51
CT	$0.17	$0.29	$0.45	$0.81	$1.17	$0.45	$0.13	$3.47
PA	$0.21	$0.38	$0.21	$1.03	$0.60	$0.79		$3.22
TN	$0.31	$0.70	$0.22	$0.83	$0.44	$0.62		$3.14
SC	$0.20	$0.35	$0.12	$0.65	$1.73			$3.06
NJ	$0.08	$0.93	$0.70	$0.85	$0.49	$0.02		$3.06
AR	$0.26	$0.37	$0.22	$0.56	$0.70	$0.46		$2.57
NH	$0.19	$0.40	$0.35	$0.70	$0.69	$0.23	$0.02	$2.55
FL	$0.16	$0.38	$0.18	$0.53	$0.34	$0.94		$2.53
OH	$0.30	$0.29	$0.08	$0.72	$0.50	$0.60		$2.48
IL	$0.27	$0.29	$0.20	$0.73	$0.45	$0.36	$0.10	$2.40
ME	$0.25	$0.44	$0.40	$0.53	$0.37	$0.41		$2.39
MO	$0.26	$0.47	$0.27	$0.64	$0.33	$0.34		$2.31
VT	$0.23	$0.34	$0.25	$0.83	$0.34	$0.23		$2.22
KY	$0.18	$0.41	$0.14	$0.70	$0.42	$0.37		$2.21
TX	$0.15	$0.29	$0.26	$0.75	$0.34	$0.30	$0.09	$2.17
VA	$0.21	$0.28	$0.11	$0.76	$0.32	$0.30		$1.98
NC	$0.16	$0.30	$0.12	$0.53	$0.45	$0.31		$1.88
DC	$0.29	$0.31	$0.08	$0.53	$0.31	$0.28		$1.81
MD	$0.11	$0.15	$0.15	$0.69	$0.35	$0.22		$1.66
IN	$0.14	$0.32	$0.08	$0.55	$0.24	$0.24		$1.57
RI	$0.22	$0.37	$0.12	$0.53	$0.19	$0.08		$1.52
MI	$0.15	$0.55	$0.11	$0.34	$0.20	$0.12		$1.41
CA	$0.14	$0.20	$0.41	$0.39	$0.33			$1.37
CO	$0.14	$0.12	$0.18	$0.38	$0.24	$0.30		$1.36
MN	$0.09	$0.13	$0.28	$0.35	$0.16	$0.20	$0.18	$1.27
AZ	$0.07	$0.29	$0.04	$0.40	$0.35	$0.12		$1.26
WV	$0.28	$0.58	$0.08	$0.19	$0.15			$1.21
ID	$0.10	$0.10	$0.26	$0.38	$0.17	$0.18		$1.21
IA	$0.11	$0.21	$0.27	$0.30	$0.23	$0.05		$1.18
WI	$0.09	$0.20	$0.16	$0.28	$0.16	$0.22		$1.09
DE	$0.12	$0.16	$0.07	$0.18	$0.20	$0.23		$0.96
WA	$0.06	$0.20	$0.07	$0.31	$0.13	$0.14		$0.90
NE	$0.16	$0.07	$0.21	$0.17	$0.18	$0.10		$0.86
LA	$0.20	$0.20	$0.07	$0.16	$0.11			$0.74
NM	$0.13	$0.10	$0.15	$0.18	$0.03	$0.08		$0.64
OR	$0.08	$0.21	$0.10	$0.13	$0.04	$0.08		$0.58
SD	$0.10	$0.09	$0.14	$0.12	$0.05	$0.04		$0.55
OK	$0.13	$0.10	$0.12	$0.20				$0.55
MT	$0.06	$0.10	$0.04	$0.04	$0.03	$0.04		$0.32
PR	$0.12	$0.10	$0.03	$0.04				$0.28
US Avg	$0.19	$0.41	$0.21	$0.59	$0.46	$0.44	$0.08	$2.28

Figure 14: FY12 Industry Instant Scratch Game Weekly Per Capita
Data source: Scientific Games' Proprietary MAP System

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Prize Structure Optimization

In addition to overall payout, SG Indiana believes it is very useful to examine the Hoosier Lottery's prize structures by price point against the Lotteries of Interest group. The charts and analysis (Figure 18) reflect prize structure data from games launched in FY 2012. Please note that the Data source for this information is Scientific Games' proprietary MAP System and Scientific Games' Game Programming Department.

Prize Structure Analysis								
$1 Games	IN	MA	OH	VA	GA	KY	MO	TN
TOP PRIZE	$2,300	$5,000	$1,000	$1,000	$7,500	$2,000	$2,500	$1,800
Value	$18,928	$420,000	$40,000	$36,000	$45,000	$10,000	$30,000	$10,800
Chance of winning $2 & UP 1:	11.15	8.40	7.66	12.10	9.46	8.89	10.47	8.97
Chance of winning $10 & UP 1:	71.78	63.41	85.96	87.69	66.56	119.55	59.36	86.23
Chance of winning $20 & UP 1:	189.15	191.34	216.61	227.36	188.96	299.19	179.91	389.04
Chance of winning $30/$40 & UP 1:	799.43	410.26	1,532.96	1,199.36	1,447.04	1,755.19	1,186.72	1,211.11
Chance of winning $100 & UP 1:	6,935.14	867.47	5,994.24	12,294.42	10,508.74	153,139.01	3,867.00	7,146.89
Overall Chance of Winning	4.65	4.86	4.71	4.62	4.61	4.87	4.71	4.72
Payout Stated	60.26%	69.92%	61.01%	61.02%	63.00%	58.24%	67.01%	54.98%
Effective Payout	60.26%	69.92%	61.01%	61.02%	67.05%	62.10%	67.01%	59.48%
Game Size	4,010,719	25,200,000	8,235,800	4,439,089	8,870,400	2,421,867	9,313,200	3,584,550
Per Cap	$7.68	$19.80	$15.70	$11.27	$23.00	$9.69	$14.12	$15.80

Figure 18: $1 Prize Structure Analysis

Comparing the Hoosier Lottery's current $1 prize structures to states like Massachusetts, Georgia, and Missouri, yields the following observations and recommendations.

$1 Current Situation

1. The top prize is low.
2. The chance to win $2 and up (i.e., the chance to win more than you paid for the ticket) is relatively weak at 1:11.15 compared to 1:9.46 for Georgia, 1:10.47 for Missouri and 1:8.40 for Massachusetts.
3. The chance to win $10 and up (1:71.78) this relatively weak compared to Georgia at 1:66.56, Missouri at 1:59.36 and Massachusetts at 1:63.41.
4. The chance to win $30/$40 and up is weak only compared to Massachusetts.
5. The chance to win $100 and up (1:6935.14) is weak compared only to Missouri at 1:3867 and Massachusetts at 1:867.47.

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The following is a summary of $2 prize structures for the Hoosier lottery and seven lotteries of interest.

Prize Structure Analysis								
$2 Games	IN	MA	OH	VA	GA	KY	MO	TN
TOP PRIZE	$19,172	$25,000	$16,944	$16,889	$35,000	$10,000	$25,000	24,722
Value	$103,192	$625,000	$254,160	$110,556	$210,000	$60,000	$175,000	$74,166
Chance of winning $10 & UP 1:	40.63	29.59	34.72	26.29	25.21	8.43	31.71	34.03
Chance of winning $20 & UP 1:	88.30	71.66	72.13	68.60	72.07	38.89	85.57	106.51
Chance of winning $30/$40 & UP 1:	199.86	255.13	283.34	338.62	192.04	78.75	216.21	235.68
Chance of winning $100 & UP 1:	5,676.52	559.77	788.61	1,260.74	2,200.80	450.99	667.71	1,070.81
Chance of winning $1,000 & UP 1:	201,020.49	18,922.11	39,225.00	370,061.72	1,235,275.00	5,115.74	81,335.38	1,030,643.24
Chance of winning $10,000 & UP 1:	527,217.10	738,000.00	205,873.33	689,940.90	1,242,475.00	317,256.56	748,357.14	1,299,950.00
Overall Chance of Winning	4.55	4.75	4.58	4.64	4.16	4.39	4.45	4.41
Payout Stated	68.18%	72.87%	64.92%	64.04%	68.48%	59.61%	66.63%	59.66%
Effective Payout	68.18%	72.87%	64.92%	64.04%	71.66%	64.00%	66.63%	637.70%
Game Size	3,470,050	25,200,000	6,175,550	4,070,500	8,696,700	2,600,214	12,942,300	3,096,900
Per Cap	$17.13	$108.00	$14.90	$16.11	$47.10	$22.02	$24.97	$37.50

Figure 21: $2 Prize Structure Analysis

Comparing the Hoosier Lottery's current $2 prize structures to states like Massachusetts, Georgia, and Missouri, yields the following observations and recommendations.

$2 Current Situation

1. The top prize is very low.
2. The chance to win $10 and up is relatively weak at 1:40.63.
3. The chance to win $100 and up is weak at 1:5676 relative to the comparison markets.
4. The chance to win $1,000 and up is weak.
5. The chance to win $10,000 is too strong at 1:52721.

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The following is a summary of $5 prize structures for the Hoosier lottery and seven lotteries of interest.

Prize Structure Analysis								
$5 Games	IN	MA	OH	VA	GA	KY	MO	TN
TOP PRIZE	$108,770	$1,000,000	$100,000	$130,000	$300,000	$36,000	$91,167	$100,000
Value	$737,603	$6,000,000	$100,000	$475,000	$1,350,000	$108,000	$132,952,800	$200,000
Chance of winning $10 & UP 1:	7.09	7.60	8.09	7.35	7.77	6.23	7.54	8.73
Chance of winning $20 & UP 1:	23.21	25.69	15.48	19.16	22.64	7.14	30.62	31.91
Chance of winning $30/$40 & UP 1:	114.46	57.50	80.53	145.44	72.14	24.12	67.70	94.72
Chance of winning $100 & UP 1:	535.43	182.95	498.05	701.50	388.81	93.87	258.72	812.46
Chance of winning $1,000 & UP 1:	12,630.84	5,326.57	65,637.23	35,527.25	29,045.26	713.34	7,562.73	125,830.38
Chance of winning $10,000 & UP 1:	297,223.48	70,786.52	511,992.50	268,137.68	669,690.00	75,066.68	239,554.59	817,065.00
Chance of winning $50,000 & UP 1:	510,583.13	3,024,000.00	1,542,112.50	877,181.27	1,343,436.00	355,236.81	805,774.55	873,360.00
Overall Chance of Winning	3.96	4.45	4.09	4.26	3.92	3.60	4.01	3.59
Payout Stated	69.63%	77.40%	68.60%	67.64%	69.91%	67.17%	69.30%	61.75%
Effective Payout	69.63%	77.40%	68.60%	67.64%	72.97%	70.84%	69.30%	65.75%
Game Size	3,322,486	25,200,000	6,168,550	4,012,522	7,216,530	2,143,675	132,952,800	1,869,480
Per Cap	$29.63	$151.10	$37.20	$40.93	$57.00	$37.19	$34.23	$42.10

Figure 24: $5 Prize Structure Analysis

Comparing the Hoosier Lottery's current $5 prize structures to states like Massachusetts, Georgia, and Missouri, yields the following observations and recommendations.

$5 Current Situation

1. The chance to win $20 and up is reasonable.
2. The chance to win $30/$40 and up is quite weak at 1:114.46.
3. The chance to win $100 and up is poor at 1:535.43.
4. The chance to win $1,000 and up at 1:12630.84 is not very strong.
5. The chance to win $10,000 and up is marginal at 1:297,323.48.
6. The top prize of approximately $100,000 lacks excitement.

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Figure 27 is a summary of $10 prize structures for the Hoosier Lottery and the lotteries of interest.

Prize Structure Analysis								
$10 Games	IN	MA	OH	VA	GA	KY	MO	TN
TOP PRIZE	$500,000	$3,500,000	$1,000,000	$14,400,000	$1,000,000	$100,000	$625,000	$275,000
Value	$1,000,000	$33,717,850	$5,278,707	$144,000,000	$2,475,000	$93,720,000	$11,619,568	$950,000
Chance of winning $20 & UP 1:	7.81	7.96	7.60	9.17	7.16	9.79	9.46	8.85
Chance of winning $30/$40 & UP 1:	28.07	33.46	33.85	40.59	43.32	23.64	37.05	33.05
Chance of winning $100 & UP 1:	62.54	64.22	86.64	90.11	90.60	92.68	75.56	87.61
Chance of winning $1,000 & UP 1:	4,084.47	2,442.36	1,737.96	5,113.64	2,689.38	7,713.66	3,803.74	59,090.91
Chance of winning $10,000 & UP 1:	212,500.00	65,146.31	40,485.83	257,142.86	53,081.76	199,245.28	55,968.99	292,500.00
Chance of winning $50,000 & UP 1:	1,020,000.00	2,673,391.30	1,428,571.43	1,440,000.00	461,052.63	528,000.00	418,571.43	660,000.00
Chance of winning $100,000 & UP 1:	10,200,000.00	2,673,391.30	1,428,571.43	1,440,000.00	640,000.00	528,000.00	418,571.43	660,000.00
Overall Chance of Winning	3.53	3.51	3.98	3.27	3.28	3.39	3.36	3.39
Payout Stated	71.50%	80.24%	73.39%	72.50%	75.53%	67.78%	74.56%	66.14%
Effective Payout	71.50%	80.24%	73.39%	72.50%	77.97%	71.41%	74.56%	67.50%
Game Size	2,040,000	35,280,000	10,000,000	14,400,000	11,400,000	10,560,000	4,500,000	2,220,000
Per Cap	$12.83	$110.90	$24.10	$17.09	$63.50	$22.11	$17.50	$18.20

Figure 27: $10 Prize Structure Analysis

Comparing the Hoosier Lottery's current $10 prize structures to states like Massachusetts, Georgia, and Missouri, yields the following observations and recommendations.

$10 Current Situation

1. The current version offers top prizes averaging $500,000 and lacks excitement.
2. The current version is in line at the $100 and up level as shown in Figure 27. However, this is somewhat deceiving as the table ranges do not isolate the prize levels between $200 and $1,000 which are very important to the $10 price point. An analysis of these prize levels indicate a 1:1,500 chance of winning a $200 prize and infrequent use of $500 prizes.

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The following is a summary of $20 prize structures for the Hoosier Lottery and the lotteries of interest.

Prize Structure Analysis								
$20 Games	IN	MA	OH	VA	GA	KY	MO	TN
TOP PRIZE	$1,000,000	$10,000,000	$3,500,000	$1,437,500	$4,347,827	$208,333	$3,773,914	$1,150,000
Value	$12,000,000	$40,000,000	$10,500,000	$120,000,000	$21,000,000	$105,960,000	$7,547,827	$4,100,000
Chance of winning $30/$40 & UP 1:	15.44	13.21	9.48	25.05	6.65	14.66	13.45	12.91
Chance of winning $100 & UP 1:	40.38	28.03	38.89	36.75	53.47	14.66	29.11	43.10
Chance of winning $1,000 & UP 1:	1,735.32	1,093.22	1,887.50	1,383.76	3,708.61	1,497.75	1,563.11	5,984.25
Chance of winning $10,000 & UP 1:	51,204.23	25,200.00	38,461.54	44,117.65	336,000.00	150,320.86	40,832.34	84,857.14
Chance of winning $50,000 & UP 1:	302,958.33	616,000.00	1,000,000.00	375,000.00	654,545.45	519,760.00	787,500.00	480,000.00
Chance of winning $100,000 & UP 1:	302,958.33	630,000.00	1,000,000.00	375,000.00	1,008,000.00	519.76	787,500.00	630,000.00
Chance of winning$1,000,000 & UP 1:	302,958.33	630,000.00	1,250,000.00	1,016,780.00	2,040,000.00		2,700,000.00	1,212,000.00
Overall Chance of Winning	3.08	2.98	3.08	2.89	3.15	2.84	2.93	2.98
Payout Stated	74.79%	80.20%	75.03%	75.00%	77.00%	67.72%	76.72%	72.58%
Effective Payout	74.79%	80.20%	75.03%	75.00%	79.45%	71.50%	76.72%	71.54%
Game Size	3,635,500	22,176,000	6,000,000	6,000,000	10,080,000	6,000,000	5,400,000	3,660,000
Per Cap	$12.98	$31.90	$31.90	$16.07	$47.50	$19.65	$18.06	$31.20

Figure 30: $20 Prize Structure Analysis

Comparing the Hoosier Lottery's current prize structures to states like Massachusetts, Georgia, and Missouri, yields the following observations and recommendations.

$20 Current Situation

1. The top prize on the current version averages $1,000,000 which is very low for a $20 product.
2. The chance to win $30/$40 and up is relatively weak at 1:15.44.
3. The chance to win $100 and up is weak at 1:40.36.
4. The current version features a reasonable but still relatively low chance to win $1000 and up at 1:1735.32.

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The analyses and the information above all serve as the basis for our product plan for Year One. This Plan includes games that were specifically designed to address some of the opportunities for growth we highlighted in the preceding pages. However, it is worth noting again that SG Indiana does not consider these to be material changes; rather they are viewed as simply measures to accelerate the growth of a vastly improved portfolio of instant games.

GROWTH STRATEGY AND LOTTERY OPTIMIZATION TACTICS

Given the Hoosier Lottery's current situation, we believe the key growth drivers for Year One and Year Two are the following:

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PRODUCT PLAN

The following section includes product introduction schedules for Years One and Two as well as completed designs and prize structures for the proposed Year One plan. Each introduction will be supported by a launch rationale and financial summary information. Year One includes 43 games, assembled into 12 monthly introductions, that are recommended for release in the first 52 weeks of the new contract. At the end of this section are charts that summarize the content of the first year's introductions in total, by price point and by theme. To compile this plan, intense indexing analysis of all of your games for the last five years was used at both 20 week marks (to capture the early enthusiasm for games) and at 30 weeks (to test the legs or staying power of games). This data helps indicate the type of games that Indiana instant game players were most happy playing. In addition, a sales and attribute study that compared high indexing games versus low indexing games to see which key elements of a game's makeup seem to contribute to success. The Scientific Games MAP analytical system was also used to search for the games/themes/mechanics by price point that offered the best chance for success (including graphic impact) measured by index factors. The MAP system provides real world evidence of the quality of games as those games that consistently index over 100 can be isolated. Most importantly, the experience of the Scientific Games' Hoosier Lottery account team was extensively consulted as data is most valuable when supported with practical experience. It is in this type of analysis that SG Indiana will continue to provide an assortment of games that will consistently deliver success and allow the Hoosier Lottery to maximize profit. It should be noted that, rather than always using existing games that have performed well, it is important to continually look for new creative ideas that will add value to the Hoosier Lottery. Value added creativity was central in this analysis and SG Indiana will continue the search for creative ideas going forward.

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Game Lineup

- $1 Gold 7s
- $2 Hoosier Lottery Gold
- $20 $3,000,000 Gold Bullion

Summary

What better way to start this new program than with three high impact "Gold Oriented" tickets. Gold is a universal store of value and signifies sentiments that these games are intended to invoke. From a fast action $1 game (Gold 7s) that delivers a top prize of $5,000 and over 400,000 winners to a rich $2 game (Hoosier Lottery Gold) that offers a $25,000 top prize and over $6,700,000 in total prizes to the exciting $20 hero of the introduction ($3,000,000 Gold Bullion) that features top prizes of $3,000,000 in gold bullion or cash and over $62 million in total prizes. This introduction should really energize the market.

In addition to dynamic processes, all of these games offer play value extras that make playing more interesting. The Gold 7s game is built around the excitement offered by getting a 7 autowin, Hoosier Lottery Gold offers a doubler and a winner take all symbol, and the $20 $3,000,000 Gold Bullion game features 5X and 20X multipliers as well as a winner take all symbol.

The "Gold" theme ties the games together thematically but the games are strongly differentiated from one another by clear variations in prize values and mechanics.

Graphic Designs and Callouts

$1 Game

Gold 7s screams fast action and value and its look is different and intriguing.

Ticket/POS Callouts

- Win up to $5,000
- Over 1,400,000 Winners

$2 Game

The name **Hoosier Lottery Gold** incorporates state pride and excitement of gold. Utilizing the gold image in a high impact manner, the ticket demands attention.

Ticket/POS Callouts

- Win up to $25,000
- Over $3.5 Million in prizes of $10 to $2,000
- Win up to 10 Times

$20 Game

The $20 **$3,000,000 Gold Bullion** game asserts attention and communicates unique value. The top prize of $3,000,000 paid in gold bullion or cash makes this ticket extraordinary.

Ticket/POS Callouts

- Win up to $3,000,000 in gold or cash
- Over $62,000,000 in total prizes
- Loaded with prizes of $100 to $1,000
- Win up to 25 Times

$1
hoosierlottery.
GOLD
7
QUICK SPOT
SCRATCH 2 CASH
WIN UP TO $5,000!
Match 3 like prizes, win that prize. Reveal a "7" in the "Quick Spot," win $7 instantly!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$2
hoosier lottery
Hoosier
LOTTERY
GOLD
WIN UP TO $25,000!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a " " symbol to win DOUBLE that prize! Find a " hoosier " symbol to win all 10 prizes!
SCRATCH 2 CASH
WIN UP TO 10 TIMES!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$20
hoosierlottery
$3,000,000
GOLD BULLION
WIN UP TO $3,000,000 IN GOLD OR CASH!
LOADED WITH PRIZES OF $100 TO $1,000!
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize for that number. Find a " 5X " symbol to win 5 TIMES that prize! Find a " 20X " symbol to win 20 TIMES that prize! Find a " " symbol to win all 25 prizes shown!
WINNING NUMBERS
YOUR NUMBERS
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 25 TIMES!
SCRATCH 2 CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

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Game Lineup

- $1 Awesome Aces
- $2 $30 Grand
- $3 5X Crossword
- $5 Indianapolis Colts

Summary

This introduction is unique in that it offers four different price points ($1, $2, $3 and $5) at four very different themes (gaming, money, crossword and sports). Featuring this kind of variety in the second introduction is important because it provides the opportunity to satisfy a much wider universe of needs. By doing this, the program will engender the participation of a wider player base.

Each game in the introduction is important in building the Lottery's player base. Awesome Aces is a gaming oriented ticket (cards) that features four opportunities to beat the dealer with an Ace being an automatic winner of the doubler prize and a red Ace being a tripler. This game mechanic is very simple and should appeal to new players with a propensity to game.

$30 Grand is a straight key number match "money" oriented ticket with wide appeal to most Lottery players. The $30,000 top prize and large volume of prizes in the $10 to $1,000 range make this game very attractive. To make the game even stronger, it features doubler and tripler symbols that build excitement.

5X Crossword is a classic Crossword game with a 2X, 3X, 4X and 5X multipliers. Crossword games have a very intense following of players that play these games consistently. SG Indiana believes that this allows this type of game to be a core game that remains in the market for long periods of time. The $50,000 top prize is enticing for a $3 game but the large volume of prizes from $10 to $500 should keep interest high.

Indianapolis Colts is a football oriented game that plays to the interests of football and Colts enthusiasts. The mechanics are the simple key number match design and players can win up to $200,000. The game features over 250,000 prizes from $20 to $10,000 and over $26,700,000 in total prizes.

Graphic Designs and Callouts

$1 Game

We believe the simplicity and gambling orientation of **Awesome Aces** will attract new players.

Ticket/POS Callouts

- Win up to $4,000
- Over $2,300,000 in prizes from $4 to $200
- Win up to 4 Times

$2 Game

$30 Grand is a classic money oriented game that grabs attention with the chance to win a substantial top prize of $30,000. The prize structure features good chances to win credible prizes.

Ticket/POS Callouts

- Win up to $30,000
- Loaded with prizes from $10 to $1,000
- Win up to 10 Times

$3 Game

We believe the **5X Crossword** is the perfect game for core Crossword players and that the $50,000 top prizes and over $11,500,000 in total prizes will ensure consistent play from the extended play consumers.

Ticket/POS Callouts

- Win up to $50,000
- Over 1,400,000 winners
- Over $11,500,000 in prizes

$5 Game

Indianapolis Colts provides the feel of NFL Football while players attempt to win up to $200,000 in cash. Offering 2X and 5X multipliers and a winner take all feature the game mechanics offer lots of excitement.

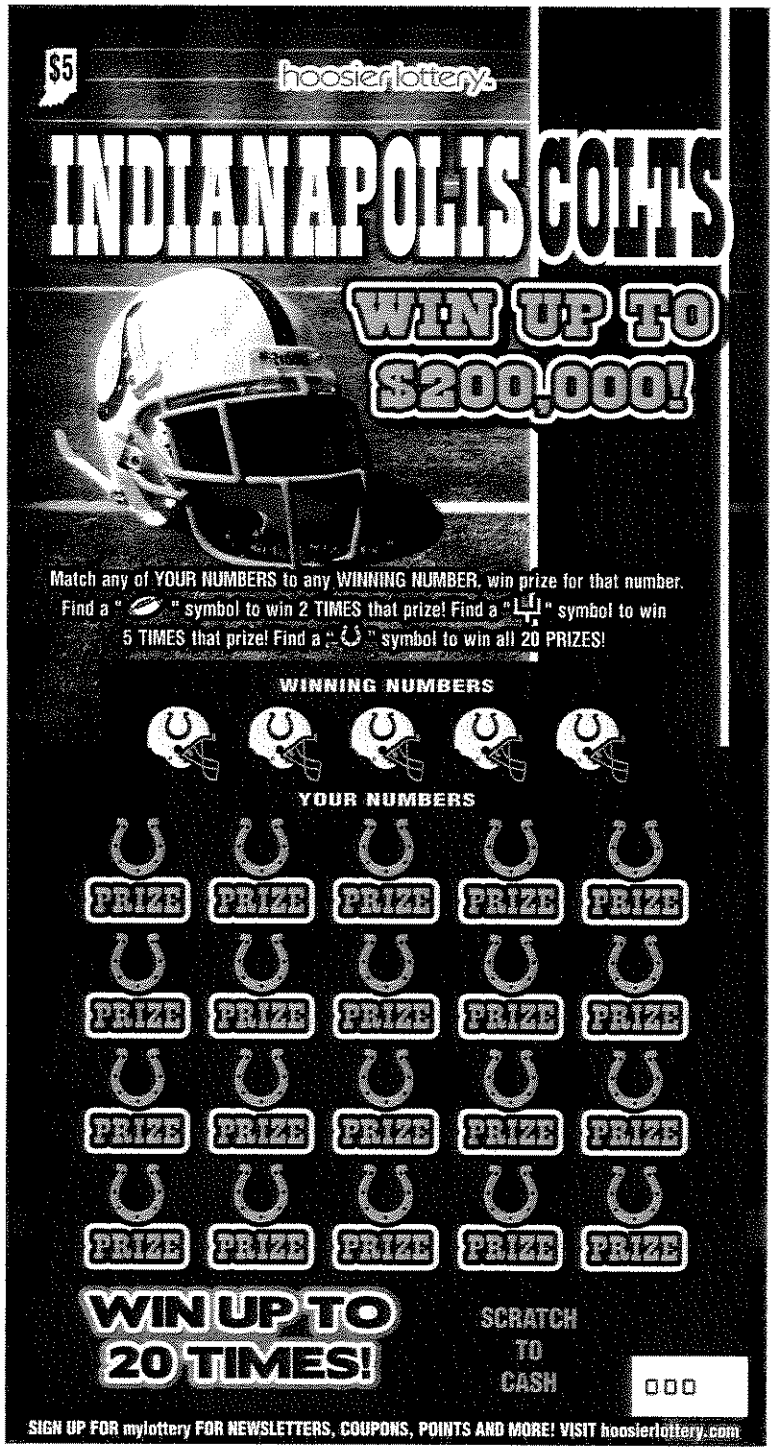
Ticket/POS Callouts

- Win up to $200,000
- Over $26,700,000 in prizes
- Win up to 20 times

$1
hoosierlottery.com
Awesome ACES
YOURS DEALER'S
GAME 1
GAME 2
GAME 3
GAME 4
PRIZE
PRIZE
PRIZE
PRIZE
If YOUR CARD beats the DEALER'S CARD in the same game, win prize for that game. Find a black "A" symbol to win DOUBLE that prize! Find a red "A" symbol to win TRIPLE that prize!
SCRATCH 2 CASH
WIN UP TO $4,000!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS AND MORE! VISIT hoosierlottery.com

$2
hoosierlottery.com
WINNING NUMBERS
YOUR NUMBERS
$30 GRAND
Loaded with Prizes from $10 TO $1,000!
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a "$$" symbol to win DOUBLE the prize shown! Find a "$$$" symbol to win TRIPLE the prize shown!
SCRATCH 2 CASH
WIN UP TO 10 TIMES!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$3
5X
CROSSWORD
CHANCE TO WIN 2X, 3X, 4X or 5X YOUR PRIZE!
hoosierlottery
FAST $20 SPOT
Find a "20" in the "FAST $20 SPOT", win $20 instantly!
BONUS
Scratch the "BONUS" spot for a chance to multiply the prize won.
PRIZE LEGEND
3 WORDS $3
4 WORDS $5
5 WORDS $10
6 WORDS $50
7 WORDS $100
8 WORDS $500
9 WORDS $1,000
10 WORDS=$50,000
SEE TICKETBACK FOR PLAY INSTRUCTIONS.
YOUR LETTERS
Win Up To $50,000!
SCRATCH 2 CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com


$5
hoosierlottery.
INDIANAPOLIS COLTS
WIN UP TO $200,000!
Match any of YOUR NUMBERS to any WINNING NUMBER, win prize for that number. Find a " " symbol to win 2 TIMES that prize! Find a " " symbol to win 5 TIMES that prize! Find a " " symbol to win all 20 PRIZES!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
WIN UP TO 20 TIMES!
SCRATCH TO CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

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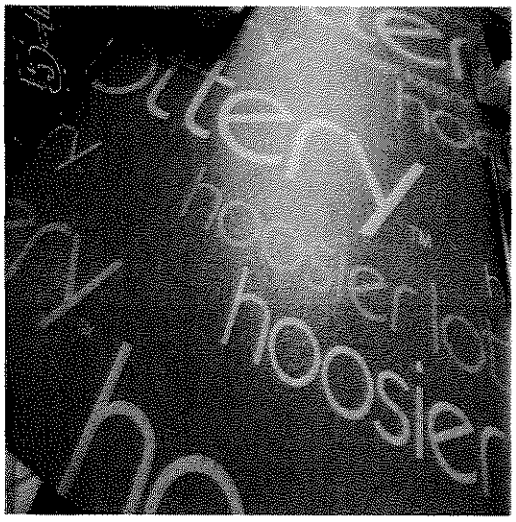
Game Lineup

- $1 $500 A Week For Life
- $2 $1,000 A Week For Life
- $5 $2,500 A Week For Life
- $10 $5,000 A Week For Life

Summary

This introduction features a family of Win For Life games that will dramatically impact the excitement by the Instant Game line and will stimulate sales in a major way. Every state lottery that has introduced this line of games has realized more success than they have with any other introduction. In Massachusetts, Illinois and Florida these games have been their highest indexing products.



Introducing an exciting family of products such as this allows you to efficiently advertise and promote (e.g., Point Of Sale, consumer promotions, etc.) the consistent theme while differentiating the games by prize value. Winning significant amounts per week for life is perceived in a very positive way by players unlike any other games offered. The top prizes, even the $1 game seem incredible to players and they are anxious to give themselves a chance to win them.

With the top prizes having such an impact on play, the focus for these games and the associated advertising and Point of Sale is almost entirely on the top prizes. In fact, the game names are the top prizes ($500 A Week For Life for the $1 game, $1,000 A Week For Life for the $2 game, $2,500 A Week For Life for the $5 game and $5,000 A Week For Life for the $10 game). Game mechanics are very simple with all games using key number match. Extra play features are simple but effective (an autowin for the $1 game, an autowin doubler for the $2 game, 2X and 5X multipliers for the $5 game and 2X, 10X and winner take all for the $10 game).

We believe Win For Life games have a unique capability of building a wide player base. For most new players, the $1 and $2 games are the entry games. The $5 $2,500 A Week For Life game and the $10 $5,000 A Week For Life games provide real incentives for players to move up from $2 games to $5's and $10's.

Graphic Designs and Callouts

$1 Game

The unusual attraction of the **$500 A Week For Life** prize on a $1 game makes building your player base much more effective. The graphics are high impact using the top prize of the name **$500 A Week For Life.**

Ticket/POS Callouts

- Win up to $500 A Week For Life
- Win up to 5 Times

$2 Game

This ticket screams out the top prize of **$1,000 A Week For Life**. As with the $1 game the $2 product simply focuses on the **$1,000 A Week For Life** in a high impact manner.

Ticket/POS Callouts

- Win up to $1,000 A Week For Life
- Win up to 10 Times

$5 Game

The **$2,500 A Week For Life** name drives players from $1 and $2 games to the $5 product. We believe the excitement of this prize brings core gamblers into the fold.

Ticket/POS Callouts

- Win up to $2,500 A Week For Life
- Over $33,000,000 in Prizes
- Win up to 20 times

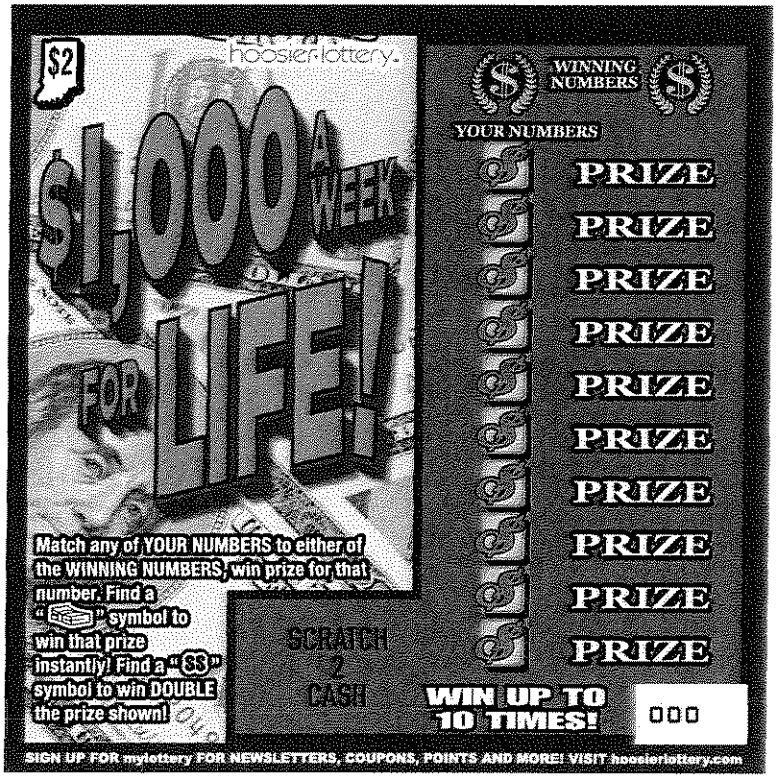
$10 Game

$5,000 A Week For Life, wouldn't you like to win $5,000 a week for the rest of your life? We believe this game will bring Indiana's $10 business to a new level and the volume will last consistently week to week.

Ticket/POS Callouts

- Win up to $$5,000 A Week For Life
- Over $70,500,000 in prizes
- Win up to 25 times

$1
hoosier lottery
$500 A WEEK FOR LIFE!
WINNING NUMBER
YOUR NUMBERS
PRIZE PRIZE
PRIZE PRIZE PRIZE
Match any of YOUR NUMBERS to the WINNING NUMBER, win prize for that number. Find a " " symbol to win that prize instantly!
SCRATCH 2 CASH
WIN UP TO 5 TIMES!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com


$2
hoosierlottery.
$1,000 A WEEK FOR LIFE!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Match any of YOUR NUMBERS to either of the WINNING NUMBERS, win prize for that number. Find a " " symbol to win that prize instantly! Find a "$$" symbol to win DOUBLE the prize shown!
SCRATCH 2 CASH
WIN UP TO 10 TIMES!
000
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$5
hoosierlottery
$2,500 A WEEK FOR LIFE!
OVER $42 MILLION IN TOTAL PRIZES!
WIN UP TO 20 TIMES!
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize for that number. Find a "2X" symbol to win 2 TIMES that prize! Find a "5X" symbol to win 5 TIMES that prize!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
OVER $16 MILLION IN PRIZES OF $20 TO $5,000!
SCRATCH TO CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$10
hoosierlottery
$5,000 A WEEK FOR LIFE!
Match any of YOUR NUMBERS to any WINNING NUMBER, win prize for that number. Find a "2X" symbol to win 2 TIMES that prize! Find a "10X" symbol to win 10 TIMES that prize! Find a " " symbol to win all 25 prizes shown!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
WIN UP TO 25 TIMES!
SCRATCH 2 CASH
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Game Lineup

- $1 Happy Holidays
- $2 Winter Green & Gold
- $5 Holiday Magic
- $20 Merry Millionaire

Summary

This suite of games contains fun exciting games of chance with graphics and prize structures geared to stimulating a major response from players. The games are positioned well versus one another and the prize structures are designed to get specific responses in this special season.

Graphic Designs and Callouts

$1 Game

Happy Holidays is a very fun oriented ticket utilizing four different scenes to provide players with lots of variety. This $1 product carries a top prize of $500 to create a game with a strong chance of winning a $500 prize. Our analysis of the holiday volume in the rest of the country suggests that a $500 top prize is very effective during this gift-giving season. Games utilizing this lower top prize, which produces more top prize winners, index significantly higher than holiday products with more traditional top prizes. In our estimation, players will react positively to this more and feel that this will give them a better chance to win. We don't believe that this philosophy can be universally applied but can work during this special season. Happy Holidays, with a $500 top prize, has an extremely high index and we believe you will see very positive results. This game features simple "find the gift" mechanics and a win all feature. Simple mechanics are best to attract new players, keeping in tune with our desire to build your player base.

Ticket/POS Callouts

- Win up to $500
- Loaded with $500 prizes
- Win up to 4 Times

$2 Game

Winter Green & Gold is a very high indexing $2 holiday game with traditional holiday graphics with the mechanics of a key number match. This $2 product adds value by featuring a doubler

symbol and a tripler symbol. To further differentiate from the $1 product, the $2 game offers a $30,000 top prize which should help drive how the differentiation and add real value.

Ticket/POS Callouts

- Win up to $30,000
- Win up to 10 Times

$5 Game

The $5 game features incredibly rich graphics on a ticket called **Holiday Magic**. The holidays are a magical time and these graphics (one silver-oriented scene and one gold-oriented scene repeating in the pack) suggests real value. This is a ticket that is intended to look like a very special gift. The mechanics are a simple key number match, but with two holiday symbol multipliers (a gift doubler and a tree 20X multiplier). The prize structure is also rich with a top prize of $200,000.

Ticket/POS Callouts

- Win up to $200,000
- Win up to 20 Times

$20 Game

Having a $20 ticket introduced for the holidays would be new for Indiana, **Merry Millionaire.** However $20 tickets are very popular for the holidays and make very good gifts. We believe that the top prize of $2,500,000 will be very attractive on a holiday ticket and will help to stimulate sales. It is our feeling that this ticket looks like a real holiday value and can be part of a very special gift package. It is part of a suite of games designed to meet the needs of the kinds of consumers playing these games.

Ticket/POS Callouts

- Win up to $2,500,000
- Win up to 25 Times

$1
hoosierlottery.
Happy Holidays!
WIN UP TO $500!
Prize
Prize
Prize
Prize
Find a " " symbol to win prize shown. Find a " " to win all 4 prizes shown!
SCRATCH TO CASH
WIN UP TO 4 TIMES!
003
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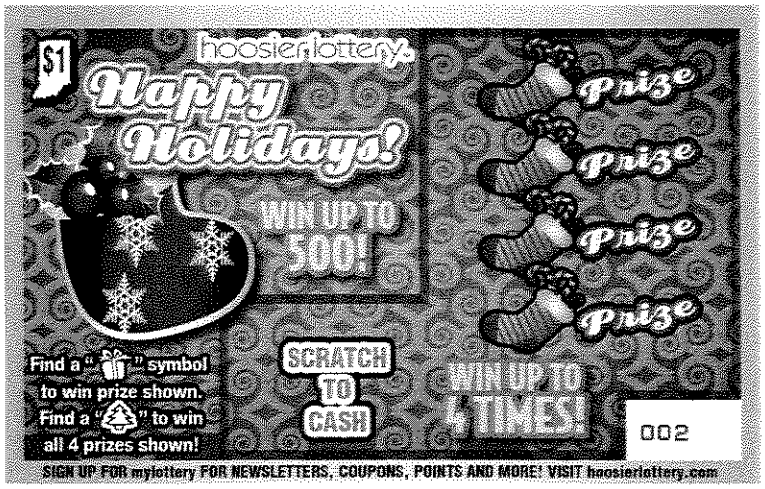
$1
hoosierlottery.
Happy Holidays!
WIN UP TO 500!
Prize
Prize
Prize
Prize
Find a " " symbol to win prize shown. Find a " " to win all 4 prizes shown!
SCRATCH TO CASH
WIN UP TO 4 TIMES!
002
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$1
hoosierlottery.
Happy Holidays!
WIN UP TO $500!
Prize
Prize
Prize
Prize
Find a " " symbol to win prize shown. Find a " " to win all 4 prizes shown!
SCRATCH TO CASH
WIN UP TO 4 TIMES!
001
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$1
hoosierlottery
Happy Holidays!
WIN UP TO $500!
Prize
Prize
Prize
Prize
Find a " " symbol to win prize shown. Find a " " to win all 4 prizes shown!
SCRATCH TO CASH
WIN UP TO 4 TIMES!
000
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$2
hoosierlottery
Winter Green & GOLD
WIN UP TO 10 TIMES!
Match any of YOUR NUMBERS to either of the WINNING NUMBERS, win prize for that number. Find a " " symbol, win DOUBLE that prize shown.
WINNING NUMBERS
Find a " " symbol, win TRIPLE that prize shown!
YOUR NUMBERS
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO $30,000!
SCRATCH 2 CASH
000
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$5
hoosierlottery.
HOLIDAY
Magic!
WIN UP TO $200,000!
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize for that number. Find a " " symbol to win DOUBLE the prize shown. Find a " " symbol to win 20 TIMES that prize!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
WIN UP TO 20 TIMES!
SCRATCH TO CASH
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$5
hoosierlottery
HOLIDAY
Magic
WIN UP TO $200,000!
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize for that number. Find a " " symbol to win DOUBLE the prize shown. Find a " " symbol to win 20 TIMES that prize!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
WIN UP TO 20 TIMES!
SCRATCH TO CASH
001
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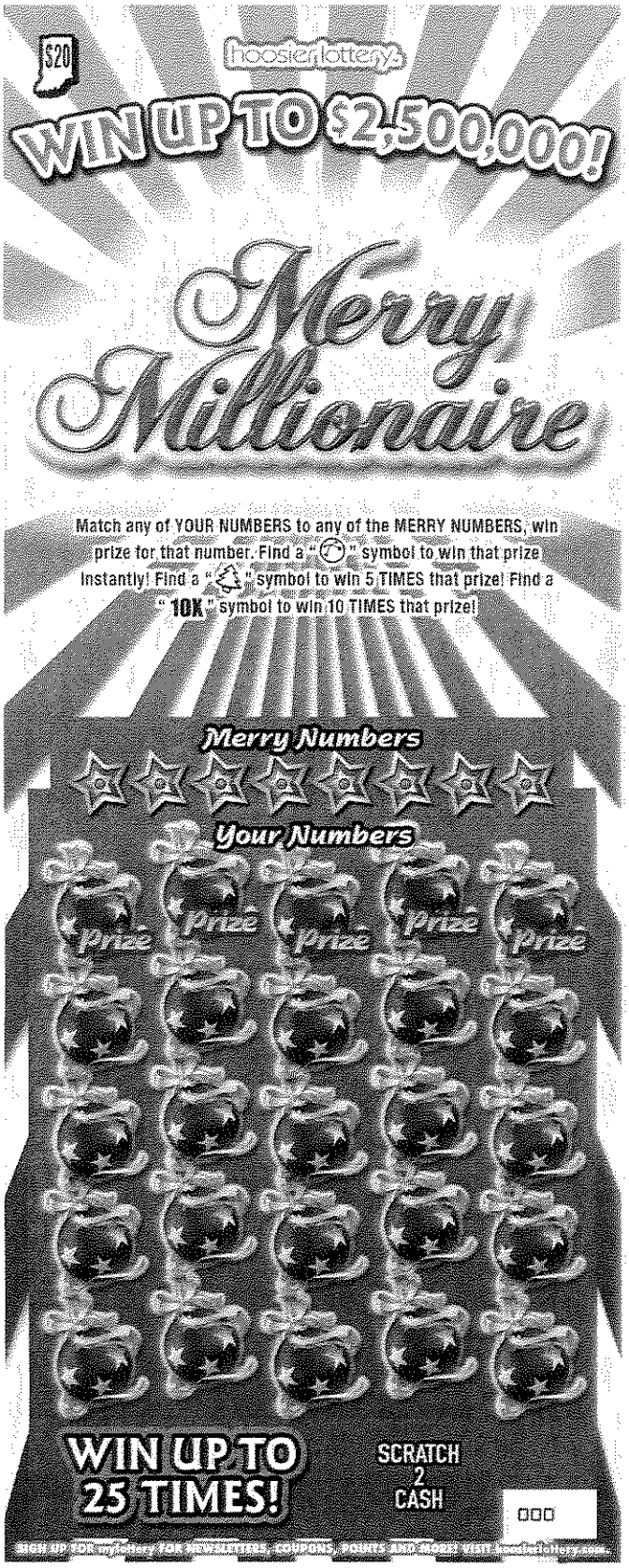
$20
hoosierlottery
WIN UP TO $2,500,000!
Merry Millionaire
Match any of YOUR NUMBERS to any of the MERRY NUMBERS, win prize for that number. Find a "" symbol to win that prize instantly! Find a "" symbol to win 5 TIMES that prize! Find a "10K" symbol to win 10 TIMES that prize!
Merry Numbers
Your Numbers
Prize
WIN UP TO 25 TIMES!
SCRATCH 2 CASH
000

$20
hoosierlottery
WIN UP TO $2,500,000!
Merry Millionaire
Match any of YOUR NUMBERS to any of the MERRY NUMBERS, win prize for that number. Find a "" symbol to win that prize instantly! Find a "" symbol to win 5 TIMES that prize! Find a "10X" symbol to win 10 TIMES that prize!
Merry Numbers
Your Numbers
Prize
WIN UP TO 25 TIMES!
SCRATCH 2 CASH
000
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Game Lineup

- $1 Platinum VIP
- $2 Neon 2s
- $3 Bankroll Bingo

Summary

This introduction features three very different games and looks. For this introduction, we propose a simple but very high impact $1 product, Platinum VIP; a fast-paced exciting $2 product, Neon 2s; and a unique $3 Bingo product, Bankroll Bingo. These three games are offered to provide players with exciting variety and to help balance the line. The #1 game, Platinum VIP, has a very high quality look for a low priced game and features six chances to win and a $6,000 top prize. Adding value to the $1 product is designed to continue the attraction of new players and to the strengthening of the $1 line. In like manner, the $2 game offers a very strong number oriented game with inherent simplicity and excitement by featuring value added number elements. For the Bingo market, we are introducing a very rich value added game, Bankroll Bingo with an element that allows players to triple their prize with a money roll symbol. Simplicity, excitement and line balance are all offered with this introduction.

Graphic Designs and Callouts

$1 Game

Platinum VIP is a high impact ticket with uniquely strong apparent value. We believe that the name and image instantly communicate value. For this $1 ticket there are six ways to win and all a player has to do is "find" the platinum bar. The top prize in this game is $6,000. Our strategy with this game is to continue to enhance the value of the $1 product as well as offer simple, but exciting mechanics. Our goal is to utilize $1 products to build the player base.

Ticket/POS Callouts

- Win up to $6,000
- Win up to 6 Times

$2 Game

Neon 2s exudes excitement and simplicity. To win, players simply find a black 2. By finding a blue 2, the payer wins 5X the prize. At this point the product line needs a numbers oriented game and **Neon 2s** is simple but very hard hitting.

Ticket/POS Callouts

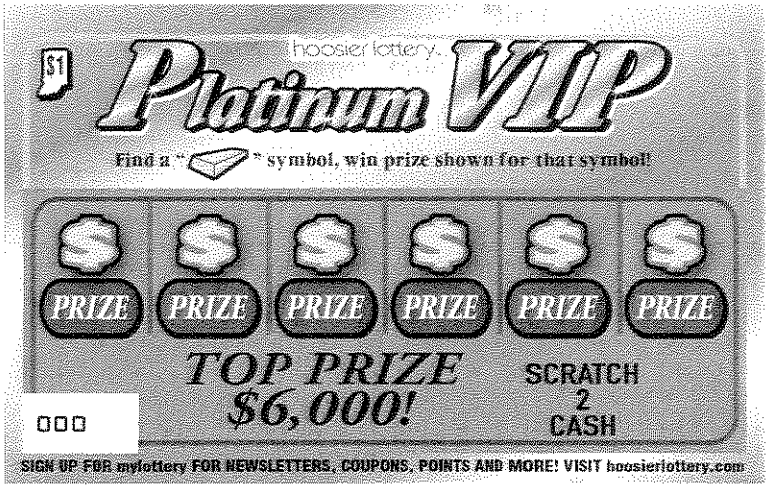
- Win up to $30,000
- Over $6,700,000 in prizes
- Win up to 10 Times

$3 Game

Bankroll Bingo helps to satisfy the very significant need in the market for Bingo tickets. This game features a $50,000 top prize and allows players who get Bingo with a money roll to triple their prize. Simple Bingo mechanics with an extra feature adds to the attraction of this game.

Ticket/POS Callouts

- Win up to $50,000
- Over $12 Million in prizes


$1
hoosier lottery
Platinum VIP
Find a " " symbol, win prize shown for that symbol!
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
TOP PRIZE
$6,000!
SCRATCH
2
CASH
000
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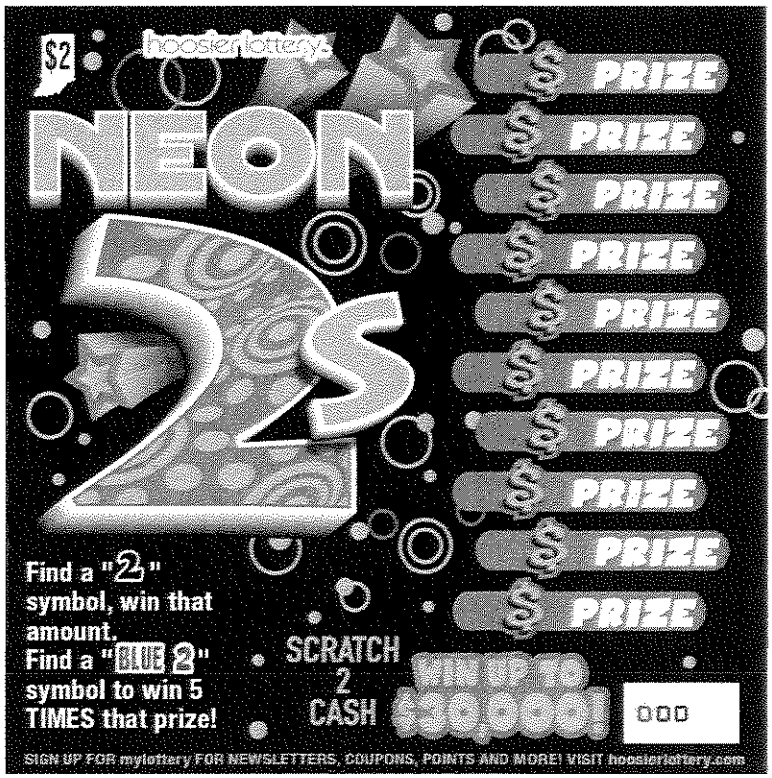
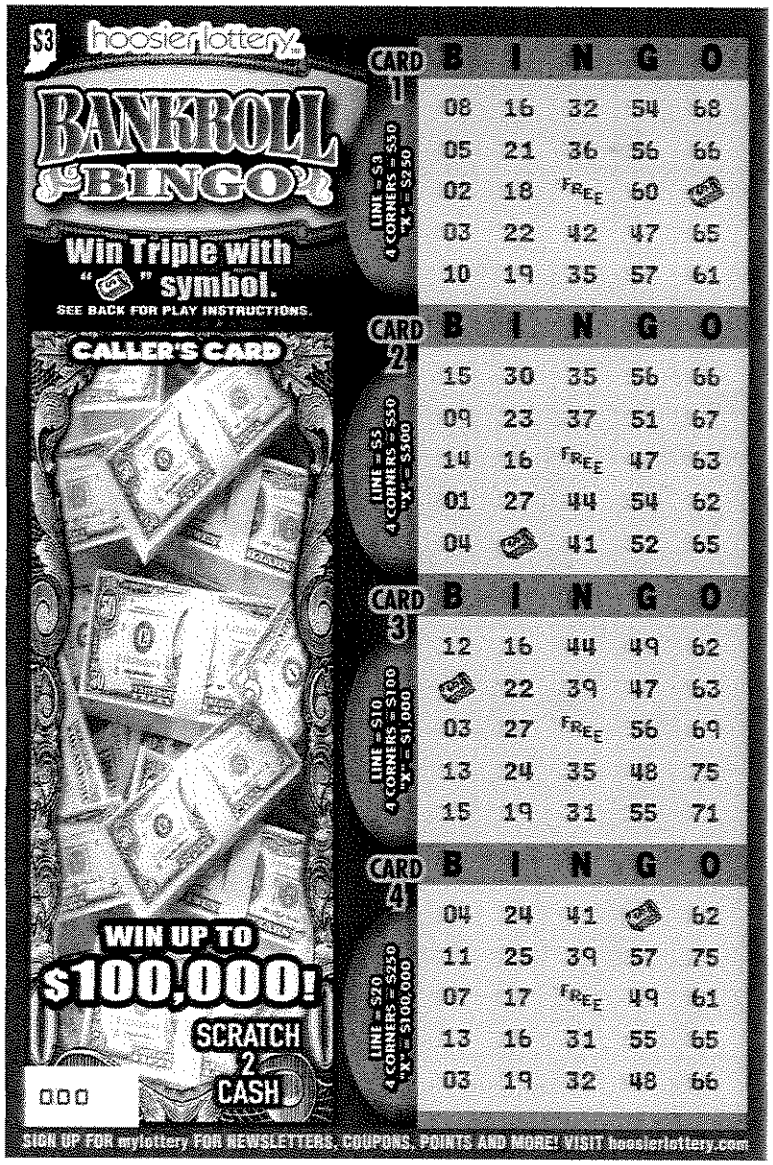

$2
hoosierlottery
NEON
2s
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Find a "2" symbol, win that amount.
Find a "BLUE 2" symbol to win 5 TIMES that prize!
SCRATCH
2
CASH
WIN UP TO
$30,000!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com


$3
hoosierlottery
BANKROLL BINGO
Win Triple with "$" symbol.
SEE BACK FOR PLAY INSTRUCTIONS.
CALLER'S CARD
WIN UP TO $100,000!
SCRATCH 2 CASH
000
CARD 1
B I N G O
08 16 32 54 68
05 21 36 56 66
02 18 FREE 60
03 22 42 47 65
10 19 35 57 61
LINE = $3
4 CORNERS = $50
"X" = $250
CARD 2
B I N G O
15 30 35 56 66
09 23 37 51 67
14 16 FREE 47 63
01 27 44 54 62
04 41 52 65
LINE = $5
4 CORNERS = $50
"X" = $500
CARD 3
B I N G O
12 16 44 49 62
22 39 47 63
03 27 FREE 56 69
13 24 35 48 75
15 19 31 55 71
LINE = $10
4 CORNERS = $100
"X" = $1,000
CARD 4
B I N G O
04 24 41 62
11 25 39 57 75
07 17 FREE 49 61
13 16 31 55 65
03 19 32 48 66
LINE = $20
4 CORNERS = $250
"X" = $100,000
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Game Lineup

- $1 7-11-21
- $2 $30,000 Grant
- $2 Blackjack Tripler
- $5 7 Gem Series (Amethyst Purple 7s/Ruby Red 7s/Sapphire Blue 7s/Diamond White 7s)

Summary

For this introduction, we are recommending very strong numbers oriented $1 7-11-21 and $5 7s Gem series games along with a classic $2 gaming product (Blackjack Tripler) and a $2 game that screams "MONEY" ($30,000 Grant). All of these games are very high indexing products and we believe that they will play a solid role in providing Indiana players with the kind of variety, excitement and credibility that will stimulate significant growth.

Graphic Designs and Callouts

$1 Game

7-11-21 has been so popular over the years that it has become a core product in many states. Almost every state lottery has used this game from time to time and its consistency of success is unmatched. The mechanics are different than those of most lottery games and are very interesting. The top prize for this game is $7,000 and the strength in the prize structure from $5 to $200 delivers impressive credibility.

Ticket/POS Callouts

- Win up to $7,000
- Win up to 3 Times

$2 Game

$30,000 Grant is a $2 game that communicates money instantly. The game features a doubler and a winner take all.

Ticket/POS Callouts

- Win up to $30,000
- Over $6,700,000 in total prizes
- Win up to 10 Times

$2 Game

One of the $2 games in this introduction is a classic gaming theme **Blackjack Tripler**. We believe this beat the dealer classic is simple to play and greatly appeals to players with higher propensities to gamble. Getting a Blackjack triples your prize.

Ticket/POS Callouts

- Win up to $30,000
- Over $3,500,000 in prizes from $10 to $2,000
- Win up to 10 Times

$5 Game

7 Gem Series is another very high indexing game. The game has very high impact graphics that communicate value. In addition, there are four repeating scenes – **Amethyst Purple 7s/Ruby Red 7s/Sapphire Blue 7s/Diamond White 7s** – that enhances the value and adds freshness as players try the tickets. The game is straightforward to play as you simply find 7s (a black 7 is an autowin, a colored 7 is a 5X multiplier and an All symbol wins all the prizes). Lottery players enjoy mechanics that are simple but offer value and excitement. The game's top prize is $200,000 in cash and the game is loaded with $1,000 winners.

Ticket/POS Callouts

- Win up to $200,000
- Loaded with $1,000 prizes
- Over $29,200,000 in total prizes
- Win up to 20 Times

$1
hoosierlottery
7-11-21
Add all 3 numbers for each game. If total is 7, 11 or 21 in a single game, win prize shown for that game.
GAME 1
GAME 2
GAME 3
PRIZE
PRIZE
PRIZE
WIN UP TO $7,000!
SCRATCH 2 CASH
000
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$2
hoosierlottery
$30,000 GRANT
WINNING NUMBERS
Match any of YOUR NUMBERS to either of the WINNING NUMBERS, win prize for that number. Find a " " symbol to win DOUBLE that prize! Find a " " symbol to win ALL 10 PRIZES!
YOUR NUMBERS
WIN UP TO 10 TIMES!
SCRATCH 2 CASH
000
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$2
hoosierlottery
BLACKJACK TRIPLER
TOP PRIZE $30,000!
When the sum of any of YOUR HANDS beats the DEALER'S TOTAL, win prize shown for that HAND. When the sum of any of YOUR HANDS totals 21, win TRIPLE the prize shown for that HAND. A = 11 J,Q,K = 10
SCRATCH 2 CASH
DEALER'S TOTAL
YOUR HANDS
PRIZE
HAND 1
HAND 2
HAND 3
HAND 4
HAND 5
HAND 6
HAND 7
HAND 8
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS AND MORE! VISIT hoosierlottery.com

$2
hoosierlottery
BLACKJACK TRIPLER
TOP PRIZE $30,000!
When the sum of any of YOUR HANDS beats the DEALER'S TOTAL, win prize shown for that HAND. When the sum of any of YOUR HANDS totals 21, win TRIPLE the prize shown for that HAND. A = 11 J,Q,K = 10
SCRATCH 2 CASH
DEALER'S TOTAL
YOUR HANDS
PRIZE
HAND 1
HAND 2
HAND 3
HAND 4
HAND 5
HAND 6
HAND 7
HAND 8
001
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$5
hoosierlottery
AMETHYST PURPLE
7s
WIN UP TO $200,000!
Find a BLACK "7" symbol to win prize shown. Find a "7" symbol to win 5 TIMES that prize. Find an "" symbol to win all 20 PRIZES!
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 20 TIMES!
SCRATCH 2 CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$5
hoosierlottery
RUBY RED 7s
WIN UP TO $200,000!
Find a BLACK " " symbol to win prize shown. Find a " " symbol to win 5 TIMES that prize. Find an " " symbol to win all 20 PRIZES!
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 20 TIMES!
SCRATCH 2 CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$5
hoosierlottery
SAPPHIRE BLUE
7s
WIN UP TO $200,000!
Find a BLACK " 7 " symbol to win prize shown. Find a " 7 " symbol to win 5 TIMES that prize. Find an " " symbol to win all 20 PRIZES!
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 20 TIMES!
SCRATCH 2 CASH
000
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$5
hoosierlottery
DIAMOND WHITE 7's
WIN UP TO $200,000!
Find a BLACK "7" symbol to win prize shown. Find a "7" symbol to win 5 TIMES that prize. Find an "" symbol to win all 20 PRIZES!
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 20 TIMES!
SCRATCH 2 CASH
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Game Lineup

- $1 Shooting Stars
- $2 24K
- $2 Betty Boop
- $20 $4,000,000 Mega Cash

Summary

For this introduction, we recommend four games (Shooting Stars, 24K, Betty Boop™ and the Blockbuster game, $4,000,000 Mega Cash). We believe all of these games are well tested, high performing games that offer tremendous variety to the Indiana product line. This lineup features ranges of top prizes, themes and mechanics that will satisfy a wide assortment of needs in the market. Common among all the game is that they are all excellent games of chance.

Graphic Designs and Callouts

$1 Game

Shooting Stars is a popular high indexing game that features five scenes, key number match mechanics, an auto win and a doubler mechanism. The top prize is $4,000 and you can win up to 5 times. The multiple scenes add richness to the game and help to keep the game fresh.

Ticket/POS Callouts

- Win up to $4,000
- Win up to 5 Times

$2 Game

24K is a very high indexing classic value oriented $2 product. In addition to rich, high impact graphics, the game features simple "find" mechanics with a tripler and a $24,000 top prize.

Ticket/POS Callouts

- Win up to $24,000

$2 Game

Betty Boop™ is an extremely popular whimsical licensed property with eye catching graphics. We believe that **Betty Boop** is hard to pass by on the shelves and is one of the most successful licensed games. The key number match mechanics are simple but offer a 5X multiplier (Heart) to spice up the play value. The top prize is $25,000.

Ticket/POS Callouts

- Win up to $25,000
- Win up to 10 Times

$20 Game

$4,000,000 Mega Cash is an incredibly exciting $20 product that we believe will shake up the market in a very positive way. We believe the $4 Million top prize and rich prize structure will stimulate the entire market and the dynamic mechanics keeps the player on edge right to the last spot. In this game you have an auto win, a 5X multiplier, a 20X multiplier and a win all feature.

Ticket/POS Callouts

- Win up to $4,000,000
- Loaded with prizes from $100 to $10,000
- Over $91,000,000 in prizes
- Win up to 25 Times

$1
hoosierlottery.
SHOOTING STARS
WIN UP TO $4,000!
LUCKY NUMBER
YOUR NUMBERS
Match any of YOUR NUMBERS to the LUCKY NUMBER, win prize for that number. Find a "$" symbol to win that prize instantly. Find a "2" to win DOUBLE the prize shown!
SCRATCH 2 CASH
WIN UP TO 5 TIMES!
003
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$1
hoosierlottery.
SHOOTING STARS
WIN UP TO $4,000!
LUCKY NUMBER
YOUR NUMBERS
Match any of YOUR NUMBERS to the LUCKY NUMBER, win prize for that number. Find a "$" symbol to win that prize instantly. Find a "2" to win DOUBLE the prize shown!
SCRATCH 2 CASH
WIN UP TO 5 TIMES!
002
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$1
hoosierlottery.
SHOOTING STARS
WIN UP TO $4,000!
LUCKY NUMBER
YOUR NUMBERS
Match any of YOUR NUMBERS to the LUCKY NUMBER, win prize for that number. Find a "$" symbol to win that prize instantly. Find a "2" to win DOUBLE the prize shown!
SCRATCH 2 CASH
WIN UP TO 5 TIMES!
001
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$1
hoosierlottery
SHOOTING STARS
WIN UP TO $4,000!
Match any of YOUR NUMBERS to the LUCKY NUMBER, win prize for that number. Find a symbol to win that prize instantly. Find a to win DOUBLE the prize shown!
SCRATCH 2 CASH
WIN UP TO 5 TIMES!
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$2
hoosierlottery
24K
WIN UP TO $24,000!
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Find a " " symbol, win prize shown for that symbol. Find a " " symbol to win TRIPLE that prize!
SCRATCH 2 CASH
WIN UP TO 10 TIMES!
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS AND MORE! VISIT hoosierlottery.com

$2
hoosier lottery.
Win up to $25,000!
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a "BB" symbol to win that prize instantly! Find a "♡" symbol to win 5 TIMES that prize!
WINNING NUMBERS
YOUR NUMBERS
Prize
Betty Boop
SCRATCH 2 CASH
Win up to 10 Times!
000
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$2
hoosier lottery.
Win up to $25,000!
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a "BB" symbol to win that prize instantly! Find a "♡" symbol to win 5 TIMES that prize!
WINNING NUMBERS
YOUR NUMBERS
Prize
Betty Boop
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$2
hoosier lottery
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a "BB" symbol to win that prize instantly! Find a "♡" symbol to win 5 TIMES that prize!
Betty Boop
Win up to $25,000!
SCRATCH 2 CASH
WINNING NUMBERS
YOUR NUMBERS
Prize
Win up to 10 Times!
002
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$2
hoosier lottery
Win up to $25,000!
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a "BB" symbol to win that prize instantly! Find a "♡" symbol to win 5 TIMES that prize!
Betty Boop
SCRATCH 2 CASH
WINNING NUMBERS
YOUR NUMBERS
Prize
Win up to 10 Times!
003
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$20
hoosierlottery
$4,000,000
MEGA CASH
Over $91,000,000 in prizes!
Match any of your NUMBERS to any of the WINNING NUMBERS, win prize for that amount. Find a " " symbol to win that prize instantly. Find a "5X" symbol to win 5 TIMES that prize! Find a "20X" symbol to win 20 TIMES that prize! Find a " " symbol to win all 25 PRIZES!
WINNING NUMBERS
YOUR NUMBERS
PRIZE
OVER $24,000,000 IN PRIZES FROM $100 TO $1,000!
WIN UP TO 25 TIMES!
SCRATCH 2 CASH
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Game Lineup

- $1 High 5s
- $2 Lucky Green
- $3 Casino Cashword
- $5 Powerball/Mega Millions

Summary

For this introduction, we recommend four games as follows: $1 High 5s, $2 Lucky Green, $3 Casino Cashword and $5 Powerball/Mega Millions.

This continues the effort to build a product line that features excitement, variety, balance and credibility. These particular games reach a very wide base of players in the instant ticket market. The $1 product (High 5s) is a very simple numbers game with find mechanics. As the $1 product is the entry point for new players, these ingredients make it easier for a potential player to take a final step. The $2 game (Lucky Green) is designed to take advantage of the excitement around St. Patrick's Day but has appeal well beyond that holiday. This particular game tends to be a high indexing game because of its dual image. The $3 game (Casino Cashword) is a promotional Cashword game that utilizes a more gaming oriented theme. The quantity is reduced due to its promotional nature but its design is geared toward attracting players with higher propensities to gamble to a Cashword concepts. The $5 product in this introduction (Powerball/Mega Millions) tends to be a very high indexing game concept has an extremely wide audience. This game cross merchandises two very popular on-line games with the fast action strength of the instant game.

Graphic Designs and Callouts

$1 Game

High 5s features a $5,000 top prize and strong prize structure credibility from $4 to $200 players interested in a game that is fun, easy to play and loaded with credible winners. The graphics are eye catching and the theme is light.

Ticket/POS Callouts

- Win up to $5,000
- Win up to 5 Times

$2 Game

We believe that **Lucky Green** is the perfect concept for this time of year. Its name and graphics image plays into the St. Patrick's Day excitement but is also set up to be a high impact, money oriented luck concept. Consequently this game is extremely popular across the country in this role. The graphics are very attractive and communicate, fun, luck and winning. Key number match mechanics are simple with auto win and doubler.

Ticket/POS Callouts

- Win up to $30,000
- Loaded with prizes from $40 to $2,000
- Win up to 10 Times

$3 Game

Casino Cashword utilizes crossword mechanics but overlays a casino theme. This attempts to attract a more gambling oriented audience to the strength of Cashword. The graphics are bright and feature a casino image and the game offers a $50,000 top prize along with the typical strong chance to win prizes from $10 to $1,000.

Ticket/POS Callouts

- Win up to $50,000
- Loaded with Prizes of $10 to $1,000

$5 Game

Powerball\Mega Millions® uses the popularity of these two on-line games in combination with a fast action instant prize structure. This game has been extremely successful where it has been run and serves two purposes. It acts as a very high impact instant product as well as a game that feeds these two popular on-line games. With a top prize of $200,000 and over $26 million in prizes we believe that this game is a winner.

Ticket/POS Callouts

- Win up to $200,000
- Over $26 million in prizes
- Win up to 20 times

$1
HIGH 5s
hoosierlottery.com
Find a "5" symbol, win prize shown for that symbol! Find a "✋" symbol to win 5 TIMES that prize!
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
Win up to $5,000!
SCRATCH 2 CASH
000
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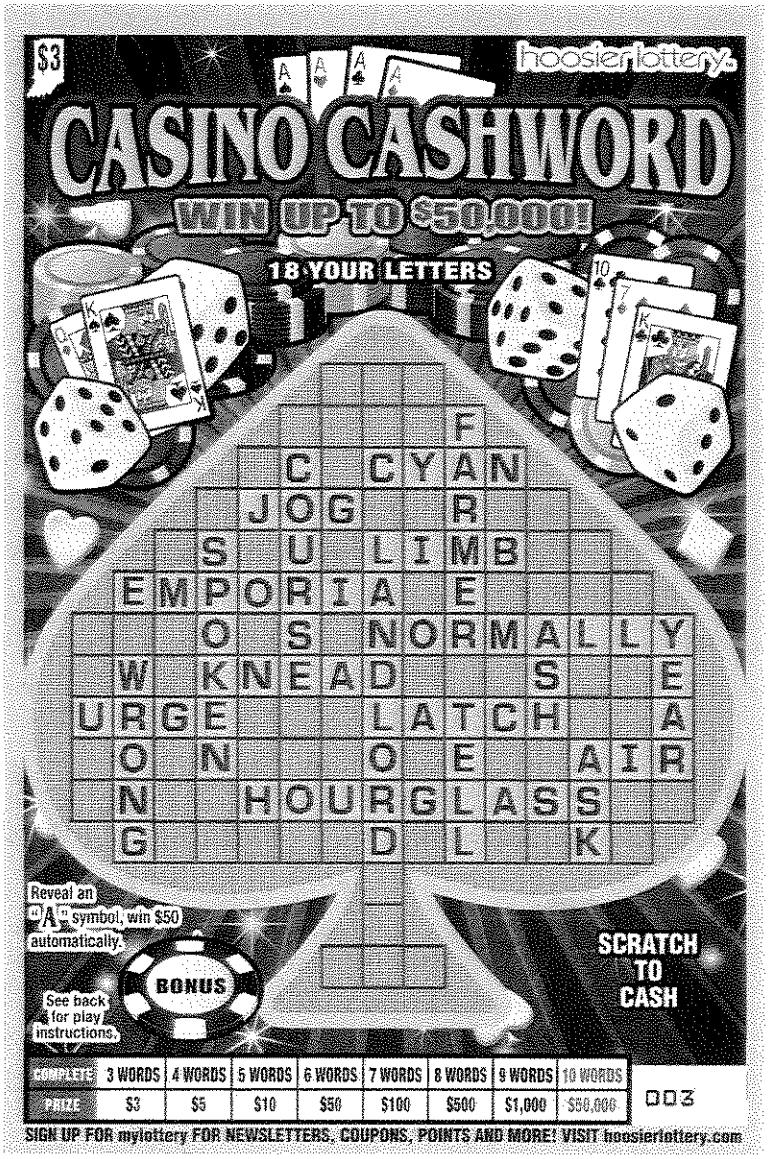
hoosierlottery.com
$2
Lucky Green
Win up to $30,000!
WINNING NUMBERS
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a " " symbol to win that prize instantly! Find a " " symbol to win DOUBLE the prize shown.
YOUR NUMBERS
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
$ PRIZE
WIN UP TO 10 TIMES!
SCRATCH 2 CASH
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com


$3
hoosierlottery
CASINO CASHWORD
WIN UP TO $50,000!
18 YOUR LETTERS
Reveal an "A" symbol, win $50 automatically.
BONUS
See back for play instructions.
SCRATCH TO CASH
COMPLETE 3 WORDS 4 WORDS 5 WORDS 6 WORDS 7 WORDS 8 WORDS 9 WORDS 10 WORDS
PRIZE $3 $5 $10 $50 $100 $500 $1,000 $50,000
003
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$3
hoosierlottery
CASINO CASHWORD
WIN UP TO $50,000!
18 YOUR LETTERS
Reveal an "A" symbol, win $50 automatically.
See back for play instructions.
BONUS
SCRATCH TO CASH
COMPLETE | 3 WORDS | 4 WORDS | 5 WORDS | 6 WORDS | 7 WORDS | 8 WORDS | 9 WORDS | 10 WORDS
PRIZE | $3 | $5 | $10 | $50 | $100 | $500 | $1,000 | $50,000
002
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$3
hoosierlottery.
CASINO CASHWORD
WIN UP TO $50,000!
18 YOUR LETTERS
Reveal an "A" symbol, win $50 automatically.
BONUS
See back for play instructions.
SCRATCH TO CASH
COMPLETE | 3 WORDS | 4 WORDS | 5 WORDS | 6 WORDS | 7 WORDS | 8 WORDS | 9 WORDS | 10 WORDS
PRIZE | $3 | $5 | $10 | $50 | $100 | $500 | $1,000 | $50,000
001
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$3
hoosierlottery.
CASINO CASHWORD
WIN UP TO $50,000!
18 YOUR LETTERS
Reveal an "A" symbol, win $50 automatically.
See back for play instructions.
BONUS
SCRATCH TO CASH
COMPLETE | 3 WORDS | 4 WORDS | 5 WORDS | 6 WORDS | 7 WORDS | 8 WORDS | 9 WORDS | 10 WORDS
PRIZE | $3 | $5 | $10 | $50 | $100 | $500 | $1,000 | $50,000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$5
hoosierlottery
POWERBALL
Scratch the POWERBALL BONUS area. Reveal any PRIZE amount, win that amount. If the PRIZE revealed is "FREE QP", win a free $2 Mega Millions Quick Pick ticket automatically!
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win PRIZE shown for that number. Match any of YOUR NUMBERS to the POWERBALL NUMBER, win $25 automatically!
POWERBALL BONUS
POWERBALL NUMBER
WINNING NUMBERS
YOUR NUMBERS
PRIZE
WIN UP TO $200,000!
SCRATCH 2 CASH
001
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$5
hoosierlottery.com
MEGA MILLIONS
Scratch the MEGA BALL BONUS area. Reveal any PRIZE amount, win that amount. If the PRIZE revealed is "FREE QP", win a free $1 Mega Millions Quick Pick ticket automatically!
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win PRIZE shown for that number. Match any of YOUR NUMBERS to the MEGA BALL NUMBER, win $25 automatically!
MEGA BALL BONUS
MEGA BALL NUMBER
WINNING NUMBERS
YOUR NUMBERS
$ PRIZE
WIN UP TO $200,000!
SCRATCH 2 CASH
000
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Game Lineup

- $1 5 X The Cash
- $2 10X The Cash
- $5 20X The Cash
- $10 50X The Cash

Summary

This suite of games is made up of a family of multiplier games ($1 5X The Cash, $2 10X The Cash, $5 20X The Cash and $10 50X The Cash). It is expected that this "Multiplier Suite of Games" will have a similar impact as the Cash for Life games as both groups are a perfectly positioned full line of set of products and both have proven to be incredibly successful in other jurisdictions across the country. The multiplier family incorporates the simple but powerful concept of progressively multiplying winnings by price point to create perfect top prize positioning in clearly defined designs (same as the Cash/week/life/games). This positioning helps players to easily understand the value proposition of each product. In our opinion, the synergy that will be built by this family of games will deliver significant lift in the Hoosier Lottery instant product volume.

Graphic Designs and Callouts

$1 Game

5X The Cash has traditionally been a $2 product but in this family you grow up fast and it is a high powered $1 game. Game mechanics are a simple key number match 1 to 5 and the multiplier is 5X. For this game, the top prize is $6,000 and you can win up to 5 times. Clearly the number 5 is important to this $1 game. The game represents our continuing attempt to build an exciting $1 product line and open the gate to new players.

Ticket/POS Callouts

- Win up to $6,000
- Win up to 5 Times
- The name 5X The Cash is the callout by itself

$2 Game

10X The Cash is normally a $5 product but in this family you step up. In $10X The Cash, you win up to $30,000 and there are over $4,200,000 in prizes from $10 to $2,000. The mechanics are simple key number match but there are three multipliers (2x, 5x and of course 10x). We believe that high impact graphics, a powerful prize structure and exciting multipliers make for an exciting proposition.

Ticket/POS Callouts

- Win up to $30,000
- Over $4,200,000 in prizes from $10 to $2,000
- Win up to 10 Times
- Once again the name is a callout 10X The Cash

$5 Game

20X The Cash is the family $5 product and, as you will see, the games get progressively more powerful as you move up in price. This games also features simple key number match mechanics but with different multipliers (2X, 5X and 20X). In addition, this $5 product will have 20 prize spots. These games are all about high impact graphics, simple but exciting mechanics and great prize structures. 20X The Cash features top prizes of $250,000 and over $15,900,000 in prizes from $25 to $10,000.

Ticket/POS Callouts

- Win up to $250,000
- Over $15,900,000 in prizes from $25 to $10,000
- Win up to 20 Times
- The name is a callout 20X The Cash

$10 Game

50X The Cash will be the $10 product and the game is ready to take charge. The game utilizes key number match mechanics but with a matrix of six winning spots to 25 play/prize spots. The multiplier lineup is amazing (5X, 10X, 20X and 50X) and the prize structure is loaded. The top prize is $1,000,000 (10 of them).

Ticket/POS Callouts

- Win up to $1,000,000
- 20 $10,000 prizes
- Win up to 25 Times
- The name 50X The Cash is the strongest callout

$1
hoosierlottery
WIN UP TO $5,000!
5X
THE CASH
Match any of YOUR NUMBERS to the WINNING NUMBER, win prize for that number. Find a "5X" symbol to win 5 TIMES that prize!.
YOUR NUMBERS
WINNING NUMBER
PRIZE PRIZE
PRIZE PRIZE PRIZE
WIN UP TO 5 TIMES!
SCRATCH 2 CASH
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$2
hoosierlottery
10X
THE CASH
Match any of YOUR NUMBERS to either WINNING NUMBER, win prize for that number. Find a "2X" symbol to win DOUBLE that prize! Find a "5X" symbol to win 5 TIMES that prize! Find a "10X" symbol to win 10 TIMES that prize!
WIN UP TO $30,000!
WINNING NUMBERS
OVER 87,000 PRIZES FROM $20 TO $1,000!
YOUR NUMBERS
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 10 TIMES!
SCRATCH 2 CASH
000
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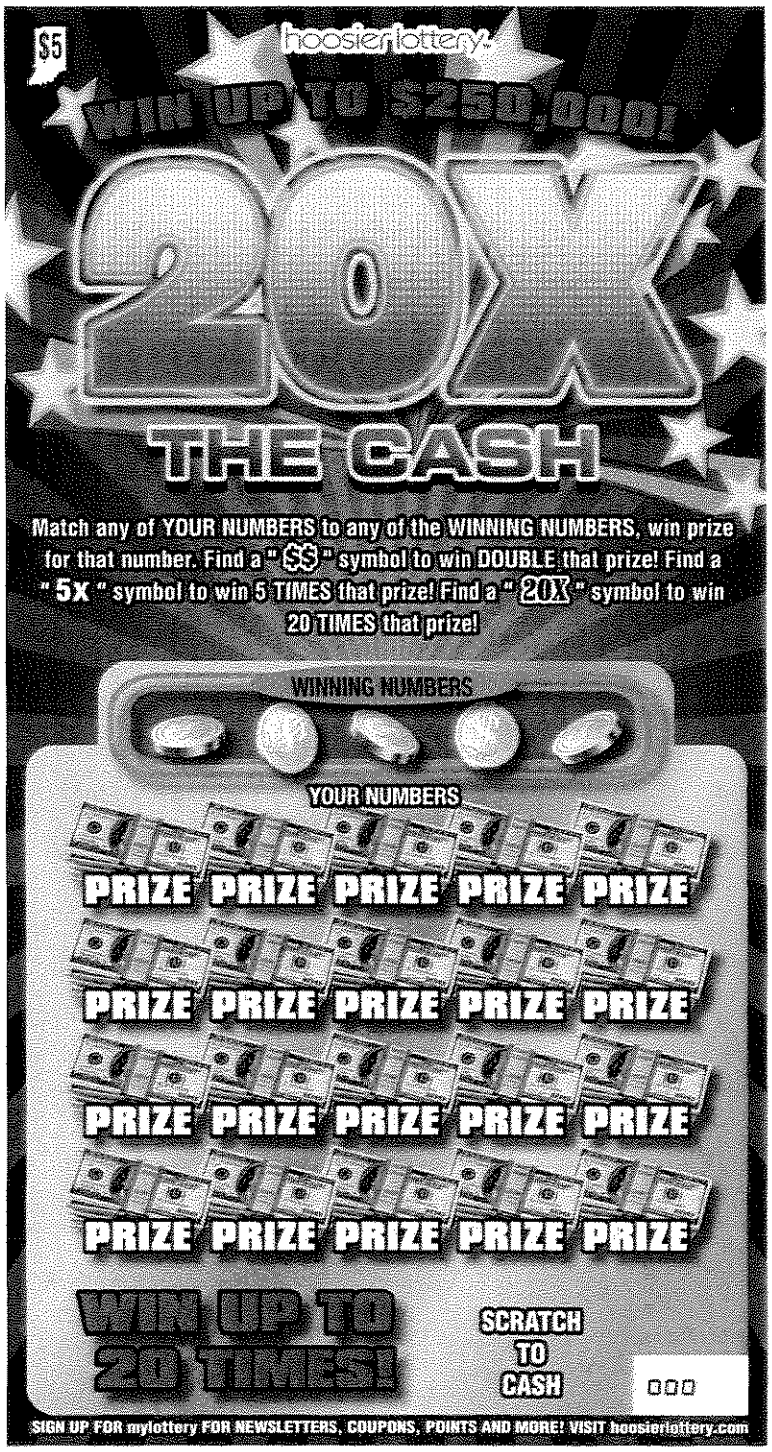
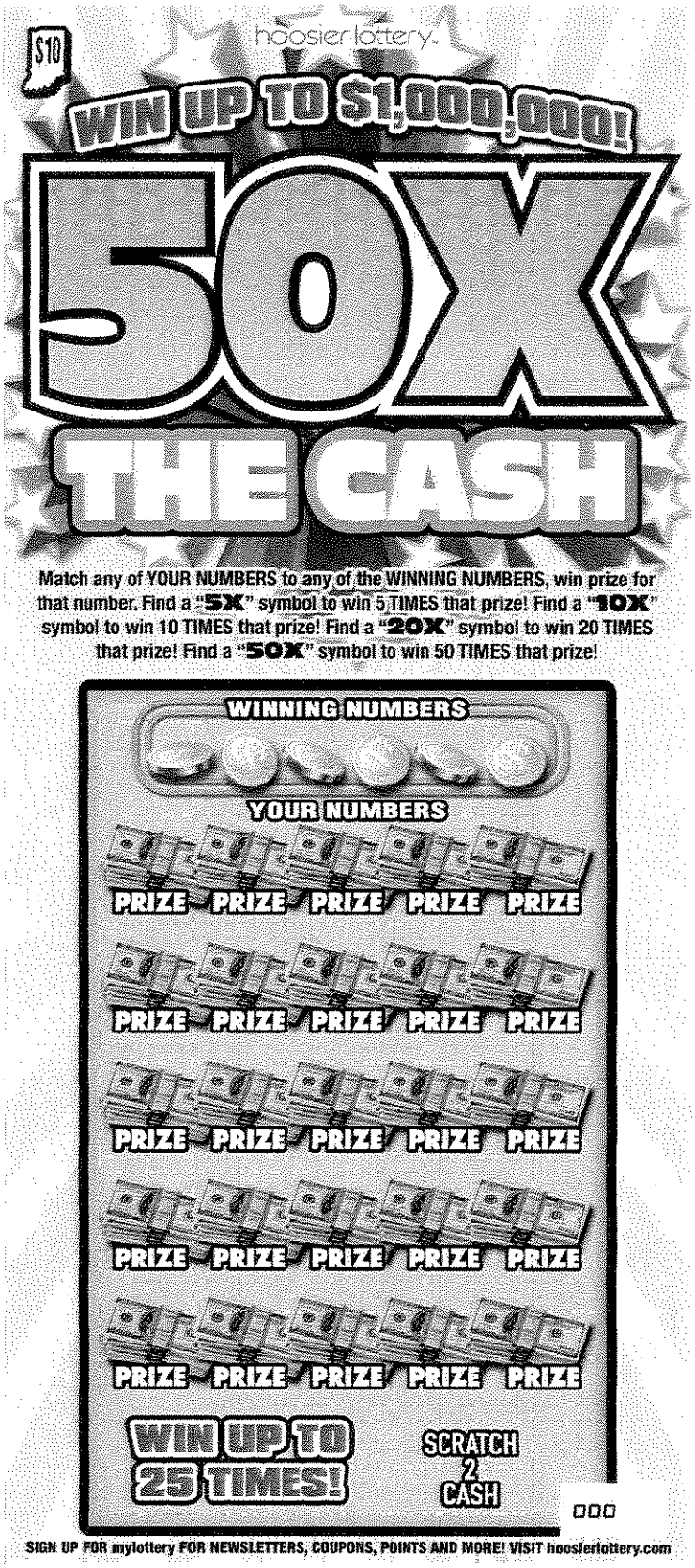

$5
hoosierlottery
WIN UP TO $250,000!
20X
THE CASH
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize for that number. Find a " $$ " symbol to win DOUBLE that prize! Find a " 5X " symbol to win 5 TIMES that prize! Find a " 20X " symbol to win 20 TIMES that prize!
WINNING NUMBERS
YOUR NUMBERS
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 20 TIMES!
SCRATCH TO CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com


$10
hoosier lottery.
WIN UP TO $1,000,000!
50X
THE CASH
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize for that number. Find a "5X" symbol to win 5 TIMES that prize! Find a "10X" symbol to win 10 TIMES that prize! Find a "20X" symbol to win 20 TIMES that prize! Find a "50X" symbol to win 50 TIMES that prize!
WINNING NUMBERS
YOUR NUMBERS
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO 25 TIMES!
SCRATCH 2 CASH
000
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Game Lineup

- $1 Mad Money
- $2 Whole Lotta $100's
- $5 WPT® Texas Hold 'Em®

Summary

This introduction contains a very special assortment of instant products all with traditionally high index factors. One of the products is a highly promotable licensed brand. WPT Texas Hold 'Em has a huge following and is, in fact, the third most watched competition on TV to football and NASCAR. The Texas Hold 'Em poker game that we are proposing offers a great assortment of prizes and a Second Chance promotion that features an exciting internet game where you simply match two of a kind in a Hold 'Em poker style game to win. Prizes would include trips to any WPT poker tournament in the world (including entry fee), along with cash prizes up to $2,500. This instant game offers a top prize of $200,000 and over $26,700,000 prizes in total. Even if you lose initially, you still get a fun, exciting chance to win trips, cash and coupon packs. The other games in this introduction are both special games with records of high performance. The combination of these games meets our goal to give Indiana exciting, high indexing games that offer your line balance and fill existing needs in the market. Mad Money provides you with a classic money oriented $1 product that is fun and easy to play. The $2 Whole Lotta $100's is loaded with $100's and features a top prize of $30,000.

Graphic Designs and Callouts

$1 Game

Mad Money is always a high indexing $1 game and is very effective in the quest to enhance player base. Mad Money features a top prize of $5,000 and five chances to win.

Ticket/POS Callouts

- Win up to $5,000
- Win up to 5 Times

$2 Game

Whole Lotta $100's tells the whole story. This game is designed to deliver an unusually good chance at winning $100. Many Lottery players see this kind of game as being very intriguing as they don't expect to win more than that anyway. For that type of person, this game is very attractive. It indexes 163 and is very popular. The mechanics are key number match with a $100 autowin. Although the top prize is $30,000, the focus is on the $100 prize level.

Ticket/POS Callouts

- Win up to $30,000
- Loaded with $100 prizes
- Win up to 10 Times

$5 Game

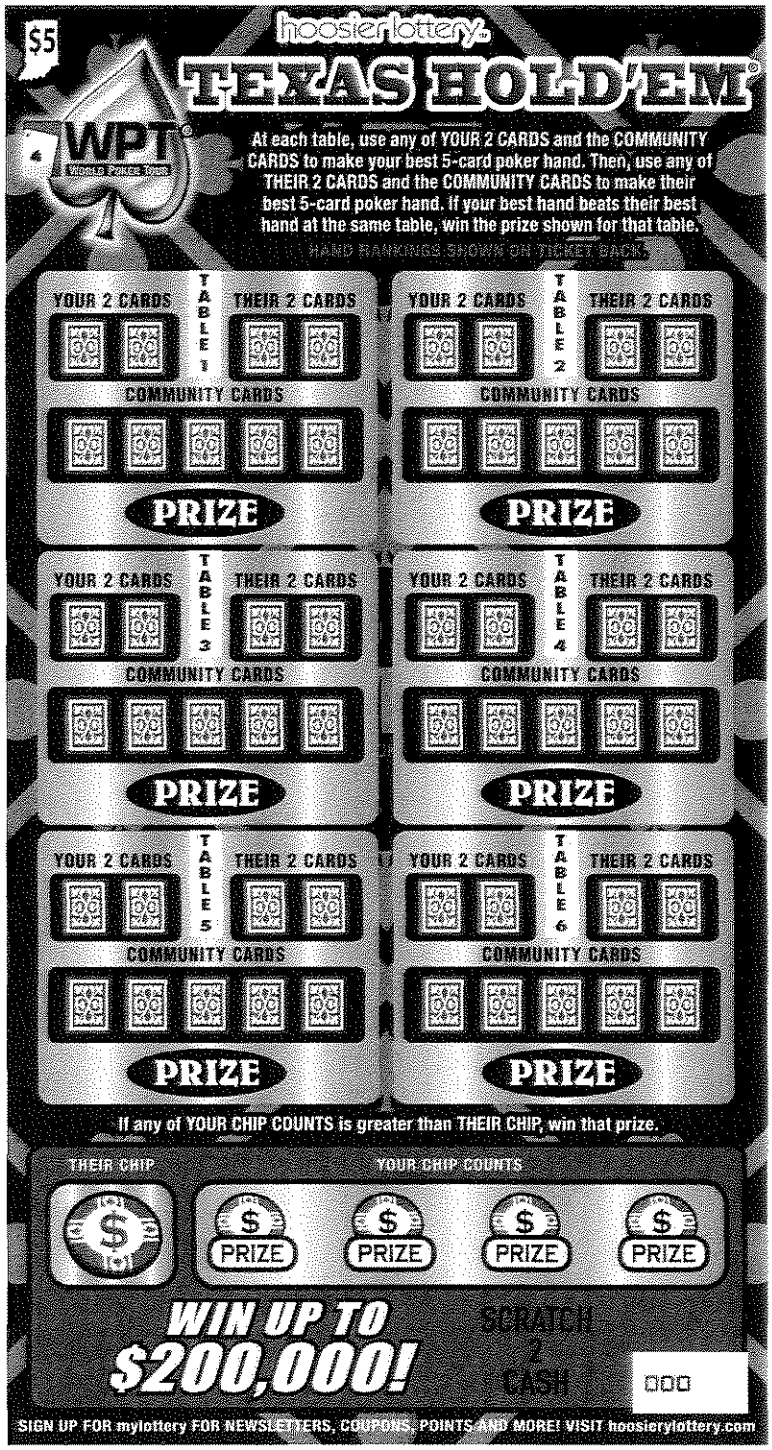
WPT® Texas Hold 'Em® provides a necessary gambling theme to the market in April. This game is perfect for those people in the market who truly enjoy the excitement of gambling but it also appeals to those people who fantasize about playing in a big poker tournament. The game probably doesn't appeal to as wide an audience as some games, but provides very strong appeal to those who really enjoy gambling. The game has a top prize of $200,000 and over $26,700,000 in total prizes. WPT Texas Hold 'Em offers a Second Chance internet game that can be played on the Lottery's website by simply entering the validation number from non-winning tickets. You could win a trip to any WPT tournament in the world, up to $2,500 in cash, WPT Hold 'Em gear or packs of coupons. The internet game is easy to play – you just have to get a "pair" in a Hold 'Em Poker style game.

Ticket/POS Callouts

- Win up to $200,000
- 6 top prizes of $200,000
- Over $26,700,000 in total prizes
- Enter Second Chance promotion to win tournament trips or cash

$1
hoosierlottery.
MAD MONEY
WINNING NUMBERS
YOUR NUMBERS
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Match any of YOUR NUMBERS to either of the WINNING NUMBERS, win prize for that number. Find "$," symbol to win DOUBLE the prize shown!
SCRATCH 2 CASH
WIN UP TO $5,000!
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$2
hoosierlottery.
WHOLE LOTTO $100's
WIN UP TO $30,000!
Match any of YOUR NUMBERS to either of the WINNING NUMBERS, win prize for that number.
Find a "$" symbol to win $100 instantly!
WIN UP TO 10 TIMES!
SCRATCH 2 CASH
WINNING NUMBERS
YOUR NUMBERS
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com


$5
hoosierlottery
TEXAS HOLD'EM
WPT
At each table, use any of YOUR 2 CARDS and the COMMUNITY CARDS to make your best 5-card poker hand. Then, use any of THEIR 2 CARDS and the COMMUNITY CARDS to make their best 5-card poker hand. If your best hand beats their best hand at the same table, win the prize shown for that table.
HAND RANKINGS SHOWN ON TICKET BACK.
YOUR 2 CARDS
TABLE 1
THEIR 2 CARDS
COMMUNITY CARDS
PRIZE
YOUR 2 CARDS
TABLE 2
THEIR 2 CARDS
COMMUNITY CARDS
PRIZE
YOUR 2 CARDS
TABLE 3
THEIR 2 CARDS
COMMUNITY CARDS
PRIZE
YOUR 2 CARDS
TABLE 4
THEIR 2 CARDS
COMMUNITY CARDS
PRIZE
YOUR 2 CARDS
TABLE 5
THEIR 2 CARDS
COMMUNITY CARDS
PRIZE
YOUR 2 CARDS
TABLE 6
THEIR 2 CARDS
COMMUNITY CARDS
PRIZE
If any of YOUR CHIP COUNTS is greater than THEIR CHIP, win that prize.
THEIR CHIP
YOUR CHIP COUNTS
PRIZE
PRIZE
PRIZE
PRIZE
WIN UP TO $200,000!
SCRATCH 2 CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

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Game Lineup

- $1 $5,000 Spin
- $2 Wild 10's
- $2 Triple Lucky Diamonds
- $3 Ruby Red Slingo

Summary

For this introduction we recommend four very different games to appeal to the widest audience possible. This introduction offers the Hoosier Lottery the opportunity to satisfy the needs of players with higher propensities to gamble (e.g., $5,000 Spin), numbers oriented players looking for simple excitement (e.g., Wild 10's), players looking for money/value oriented themes with multiplier features (e.g., Triple Lucky Diamonds) and extended play consumers (Ruby Red Slingo).

Graphic Designs and Callouts

$1 Game

$5,000 Spin is a very simple key number match $1 game that has a roulette design and features an autowin doubler. As the name indicates, the top prize is $5,000 and you can win up to 5 times on this ticket.

Ticket/POS Callouts

- 25 $5,000 prizes
- Over $3,9000,000 in prizes
- Win up to 5 times

$2 Game

Wild 10's features a very simple key number match design with a "Wild 10" autowin and a "red Wild 10" winner take all. The top prize is $25,000 and the game features over $3,500,000 in prizes of $10 to $2,000. You can win up to 10 times.

Ticket/POS Callouts

- Win up to $25,000
- Over 170 prizes from $1,000 to $25,000
- Over $3,500,000 in prizes of $10 to $2,000
- Win up to 10 times

$2 Game

Triple Lucky Diamonds is a simple key number match with double diamond symbol as doublers and triple diamond symbol as triplers. The top prize is $30,000 and there is over $6,700,000 in prizes. You can win up to 10 times.

Ticket/POS Callouts

- Win up to $30,000
- Over $6,700,000 in prizes
- Win up to 10 times

$3 Game

Ruby Red Slingo® is a very exciting extended play game. In addition, the game has a gambling oriented look focused on players with higher propensities to gamble. The top prize is $50,000.

Ticket/POS Callouts

- Win up to $50,000
- Loaded with prizes of $10 to $3,000

$1
$5,000 SPIN
hoosierlottery
Find a " " symbol, win prize shown for that symbol. Find a " " symbol to win DOUBLE the prize shown!
PRIZE PRIZE PRIZE PRIZE PRIZE PRIZE
WIN UP TO $5,000!
SCRATCH TO CASH
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$2
hoosierlottery
WILD NUMBERS
YOUR NUMBERS
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
WIN UP TO $20,000!
Match any of YOUR NUMBERS to either WILD NUMBER, win prize for that number. Find a " WILD 10 " symbol to win all 10 prizes shown! Find a " RED WILD 10 " symbol to win 10 TIMES that prize!
SCRATCH 2 CASH
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$2
hoosierlottery.
Triple
LUCKY
DIAMONDS
WIN
UP TO
$30,000!
Match any of YOUR NUMBERS to either WINNING NUMBERS, win prize for that number. Find a " " symbol to win DOUBLE that prize! Find a " " symbol to win TRIPLE that prize!
SCRATCH 2 CASH
WINNING NUMBERS
YOUR NUMBERS
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
WIN UP TO 10 TIMES!

$3
hoosierlottery
RUBY RED
SLINGO
WIN UP TO $50,000!
SLINGO LEGEND
FREE SPACE
GOLD
WIN $5 Instantly
1 Line = $3
2 Lines = $5
3 Lines = $10
4 Lines = $12
5 Lines = $20
6 Lines = $50
7 Lines = $100
8 Lines = $500
9 Lines = $1,000
10 Lines = $3,000
Blackout = $50,000
(Match All Numbers)
SLINGO GRID
02 34 55
07 17 32 54 72
12 41 47 66
10 24 43 49 65
04 23 33 71
YOUR SLINGO NUMBERS
SPIN 1
SPIN 2
SPIN 3
SPIN 4
SPIN 5
SPIN 6
SPIN 7
SPIN 8
Loaded with prizes of $10 to $3,000!
SEE TICKET BACK FOR COMPLETE PLAY INSTRUCTIONS.
SCRATCH 2 CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

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Game Lineup

- $1 Fast $50
- $2 Red White & Blue 7s
- $5 $200 Grand

Summary

For introduction number 12, we recommend two simple but hard hitting money oriented games, $1 Fast $50 and $5 $200 Grand, and a Fourth of July oriented numbers game Red White & Blue 7's. We believe that these games are fun, easy to play games that are perfect for the summer months.

Both Fast $50 and $200 Grand use their game names as the callouts with the greatest impact. The Red White and Blue 7's combines the excitement of the Holiday with the magic symbol for Lottery players, a 7.

Graphic Designs and Callouts

$1 Game

Fast $50 has been a high indexing $1 games for most lotteries. $50 is a prize that $1 players would love to win and actually feel that they have a chance to do so. Given that, a game that is loaded with $50 prizes is always successful. The mechanics are the tried and true key number match with an autowin symbol.

Ticket/POS Callouts

- Win up to $5,000
- Loaded with $50 prizes
- Win up to 5 times

$2 Game

Red White & Blue 7s is a classic summer game. The graphics have the Fourth of July and the Lottery players lucky 7 as the main focus. To win you simply find a 7 among the 10 spots. Get a black 7 and win that prize. Get a red 7 and win double that prize.

Ticket/POS Callouts

- Win up to $25,000
- Over 70,000 prizes from $20 to $2,000
- Win up to 10 times

$5 Game

$200 Grand is a high impact, hard hitting, money oriented game in which the name tells you what you can win. This design is really a classic $5 money design. The mechanics are key number match, 5 to 20, with a doubler and a 5X multiplier. There are over 111,000 prizes from $25 to $10,000 and over $26,700,000 in total prizes.

Ticket/POS Callouts

- Win up to $200,000
- Over 111,000 prizes from $25 to $10,000
- Win up to 20 times

$1
hoosierlottery
FAST
$50
WIN UP TO $5,000!
YOUR NUMBERS
WINNING NUMBER
WINNING #
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Match any of YOUR NUMBERS to the WINNING NUMBER, win prize for that number. Find a "FAST" symbol to win $50 instantly! Find a "$" symbol to win all 5 prizes shown!
SCRATCH 2 CASH
WIN UP TO 5 TIMES!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$2
hoosierlottery
Red White & Blue
7s
WIN UP TO
$25,000!
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
Find a "7" symbol to win the prize shown. Find a "RED 7" symbol to win DOUBLE that prize! Find a "$" symbol to win 5 TIMES that prize!
SCRATCH 2 CASH
WIN UP TO 10 TIMES!
000
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

$5
hoosierlottery.com
$200 Grand
WIN UP TO $200,000!
Match any of your NUMBERS to any of the WINNING NUMBERS, win prize for that number. Find a "" symbol to win DOUBLE the prize shown! Find a "5X" symbol to win 5 TIMES that prize!
WINNING NUMBERS
$ $ $ $ $
YOUR NUMBERS
PRIZE
WIN UP TO 20 TIMES!
SCRATCH TO CASH
SIGN UP FOR mylottery FOR NEWSLETTERS, COUPONS, POINTS AND MORE! VISIT hoosierlottery.com

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INSTANT TICKET CATEGORY MANAGEMENT

Instant Category Management Overview

SG Indiana believes that the Hoosier Lottery's instant product strategy is generally sound and, with the enhancements recommended in this proposal, that the instant game product will be fully optimized and continue to have a positive impact on sales. Realizing the instant product's full sales potential requires that the sales support and distribution infrastructure be optimized as well. SG Indiana believes that a customized system and management approach which integrates the entire lifecycle of the product from planning, to distribution, to merchandising, to reporting is necessary to fully realize the instant product's maximum sales potential. It is this fully integrated category management approach that will be a key driver of substantial growth for the Hoosier Lottery. This section provides a detailed description of Instant Category Management (ICM) program as proposed by SG Indiana.

ICM is a fully integrated program for Instant Ticket Management which is custom designed for engaging current players, building playership, and growing revenue. SG Indiana's approach to these services is based on our proven experience in staffing and operating the inside sales, warehousing, and distribution programs in the U.S. market and around the globe, impacting more than 200,000 retailer selling points worldwide. As the creator and standard bearer of this model, we believe that Scientific Games serves as the "Gold Standard" by which all lottery warehousing and distribution programs are modeled and measured against.

This program has a strong record of delivering logistical efficiency and effective supply chain management, which results in both revenue growth and service enhancements. Most recently, the program was implemented for the Illinois Lottery and was a key driver of the 26% instant ticket sales growth realized in the first year of the Illinois private management agreement.

The Instant Category Management initiative encompasses a broad scope of services all focused on optimizing revenue for Indiana's beneficiaries. These services include but are not limited to Warehousing and Distribution (including ticket return, destruction and recycling); Telemarketing Services; OrderCast predictive ordering software; Consumable Management and Distribution; Customized Reporting; and Retailer Development.

Highlights and specific strengths of the program include:

- Scientific Games has created, designed, implemented, and operated the standard for instant game warehousing operations in the U.S. since 1985. The Hoosier Lottery will benefit from over 25 years of warehousing experience that ensures retailers, players, and the games themselves are not subject to the lessons and mistakes that other Lottery suppliers may have yet to learn.
- The custom-designed Indiana facility will incorporate numerous new technologies in workflow improvements developed over 25 years of warehouse implementations and from eight implementations since 2005. Scientific Games has executed more of these warehouse implementations than any other organization in the world.
- Scientific Games' ISO 9001:2008 certified warehousing and distribution procedures ensure the industry's highest quality standard in terms of accuracy, accountability and security.
- Scientific Games created the industry standard for instant game security which provides oversight over the entire lifecycle of the games. Built-in security systems, pioneered by Scientific Games, reduce the physical handling of ticket packs to enhance accountability and simplify tracking control of ticket packs in the warehouse.
- Our warehouse and distribution system is built to permit rapid response to consumer demand. This maximizes revenue by getting the right products to market faster, increases the flexibility to plan and schedule games, and creates the most profitable orders for retailers. These new features, based on current best practices for instant game ICM operations, have set a higher standard in the industry in terms of accuracy, accountability and security. Although the current systems and processes are robust, SG Indiana will continually evaluate the changing market needs and available technology to ensure the instant ticket category is optimized throughout the supply chain.

SG Indiana firmly believes that the strengths of its warehousing and distribution systems will capably deliver the following results:

- Instant game sales growth significantly exceeding the overall industry average
- Optimized retail product mix to maximize the sales of each and every retailer
- A diverse retail product mix structured to deliver profitability and grow the player base
- Faster revenue generation with improved on-time ticket deliveries
- Expedited retail order fulfillment
- Elimination of game inventory shortages at retail to maintain sales
- Improved retailer relationships

- Enhanced operational efficiency that will allow the sales team to focus on retail partnerships that grow revenue

Instant Category Management Operating Model

To maximize profit, SG Indiana's operating model was created not only on the physical aspects of instant game inventory control and distribution, but to incorporate the critical marketing/ sales management component that ensure effective ticket volumes at retail. In essence, this program delivers fully integrated instant ticket category management. By leveraging key sales performance information and analyzing data, adjustments can be made with retailers and lottery sales representatives to grow the instant game sales year after year. SG Indiana's overall marketing support provides superior, actionable information, logistical experience, and an experienced on-site management team to deliver best-in-class instant game warehousing and distribution technology for the Hoosier Lottery.

As part of this operating model, three primary items will support the initiatives to deliver optimized revenue performance.

- AEGIS Inventory Management and Distribution System
- OrderCast Predictive Ordering Software
- Inside Sales Program

AEGIS™ System

The AEGIS™ system offers some of the most advanced technology in the industry today and serves as the heart of our offering to the Hoosier Lottery for inventory control and instant game lifecycle management. This innovative and flexible system allows SG Indiana to efficiently package and distribute retail orders, confirm deliveries to retailers, monitor retailer inventory levels and provide the advanced reports to effectively help manage daily operations to drive revenue. Inventory control and instant game lifecycle management is a core function of this system. AEGIS is designed to provide flexible information reporting, management, and accounting for all warehousing and distribution functions. The system is designed to not only maximize the sales of Indiana's current retailer base, but also to meet the needs of the expanded retailer network. This is a technically advanced system that we believe will meet and exceed all the required functions for efficient warehousing and distribution, and can also incorporate a great many additional features to assist the Lottery in managing those functions.

OrderCast Predictive Ordering Software

The OrderCast module designed by Scientific Games is a sophisticated tool that uses regression and geo-demographic coefficients, as well as retailer sales information, a variety of instant game details, and game validations to accurately calculate suggested order quantities based on predictive order models designed to maximize sales. The system predicts the optimal number of packs required for a specified sales period for each retailer to ensure a profitable mix of instant games and inventory quantities at each Lottery retail location. As a result, retailers will have the optimum number of packs on hand at any given point in time to ensure continuous and improved sales.

The OrderCast System utilizes over 97 coefficients, combined with Indiana-specific data, to forecast ideal instant ticket sales by game by retailer. The forecasted ticket sales are then combined with operational considerations, such as pack sizes, order cycles, and "safety stock" provisions to generate a final, profitable recommended order for all games for every retailer. The inside sales representative will customize the order further based on regular communication with the retailer before finalizing the order details. For example, a retailer may tell the sales representative that a street fair is scheduled for the following week, and they need more games than "predicted" by the system. The inside sales representative has the ability to adjust the order accordingly to make sure the retailer is profitably stocked for the event.

OrderCast will analyze all Hoosier Lottery instant games introduced over a two-year period and calculate the net impact each game has on total Lottery sales and gross profits throughout the entire lifecycle of each game. This will give business management insight into trends to support forecast adjustments and game decisions.

Inside Sales

Scientific Games began its inside sales systems experience more than 28 years ago with the Arizona Lottery, where the Inside Sales concept for selling tickets was first implemented. Since then, the company has implemented over 20 Cooperative Services Program (CSP) systems at lottery start-up or converted existing lotteries to the CSP model.

Inside Sales is an essential element to optimize inventory and the other supply chain functions. Inside Sales is important for sales growth as it provides a strong human relationship between the Lottery and its retailers, which facilitates the acceptance and implementation of technological innovations. Greater contact and communication means better awareness of retailer sales trends, customer preferences, and more precise inventory control to ensure sales at retail. The telemarketing module of the system will provide the telemarketing team with the tools and technology to increase sales via a proven, browser-based interface. Once an order is placed in the Inside Sales system, the system will track the movement of the instant ticket packs via bar coded

tickets through a matrix of pack statuses designed to control and account for the pack from the time of packaging until it is removed from sale.

- Scientific Games currently provides inside sales systems to nine lotteries in the U.S., including Arkansas, Delaware, D.C., Florida, Maryland, Oklahoma, Pennsylvania, Puerto Rico and Illinois.
- In FY12, lotteries using the Scientific Games inside sales system generated more than $7 Billion in sales.

OPERATING PLAN

The following pages provide basic operating plans for SG Indiana's Distribution center. The SG Indiana warehouse will operate at the highest standards of security and efficiency found in the industry. This will not only ensure that product availability is optimized for Lottery retailers and players, but it will also protect the most important asset of the Hoosier lottery brand—integrity.

Scientific Games' worldwide experience converting and starting 27 secure warehouse and distribution operations ensures that the Hoosier Lottery operation will be transitioned seamlessly with little to no interruption of service to retailers.

Warehouse Operating Plan

1. Physical Layout

After careful assessment, Scientific Games has determined that a facility of approximately 25,000 square feet would increase operational efficiency while continuing to achieve Lottery delivery time frames. Following expiration of the lease on the Hoosier Lottery's distribution facility, Scientific Games proposes to utilize a warehouse facility located in the Indianapolis, Indiana area. A facility in this area is ideal for the proposed operation in terms of space, layout requirements and proximity to the Lottery headquarters. Scientific Games will use its extensive instant ticket warehouse design and operational experience to create a secure and efficient workspace for the warehousing and distribution operation.

Site Security

Scientific Games treats its sites as an extension of our physical plant security. These sites' security systems can be fully monitored by our security staff and administrated from Alpharetta, Georgia.

Warehouse and distribution area access, surveillance, intrusion and life safety systems are monitored by Scientific Games' Security department. Intrusion and life safety alarms are monitored by a contracted third party Central Monitoring Station (CMS) 24/7.

We employ state-of-the-art digital systems, physical barriers, devices and technologies that are best suited to protect our business operations and our customers. Our security officers communicate on a 16-channel wireless FM communications network, which serves as their primary means of communication. Officers are required to complete annual training and maintain state security certifications.

Access Controls – Our sites' access, surveillance, intrusion and life safety systems are remotely monitored by Scientific Games' Security Department in Alpharetta. Intrusion, life safety and environmental alarms are also monitored 24/7 by a contracted third party Central Monitoring Station.

The goal of our site facility design is to create the proper environment for our work processes and products that will Deter, Detect, Delay, Deny, Defeat and Document likely physical threats against our operations. We use state-of-the-art digital systems, physical barriers, devices and technologies that are best suited to protect our business operations and provide a safe working environment.

Scientific Games' Security Director of U.S. Instant Ticket Production is involved in each site selection process, building design and the installation and permitting of life safety and security systems. Our security director regularly communicates with site general managers regarding safety, security, environmental and insurance matters and visits each existing CSP site at least once a year to ensure compliance with all applicable best practices, policies, systems function, customer and government security requirements. The security director also helps general managers create and implement the site's disaster recovery plans. A daily record of all site system monitoring activities and link efficiency is maintained by Alpharetta security.

Our sites are comprised of a secure entry lobby and holding area, driver holding area, administrative office space, secure data and communication rooms, warehouse and packaging operation, shipping/receiving area, restricted retailer return storage area, critical utilities and substation areas. Areas of the facility are further categorized by their security features which take into account locale, activity, accessibility and other risk considerations which affect the prevention, accountability and control resources used to secure and protect them.

Warehouse operations will be separated using secure and noncombustible material and construction with at least a two-hour fire-resistance rating for all demising walls. Area crime, weather and environmental risk assessments, as well as, security structural design allotments, are a crucial part of every new CSP site build-out.

Intrusion Detection and Monitoring – Shock/frequency initiated glass break sensors will be installed on all perimeter glass and any interior glass that is part of a physical barrier into a controlled area. All perimeter doors and overhead doors will also be alarmed via door contacts.

The site's warehouse space and all interior areas of approach will be covered by infrared and or microwave motion detectors appropriately installed so that they are not blocked or interfered with by normal warehouse storage activities and materials.

Water detection and temperature sensors will be installed to monitor environmental threats against critical system servers. Smoke and heat detection sensors, horn/strobe alarms and manual pull stations will be installed.

Duress Device – Stationary or mobile duress device will be installed at the site to provide personnel the ability to send out a silent emergency signal to the central monitoring station when activated.

Digital Access Control System

SG Indiana will install the IMPRO IXP series, digital access control system that provides for outstanding flexibility and incorporates available digital technology configurations and accessory options. Its open architecture database utilizes client/ server technology for easy access using third party applications and is ideal for multi-state control and system integration from Alpharetta and/or monitoring rights for the Hoosier Lottery via local (LAN) and wide area (WAN) networks. Access to the facility will be regulated by the system's access matrix discussed below.

Only controlled and individually assigned ID devices will be used to access perimeter doors, visitor holding areas, critical data and communication rooms and secure product areas. Security and life safety systems will have their own uninterrupted power supply (UPS) capable of providing 12 hours of continued function before needing to be placed on the site's general or back up power.

Critical system components will be protected by anti-tamper devices that immediately signal security station terminals of any attempts to disable or gain unauthorized access into the system. Access system software will provide door and sensor status reporting to include audio and visual setting options, a complete record of all keys presented, access granted, accesses denied and detailed history logs with built in filters that allow for tailored audit trail reports on personnel, doors or areas.

Access Matrix – The foundation for assigning access privileges for our employees and affiliates is based on a "Department General Access" plan that accounts for the job needs of each department. An access matrix developed by the security director is used to issue timely and appropriate individual access rights during new employee orientation and changes in job responsibilities.

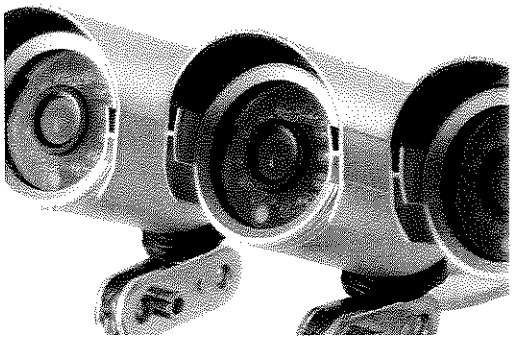
Supplemental "Invitational Access" and "Restricted Access" privileges are requested and controlled under direct review and approval from authorized managers, department heads and the security director as described in our access policy.

Individual access privileges may be further limited to specific work days, business hours, duration of privileges or may require that two authorized card users present their access cards at the same time to access a specific point.

If a key card is reported lost or stolen, or the employee is terminated or suspended, the key card is immediately deleted from the security system and cannot be used regardless if it is returned or not.

ID Badges – Controlled ID badges are issued to every Scientific Games' employee and include their photo, name and department. All employees' and critical contractual vendors' or affiliate's photos are stored in a master database administrated by Scientific Games' security department in Alpharetta. The IDs are color coded based on employment status and equipped with a hologram security feature. Smart chips can also be integrated in the ID for use in specialized security and or authentication needs.

Digital Surveillance System – Scientific Games will install high resolution cameras equipped with 4mm to 8mm lenses and a One terabyte IP addressable DVR with 60 day video storage capability to cover key site activities, restricted areas, perimeter entry ways including roll up doors and key interior and exterior areas of approach.



Exterior cameras will be properly housed and equipped with heater/blower units as needed to maintain normal operation during expected temperature extremes in the area. The surveillance system will be set up for optimum real-time viewing by allocating appropriate frames per second recording rates and or activation based on motion detection, event or predetermined schedule. The system will be accessible to and administrated by security at our manufacturing headquarters in Alpharetta.

Upon request Scientific Games will install and configure the system to allow for surveillance of the facility by the Hoosier Lottery via a LAN/WAN and password protected connection. Scientific Games will provide the Hoosier Lottery with the appropriate software required for customized viewing that offers distortion free and digitally enhanced playback capabilities.

Should the Hoosier Lottery require other than a LAN/WAN connection, Scientific Games will install an alternate and secure data communication link.

Security Equipment and Procedures

Supervised and fully monitored burglar and fire alarm systems will be provided for the protection of the site and to ensure only authorized opening and closing activities occur.

Based on our extensive experience securing CSP operations we propose an Ademco, Radionics or Silent Night digital monitoring system to include a field control panel, field processors and two remote LCD screen alpha-numeric key pads at the site's front and rear entry doors be installed to arm and disarm the building and to detect and report real-time incidents of intrusion and fire.

Based on the authorization level of the individual working the keypad, independent and/or zoned portions of the entire building can be armed and disarmed providing control over the entire facility under our management. At a minimum, these systems will be configured to perform as follows:

- Detection and notification of forced entry through perimeter doors via door contact breaks
- Detection and notification of sound and shock conditions that indicate broken perimeter glass
- Detection and notification of occupancy or activity/motion in the facility after set closing times
- Detection and notification of authorized system arming and disarming
- Detection and notification of unusual opening or closing times
- Detection and notification of system faults, power faults, communications faults, smoke, heat, fire suppression system flow, and ground water alarms and system tamper alarms

All fire, burglar alarm signals, water bug devices, environmental temperature devices, and all alarm and trouble signals will be transmitted to a UL-approved Central Monitoring Station (CMS). Signals will be sent via a dedicated analog telephone line and a back-up cellular line which will automatically become the default line used to transmit signals should local telephone service be disrupted.

Critical system devices inform monitoring personnel of their operating status in real-time, to include tampering, if they have become inoperable or are in need of maintenance or replacement. All security and life safety system components and design will meet or exceed local code and national NFPA requirements and a local permit maintained.

A personnel notification list with authorization codes and passwords will be established and maintained by Alpharetta Security and coordinated with the CMS service provider.

A communication test will be conducted weekly and equipment will be tested at least once a year as part of the security director's site audit. All system status main event reports will be received monthly by a designated member of Scientific Games' security staff for full review and follow up as needed. A formal response plan for intrusion, fire and other workplace disruptions will be established for business and after hour incidents and may include a retainer agreement with a private security company that can be called on for quick response and a sustained physical security presence in the event it is required.

Fire Prevention And Detection – Fire detection and suppression systems that meet or exceed all local codes and National Fire Prevention Association standards will be installed in the warehouse.

The system's alarm event/type signals are immediately sent to, and received by, trained personnel at our UL-approved and contracted 24/7 CMS service provider. Alpharetta Security is also alerted and pre-coordinated local emergency response teams are dispatched based on the event type. Alarms activated at the facility will also cause the other alarm systems to alert personnel throughout the facility (both visibly and audibly).

All Scientific Games' personnel at the warehouse will be trained on their life safety responsibilities in accordance with established policy and procedure for the site and its operations. Additional site familiarization and training is also coordinated in advance with the local fire marshal, police and fire stations in the area.

Water And Flood Detection – Scientific Games will provide a water detection system connected to the primary site alarm and remote monitoring system. Water detection devices will be placed in all critical data, system and product storage areas.

2. Receiving Deliveries

The SG Indiana warehouse operations will employ strict ISO 9001:2008 procedure guidelines for receiving instant games from the printing facility. SG Indiana will ensure transportation companies used for this operation are capable of providing licensed, bonded, and insured drivers to transport the tickets in sealed, exclusive-use trailers. Making sure that tickets arrive safely, securely and in a timely manner is very important to the image of the Hoosier Lottery and to SG Indiana.

Tickets will be shipped via exclusive transport, on trailers that are inspected by security personnel. The trailers are inspected for defects or unsafe conditions prior to the shipment being loaded. The shipment is placed on the trailer, along with supporting paperwork, inventory DVD, and manifest. The trailer is sealed and transported non-stop to the warehouse located at the Lottery's warehouse in Indiana.

Upon arrival at the warehouse, the trailer is inspected by the SG Indiana Warehouse/Security Manager. The seal is noted to be intact, and the manifest notated. Any discrepancies in the paperwork are noted and the Alpharetta plant security and distribution personnel notified. This process will also apply to any deliveries from other scratch-off ticket vendors and/or contractors. SG Indiana will work with the secondary contractors to establish or incorporate their existing procedures into this process. The seal is broken by the warehouse staff, then the shipment is off-loaded, staging the shipment until it is verified against the paperwork. If the shipment includes agent's samples, these are taken to a separate point from the regular shipment. Once the shipment has been verified including number of pallets, and checked for damage, the driver is permitted to leave.

The shipment including game and pallet count, courier and date is entered into a "receiving log" by the person receiving the shipment. The shipment is entered into the inventory books in the warehouse and the shipment is put into the bays awaiting the "loading" process.

The Bill of Lading is retained and filed by the Warehouse/Security Manager as part of documented procedures.

Shipments other than tickets are handled much the same way, with the contents being verified by a warehouse clerk, notated on the Bill of Lading, and entered into the receiving log.

Utilizing ISO 9001:2008 procedures, SG Indiana's ticket order packaging methodology is designed to fill and pack ticket orders for the Hoosier Lottery with a focus on the highest level of security, efficiency, integrity and accuracy.

3. Picking and Packing

SG Indiana's proposed picking and packing procedures for the Hoosier Lottery warehouse are based on nearly two decades of experience. To preserve operational integrity, SG Indiana will organize and sub-divide the warehouse into four distinct areas:

1. Scratch-off ticket inventory (pallet racking)
2. Scratch-off ticket staging area for pending orders
3. Warehouse stations with flow racks for order picking and packing
4. Courier(s) station for completed, packaged orders waiting for courier pick-up

Scratch-Off Ticket Inventory Storage – As new scratch-off games arrive in the SG Indiana warehouse, they will be stored and located in numerical sequence by game and carton/ pallet number into pallet storage locations. This accomplishes two goals:

1. Eases completion of physical inventory on a daily/weekly/monthly basis.
2. Expedites the order packaging process by knowing exact location (row, rack) of a game(s). This is particularly helpful when making initial allocations of new games or multiple new game orders.

Figure 40: Ticket Order Picking and Packing Area

Instant Ticket Staging Area for Pending Orders – On a daily basis pallets of the game(s) to be distributed are brought into the ticket staging area.

Packing Stations – The individual cartons containing the instant game packs are removed from the ticket staging area and are loaded onto each packing station's carton flow rack for order picking. The warehouse clerks pick the ticket packs for the retailer orders and pack them into corrugated boxes or security mailer bags at the packing stations.

Figure 40 shows a typical order picking and packing area.

Courier(s) Station For Completed, Packaged Orders – In the final step before the packages leave the facility, all packages are placed in shipping bins or on pallets and moved to the courier(s) shipping station.

Shipping – Designated courier personnel then scan each individual order into their automated tracking system. The proposed courier delivery process is able to use UPS and/or any other national or local couriers who offer package distribution and tracking capabilities that meet the standards established for the Hoosier Lottery. This entire process is monitored by security cameras and supervisor personnel. SG Indiana also plans to investigate the use of local minority couriers for service to select areas of the state.

Courier activities are also monitored by specifically designated warehouse personnel and remotely monitored by security cameras. Courier(s) personnel assigned to SG Indiana's operations will always be accompanied by Scientific Games' and/or Hoosier Lottery security personnel. In addition, any courier(s) employee delivery services assigned to SG Indiana will undergo a comprehensive background check. All documentation required for auditing, dispute resolution, and tracking of all packages will be received, completed and maintained by SG

Indiana. The warehouse facility will be secure and remain dedicated to the Hoosier Lottery's requirements.

Packing Material – One factor to consider when evaluating the various methods to deliver tickets is the sheer volume that must be handled by the distribution system and the geographic considerations of a state the size of Indiana. The shipping containers used by Scientific Games are rugged, sealable tamper-evident shipping mailers and corrugated boxes. The envelopes are custom designed and are employed at all Scientific Games operations. The corrugated boxes which will be used can accommodate shipments of up to 150 pounds and 165 cubic inches. Of course, arrangements with the courier partners can swiftly be made to ship any item over these limits. Once containers are sealed at the warehouse, any attempts to open them will be obvious to the retailers. Additionally, all ticket packs are shrink-wrapped, adding another layer of security to the shipment.

4. Returns Processing

To minimize handling by field staff, SG Indiana will be responsible for the processing of undeliverable, unaccepted, or unsold tickets. Returned tickets which are picked up by field staff services from retailers will be returned to warehouse. Prior experience shows that this method of returns processing provides the Lottery with the most efficient and accurate inventory and returns reports for the retailers. SG Indiana will utilize proven, secure procedures to preserve game integrity and account for the stock throughout the return process. The procedures maintain constant status of pack locations for auditing purposes which enables us to locate any given ticket or pack, regardless of the status. Returned full, unopened packs of active games are reissued before any unopened boxes of inventory from that same game(s). Returned partial packs of tickets from active games may not be reissued. These partial packs, along with damaged tickets and unsold tickets from ended games, are stored separately from active games until a final game reconciliation is completed.

Return Procedures – Packages containing returned tickets are logged in upon arrival at the warehouse and staged in a secure area until they are ready to be processed. Designated SG Indiana personnel will be responsible for processing all ticket returns using the instant ticket system. Using a scanner in conjunction with the system software to perform all return ticket functions ensures accuracy for this important task. Assigned SG Indiana personnel will open all return ticket envelope/boxes to verify the number of returned tickets by comparing the physical amount of returned tickets to the enclosed return ticket invoice.

Once they verify that the return count for a partial pack return is accurate, the assigned personnel will scan the first ticket number of all partial ranges to record them in the inventory control system. The same scanning process is used for full packs of return tickets. Full packs from ended games are secured with the partial returns in a secured area in preparation for end of game

destruction. As mentioned earlier, full packs of active games are returned to active game stock and reissued with a priority over unopened boxes of available stock.

Exception Returns (Damaged, Count Discrepancy and Invalid Pack Status) – Lottery Security will be notified when tickets returned to the SG Indiana warehouse are damaged, the number of tickets returned does not match the quantity and/or pack range on the returned ticket receipt or the tickets are in a status that cannot be processed as a return. Returns will be stored in a separate area until final disposition is determined by the Lottery.

Documentation and Storage of Ended or Damaged Tickets – Once returned tickets have been processed and recorded in the system they are cataloged by game number and processing date and stored in a secured ticket returns area. SG Indiana catalogs tickets by game number and processing date to expedite the game end reconciliation process and to enable us to retrieve tickets quickly in the event of an auditing, security or other Lottery department request. SG Indiana will work closely with the Hoosier Lottery to develop any reports necessary to monitor return ticket activity and inventory control.

Unsold tickets from inactive games remain securely stored separately from active games until game reconciliation performed by the Lottery is completed. After a game has been reconciled and approved for destruction the tickets are destroyed by SG Indiana in accordance with stringent, ISO-approved destruction procedures.

The established and proven procedures have expedited game end/destruction procedures in many jurisdictions and will help the Hoosier Lottery to reconcile ended games in a secure and efficient manner.

5. Hours of Operation

Scientific Games' experience in the start-up of warehousing and distribution operations has been that the first few weeks of ticket sales result in long hours at the warehouse to meet the start-up demands for instant tickets.

SG Indiana will establish the hours of the Indianapolis warehouse operations to begin at or shortly after retailers begin placing orders at 7:00 a.m. until all orders placed that day are filled. It is anticipated that this will normally be about 5:30 p.m. It is understood however that operations must continue until the job is done, so the hours of operation are adjustable to meet market demands.

The SG Indiana distribution center will be prepared to take delivery from Lottery suppliers between 7:00 a.m. and 5:30 p.m. Monday-Friday C.S.T. when personnel are normally scheduled to work. SG Indiana will also make any arrangements necessary to accept delivery outside of

those hours as SG Indiana understands that delivery schedules can often change due to weather or other unforeseen circumstances.

STAFF TRAINING PLAN

An experienced team of SG Indiana professionals will be on-site to perform training for new and transitioned staff. All employees will be trained to implement the ISO-certified procedures and internal audits will be performed every six months to ensure that these procedures are being followed.

The training needs of the SG Indiana operation will be diverse, ranging from items such as forklift training to the Inside Sales operation. The wide-range of skill sets inherent in warehouse operations will require a wide range of experts and training plans to ensure that each employee is properly skilled in their job function. With that in mind, the following pages will provide basic training plan information into distinct categories.

- Inside Sales Training
- Warehouse Training

Inside Sales Training

SG Indiana will provide introductory and ongoing training to all new Inside Sales staff and transitioned field sales staff in the operation. All hands-on training is conducted on-site.

SG Indiana will offer a prestigious training program called the "Ambassador Program." The program consists of training manuals and highly trained and motivated Inside Sales Representatives who have experience, longevity and expertise in the Inside Sales operation. The program is for new employees as part of their orientation or current employees that could benefit from a refresher course. Employees are also re-trained when changes occur in policies and procedures. New employees go through the intensive training as needed. The Inside Sales Supervisor reviews the employee's knowledge and readiness after the training is completed. ISO based training procedures make up the core curriculum.

Figure 41: On-Site Staff Training

SG Indiana will emphasize to the Inside Sales Representatives that they:

- Speak conversationally
- Incorporate effective listening techniques

- Assess voice quality and tone
- Be professional at all times

Inside Sales function and features taught to Inside Sales Representatives include, but are not limited to:

- Call lists
- Information
- Add retailer comments
- Place order
- Find retailer records

The training curriculum is continuously reviewed and improved, and updated as new features and functions are introduced. In addition to the core curriculum the staff will also be trained on the procedures for workplace violence prevention and security.

Hours of Operation

A state-of-the-art system will provide the highest level of service to Hoosier Lottery retailers. A Monday through Friday calling schedule from 7:00 a.m. – 4:00 p.m. will allow retailers to receive product prior to the busy weekend; every retailer scheduled is contacted.

Retailer Service

The art of telemarketing begins with the Inside Sales Representative and their partnership with field sales. The Inside Sales Representative takes what the retailer thinks that he or she may need and turns that information into a formula by retrieving (from AEGIS) a weekly sales average on a given game minus what is in-transit and received. This formula predicts how many books the retailer needs to be properly stocked (typically a 10-14 day supply). Shaping the order with up-to-date, retailer specific sales information reduces or eliminates the need for retailers to call in for more product.

As noted previously, we believe AEGIS is the industry's first telemarketing system that allows Inside Sales Representative to work collaboratively with retailers to shape orders, thus ensuring the right games are sent at the right time for the right retailers freeing up field sales to focus on revenue generating goals.

Over the years, several advancements have been made to the system design to meet customer requirements and expand its core functionality. Today, the proposed AEGIS system incorporates the Predictive Ordering System and other significant features designed to satisfy retailer needs, increase productivity, and reduce out-of-stock conditions.

There are general guidelines that each Inside Sales Representative follows to maximize sales, which include, but are not limited to:

- Review of retailer inventory
- Recommend order generated by the Predictive Ordering System
- Discuss the system's recommendation, then refine the order (if necessary)
- Make sure the retailer is carrying all the games that are popular in their region
- Additionally, if the Hoosier Lottery is running a promotion that is game or price specific, retailers need to have ample stock during the promotion

Inside Sales Representatives will also understand and be apprised of:

- How sales are trending for the week
- What games are selling best that week
- When the next new games are arriving
- What the next new games are (by name, price point, play style, top prizes, special features, etc.)
- Ongoing Lottery promotions

+SELL

Suggestive selling is performed at all times. Suggesting that the retailer displays their best-selling games in a prominent location is a key method to generating incremental sales. SG Indiana will also +SELL (plus sell) games that are new, a hot seller, a soft launch, or back in-stock.

Each Inside Sales Representative is assigned a call list. The call list identifies, with input from the retailers, which retailers are to be called at specific times and on specific days. In most cases, the time and date for each call is mutually-agreed upon. SG Indiana will attempt to be as flexible as possible to ensure that each retailer is called when it is most convenient. For example, the call lists will take into account that C-Stores, which generate the greatest percentage of sales, have management only available until the early afternoon. So calls to these retailers would be placed early in the day where a liquor store that doesn't open until later, would receive an afternoon call. In those cases when a retailer is not ready to place an order when called, the Inside Sales Representative offers a call back at a time that is more acceptable. Once the order is taken, the Inside Sales Representative recaps the order with the retailer and communicates any special lottery-approved messages.

SG Indiana's Inside Sales Representatives are aware that retailers are extremely busy with limited time to place orders. Therefore, the Inside Sales Representative is fully prepared to address all

relevant issues when their retailer is on the phone. Calls typically do not take more than 2½ minutes and must, regardless of the situation, impart all important information quickly and efficiently.

SG Indiana's Inside Sales Representatives will also contact retailers with books in-transit after four days from the date the order was placed to ensure that ticket shipments have arrived in a timely manner, and also offer a reminder that the order must be logged into received status. This process has proven that 99.9% of the time the books are at the retailer location as intended.

The Automated Call Distribution (ACD) phone system allows each call to be answered quickly in order to minimize wait or hold time. The ACD is also a visual monitoring tool for the Inside Sales Supervisor to ensure that a high level of customer service is provided and all calls are answered promptly.

Warehouse Training

SG Indiana's warehouse personnel are trained in proper shipping procedures. They reconcile system-generated invoices with the packs being shipped. Warehouse clerks process courier shipping documentation and stage shipments at the warehouse where they load hampers and skids for pick-up by the courier. Forklift operators in the warehouse are trained to safely operate the equipment and must be certified before they can use the forklift in the building. This certification is OSHA-approved. In addition to the specific job training warehouse employees will receive, they must first complete SG Indiana's new employee orientation. These orientation sessions describe the security procedures in place at the facility and present company and Hoosier Lottery policies that each SG Indiana employee must follow. A new employee orientation form must be completed by each employee, signed by the employee and the SG Indiana general manager. These forms are included in each employee's personnel file.

Each SG Indiana employee in the warehousing and distribution operation will be trained in all aspects of the operation including, but not limited to:

- Warehousing
- Inventory control
- Security Policy and Procedures
- Workplace violence prevention
- Order picking
- Order packaging and assembly
- Staging packages for shipments
- Receiving and processing returned tickets from retailers or couriers

- General Distribution practices
- Fork Lift Truck training and certification
- Safety in the workplace
- Sales and marketing
- Code of conduct
- Retailer relations
- Hoosier Lottery policies and procedures

All warehouse personnel, including supervisory personnel, will be instructed in the proper procedure for receiving instant ticket shipments at the SG Indiana warehouse and distribution center.

Warehouse receiving procedures include, but are not limited to:

- Manifest and shipment verification
- Shipment inventory procedures
- Shipment staging and racking
- Out of balance shipment notification procedures
- Hoosier Lottery-receiving specific procedures

Warehouse clerks and supervisory personnel will also be thoroughly trained in all receiving reporting procedures, forms and documentation as well as their distribution to appropriate SG Indiana supervisory and Hoosier Lottery personnel.

As previously mentioned, SG Indiana believes that all employees should be familiar with all aspects of the overall operation. Employees within different departments will receive extensive on-the-job training, monitored by Scientific Games start-up professionals experienced in each topic. This training will be provided to all employees as part of "new hire orientation." Training sessions will be conducted by SG Indiana professionals from various disciplines within the company. Ongoing training will involve refresher training sessions as needed by department, or as needed due to system, operational or procedural enhancements or changes. All employees will participate in the initial training within one week of hire. Refresher training is conducted as needed or determined by employee performance review.

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APPENDIX A: SCIENTIFIC GAMES COOPERATIVE SERVICES STUDY

Berkeley Research Group, LLC

Scientific Games: Cooperative Services

Prepared by:

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July 2012

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DRAW GAMES BUSINESS PLAN

This section outlines SG Indiana's proposed approach for improving the performance of the Hoosier Lottery's draw games sales. The strategies described in this section of the Plan were developed to accelerate the Lottery's growth trajectory by introducing new games and game extensions that will appeal to the player base. The Plan was developed by examining how the Hoosier Lottery operates and performs relative to the industry and the industry's top performing lotteries, but also incorporates strategies based on Scientific Games' experience in Indiana.

SITUATION ANALYSIS

As illuminated in the RFI, between fiscal year 2007 and 2011, the draw game sales of the Hoosier Lottery grew at a CAGR of approximately 0.8%, which was in line with the overall industry's draw sales growth. This modest level of overall performance is quite at odds with Scientific Games' experience as a systems supplier. As indicated in Figure 1, the U.S. states that have selected Scientific Games as a supplier have grown 19.3% in draw game sales between 2001 and 2011, versus 12.4% for states served by its competitors. In short, Scientific Games customers' have grown over 50% faster than customers of its competitors.

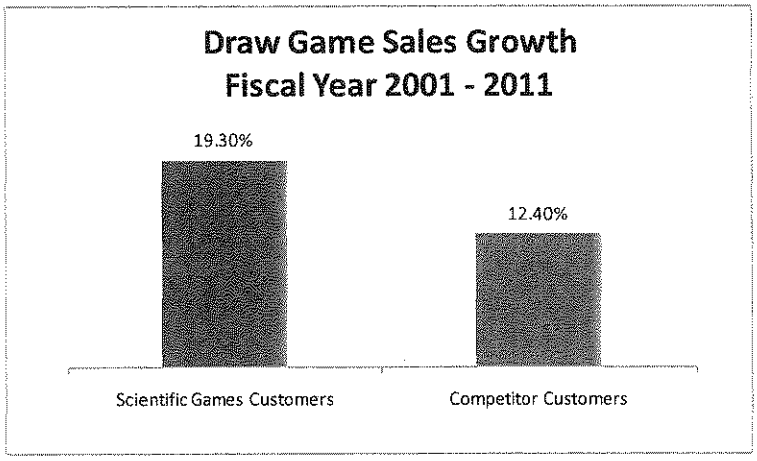

Figure 1: Draw Games Sales Performance of Scientific Games Systems Customers

The Hoosier Lottery's draw sales performance over this time period is also at odds with its own historical performance. In fact, in the five years preceding fiscal 2007 the Hoosier Lottery outperformed the overall industry by almost 30% (see Figure 2).

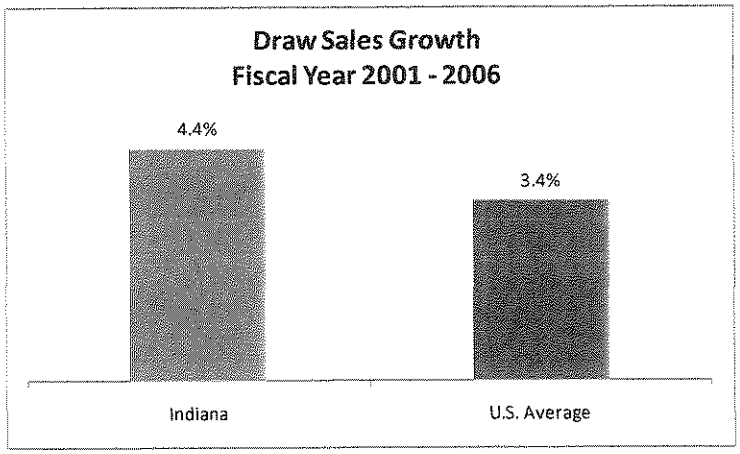

Figure 2: Hoosier Draw Games Performance vs. Industry

Extending the analysis out by a year, to the five fiscal years ending 2012, the Hoosier Lottery was again comparable to that of the U.S. with growth of ~ 2.5% for both.[1] On a per capita basis, the Hoosier Lottery grew at 2% year-over-year, while the overall U.S. was flat. Relative to the Hoosier Lottery's "Lotteries of Interest" (a.k.a. "LOI" or "Peers"), which consists of the combined sales of draw games in Georgia, Kentucky, Missouri, Pennsylvania, and Virginia, the Lottery outperformed on an absolute and per capita basis.

The following figure illustrates these figures (in blue), as well as those normalized on a per capita basis for the same period (in red).

1 *Annually, and throughout the year, Scientific Games conducts a full analysis of the U.S. marketplace for lottery products and develops a comprehensive State of the Industry Report. Typically at this point in the year, the Scientific Games Analytics team uses audited FY11 sales data for the Situation Analysis since the data collection for FY12 for the State of the Industry has not yet been received from all 45 U.S. lotteries (including Puerto Rico). However, due to the significant industry change that occurred in January 2012 with the launch of $2 Powerball and the record $640 million Mega Millions jackpot in March 2012, unaudited FY12 sales data provided by the lotteries and incorporated into the SG CRM database. The slight changes that may occur upon receipt of the audited sales results are overshadowed by the importance of reporting on the most recent fiscal year trends.*

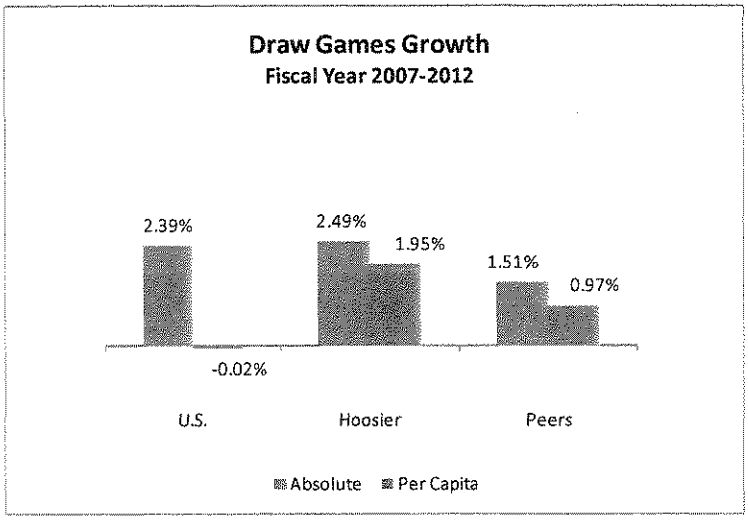

Figure 3: Draw Game Sales Growth, U.S., Indiana, and Peer Group Lotteries

To understand the drivers of Indiana's apparent tepid performance from fiscal 2007 to 2011, it is useful to start with an examination of product-level detail. This data, coupled with our day-to-day experience with the Lottery's management team during this period, lead to the following observations and insights.

($ millions)	Hoosier Lottery Draw Sales by Game Category, Fiscal Year 2007-12							
							CAGR	
Game	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**'07-'11**	**'07-'12**
Bloc Lotto	$118.90	$116.60	$114.30	$127.30	$122.40	$147.50	1%	4.41%
Numbers Category	57.8	57.4	57.7	57.3	59.2	60	1%	0.75%
Hoosier Lotto/Lotto Category	69.1	91.2	54.9	54.2	63.2	61.3	-2%	-2.37%
Lucky 5/Cash Lotto Category	6.4	6.3	5.7	4.7	4.3	4.1	-9%	-8.52%
Monitor Games	-	-	-	-	-	-	NA	NA
Other Games	11.5	9.4	15.5	22.7	23.1	25.4	19%	17.17%
Total	**$263.6**	**$280.7**	**$248.0**	**$266.1**	**$272.1**	**$298.2**	**0.80%**	**2.50%**

($ millions)	Industry Sales by Game Category, Fiscal Year 2007-12							
							CAGR	
Game	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**'07-'11**	**'07-'12**
Bloc Lotto	$4,774	$4,988	$4,934	$5,927	$5,952	$7,250	5.7%	8.72%
Numbers Category	8,378	8,426	8,571	8,585	8,596	8,693	0.6%	0.74%
Lotto Category	2,654	2,638	2,395	2,114	1,882	1,893	-8.2%	-6.53%
Cash Lotto Category	1,850	1,837	1,801	1,780	1,709	1,812	-2.0%	-0.41%
Monitor Games	2,648	2,637	2,712	2,715	2,794	2,949	1.4%	2.18%
Other Games	420	429	407	457	434	723	0.8%	17.20%
Total	**$20,723**	**$20,956**	**$20,821**	**$21,579**	**$21,366**	**$23,320**	**0.77%**	**2.39%**

Figure 4: Indiana and U.S. Sales by Category, 2007-2012

Overall, 5-year average annual growth in sales for Indiana at 2.5% was on a par with that of the U.S. as a whole at 2.5% for draw games. Indiana's Lucky 5 had large negative growth (-8.7%) while Cash Lotto games in the U.S. were nearly flat. In-state Lotto game revenue was shrinking for both entities, although more so for the U.S. The real growth was in Bloc Lotto games at 8.7% for the U.S.—double Indiana's 4.4% CAGR, and in Other Games which saw highly positive growth for both Indiana and in the U.S.

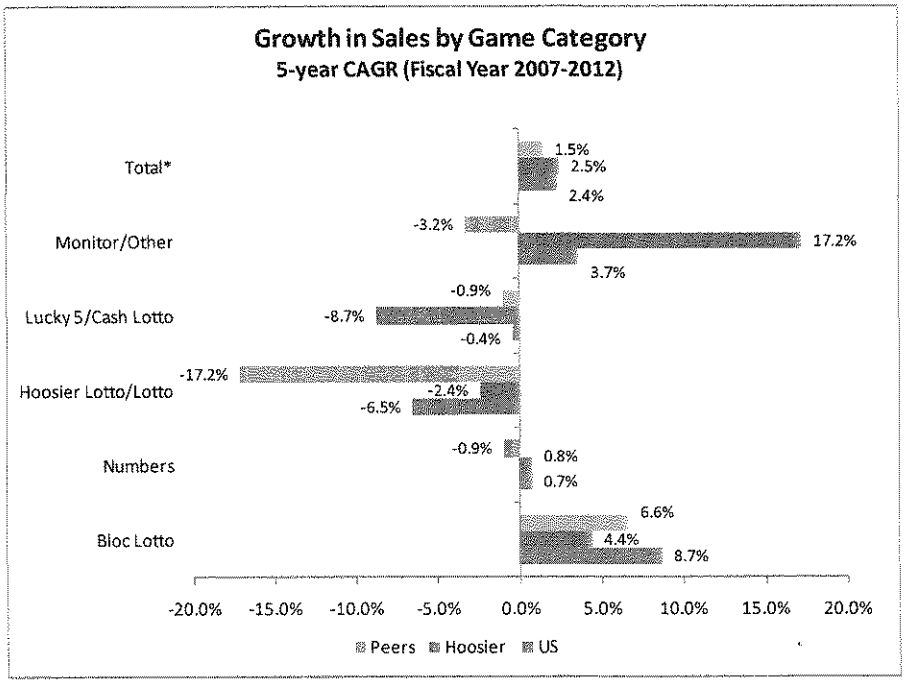

Figure 5: Growth in Indiana, U.S., and Peers Sales by Category, FY07-2012

By 2012, the distribution of games among Indiana and the U.S., according to 2012 sales figures, shows Indiana improving its mix by offsetting its drop in Lucky 5 with increases in the ever-more-popular Bloc Lotto games—a positive development. This offset is largely due to two recent industry developments: a large Mega Millions jackpot run in March, 2012, and Powerball's change to a $2 price-point.

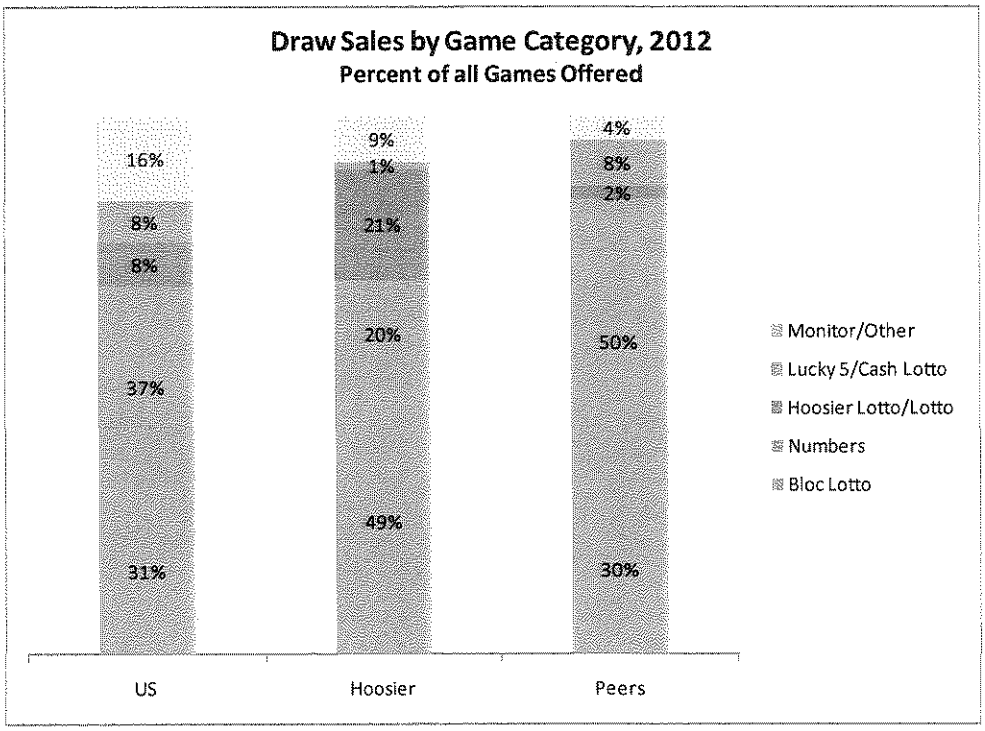

Figure 6: FY 2012 Sales Mix, Indiana, U.S., and Peer Groups Sales by Category

- **Exposure to Bloc Lotto** – In the U.S., Bloc Lotto products have grown at 8.7% per year in an industry that has grown at 2.5% overall. Bloc Lotto represented 31% of total industry sales in 2012, versus 23% in fiscal 2007. The Hoosier Lottery is relatively more exposed to Bloc Lotto products—half of fiscal 2012 sales come from this category. Bloc Lotto sales have grown across-the-board, on both an absolute and per capita basis in the previous six years.

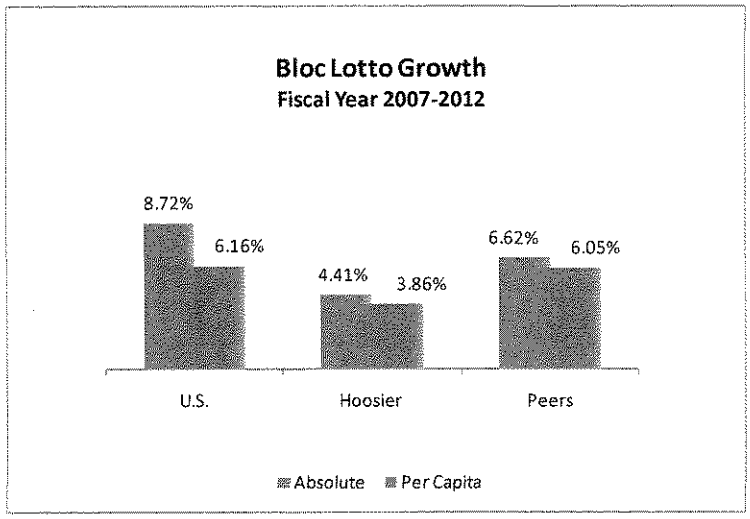

Figure 7: Bloc Lotto Sales Growth, U.S., Hoosier, and Peers Lotteries

- **Hoosier Lotto and Jackpot Roll** – Indiana has built a strong brand and a loyal player base in its in-state lotto product, Hoosier Lotto. In most states, the Bloc Lotto products have significantly cannibalized state lotto products and often, the growth of the Bloc Lotto and in-state Lotto product categories have been a zero sum outcome for many states. Scientific Games believes the brand equity resident in the Hoosier Lotto product is an asset on which to build through annual 'Hoosier-specific' promotions.

  While the data in Figure 7 above suggest that Hoosier Lotto's sales dropped significantly in 2009 – a $36 million decline in one year – it is important to note that the Indiana data for 2007-2009 reflect a long and powerful jackpot run to Hoosier Lotto. The decline in sales between 2008 and 2009 did not reflect poor performance on the part of the game, but rather an exceptionally long (approximately 54 week) jackpot carryover which drove sales. Thus sales in 2008 and 2009 were abnormally high.

- **Scope of Product Line** – The annual 2.4% growth in U.S. draw games since 2007 has included contribution from categories in which Indiana does not participate, such as Monitor games[2]. Monitor games (such as Keno) have grown 2.2% year-over-year since FY07, to $2.9 billion in U.S. sales in 2012, and have become a very important sales driver for eight of the top ten lotteries in the U.S. One state, Maryland, has managed to successfully launch multiple Monitor games, led by Keno. Working with Scientific Games, Maryland launched the Racetrax game in 2006, which now represents 27% of all Monitor games sales in a state that ranks second in the U.S. for Monitor Game sales on a per capita basis. Scientific Games believes that launching a game in this category represents the highest revenue potential within the draw games portfolio.

- **Urbanization** – It is important to note that Numbers Games tend to do much better in more urban areas. One of Indiana's characteristics, a lack of urbanization, presents a unique challenge: wider distribution to a larger mass of lower-populated areas.

- **Lack of Product Segmentation** – A major issue that faces all draw games portfolios for lotteries in the U.S. is the lack of product/price/payout segmentation. Multi-state lottery games are sold for $1 (Mega Milions) or $2 (Powerball), and state lottery games are offered mostly at the same $1 price point; and all offer virtually the same payout. There is very little product/price/payout segmentation among state lotteries; thus the value proposition is highly blurred to players.

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[2] *The "Monitor/Other" category for Hoosier games includes Quick Draw and Mix & Match*

This is quite unlike the instant games business, where the industry has a broad range of price points, payouts and themes. Scientific Games, the leader in instant games, has worked diligently to introduce higher price point instant games, and the result has been substantial growth in instant sales. As indicated below and discussed further in the instant games, higher price points at higher payouts have driven substantial growth in instant games.

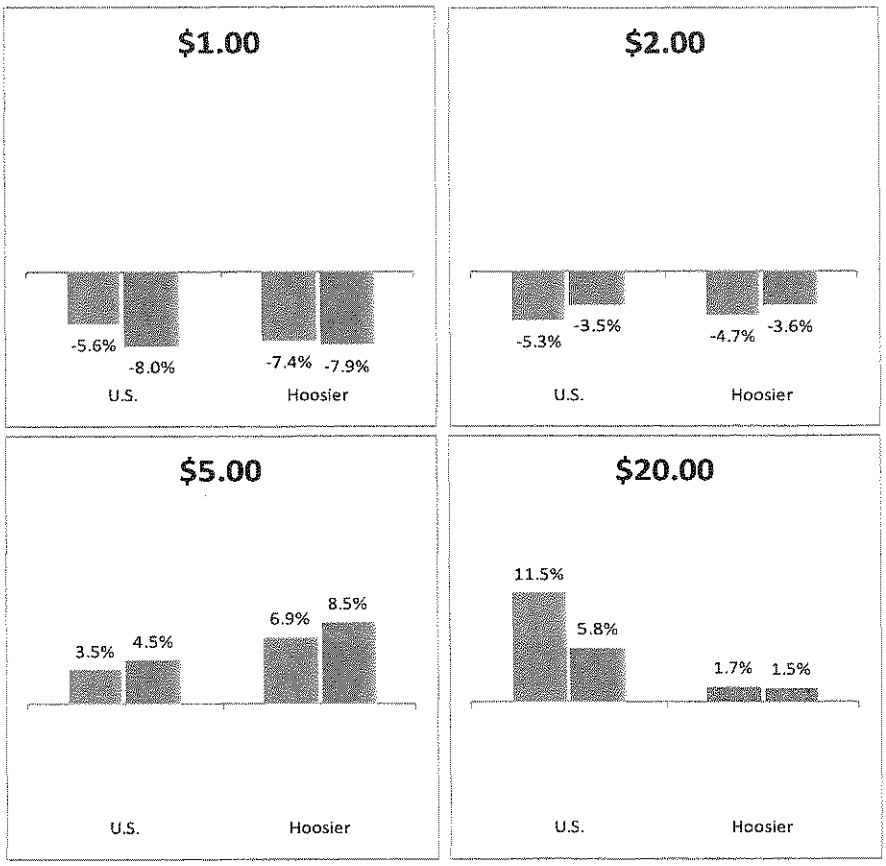

Figure 8: Indiana, U.S., and Peer Groups ("LOI") Instant Game Sales by Price Point, FY07-12

As illustrated in Figure 8 above, the annual growth rate of $1 and $2 instant tickets has been negative, whereas $5 and $20 tickets have grown at substantial rates. Save for a few examples, the draw games industry has not yet found an effective way to take advantage of higher priced games with higher payouts, but Scientific Games believes an opportunity exists to do so.

- **Best Practices and Current Performance Update** – Finally, the Hoosier Lottery's draw games performance has been affected by shifting management practices and points of view between 2009 and 2011. During that time frame the Scientific Games team on several occasions communicated its view that actions the Lottery was taking diverged from best practices and were unlikely to succeed.

Fortunately, the climate has changed, the actions of the marketing team are far more closely aligned with Scientific Games' thinking, and the whole basis of working together is better. As indicted in Figure 9 and Figure 10 below[3], the Lottery's performance is improving, growing 9.9% year-over-year through August 18, 2012.

Hoosier Draw Sales by Game through Aug. 18, 2012-13			
($ millions)	2013	2012	CAGR
National Bloc Lotto Games	22.3	17.9	24.7%
Daily 3/Daily 4	8.2	8.2	-0.1%
Hoosier Lotto/Tag 6	7.1	7.9	-9.4%
Lucky 5	0.6	0.6	-7.6%
Quick Draw/Mix & Match	3.5	3.3	3.3%
Total Draw Games	**41.6**	**37.9**	**9.9%**

Figure 9: Indiana Sales by Category, January 1 – August 18, 2012 and 2013

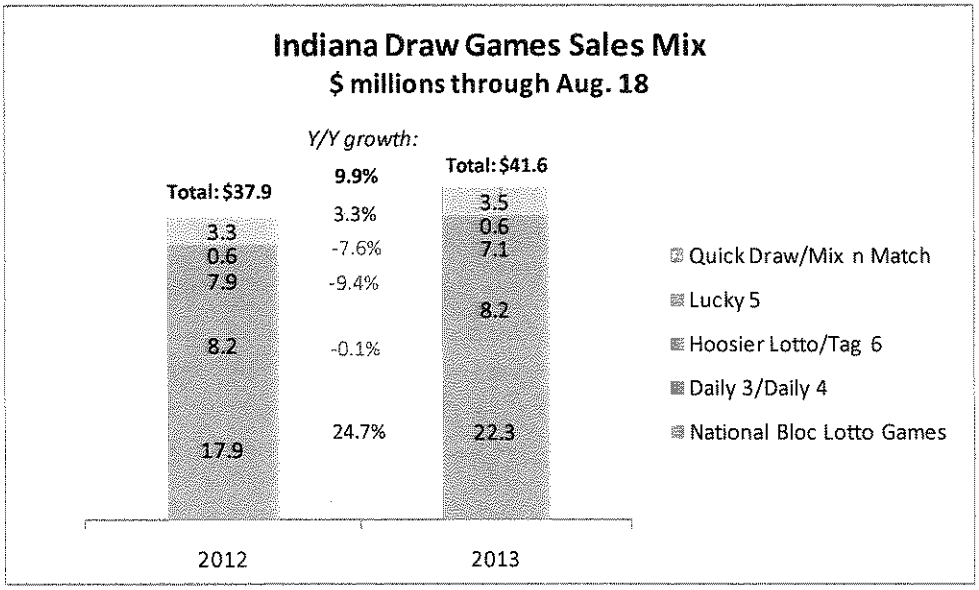

Figure 10: Indiana Sales Product Mix, January 1 – August 18, 2012 & 2013

GROWTH STRATEGY & LOTTERY OPTIMIZATION TACTICS

As indicated in previous pages of this section, Scientific Games believes the current actions of the Hoosier Lottery are much closer to best practices than in the past. The strategy it will adopt is thus similar to the existing strategy, with some subtle differences in view. The key strategic levers that frame Scientific Games' growth plan include:

[3] Source: Scientific Games surveys (unaudited)

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Big Games Cross Promotion

SG Indiana plans to implement the same Big Games Cross promotion for Mega Millions and Powerball conducted in Year One of the contract in February 2018.

Hoosier Lotto Flash Promotion

SG Indiana plans to implement the same Hoosier Lotto Flash promotion conducted in Year One of the contract in May 2018.

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RETAIL INITIATIVES

SITUATION ANALYSIS: SUMMARY

The Indiana retail channel is currently underserved and underperforming across trade styles. As such, there are significant opportunities to expand and optimize the retail base.

- Indiana retailer per capita density is 1:1,662 versus 1:1,373 for comparable lotteries.
- Average weekly sales per retailer (AWSR) across multiple trade categories can be improved by optimizing the experience and execution at retail.

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RETAIL INITIATIVES

RETAIL ENVIRONMENT OVERVIEW

With Scientific Games as its partner, Hoosier Lottery revenues have grown more than $240 million from 2001-2011, a compound annual growth rate of 3.7% (Figure 1). In 2012, sales growth trends accelerated to over 7.0% and achieved more than $850 million in revenue. These increases can be attributed to programs focused on retailer retention and increasing the average weekly sales per store in traditional trade styles.

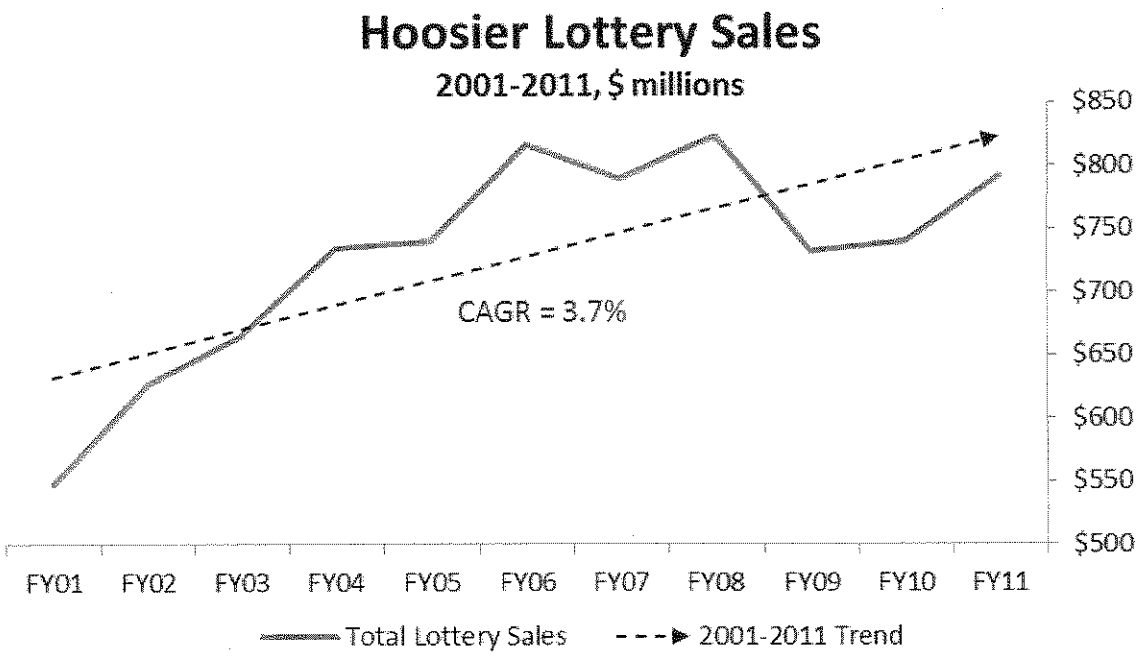

Figure 1: Hoosier Lottery Sales, FY2001-2011

Figure 2 demonstrates the success of the existing programs in maximizing sales per location, which resulted in revenue growth rates that far exceeded the pace of retailer or population growth for the same period.

Indiana	2001	2011	10 year CAGR
Lottery Sales	$548,290,000	$791,450,000	3.7%
Retailers	4,188	3,921	-0.7%
Population	6,124,967	6,516,922	0.6%

Figure 2: Revenue Growth Performance

ECONOMIC DOWNTURN IMPACT ON THE RETAILER NETWORK

The Hoosier Lottery's sales growth did not come without its share of challenges. As shown in Figure 1 above, from 2008 through 2009, the combination of economic recession, net business contraction in the state, and management turnover in the Hoosier Lottery organization caused a temporary but substantial dip in sales and net income, as well as retailer participation.

Despite only a mild economic recovery in the state over the past two years, critical improvements to the product line and a return to best practices for supervising retailers have greatly turned around the Lottery's sales performance from 2009 to the present (Figure 3). The lessons learned from the past three years on how to better reach customers, as well as executing with retailers, have provided a foundation for SG Indiana to deliver on the Business Plan for the Hoosier Lottery.

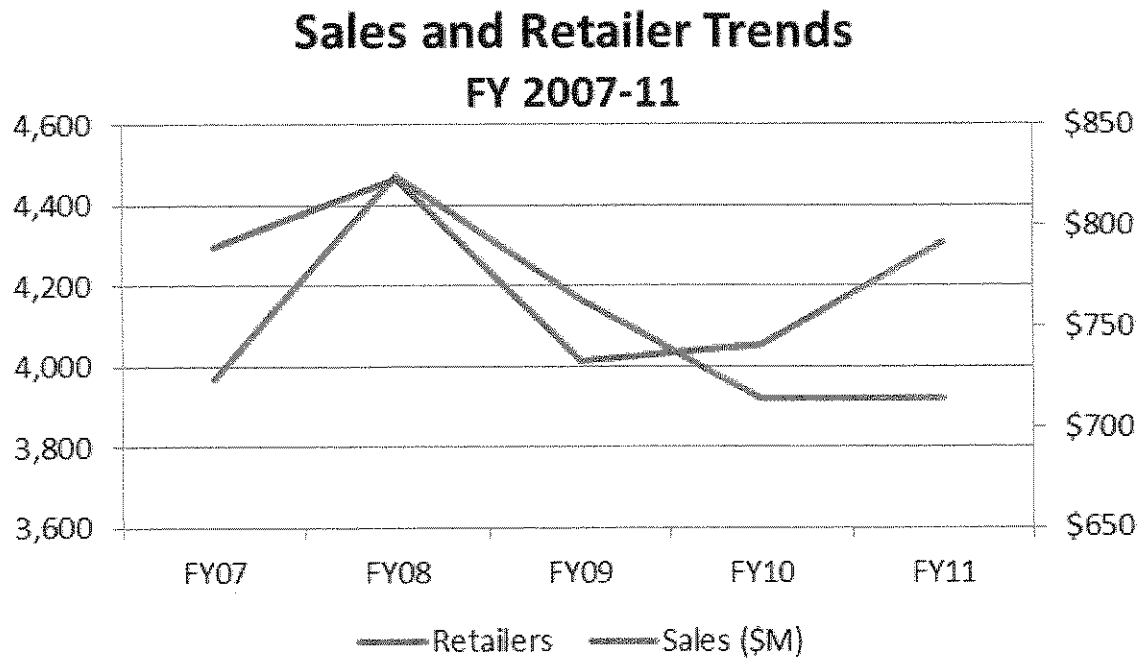

Figure 3: Sales and Retailer Trends, FY2007-2011

With regard to retailer participation, it is critical to understand the impact of the business cycle, and in particular net business creations, on the number of retail outlets. As Figure 4 illustrates, from 2007 to 2011, Indiana suffered a net loss of 89,000 businesses or approximately 14% of total state-registered businesses. During the same period, the Hoosier Lottery's decline in retailers was approximately 12%, due to dissolution or elimination of low-performing stores via active portfolio management. This decrease is consistent with the broader business trends in Indiana.

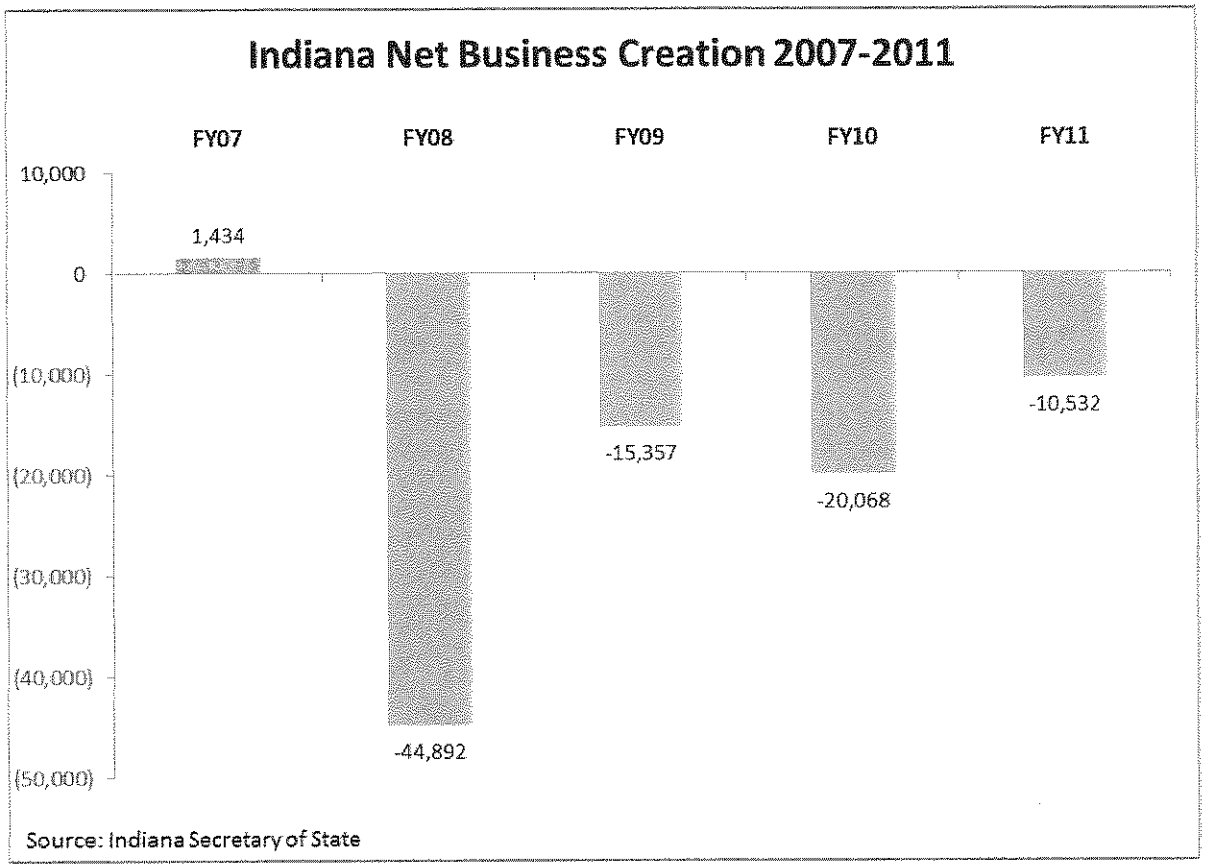

Figure 4: Indiana Net Business Creation 2007 - 2011

In addition to a reduction of businesses in the state, there was a lack of strategic and managerial continuity in the Hoosier Lottery organization during 2008 and 2009. This likely exacerbated the decline in sales performance and retailers. During this period, changes in Lottery management, sales personnel and territories took their toll on the network resulting in further declines in the number of Hoosier Lottery retailers. Despite a challenging business environment and structural issues within the Lottery, sales turned around and the retailer base has begun to rebound since 2010 from implementation of new strategies to reach traditional and new channels of retailers who can drive sales growth.

Figure 5 shows the composition of the retail network by trade, for both sales and locations, from 2007 through 2011. The Lottery has had success in adding "traditional" C-stores to the network; however, there is significant opportunity to add grocery/supermarkets, merchandise and liquor stores to the mix. In the following exhibit, "Traditional" outlets are defined as c-stores, gas c-stores, supermarkets, and liquor stores. Under-served outlets include restaurants/bars, drugstores, merchandise stores, and newsstands/smoke shops.

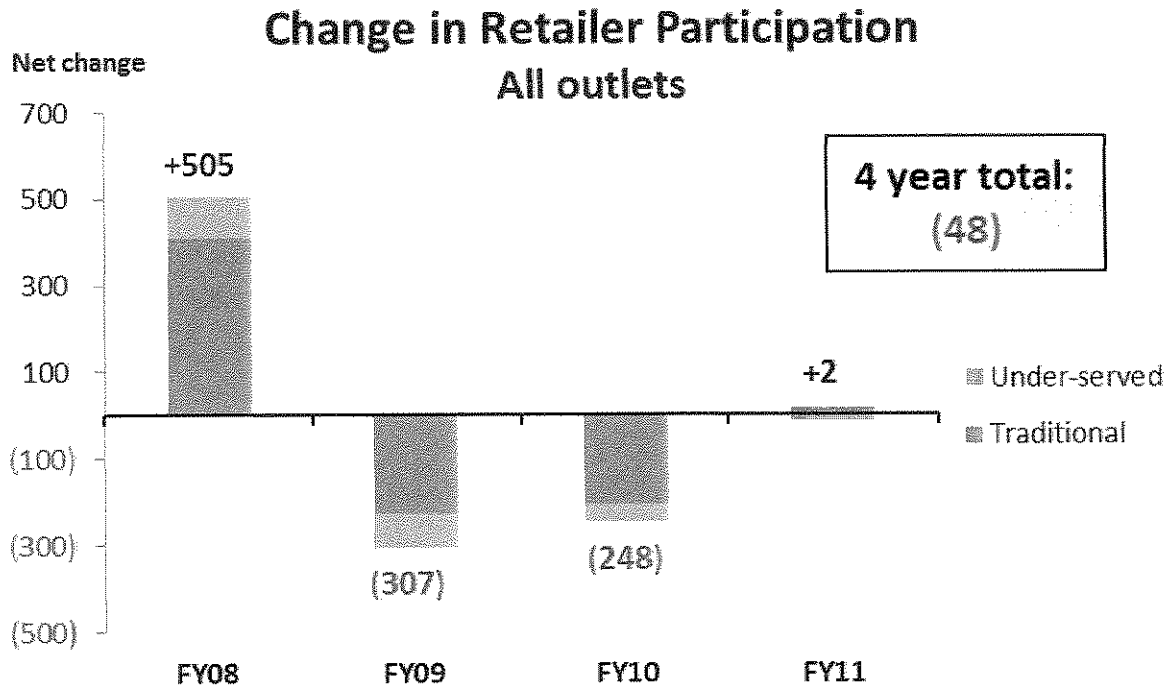

Figure 5a: Change in Retailer Participation – All Outlets

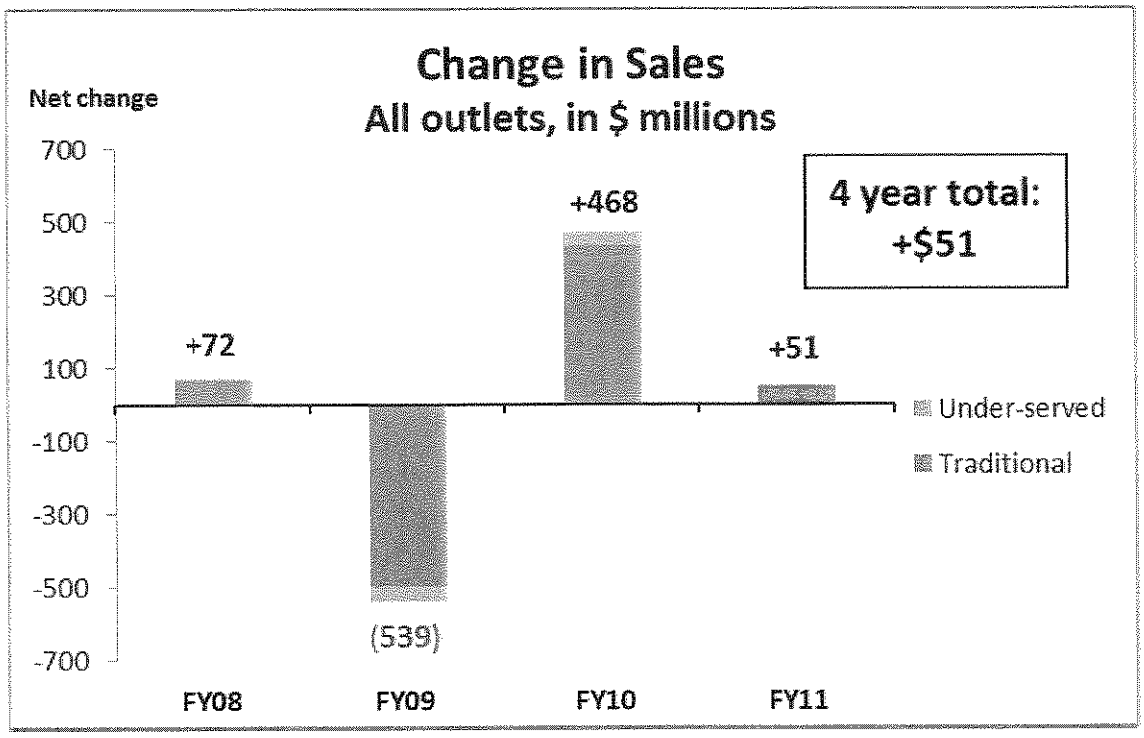

Figure 5b: Change in Sales – All Outlets

STATE RETAIL NETWORK PERFORMANCE ANALYSIS

Expansion Opportunities-Density Analysis

In order to determine the opportunities to expand the retail network, we have analyzed the Hoosier Lottery in comparison to the top five and top ten performing U.S. lotteries. As Figure 6 (below) indicates, the Hoosier Lottery falls well below the top 10 performing lotteries with regard to retailer density (number of retailers per capita) and sales per retailer. As shown in Figure 7, when analyzed together, these two measures present a clear opportunity to both increase the number of locations and to optimize the existing locations in order to drive revenue growth and make the Lottery more accessible to current and prospective customers.

WPC Rank	State	Avg. Population (millions)	Avg. Instant Sales (millions)	Per Capita Sales	Avg. # of Retailers	Residents per Retailer	Sales per Retailer
1 to 5	Top 5	10.8	$1,957	$181	8,636	1,255	$226,581
1 to 10	Top 10	8.1	$1,343	$166	6,392	1,267	$210,153
23	Hoosier	6.5	$508	$78	3,921	1,662	$129,680

Figure 6: Number of Retailers per Capita and Sales per Retailer

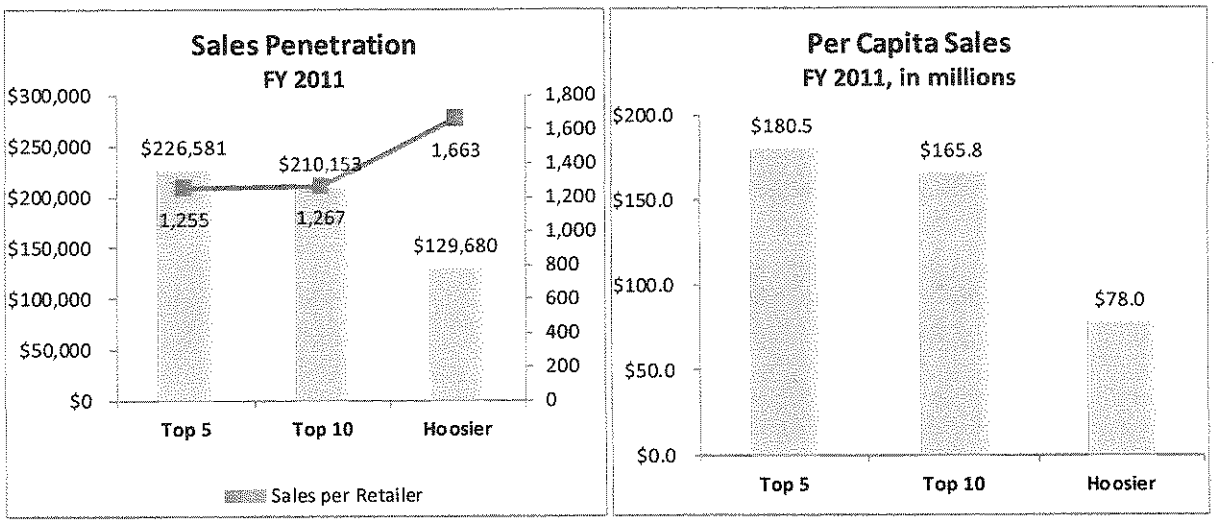

Figure 7: Sales per Retailer

The analysis included a comparison of penetration for various trade segments in order to determine the greatest opportunities for retail expansion. Figure 8 represents a comparison of the density by trade type for instant game retailers to both the industry as a whole, and to a "peer group" of lotteries with similar populations or player profiles. This includes those of Virginia, Pennsylvania, Kentucky, Missouri, and Georgia (a.k.a. "Lotteries of Interest" or "LOI"). The density figures are comparable on the draw side. Note the significant opportunity for the Hoosier Lottery to increase penetration across multiple "Trade Styles." The output of this analysis forms the foundation of Scientific Games' retailer expansion plan, more fully explored in the Growth Strategy and Lottery Optimization Tactics section.

Instant- Tradestyle Denisty Summary			
	IN Lottery	Industry	Lotteries of Interest
Trade Style	DENSITY	DENSITY	DENSITY
Bars/Restaurants	1: 176,133	1: 21,832	1: 25,076
C-Stores	1: 36,005	1: 7,454	1: 13,195
C-Stores with Gas	1: 2,668	1: 3,473	1: 2,788
Liquor Stores	1: 16,091	1: 14,514	1: 35,532
News/Tobacco	1: 34,300	1: 56,507	1: 38,976
Other	1: 35,037	1: 12,986	1: 9,188
Supermarkets/Grocery	1: 13,605	1: 9,578	1: 9,708
Total	**1: 1,662**	**1: 1,434**	**1: 1,373**
IN Lottery Variance (Fav/Unfav))		**(228)**	**(289)**

Figure 8: Retailers per Capita (in thousands, by Trade Style)

OPTIMIZATION OPPORTUNITIES- AVERAGE SALES PER RETAILER

The Hoosier Lottery has significant opportunity in the instant game market to improve Average Weekly Sales per Retailer (AWSR) in many of the Trade Styles (Figure 9).

Instant-Tradestyle AWSR Summary			
	IN Lottery	Industry	Lotteries of Interest
Trade Style	AWSR	AWSR	AWSR
Bars/Restaurants	$1,017	$599	$1,416
C-Stores	$1,906	$3,883	$3,064
C-Stores with Gas	$2,951	$2,911	$3,467
Liquor Stores	$712	$2,083	$1,372
News/Tobacco	$1,535	$3,447	$4,328
Other	$1,755	$1,935	$2,552
Supermarkets/Grocery	$2,672	$3,247	$4,128
Total	**$2,494**	**$2,825**	**$3,252**
IN Lottery Variance (Fav/Unfav))		**$ (331)**	**$ (758)**

Figure 9: Sales per Retailer (AWSR)

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GROWTH STRATEGY AND LOTTERY OPTIMIZATION TACTICS

As indicated in the Situational Analysis section, we believe the implementation of new programs and best practices in 2010 are, in part, responsible for the return of growth for the Hoosier Lottery and have set the stage for future expansion and optimization of the retailer network. Based on our analysis of the Indiana market and Hoosier Lottery retailer network, growth can be realized through ***Expansion*** and ***Optimization*** of the Lottery's retailer base. As such, the strategies and tactics described in the following pages will be similar to existing operations, but with some subtle differences in the how we execute the Business Plan. Specifically, the details of retailer growth strategies and tactics that follows focuses on these two key levers:

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Key Initiatives

We will accomplish our retail expansion plans through execution of these five key initiatives:

- **Implement Analytical Tools to Drive Recruitment** – Use of Geo-MAP demographic analysis of the marketplace and other tools to determine where the greatest opportunity for growth.
- **Establish a Hoosier New Business Team** – The specialized Hoosier New Business Team will be comprised of "rainmakers" with key trade experience, established relationships and a wide range of tools and incentives at their disposal to focus on both organic and inorganic retail expansion. This team will not only have knowledge and experience recruiting the trade styles with the greatest potential; they will have proven experience recruiting either chain or independent retailers.
- **Sales Force Training** – This team will be trained on processes developed by Jeff Sinacori, Scientific Games Vice President of Retail Development. Mr. Sinacori, who was once the New York Lottery's highest performing lottery retailer, created Scientific Games highly successful SalesMaker™ program. In addition, Jeff is an active and respected partner with the National Association of Convenience Stores (NACS).
- **Retailer Recruitment, Training and Support Programs** – Once we have identified, qualified and recruited a new retailer, it is important to make sure it is a positive relationship from day one. When combined with an effective recruitment program, new retailer training and support programs based on our proven SalesMaker™ techniques and our New Retailer Mentor Program from inception, we can ensure a smooth start-up experience and support on-going success of new retailers.
- **Implementing Retail Expansion Criteria** – The development and execution of retail growth programs creates a unique need for a cohesive data and analysis strategy across all touch points of retail. The analysis and strategy must be designed identify existing or emerging best practices, create actionable information and to understand the characteristics of good retailers to ensure the success of expansion programs.

Key Tactics

In order to execute on the Key Initiatives above, we will employ the following actions:

- **Implement Analytical Tools to Drive Recruitment** – One of our most effective analytical tools analyze the Hoosier Lottery market potential and identify the most potentially profitable targets is our geo-demographic analysis system, Geo-MAP. SG Indiana will launch our retailer expansion effort with an exhaustive Geo-MAP program, which when utilized effectively in multiple jurisdictions, combines data from several providers of premium demographic and market databases to create sophisticated market analyses tailored to the complexities of the Hoosier Lottery. Our use of this tool will identify expansion targets in current trade styles, and also identify retail segments with the traffic, location, and potential to become a profitable Lottery retailer.
- **Geo-demography** – The "marriage" of geography and demographics – has become an indispensable tool for market analysis and segmentation. Within Geo-MAP also lies a versatile geo-demographic segmentation system that also allows us to accurately define various player types and pinpoint their location on a map.

  We have used our Geo-Map system to prepare an initial analysis of the current Hoosier Lottery instant and online game sales data gathered daily by Scientific Games' back office sales system (a preliminary sample of a geo-demographic analysis of the Hoosier Lottery's retailer network is shown on the following page in Figure 11). Using statistical techniques, the system has grouped various markets into segments of potential customers with similar needs and characteristics who are likely to exhibit similar purchase behavior. Those clusters have then been used to determine the sales potential of the retailers serving those customers.

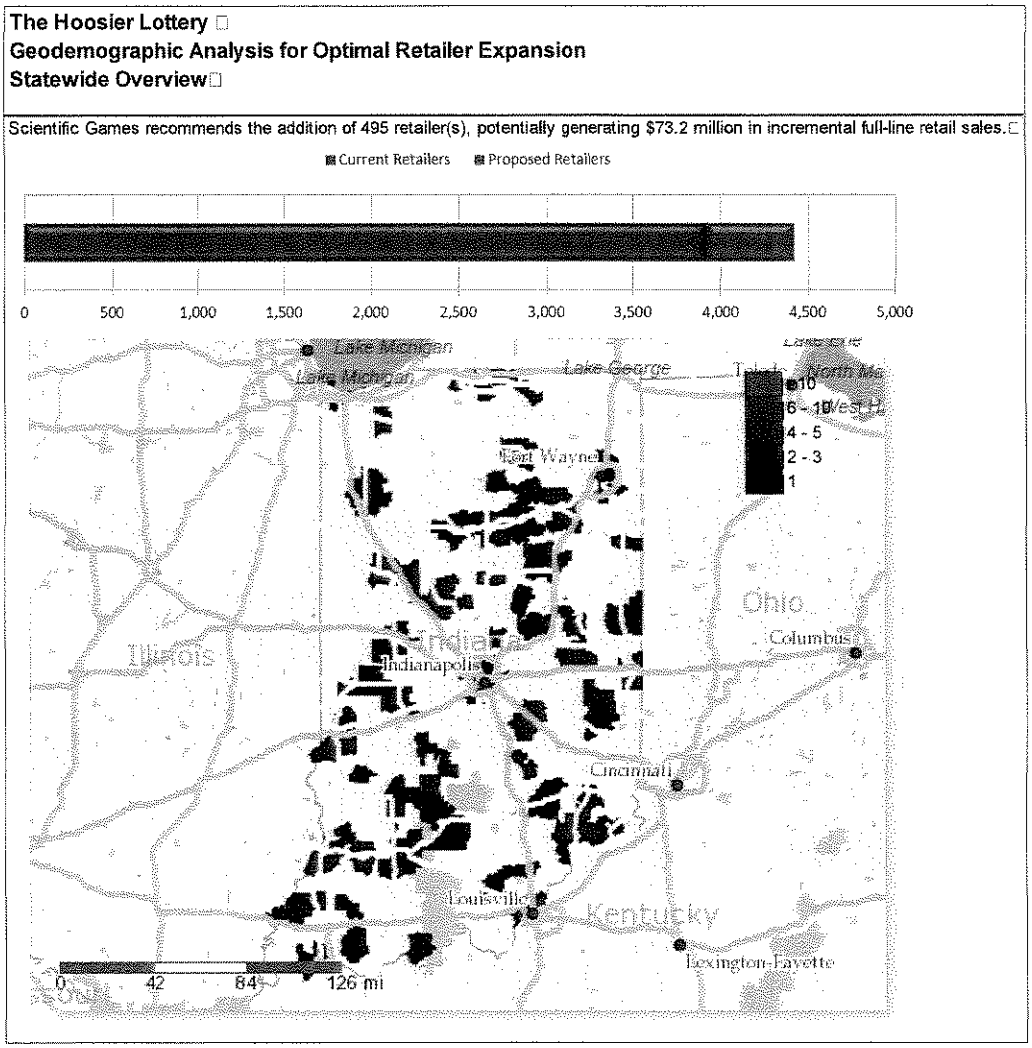

Figure 11: Geodemographic Analysis for Optimal Retailer Expansion

This tool allows us to assess the existing mix of retailers by trade style, implement segmentation modeling based on regional lottery play, and determine the availability of prospective retailers serving the area to find the 795 retailers with the greatest potential to generate revenue. Figure 12 below shows a preliminary output which identifies the 495 retailers by trade type which would be the focus of the Year One and Year Two expansion efforts. To ensure the most profitable retail network, this analysis will be conducted annually as we review the lowest performing retailers that should be considered for possible removal and provide insight into what types of retailers should be added, and where they exist to ensure the new business team has the most accurate information possible.

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- **Establish a Hoosier New Business Team** – SG Indiana will create a specialized Hoosier New Business Team of "rainmakers" with key trade experience, established relationships and a wide range of tools and incentives at their disposal. Because of the specialized skills and relationships required to recruiting 495 retailers in Years One and Two, the team will be incentivized on both number and revenue quality of new retailers. The team will include both members with contacts at key chains and members who can recruit and speak to "mom & pop" locations that have the greatest sales potential.

As part of their efforts, the New Business Team will be leveraging existing partnerships with Impact 21 Group ("I21G") and Hirons & Company. I21G is a leading global consulting company in the petroleum/convenience, retail, and refining industries. With over 200 years of combined retail and refining experience, their team of consultants brings real world leadership to business and technology initiatives. This partnership will allow us to customize and integrate our incentive plans to those of key chains thereby ensuring greater compliance and success increasing sales and commissions. Scientific Games has worked closely over the years with I21G to better understand the perspective of retailers and likewise, I21G has been able to better understand the lottery world and the opportunities that exist for their retail clients.

In addition to the use of analytical tools mentioned above, the New Business Team will conduct an extensive search for new retailer trade styles which may not have considered selling lottery but certainly have the traffic and the customer base to be successful. For this reason, retailers and retail leaders, including big box store leadership and retail association leaders, will be targeted through traditional and interactive sources to increase the awareness of the benefits of selling Lottery games. Public relations support from Hirons & Company for this initiative will also include an ongoing public outreach and communications effort to promote retailers and the valuable role they play in contributing to the economic success and quality of life of Hoosiers as well as the value of their engagement in expanding the positive impact of the Hoosier Lottery. Additionally, a stakeholder campaign will engage key retailer stakeholders, including larger big box retailer operations and specialized retail stores, to communicate the benefits of participation by new retailers, including the positive impacts possible for their business operations.

This New Business Team will go beyond the traditional recruitment efforts of lists and utilize our experience in jurisdictions, where adding retailers will require a specialized approach. As with the WaWa case example in Pennsylvania (see following page), a closer partnership between the New Business Team and the Hoosier Lottery sales force will enable us to work together with prospects to develop the unique accounting and reporting they need to become a Lottery retailer. This is especially important for chain accounts that require standardized reporting throughout their network which often encompasses locations in other states.

Expansion Case Study - Wawa – Our ability to grow retailer networks that consistently contribute to the Lottery's bottom line can be seen in Scientific Games' recent (2010 – 2011) efforts on behalf of the Pennsylvania Lottery. The Wawa convenience store chain, an upscale chain of C-stores that historically had not sold lottery products because they felt it slowed down their average transaction time, was the largest convenience store chain not part of the Pennsylvania Lottery's retail network. Scientific Games deployed its PlayCentral terminals in 20 Wawa stores as a test (2010). After only a few weeks, the sales of the WaWa PlayCentral terminals were twice that of the average PlayCentral terminal throughout the rest of the state. The test was such a success that the program has been rolled out to the remaining 194 Pennsylvania WaWa stores (2011) for a total of 215 new retailers.

Currently, because Scientific Games' vending machines were the first in the industry to offer vouchers, Pennsylvania WaWa locations outperform those of other vendors in other states. Additionally, other suppliers have been unable to offer the customized reporting Scientific Games developed for WaWa in Pennsylvania making it a model for moving successfully into new retailers and trade styles.

- **Sales Force Training** – A vital element of SG Indiana's effort is a powerful sales force training and management program. Our program is designed to drive home just how profitable selling lottery products can be when properly managed. In order to significantly capitalize on the opportunity that exists at retailers through proper sales force management, SG Indiana will focus on improving and extending the "Play Your Way" branding and training the sale force on the techniques which will allow them to recruit and retain profitable new locations.

  For reference, a detailed Sale Force Management Program covering not only recruitment for expansion but techniques for optimizing existing stores is included here as **Appendix B**.

- **Retailer Recruitment, Training and Support Programs** – As part of our initiatives, we will also implement a much more effective new retailer recruitment, training and support program based on our proven SalesMaker™ techniques and our New Retailer Mentor Program. Unlike the typical process in which a new retailer is given basic training, scheduled for equipment delivery and then absorbed into a regular call cycle, we will take a much more strategic and supportive approach designed to maximize loyalty and maximize sales on day one and through their first six months as a Hoosier Lottery retailer.

An initial stage of the recruitment effort will be to streamline the retailer application and approval process. In order to grow the retailer network, we will provide the Lottery Commission with industry best practices and our recommendations, including provisional licensing, in order to ensure new retailers are up and selling as fast as possible. As part of the newly re-vamped Retailer portion of the Hoosier Lottery website, we will allow retailers to not only apply on-line but also check the status of their application, making it a much faster, friendlier and accountable process.

Another recruitment tool SG Indiana will introduce is the utilization of PlayCentral self-service units and Properties Plus Retailer Rewards Program to recruit new trade style. The rollout of Properties Plus, our rewards-based player loyalty program, is also an important selling point when recruiting new retailers. Rewards programs can be integrated with and help strengthen a retailer's own existing rewards program to ensure conformity of experience for the customers. Additionally, with focused training of retailers on the value of lottery to their overall business and the incentives available for the staff can underscore this important message. An overview of the Retail Rewards program is included here as **Appendix A**.

Additional inside sales recruitment efforts will be executed via the development of Direct Mail and Telemarketing programs, where retail responders to a promotion can be contacted to determine interest in becoming a retailer. An application would be mailed and field representatives would develop contacts to enroll new Hoosier Lottery retailers.

- **Implementing Retail Expansion Criteria** – The development and execution of retail growth programs, differentiated infrastructure solutions, and estate expansion efforts creates a unique need for a cohesive data and analysis strategy across all touch points of retail. The analysis and strategy must be designed to measure, compare, and evaluate the performance differentials and behavioral trends that result from a change in the retail environment. The end solution must identify existing or emerging best practices, trigger early warnings for negative performance, create actionable information for product and retail support infrastructure, and also help to better understand the characteristics of good retailers to the aid of estate expansion programs.

As noted in the Key Expansion Initiatives above, the Hoosier Lottery's current retailer-to-consumer ratio is approximately 1:1,662 consumers. Our long term (ten year) goal would be to bring this ratio more in line with the industry's top performing lotteries, all of which have retailer-to-consumer ratios of approximately 1:1,250. While achieving this ideal ratio is an laudable goal, expansion beyond current targets of 495 retailers in Years One and Two and 795 by Year Five to the network, are likely unachievable without bringing unprofitable retailers onboard or diluting the brand.

RECRUITMENT STRATEGY

It is important to note that SG Indiana does not believe in adding retailers that are unable to contribute consistently to the Lottery's bottom line. Currently, there is 20% of the existing network that generates only 3% of total sales, underscoring the need to grow the retailer base responsibly. In short, adding 795 revenue-generating retailers is more important than the ultimate ratio of consumers to retailers, as a strengthened franchise of retailers, coupled with our optimization efforts, will generate significantly greater revenue and net income for the Hoosier Lottery.

Expanding into new trade styles is a key element of the program as many of the additional 795 retailers over the first five years would primarily come from trade styles other than convenience stores (C-stores) as this trade style has been successfully penetrated by the Lottery and there are very few C-stores in the state that are not already selling lottery products. This means recruiting and securing retailers in less traditional trade styles will be the focus, including, but not limited to grocery stores, drug stores, discount stores (e.g., Dollar General), liquor stores, newsstands and bars/restaurants. The expectation is that the bar/restaurant trade style will become an especially exciting opportunity to grow the retailer base should additional product lines such as monitor-based games, such as Keno, become part of the Lottery's product portfolio at some point.

Scientific Games has also been a leader in the effort to open up the highly desired big box retail channel. We already have experience selling lottery products in the pinnacle of this trade style, Wal-Mart. Currently, our Wal-Mart stores in Puerto Rico average over $5,100 per week, which is comparable to the sales levels of the 60 to 80 quintile of Hoosier Lottery retailers. While the conversation regarding U.S. sales is ongoing, we are hopeful, based on meetings we have held with Wal-Mart at their Bentonville, AK headquarters, that a national-level effort will benefit our entire industry in the coming years.

While establishing a significant presence in Wal-Mart and other high-traffic retailers such as Target is certainly the ultimate goal of this effort, there are many other alternative channels in the meantime that are ripe for growth and Scientific Games has the experience and is especially

equipped to gain entry in to these less traditional trade styles. We have developed technical solutions that address many of the historical concerns that these trade styles have expressed with regards to carrying, selling, and validating lottery products.

While SG Indiana's New Business Team and management will oversee all key initiatives, we will work with our partners for expertise, support and resources.

TASK OR FUNCTION	EXPECTED COMPLETION DATE	RESPONSIBILITY
Complete Geo-MAP geo-demographic analysis system	January 30, 2013	Scientific Games Marketing
Complete Outreach Plan to Retailer Associations	January 30, 2013	SG Indiana Business Team, Hirons & Company and Impact 21 Group
SalesBuilder Seminars with potential retailers	Begin March 1, 2012 and held Monthly to assist recruitment	Jeff Sinacori and SG Indiana Sales Team
Simplify retailer application and approval process	Implement July 1, 2013	SG Indiana with Commission approval

RETAIL OPTIMIZATION BASE BUSINESS PLAN

Historically, the Lottery industry has focused on two primary areas for increasing sales: the *product* for sale and the *place* where that product is being sold. With regards to product, the industry as a whole has been diligent over the years in fine tuning both the instant game product and the draw game portfolio to maximize sales. The success that higher price point instant games and big, multi-state jackpot draw games have had in dramatically increasing sales and net profit over the years is evidence of this effort. With regards to place, the industry continues to explore new venues and trade styles that make it more convenient than ever for players to purchase lottery products, including drug stores, discount stores, big box retailers, and more. Having strong games, both instant and draw-based, that appeal to different player types is obviously vital to driving lottery sales, and having the right number and the right kind of distribution points (retailers) is also necessary. But even if both of these factors are completely optimized, there are still ways to capture additional dollars and drive bottom line revenue.

SG Indiana understands that there are additional sales drivers, beyond product and place, which can have a significant impact on sales. SG Indiana has studied this space between product and place and has developed an approach for understanding and optimizing the various metrics that can mean the difference between an average performing retailer and a high performing retailer.

As the current supplier of services to the Hoosier Lottery, we are currently working with existing retailers to improve average weekly sales performance. The following demonstrates how we will build upon existing efforts in Years One through Five, with the individual initiatives more fully detailed in the Key Tactics section below.

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Key Initiatives

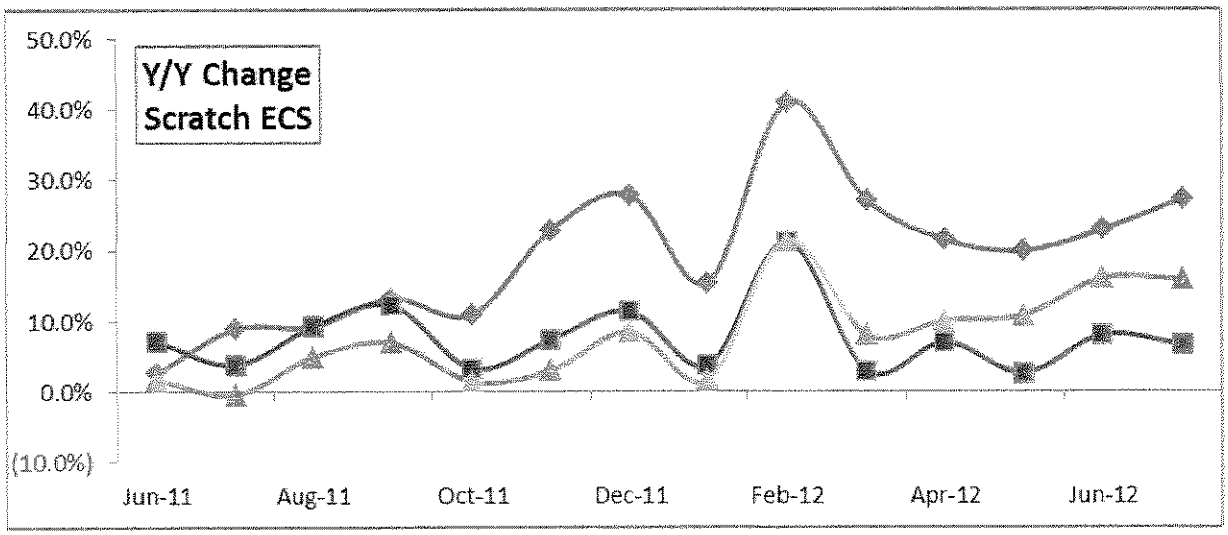
Optimize High-Potential Retailers – to improve profitability and customer experience in Year One through:

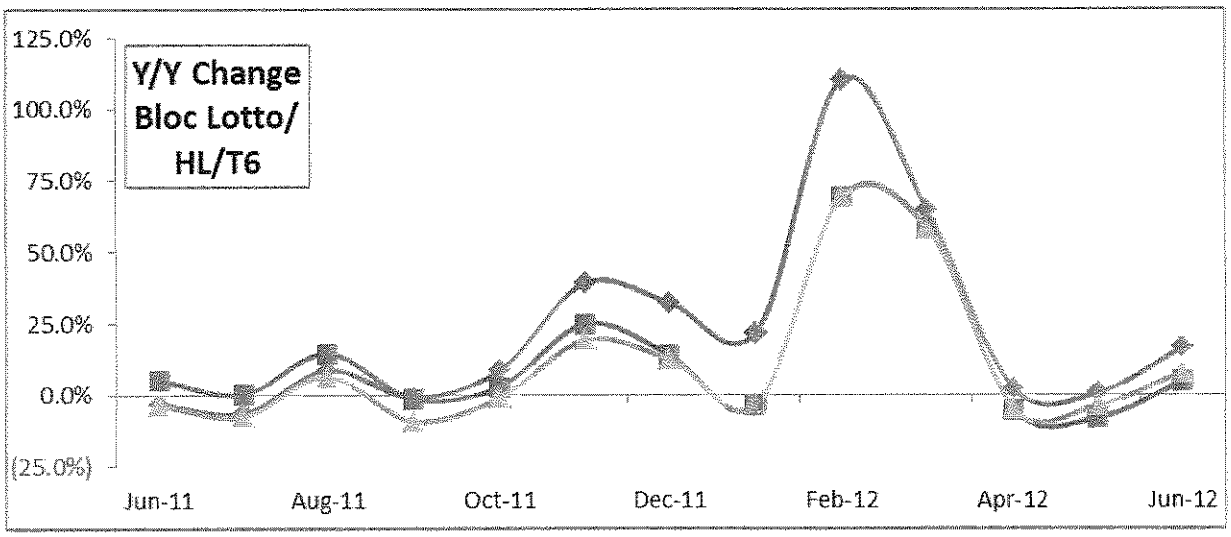
- **Sales Force Management Program** – which includes training the sales force, retooling and extending the "Play Your Way" branding, refocusing operations and optimization programs to achieve monthly and quarterly goals. This would include utilization of the inside sales team and the Predictive Ordering System to optimize scratch game inventory and free up field sales to focus on driving sales.
- **Implementing our proven SalesMaker™** – techniques, including enhanced retailer training and support programs to improve retail execution.
- **Introduce Retailer Friendly Programs** – including extended payment terms, auto cashing, rewards programs, and retail advisory boards.

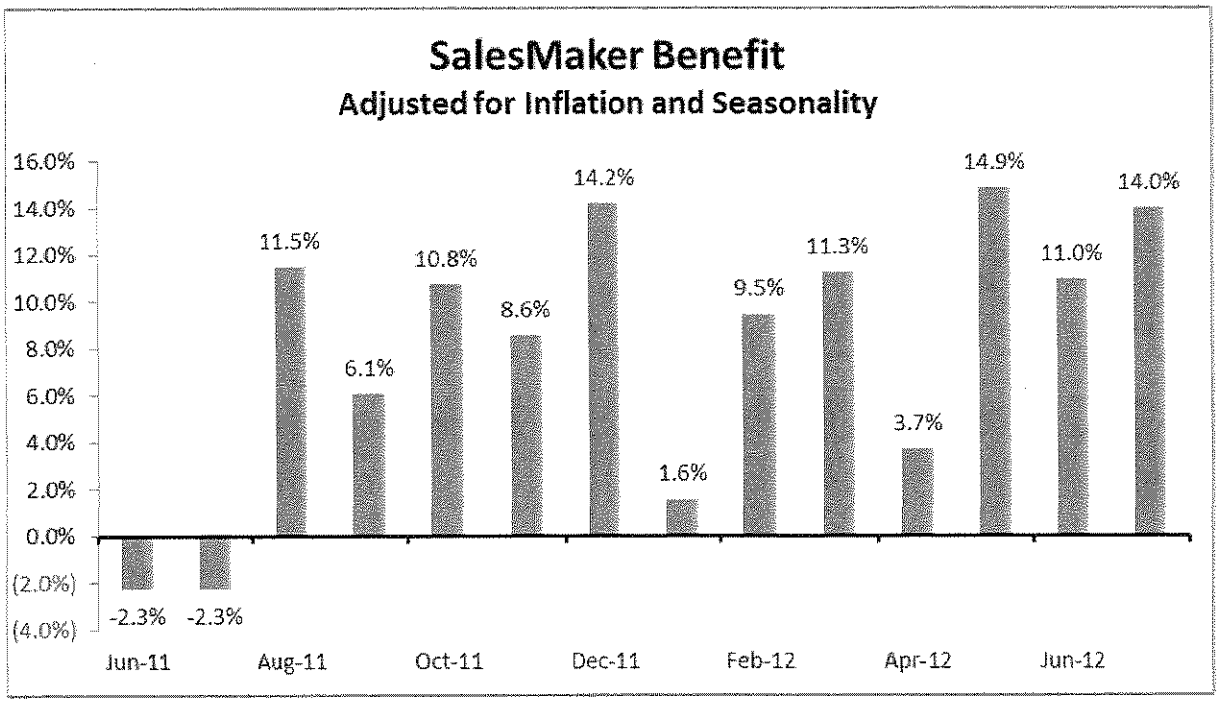
Key Tactics

Optimize High-Potential Retailers – The Hoosier Lottery recently conducted a test of Scientific Games' SalesMaker™ in-store optimization program and the results showed what a significant impact in-store optimization and retailer education and training can have on sales. The ten-store test began in October of 2011 and is still on-going. To date, the ten optimized stores have performed a full 10.9% better than the state as a whole (22.1% increase in total sales compared to 11.2%) as a result of the SalesMaker™ optimization program.

As can be seen from the following charts, the optimized stores were better at capturing impulse sales during the record $656 million MegaMillions jackpot of March 30, 2012. SG Indiana believes this level of performance can be extrapolated out on a network-wide basis.







It is important to note that Scientific Games' SalesMaker™ in-store optimization program is not just a merchandising program, but an education and training program as well. With true in-store optimization, the retailer becomes an integral part of the process and contributes to its success because they have been shown how making their store more lottery-centric can make a big difference to their bottom line. SG Indiana's in-store optimization program will be as much about retailer education and relationship building as it would be about merchandising and product positioning.

Based on these efforts and the success of the on-going SalesMaker™ optimization program currently being conducted by the Hoosier Lottery, SG Indiana will incorporate the learning from the initial test stores and implement an improved program in 300 high-potential retailers in Year One of the contract (approximately 75 per quarter). It is important to note that these 300 retailers will be chosen by their sales *potential* and not their current sales performance based on an analysis of the marketplace which will be conducted immediately upon award. Retailers that may currently be performing at low to moderate levels, but have the potential to significantly improve sales, will be obvious candidates for inclusion in the program in Year One.

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A recent retail optimization effort for the Ohio Lottery showed the following results.

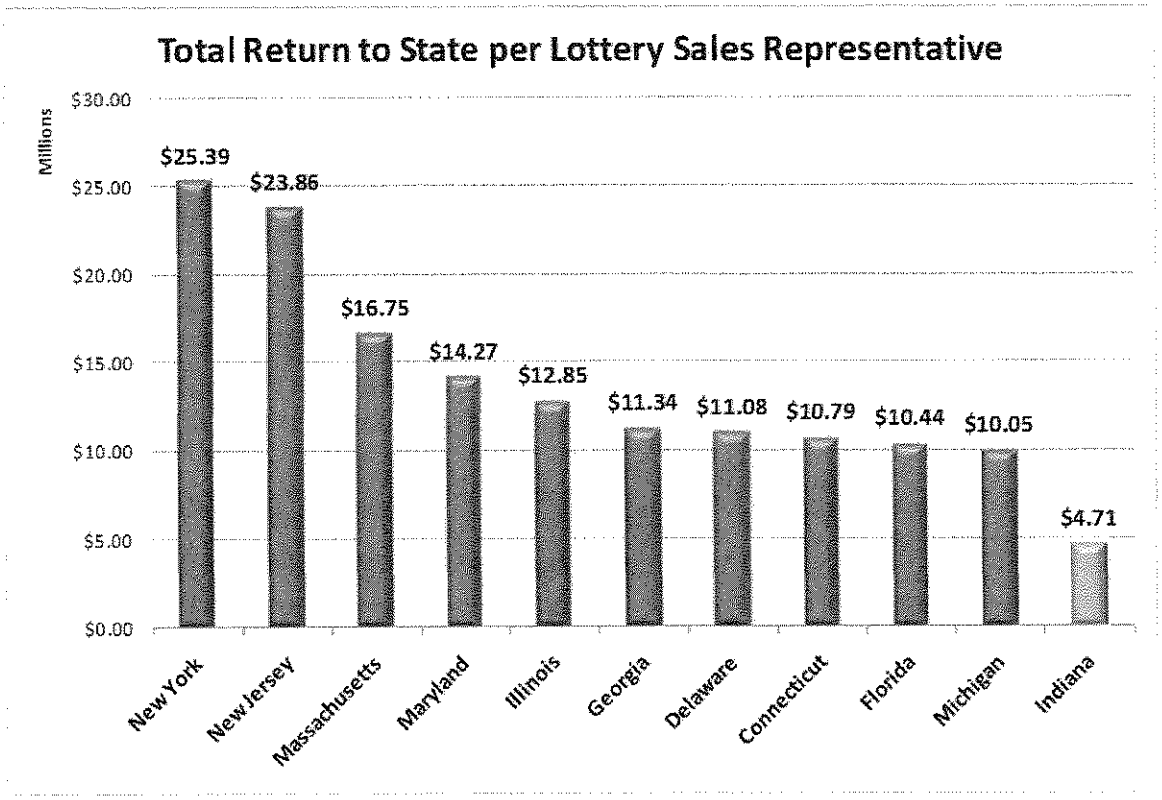
*Ohio Test **	*Growth*
Optimized Store Sales	18.60%
Statewide Sales	0.30%
Growth Attributed to Optimization:	**18.30%**

* Test Period (January 2010 – December 2010, 15 Stores). Based on the successful test, the Ohio Lottery has continued to roll out its optimization effort across additional stores. These stores have seen an average ***sales increase of over 23% versus prior periods after optimization.***

After Year One, the sales force will be responsible for communicating the benefits of the optimization program and for developing the appropriate optimization plans for their retailers. While every retailer would benefit from some level of in-store optimization training and best practices education, SG Indiana believes there is merit to a tier-based approach in the level of support received based on the store's potential to increase revenue. A historically low- or mid-performing store with the potential to increase sales and a willingness to engage the program, for example, might receive more support than a high-performing store that is already maximizing their revenue potential. In this way, SG Indiana will expend finite resources to deliver the most value and return to the Lottery.

- **Sales Force Management Initiative** – As the linchpin on the retail optimization initiative, the education, training, and management of the sales force will be vital to the program's success. SG Indiana will provide the sales force with all the training and tools they need to successfully develop and execute the optimization program for their retailers. Once their training is complete, every member of the sales force will have a thorough understanding of retail profitability models, best practices at retail, creating positive attitudes, providing exemplary customer service, time and route management, growing the business, developing quality sales calls, and overcoming objections.

As shown in the following chart, the Hoosier Lottery generates significantly less profit per sales representative than the top ten in the industry. This inability to drive revenue and lack of significant growth at retail demonstrates the need and opportunity for the comprehensive expertise, strategic support, training, and tools that SG Indiana can provide.



For further reference, a detailed Sales Force Management Program covering not only optimization techniques for existing stores but also the recruitment for expansion is included here as **Appendix B**.

Implementing our proven SalesMaker™ Techniques – As referenced in the Situation Analysis, our analysis has identified several issues driving the underperformance by many Hoosier Lottery retailers. Using our SalesMaker™ techniques and programs we will address these issues as follows:

- **Consistent Branding and Product Placement at Retail Locations** – To address branding and product placement, SG Indiana will provide signage standards, including proper placement and demonstrate the positive impact on commissions. SG Indiana will provide training to retailers and the sales force on the ability of a "store-within-a-store" to dramatically improve sales and retailer commissions. The training will emphasize how lottery products generate significantly higher profits per square foot and ensure the sales force is certified in training retailers to merchandise and sell lottery product to maximize their commissions and therefore Lottery revenue.
- **Proper Execution at Retail** – To address this issue, SG Indiana will work with retailers to ensure proper placement of tickets and machines to not only improve the player experience but also improve flow within the store, taking away a retailer "pain point" and also driving

sales. Retailers will benefit from not only higher lottery sales but sales of drinks, food and snacks, which are some of their highest margin products.

- **Scratch Game Inventory Optimized to Drive Retail Sales** – SG Indiana's Plan to address this issue will deliver a trained, dedicated and incentivized inside sales team that will use Scientific Games Predictive Ordering System. This combination of people and technology will ensure each retailer receives the most profitable mix for their specific locations. Because the sales force is able to focus on activities that drive revenue, we are confident the Hoosier Lottery will achieve the dramatic scratch ticket sales growth achieved with the Illinois Lottery through similar programs from Scientific Games.
- **Improve Performance of Independent Retailers** – An industry norm in the U.S lottery market is that independently-owned retailers typically perform at a higher level than chain retailers. In Indiana, however, this scenario is reversed, with independent retailers averaging $153,205 in annual sales and chain retailers averaging $216,642 in annual sales, a difference of almost 30%. SG Indiana views this discrepancy with the industry norm as a significant opportunity to increase sales and will make the optimization of independent retailers a focus. Independent retailers, it should be noted, are far more receptive than chain retailers to making changes in their operations and to their in-store environment if they can be shown the benefit of doing so.
- **Inside Sales and Predictive Ordering** – Upon award of contract, SG Indiana will implement our inside sales and predictive ordering technology to create a more consumer-driven inventory control system. The implementation of an inside sales operation, in conjunction with our predictive ordering technology, will enable SG Indiana to have a better grasp of which games sell best at which retailer, improving the distribution process and drastically reducing out-of-stock and obsolescence situations. Inside sales representatives develop relationships with the retailers on their call list and can provide more customized service based the retailer's input and consumer demand. Scientific Games' predictive ordering technology is the industry's most advanced inventory control system. The system "learns" over time which games and types of games perform well at the individual store level, creating a customized order recommendation, which the representative can then discuss and tweak with the individual retailer. A more detailed explanation of our inside sales and predictive ordering system can be found in the Instant Games Plan section.

- **Increase the Number of Instant Game Facings** – A priority of SG Indiana is to increase the number of instant ticket facings at retail. Currently, those Hoosier Lottery retailers with ticket dispensers having more than 24 ticket facings have average monthly sales of $4,151. Hoosier Lottery retailers with dispensers having less than 24 facings have average monthly sales of $2,168, a difference of $1,983 per retailer per month. There are currently 1,905 retailers that have dispensers with less than 24 facings and we understand that adding ticket facings, or bins, has been a priority of the Hoosier Lottery's management. It will be SG Indiana's priority to continue this effort.
- **Improve Distribution and Performance of Ticket Vending** – Only 40% of the Hoosier Lottery's current ticket vending units are profitable, compared to an industry average of 80%. Again, SG Indiana sees this discrepancy between the Hoosier Lottery and the industry norm as a significant opportunity for growth. Improving the distribution of the Lottery's ticket vending operation will occur on multiple, concurrent fronts:
    - Analysis will be conducted to determine the current inventory of vending equipment is placed in those retailers that generate the maximum revenue.
    - As new retailers are added, we will continue to look for opportunities to maximize revenues by moving equipment where it will have the greatest positive impact on sales.
    - As the retailer network becomes optimized and the appropriate equipment is placed in those locations capable of generating maximum revenue, additional equipment will be placed in new retail locations.

Introduce Retailer Friendly Programs – There are several key operational changes that SG Indiana will make to illustrate our commitment to the success of the retailer network. Some specific examples of these programs are:

- **Lengthened Payment Terms** – Instant tickets are classic impulse items that need to be visible at the point of sale and require enthusiastic retailers to maximize sales. In order to get retailers to carry a large number of games, keep high levels of inventory, make the games prominent at the point of sale, and be enthusiastic about selling those games to their customers, it is important that they are provided every opportunity to have a healthy cash flow. Retailers make a relatively low margin per unit on lottery tickets compared to other items carried in their store, so it is important to improve the experience for selling our product.

  To end this, it is important to minimize the financial risk of carrying the instant game product and provide easy payment terms. SG Indiana will lengthen the payment policy to provide an incentive for retailers to become more open to increasing the number of games they carry and the selling of those games. Our plan calls for a shift to 85% validated or

120-150 days from the Lottery's current terms of 65% validated or 60-90 days. This will help to protect the retailer who is carrying all of our games from cash flow problems or the inconvenience of having to make returns before those games are sold.

- **Introduce Auto-Cashing** – In addition to Keyless Validation, implemented by Scientific Games in 2009, which greatly increased the speed of cashing instant game prizes, Auto Cashing is an added benefit for retailers. The benefit is significant as it speeds up the validation of an instant ticket from 25 - 30 seconds (depending on a clerk's ability) to approximately 3 - 3.5 seconds. Again, this is another way to improve the efficiency and experience for the retailer, which in turns improves retention.
- **Improved Retailer Incentive Plan** – The current incentive plan for Hoosier retailers is complicated, does not allow all retailers to participate, and is ineffective at driving sales and revenue. We propose to implement our Retailer Rewards Program (the details of which are in **Appendix A**) so that not only can the entire retailer network participate, but so they can earn valuable rewards for activities that drive sales such as instant game pack activation and pack settlement. This simple yet effective program will be easily accessible as part of the new separate retailer rewards web site. Accessible by all retailers, this site will house all the pertinent plan information – points, pack activation, program information and, perhaps most importantly, rewards prizes. As with the player rewards program, the retailer rewards program will feature prize categories with sought-after merchandise that will appeal to retailers.
- **Establish Retailer Advisory Board** – SG Indiana will work with the Commission to recruit a Lottery Retailer advisory board to be composed of 12 lottery retailers, with three corporate accounts and nine independent retailers from across the key trade styles, representing the broadest possible spectrum of geographical, racial, and business characteristics of lottery retailers. The function of the advisory board shall be to report on retail aspects of the lottery and to present the concerns of lottery retailers throughout the state. We plan to appoint members to the lottery retailer advisory board to serve terms of 12 months; with a rolling rotation of the membership. The advisory board may report to SG Indiana and the Commission in writing at any time and SG Indiana may invite the advisory board to make an oral presentation to the Commission at regular meetings. As an operating expense of the corporation, members of the advisory board shall receive reimbursement for reasonable travel expenses incurred as part of their service on the advisory board.

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APPENDIX A

RETAILER REWARDS PROGRAM

Properties Plus is designed to create one-to-one communication between the lottery and its players. But long before the creation of the rewards program platform, the primary source of communication with players was through lottery retailers. In addition to selling lottery products, retailers act as surrogate lottery spokespeople, display POS materials, and create an environment conducive to the sales process. As retailers will continue to be a critical component in the ability to drive sales and grow revenues, we have created a rewards program designed specifically for retailers.

The retailer rewards program will roll out as follows:

- All lottery retailers in good standing will be eligible for the rewards program.
- Instant tickets packs will be shipped with rewards program activation information. Retailers will receive points from two activities:
    - **Ticket Pack Activation** – When a lottery retailer activates a pack of instant tickets, the activation is recorded in the rewards program's system. Retailers are "awarded" points for each pack that is activated, and the points are deposited into their account. The more packs that are activated, the more points that are deposited into the retailers' accounts.
      Note: *Pack activations receive a low level of points as we don't want retailer activating packs and not putting them on sale.*
    - **Ticket Pack Settlement** – When a retailer settles a pack of tickets, they will also receive points. However, as settlements are true revenue generators, this activity receives the highest amount of points.
- A separate retailer rewards web site houses all the pertinent information – points, pack activation, program information and, perhaps most importantly, rewards prizes. As with the player rewards program, the retailer rewards program will feature prize categories with sought-after merchandise that will appeal to retailers.
- Fulfillment of the retailer prizes will be handled the same as player prizes, with delivery to addresses of the retailers' choosing.

Promotion of the program to retailers will include:

- Direct mail/email with program information
- Daily terminal messages touting program attributes

- Program information included in ticket packets
- Surprise pre-printed coupons that are awarded to retailers on-site by the sales force (in appreciation of their selling efforts or as part of a mystery shopper promotion)

The sales force will be trained to "tutor" retailers on the rewards program.

- We will train the sales force who work directly with retailers to ensure they have the information necessary to motivate them to join and participate.
- Sales force will be provided with information packets detailing all aspects of the program, as well as the appropriate tools for motivating retailers to join.

The Retailer Rewards Program will be supported by our 24/7 customer service team:

- As with Scientific Games' consumer rewards program, lottery retailers will have access to 24 hour/seven days a week customer service team.

APPENDIX B

HOOSIER LOTTERY SALES FORCE MANAGEMENT INITIATIVE

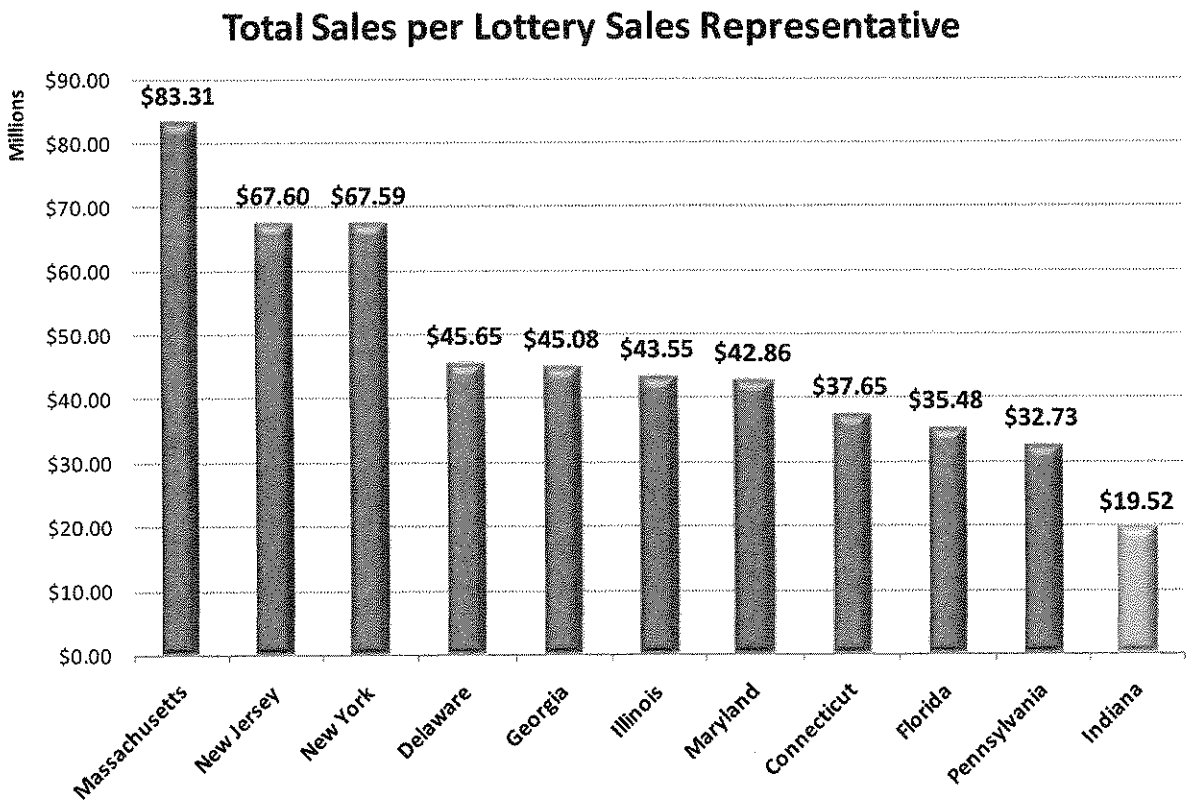
Overview of Strategic Initiative

The greatest opportunity to grow Hoosier Lottery sales and revenue, is to improve the execution at retail by optimizing the sales force.

The following outlines the components of the sales force framework that SG Indiana proposes changing to further augment the foundation upon which additional sales volume will be built.

Field Sales Representative-to-Retailer Ratio

To determine the most optimal sales force size and retailer call schedule, the common industry approach is to utilize a field sales rep-to-retailer ratio as a benchmark. This ratio has typically ranged from 1:100 to 1:120, although many successful lotteries have a greater ratio. For example, the Massachusetts Lottery (with the highest per capita instant game sales in the world) has a ratio of 1:149. The average ratio for the Top 20 U.S. lotteries is 1:114. As of 2012, the Hoosier Lottery had approximately 3,921 retailers, 40 field sales reps (FSRs), six internal sales reps, five Regional Sales Managers, three Sales Managers, and three Corporate Account personnel. Applying this calculation, the Lottery has a current ratio of approximately 1:98.



We will optimize the performance of the current sales force. We propose to align the ratio of field sales over time toward 1:115, which will bring the ratio in line with those of the Top 20 performing U.S. lotteries. As new retailers are identified, recruited and brought on-board, we will adjust the field rep's retailer visit cycle to absorb the additional retailers. With the anticipated increase of 200 retailers in Year One, the field sales rep-to-retailer ratio will increase to 1:105 and we will maintain this ratio as we add an additional 295 retailers in Year Two. We will also maintain the five Regional Sales Managers who will continue to supervise eight field sales reps each.

Inside Sales Representative-to-Retailer Ratio

In addition, we will establish a inside sales department equipped with our Predictive Ordering™ system to ensure every retailer receives the most profitable array of scratch game inventory. This will free up the sales force to focus on activities that drive revenue at retail. We will assign one inside representative for every 600 retailers. These professionals will be responsible for calling 150 retailers each day to ensure they are profitably stocked with the best mix and right amount of scratch inventory and are aware of current Hoosier Lottery initiatives and promotions. Because each representative calls their retailers at the same agreed upon time each week and has all the data on each store's instant game inventory and sales performance, they become a trusted advisor

in each retailer's desire to increase the commissions they receive from selling Lottery games. Representatives work closely with the retailer and the sales representative to ensure they meet and exceed their sales goals.

Benefits to the Sales Force of the Implementation of Inside Sales Team Equipped with Scientific Games' Predictive Order™ System

Highly trained and financially motivated, the new inside sales team will utilize Scientific Games Predictive Order™ system. It incorporates nearly 100 proven sales trending indicators from the largest database of instant games sales in the industry, over 30,000 scratch games, to ensure retailers receive the right product, at the right stores, at the right time to maximize their sales. This allows the field sales force to focus on revenue generating efforts, including retailer recruitment and training, merchandising, promotions, and goal planning.

Sales Force Program Initiatives

The sales force will focus on the following initiatives:

Achieving Sales Goals

- Field sales rep (FSR) works directly with the retailers on aligning individual targets with the overall sales goal.
- FSRs will have data on the current sales status and the targets of every selling point and.
- FSRs will develop marketing work plans to ensure each retailer reaches their sales targets.

Retailer Recruitment and Development

- FSRs will work to support the new business team to identify and recruit new retailers to the network.
- FSRs will implement strategies to develop retailers and drive sales to ensure the retailer improves from their current level and move up to the next level sales tier.

Training

- Given the tenure of the average convenience store clerk is eight weeks, clerk training is an ongoing need. By removing inventory duties, FSRs will hold regular training meetings with retailer staff to educate them on the most recent game launches and promotional extensions.

Merchandising

- FSRs will implement SalesMaker™ strategies to visually and physically create a Lottery store environment at each retailer through effective merchandising techniques.
- FSRs will respond to marketing demands during high jackpot run ups.

Promotional Planning and Support

- FSRs will work with retailer managers and clerks to implement promotions in store.
- FSRs will coordinate 'grass roots' second chance drawings or other cross promotions with all retailers in the neighborhood.

Sales Force Incentive Plan

SG Indiana will establish a sales incentive plan to reward the new business team, sales representatives and sales managers who achieve sales targets. This bonus is in addition to each employee's base salary. Following is a chart summarizing the bonus schemes for these critical positions.

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Each sales representative will be assigned a territory and given a quarterly and annual sales goal. Added together, the sales representative sales goals will equal the quarterly and annual sales goals for the entire Hoosier Lottery. This approach will place accountability on each sales person who is in a position to help the Lottery meet its goals. If the individual sales representatives achieve their goals, the Hoosier Lottery as a whole achieves its goals. New business sales representatives and corporate sales representatives will be assigned retailer recruitment goals.

The incentive plan will be designed to reward sales representatives who achieve their quarterly and annual goals. A sales representative can achieve his/her goal by increasing sales at existing retailers or by implementing in-store merchandising goals, or by a combination of the two. A new business sales representative or corporate sales representative can achieve his/her goal by signing up additional retailers and for the quality, or sales generated, by the new retailer. The plan provides a bonus opportunity of 10% of base salary for any representative who achieves his/her quarterly goal, and an additional 10% for sales representatives who achieve their goal in every quarter of a fiscal year. Sales representatives will receive additional bonuses for performance up to 125% of quarterly and annual goals. The plan will pay out quarterly, so that sales representatives who fall short of their goal is one quarter will still be able to achieve a bonus for other quarters.

Part of the plan will include incentives to accomplish specific action plans designed to increase retail sales, such as increasing instant facings or implementing a total store makeover. Goals will be set for the following:

- SalesMaker™ POS installations/maintenance goals
- Retailer evaluations quotas
- Promotion initiation and participation
- Retailers recruited.

The SG Indiana Approach to Retailer Sales Calls

A core tenet of our approach to sales force management is dedicating more time and resources to the highest performing retailers without sacrificing the necessary service to the remaining retailer network. Through our experience with managing retailer programs in various other states, Scientific Games has been able to demonstrate that concentrating marketing, merchandising and promotional efforts on key retailers can contribute incremental growth between 15-25% for instant games and between 3-5% for draw games. Currently, the top 20% of retailers in Indiana represent approximately 58% of the total sales, based on FY12 figures.

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This approach will allow for the best Hoosier retailers to be visited weekly, and still provide the entire retailer network with a minimum monthly visit for even the lowest performing 20% of retailers.

Training and Professional Development

Another critical component of the SG Indiana approach to sales force management is the ongoing training, skill building, and knowledge refreshment of the sales team. With the guidance of the Vice President of Sales, the field sales reps and inside sales reps will receive regular, ongoing assessment and training to further develop their skill set and enhance the sales support they provide to retailers. This will include guidance during actual retailer phone calls and sales visits to provide hands-on training on how to identify opportunities for improved merchandising, overcoming retailer resistance (such as opposition to carrying a greater number of instant games and those of higher price points), and showing retailers the real financial benefits of selling more lottery products.

Existing Retailer Refresher Training

In addition to providing training for the field sales reps and inside sales reps, a customized training program for retailers will also be instituted. Retailers will be encouraged to attend an annual sales seminar in locations conveniently situated around the state to better understand such topics as how to effectively sell lottery products, the profit potential of the games, enhanced customer interaction skills, optimal inventory management, and loss prevention methods. SG Indiana believes that continued training for retailers is effective with maintaining a heightened level of enthusiasm and motivation to promote lottery products. In addition to the existing Inside Sales & Training Manager, two current field sales reps will be re-assigned to become dedicated trainers to provide the necessary on-going reinforcement training and evaluation of retailers to help them maximize sales potential. Additionally, individual field sales reps will support the retailers and new store employees within their sales route with up-to date information and promotional opportunities during the PMV and RMV cycles.

Retailer Growth & Expansion

A major driver of the incremental sales growth in the next five years will be derived from the addition of new retail locations. As detailed in the Base Business Plan, SG Indiana will create a specialized New Business Team of "rainmakers" to oversee our expansion plans.

The tiered approach to retailer visits described above still provides for adequate time to permit each sales rep to have an average of two hours per week dedicated solely to assisting the New Business Team in the identification and evaluation of new retailer prospects.

SG Indiana is committed to supporting the expansion of the retailer network and providing other business types with the opportunity to sell lottery products. It is important to recognize that at the point of initial recruitment, retailer enthusiasm is at a peak, and for this reason, SG Indiana is committed to direct the administrative tasks associated with getting retailers through the approval process and improving the "close rate". The goal is to complete one market evaluation per field sales rep per week, a very achievable target. This focus will quickly result in the identification of potentially 2,000 new retailers in the first year of operations alone (40 field sales reps x 52 weeks = 2,080 evaluations). With our stated goal of converting at least 200 prospects into effective retailers during Year One, we believe that achieving a "close rate" of 10% of prospects is realistic. While this may seem like a low rate of success, it is consistent with the actual experience with similar retailer expansion programs in other jurisdictions. Keep in mind that the exact number of retailers changes almost daily, and that a percentage of retailers are lost to bankruptcies, consolidation, payment arrears, and other situations. This means that the prospects funnel needs to be kept full to move the network size from a static number to a net positive increase.

New Retailer Training

Gaining new retailers is only the first step in a long journey to getting a retailer on the road to long-term profitability. Typically, retailers are recruited, outfitted with selling terminals and dispensers and then turned over to their "regular" field and inside sales representative. Unfortunately, this results in a large number of new retailer "drop-out" in the first year.

New retailer training is a critical and important factor in setting the tone and expectations for that retailer. It is important that initiating lottery sales in a new business is done correctly, is customized to the trade style, and best practices are communicated and understood during this training. SG Indiana welcomes the opportunity to direct these inaugural training sessions to ensure new retailers are armed with the best information and tools to take full advantage of this profitable addition to their business and provide the Lottery with a quality ambassador for the sale of games to its players. When new retailers receive their first training session on premise as a Lottery agent, part of the agenda will incorporate elements of our proprietary SalesBuilder™ module. Not only will the operational and accounting functions of selling lottery games be covered, but just as importantly, how to best merchandise, support and sell lottery products will be emphasized.

Corporate Accounts

The Hoosier Lottery currently employs three Corporate Sales Representatives. SG Indiana intends to continue with this level of support. As new chains and key accounts are added to the retailer network, additional resources will be added to the Corporate Sales group. Currently, the Lottery has about 1,464 corporate account retailers spanning 23 organizations ranging in size from 246 stores (Speedway) to a relatively smaller 26 locations (Kokolene), and representing about 37% of actual stores but 45% of total sales. Between 2007 and 2011, sales derived from corporate accounts grew almost 8% and we anticipate that growth to continue. A special review of SG Indiana's plan for Speedway and Ricker's follows this section.

SPEEDWAY AND RICKERS OPTIMIZATION OPPORTUNITY

While retail expansion is always an important part of growing lottery sales, so too is working in close partnership with existing retailers to ensure they have optimized all opportunities for lottery in their locations. In the state of Indiana there are two key convenience store chains that are part of the Hoosier Lottery's retailer network, Speedway and Ricker's. These chains account for over 230 retailers and over $70M in annual lottery revenue. SG Indiana believes they have additional performance potential. The summaries below show that while both have strong performing locations, Speedway retailers are more likely to be in top performing percentiles, however there is still room for growth. Ricker's has great potential for its locations to become top performers.

Speedway Business Summary

Stores	233
Sales	$62,241,619
Avg Sales per Retailer	$267,131
Avg Wkly Sales per Retailer	$5,137

Ptile	Count	%	Avg Sales
90	30	12.88%	$458,116
80	54	23.18%	$326,768
70	48	20.60%	$260,431
60	44	18.88%	$217,554
50	34	14.59%	$178,436
40	14	6.01%	$145,224
30	3	1.29%	$111,783
20	2	0.86%	$75,393
10	4	1.72%	$48,374
0	0	0.00%	$0

Ricker's Business Summary

Stores	50
Sales	$11,632,125
Avg Sales per Retailer	$232,643
Avg Wkly Sales per Retailer	$4,474

Ptile	Count	%	Avg Sales
90	4	8.00%	$462,785
80	4	8.00%	$315,981
70	14	28.00%	$254,925
60	13	26.00%	$216,869
50	7	14.00%	$174,569
40	2	4.00%	$126,047
30	6	12.00%	$109,123
20	0	0.00%	$0
10	0	0.00%	$0
0	0	0.00%	$0

With more than 200 locations throughout Indiana, Speedway, a dominant player in the market who has not embraced lottery to its full potential, offers great opportunity. Scientific Games is fortunate to have built a strong partnership with a leading convenience store consulting firm, Impact 21 Group (I21G). I21G is a leading global consulting company in the petroleum/

convenience, retail and refining industries. With over 200 years of combined retail and refining experience, their team of consultants brings real world leadership to business and technology initiatives. For the past couple of years, Scientific Games has worked closely with I21G to better understand the perspective of the convenience store industry and likewise, I21G has been able to better understand the lottery world and the opportunities that exist for their retail clients. This shared learning has helped close the gap between perspectives and made the I21G team a true asset to Scientific Games and the lottery industry as a whole. Having their endorsement of the benefits lottery brings to c-stores not only allows for a seat at the table, but carries weight in being able to carry out initiatives that the chain may not have considered when presented by a lottery or lottery vendor alone.

Impact 21 Group has relationships and active projects with both Speedway and Ricker's. We will be able to work with I21G to develop in-store optimization programs that will work to maximize lottery profits, while speaking to the main focus these chains have for themselves – growing food service, particularly their own branded items and programs. Finding ways for lottery products to tie into the primary focus for retailers is important to gaining cooperation. There are many ways to work with retailers in this way, one of which is through the growing prevalence of web platforms.

Scientific Games' Retail Development group recently commissioned I21G to conduct an industry survey with key retail chains regarding their loyalty, web, and social media strategies. The goal was to determine the level of depth and sophistication of these programs and any restrictions on supplier participation so that we could work to integrate our own offerings with the needs of these important retailers.

One of the respondents was Speedway. Speedways' Speedy Rewards Program is the longest running formal rewards program in the c-store industry, having started a decade ago. The program has over 3.5 million active members and benefits include earning points for gas discounts, free merchandise in-store, coupons for savings (ex. Free cup of coffee, free candy bar, up to 50 cents off per gallon of gas, gift cards from iTunes, Zynga, Applebees). Prepaid cards are the most popular redemption items and Speedway's own prepaid cards are most popular of all. Speedway notes that working with vendor partners in other channels of retail – from grocery to restaurant – has expanded the reach of the Speedy Rewards program, while always bringing customers back to Speedway stores for redemption. The company also indicates that Speedy Rewards is designed around being a loyalty program where the consumer chooses what they want to redeem those points for, what's of value to them. They are proud of the fact that what they do at one store they can do across 1,400 stores in seven states. This is always an issue with lotteries working with retailers in promotional areas such as this as lotteries are subject to state boundaries. If Speedway partners with a CPG company to give consumers bonus points on certain items, they can offer the same promotion throughout their network which they believe

gives them the element of control throughout the company operations and thus the ability to really execute at a very high level. This is another area where our broad footprint becomes an asset. While lottery products and promotions may need to vary state by state due to the nature of the lottery business, having a global platform allows us to tailor to meet the needs of a cross-state chain and thus allowing Speedway to deal with a single point of contact across its locations.

Similar to most respondents, Speedway indicated they have no restrictions on suppliers they allow to integrate with their loyalty program, however it is those most willing to cooperate logistically and financially that will get priority attention. We believe this is a unique opportunity to integrate our knowledge of what works with lottery rewards through our Properties Plus program with the most established rewards program in the c-store industry, Speedy Rewards. By working with Impact 21 Group, we believe we can elevate the presence of and revenue from lottery at Speedway.

Ricker's is another area of opportunity, yet with a newly formed loyalty program. Ricker's is a family-operated 50 store Indiana-based chain that recently launched its Ricker's Rewards program. In May, 2012 Ricker's joined in on the loyalty craze offering $0.10 off every gallon of gas purchased at a Ricker's store for card-holding members. The program has also evolved to include Ricker's Club 10 which promotes buying 10 products from its coffee, donut, fountain, gallon milk, 2-liter or Frito-Lay clubs and get the 11th product free. This type of creative bundling certainly offers opportunity for integrating Hoosier Lottery products.

Additionally, Ricker's participated in Scientific Games' SalesMaker™ pilot program with the Hoosier Lottery in Fall 2011. The one store that participated saw an increase of 31%, however did not continue with all of the program elements. Impact 21 Group will work with us and the Hoosier Lottery to find ways to better meet Ricker's needs and to ensure lottery products are seen as a key category for the chain.[1]

Account Support

As part of integrating the Corporate Accounts group, SG Indiana will provide recommendations for minimum sales levels for these retailers and develop a program to administer these minimum sales and performance levels. We will also implement an improvement plan for those retailers who fail to meet these minimum sales/performance levels. It will be the responsibility of this group to provide marketing and sales support to Corporate Accounts including:

- **Marketing and Promotions** – develop mutually beneficial marketing programs and point-of-sale agreements management. Effective store-level marketing at these types of

[1] *Data sources: SGI Proprietary Survey Data, Convenience Store & Petroleum Daily News*

locations can only be successful if the managers of these locations receive lottery-specific direction from its Corporate management. It will be the job of the Corporate Accounts group to communicate the benefits of selling lottery products and the best practices of lottery marketing and merchandising to Corporate management so that the direction they provide its stores achieves the maximum level of sales. This group will also develop chain-specific promotions with their customers to increase lottery sales and improving the retailers' bottom line. These chain-specific promotions will be facilitated through the WAVE™ and Flair™ terminals and capitalize on its ability to print unique graphics (e.g., corporate logos) and chain-specific coupons. The promotions will also be supported and integrated with the PAD signs.

- **Training** – SG Indiana understands that Corporate Accounts often have unique training needs. Many chains have their own training facilities or prefer a "train the trainer" approach. The diverse geographic locations of certain chain locations can also affect the training process. The Corporate Accounts group will be prepared to support any and all of these unique training needs.
- **Communications** – Since many corporate accounts are structured in a way that facilitates communication with multiple locations through a single Corporate channel, the Corporate Accounts group will take advantage of this existing infrastructure by creating customized communication pieces specifically for the Lottery's corporate accounts. A monthly electronic newsletter, for example, that would highlight upcoming promotions, explain new games, provide sales and marketing tips, describe any new administrative processes and any other relevant announcements will be created and distributed to all corporate accounts. Any material distributed to these accounts, will be provided to the Commission for their approval prior to distribution.
- **Analyses and Reports** – Most corporate accounts have their own, unique reporting processes and infrastructure. We will direct the Corporate Accounts group to work with each account to ensure that they are receiving the lottery-specific information they need from their stores so that they always have an accurate picture of their specific lottery sales performance. SG Indiana would also work with the Lottery to ensure that corporate accounts can access and download various reports from the Lottery's website, both on a store-specific basis as well chain-wide information. The group will work closely with their accounts to provide various analyses so that they might, for example, better understand various trends, uncover any opportunities that may exist to increase sales, and evaluate any promotional efforts that may have been implemented – basically any analysis that might help the corporate accounts become better Retailers.

SG Indiana will direct the team to conduct annual reviews with each corporate account retailer and provide the Lottery with a written report summarizing the activities and results of the meeting within five working days of the meeting date.

Annual Sales Meeting

SG Indiana will conduct one sales meeting per year with all members of the Hoosier Lottery sales team. We currently hold similar sales meetings for the Oklahoma and Puerto Rico Lotteries as well as provide significant support for the Pennsylvania, Delaware, and Maryland Lotteries' annual sales meetings. Along with attending to the logistical details of scheduling and conducting these annual sales meetings, representatives from SG Indiana' Corporate Marketing department will leverage this opportunity to present the latest trends in product growth for instant and draw/jackpot games as well as an Indiana-specific version of the Annual State-of-the-Industry analysis.

Schedule

SG Indiana proposes implementing our approach to sales force management immediately upon launch of the new ISA on July 1, 2013. Preparation for the structural modifications to this team would begin immediately upon the execution of the ISA on or around November 1, 2012.

As part of our industry-leading, proprietary SalesMaker™ suite of services, Jeff Sinacori, Vice President, Retail Development will train the entire sales team using our SalesForce™ module on or around May 1, 2013 (2 months prior to the Launch Date). This training module has been designed for sales reps specifically, giving them a better perspective on how they can meet their customer's (i.e. the retailer) needs, but it will be greatly beneficial to the extended sales group. Knowledge of the industry, incorporating best practices, and motivational learning are all critical elements to excite the sales team and to help them more successfully sell lottery products. Informed sales staff will in turn motivate the retailers, who in turn can encourage players to purchase lottery products. SalesForce training has been successfully delivered and enthusiastically received by lottery sales teams in Colorado, DC, Delaware, Maryland, Oklahoma, Ohio, and Puerto Rico.

Once the SalesForce training has been completed, SG Indiana's Corporate Retail Development team will further reinforce the skills and techniques learned during this session with the use of the SalesCoach™ module. It is extremely effective to join the field sales rep in-field as part of their sales route calls to provide them with hands-on training and experience. For this module, ride-alongs will be arranged to provide the sales force with practical coaching and customized direction in actual retailer locations in their territory. Typically, this module involves visiting 8-10 pre-selected locations within a day.

This is the perfect complement to the training provided during the SalesForce session, and gives the real-world applicability often lacking in traditional sales training seminars.

Members of our Corporate Retail Development team will personally show the Hoosier Lottery sales reps the best way to arrange the lottery-related POS at their retailer locations using industry best practices and the experience from Scientific Games. The optimal placement of product POS, winner awareness materials, and lottery game dispensers shows sales reps how they can transform their retailers, and experiencing this first-hand is an invaluable mode of training and synthesis.

Experience/Market Research

Scientific Games has experience with sales force management. The following table outlines our experience in U.S. jurisdictions and the length of this relationship.

U.S. LOTTERY	SIZE OF SALES FORCE	DURATION
Delaware	4	1999 - present
Maryland	7	1996 - present
Oklahoma	20	2005 - present
Puerto Rico	39	2005 - present

As of 2012, the cost to sales ratio was approximately 1:283 which means that every dollar invested in a sales rep translates into approximately $283 in sales. By Year Five, assuming over 4,700 retailers, sales of over $1 billion annually and a revised field sales rep-to-retailer ratio of 1:115, the cost to sales ratio would be approximately 1:345, which means that every dollar invested in the field sales rep will produce approximately $345 in sales.

Resources

Ms. Leslie Badger, Vice President, Systems Marketing will be responsible overall for the Sales Force Management Initiative from a corporate perspective. We will also enlist the support of Mr. Anthony Molica, Vice President Sales, to oversee the transition of the Hoosier Lottery sales team to SG Indiana.

Mr. Molica has had a 25+ year career in the lottery industry with a distinguished sales performance record. He was the Executive Director for both the California and Washington's Lottery. He was also the Sales Director for the California Lottery. Upon departure from his roles within state lotteries five years ago, and prior to joining Scientific Games in 2012, he served in a variety of sales and marketing roles for Multijuegos Lottery in Mexico (a private lottery operated by Grupo Televisa), and as a consultant supporting Loteria Electronica (Puerto Rico). This direct experience with the player in two Spanish-speaking markets with strong lottery sales gives him a

unique perspective on the nuances of marketing to the Hispanic segment. According to the U.S. Census Bureau, in 2011 6.2% of Indiana's population is persons of Hispanic or Latino origin.

At the site level within Indiana, Ms. Liz Dimmick, Regional Marketing Manager will be championing the integration of the existing Hoosier Lottery sales team within the SG Indiana organization. She has over 25 years of lottery experience encompassing all aspects of sales, retailer relations and marketing strategies. Her background also includes draw game development, analysis, and implementation; sales and revenue/profit analysis; and the development and implementation of marketing and promotional plans. Ms. Dimmick has extensive knowledge of the entire lottery experience, having within her career supported the Minnesota, Delaware, New Hampshire, Maine, Vermont, and North Dakota Lotteries, including her current role as in-state vendor marketing and sales support for the Hoosier Lottery.

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LOYALTY AND ENGAGEMENT

SITUATION ANALYSIS

As with all Scientific Games products, the offerings described herein will be limited to activities consistent with all applicable laws and Scientific Games governance processes. We work with all our lottery customers to ensure compliance with both state and federal law.

The use of interactive marketing channels is embryonic in the U.S. lottery industry, but growing quickly because of its importance. While all U.S. lotteries have websites, their social media presence continues to grow with roughly 700,000 total U.S. consumers engaging on lottery Facebook and Twitter sites across the country. This is nearly double the participation from just a few months earlier. The Hoosier Lottery has also embraced interactive channels as a key means of communicating with new and existing players, but with just 4,700 likes on Facebook, and 2,580 Twitter followers, the Lottery clearly has tremendous growth and engagement potential.

Because of the speed at which the use of interactive marketing tools is evolving, the Hoosier Lottery needs to continue to innovate to capture the greatest value from interactive channels. SG Indiana believes there are several key areas in which the Hoosier Lottery could introduce best practices.

Currently the Lottery's primary interactive tools for executing its communication strategy are its website; mylottery players club; second chance promotional drawings; and its social media presence on Facebook, Twitter and YouTube. Hoosier Lottery's current scale of social media presence is illustrated in Figure 1.

Hoosier Lottery Interactive Metrics

twitter	2,500+ Followers
facebook	4,700+ Likes
YouTube	100,000+ Video Views
mylottery	100,000+ Members

Figure 1: Hoosier Lottery's Interactive Presence

Although inter-lottery comparisons of social media metrics are not highly meaningful at this stage of industry development, Figure 2 below demonstrates there is little tangible evidence thus far that the Lottery is delivering a differentiated social media and players club strategy:

State	Facebook	# of FB Fans	Twitter	Twitter Followers
Arizona	yes	7,654	yes	1,074
Arkansas	yes	2,268	yes	241
California	yes	30,846	yes	10,059
Colorado	yes	24,753	yes	1,373
Connecticut	no	-	no	-
Delaware	yes	296	yes	79
DC	yes	2,796	yes	945
Florida	yes	9,875	-	1,431
Georgia	yes	32,168	yes	3,522
Idaho	yes	7,930	yes	820
Illinois	yes	57,147	yes	10,205
Indiana	yes	4,728	yes	2,580
Iowa	yes	6,324	yes	3,665
Kansas	yes	1,978	yes	1,900
Kentucky	yes	1,922	yes	1,181
Louisiana	yes	13,628	yes	1,865
Maine	yes	1,054	yes	80
Maryland	yes	33,233	yes	2,607
Massachusetts	yes	9,789	yes	1,632
Michigan	yes	45,200	yes	1,513
Minnesota	yes	21,537	no	-
Missouri	yes	6,395	yes	869
Montana	yes	12,651	yes	604
Nebraska	yes	3,083	no	-
New Hampshire	yes	10,082	yes	1,123
New Jersey	yes	61,871	yes	3,559
New Mexico	yes	2,133	no	-
New York	yes	4,820	yes	815
North Carolina	yes	21,256	yes	4,072
North Dakota	yes	2,044	yes	250
Ohio	yes	8,770	yes	2,587
Oklahoma	yes	7,449	yes	1,170
Oregon	yes	-	no	-
Pennsylvania	yes	26,934	yes	2,032
Rhode Island	yes	2,073	yes	1,530
South Carolina	no	-	no	-
South Dakota	yes	1,083	no	-
Tennessee	yes	17,724	no	-
Texas	no	-	no	-
Vermont	no	-	no	-
Virginia	yes	65,307	yes	4,039
Washington	yes	61,623	yes	637
West Virginia	yes	2,117	no	-
Wisconsin	no	-	no	-
Puerto Rico	no	-	no	-
Totals	**39**	**632,541**	**31**	**70,059**

Figure 2: Peer Group Social Media Comparisons

The most important area where SG Indiana believes Indiana can be more impactful with interactive channels is in its players club, mylottery. Compared to other players clubs that also launched in 2010 and thus have had the same amount of time to develop, the penetration in Indiana is modest.

Lottery	Players Club Start Date	Registered Users	Website Monthly Visits	% of Population Registered Users	% of Population Monthly Visits
New Mexico	2010	65,000	759,866	3.12%	36.49%
North Carolina	2010	52,318	92,725	0.54%	0.96%
Tennessee	2010	204,000	407,283	3.19%	6.36%
				2.28%	14.60%
Indiana	2010	107,000	276,750	1.64%	4.25%

Figure 3: mylottery Players Club Penetration and Hoosierlottery.com Visitation vs. Peers

As discussed below, the mylottery players club is not yet a robust loyalty program; SG Indiana sees this as a key leverage point and sees MDI's Properties Plus offering as a key mechanism to drive growth.

GROWTH STRATEGY AND LOTTERY OPTIMIZATION TACTICS

SG Indiana's starting point for developing a comprehensive interactive and social media strategy is to reference the Lottery's goals. According to the Lottery's *Marketing Planning: Digital Needs* presentation from April 2012, the vision for its interactive, or digital, communications strategy is to *"fully leverage digital technology as a foundational communication strategy to engage new and existing players to conveniently overcome barriers to play and play frequency regardless of their position in purchase and repurchase cycle."*

SG Indiana believes this general direction makes sense and also note that it is important to establish interactive marketing connections to players as a placeholder for any potential ecommerce opportunities.

To achieve these goals Scientific Games will employ its subsidiary MDI Entertainment to deliver:

- **Properties Plus®** – A robust, comprehensive loyalty club offering and online reward store utilizing product and service offerings integrated into the existing mylottery players club.
- **A Website Refresh** – Refreshing www.hoosierlottery.com to maximize engagement.
- **Second Chance Games and Drawings** – Continue to develop engaging second chance interactive websites and games, where players can earn drawing entries for special prizes.
- **Social Media Functionality** – Enhance the Lottery's current social media offerings by layering games and functionality to such platforms (i.e. For Fun games on Facebook)

- **Mobile** – Building mobile apps as a mechanism for engaging and communicating with players
- **Interactive Tickets and Games** – Launching retail purchased and redeemed tickets that provide players with interactive experiences while remaining within the confines of the existing scope of instant scratch ticket offerings (subject to commission and regulatory approval)
- **Subscriptions** – Introduce internet-based subscriptions for draw games

— CONFIDENTIAL INFORMATION BEGINS HERE —

"Confidential as per Indiana Code § 5-14-3-4(a)."

— CONFIDENTIAL INFORMATION ENDS HERE —

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Properties Plus®

MDI has packaged a number of web-based initiatives under an umbrella called Properties Plus. Bundled together with MDI's traditional licensed properties, Properties Plus is an integrated package of services addressing several key marketing and player outreach opportunities. While the current mylottery players club has provided a level of value and online activities for players, Properties Plus will bring engagement to a whole new level. MDI will relaunch the mylottery Players Club as a new and exciting player rewards program. This will entail adding new functionality, including a mechanism for players to earn points and purchase merchandise in an online rewards store, while maintaining a single location for player sign-on and access to VIP programs. Players will be able to enter both draw-game tickets and non-winning scratch tickets into the program and earn Points for Prizes (PFP). Figure 4 provides an example of the ticket entry web page, a player would access.

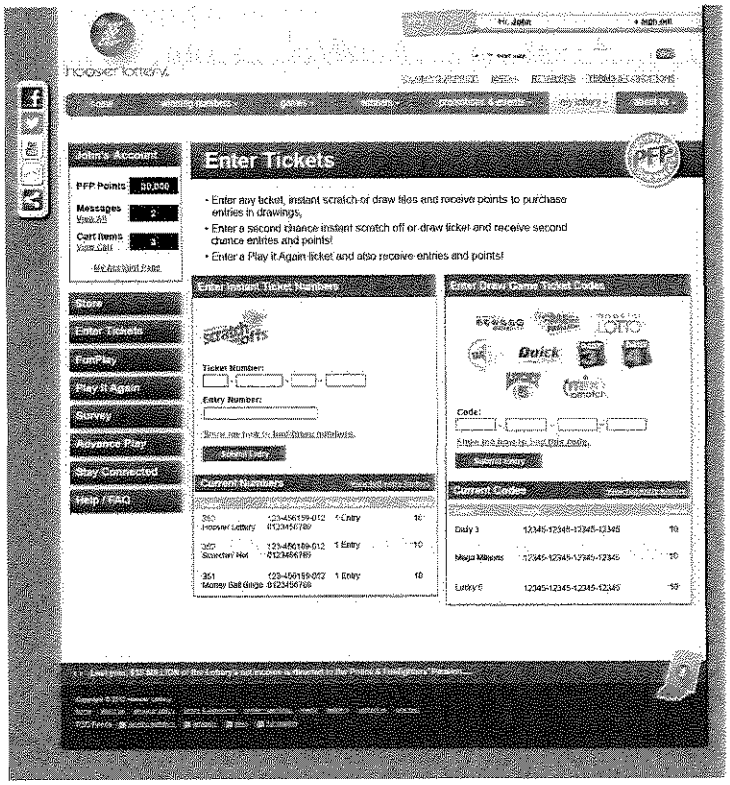

Figure 4: Ticket Entry Web Page for mylottery Points for Prizes

Integrated with mylottery, the Properties Plus solution includes:

- **Use of MDI Licensed Properties for Instant Games** – SG Indiana will utilize some of MDI licensed properties for instant and draw games using specific branded merchandise offered in the store and available for points redemption. This will be funded separately out of the Lottery's advertising budget.
- **Easy Entry™** – Internet-based ticket registration system that guarantees players will not be able to enter a ticket more than once and also allows the player to conveniently discard the ticket after entry. MDI's system records the ticket and all actions associated with it— points, second chance drawings, and games.
- **Webcodes** – Internet-based ticket registration system for draw games. MDI's system uniquely identifies the draw game ticket by price and game and ensures that tickets cannot be entered more than once.
- **Enhanced Club Functions** – MDI will develop certain features and functions for incorporation into the mylottery site pages including Jackpot Alerts, promotional emails, surveys and polls, coupons, game tutorials, videos, retailer locator, etc.
- **FunPlay™ Games** – These games can be offered to players "just for fun" or as a bonus play feature where players are given a set number of credits to use on web-based games to obtain drawing entries or other prizes. The games will enhance the "stickiness" of the mylottery site and offer player entertainment. These games can also be configured with a leaderboard feature, allowing players to compete for higher scores and recognition on leaderboards posted on the website and on social media sites. Figure 5 provides an example of a FunPlay game.

Figure 5: FunPlay Game Example – Slingo

- **Points for Prizes®** – A consumer rewards platform that enables players to earn points from non-winning tickets instant and draw game tickets and redeem points for merchandise or entries into drawings for prizes.
- **Merchandise and Other Prizes Awarded to Players Through the Points for Prizes Program** – MDI will implement a robust online store where players may enjoy shopping for hundreds of items from electronics to local hometown rewards like movie theater or restaurant discounts.
- **Ultimate Second Chance** – A program that allows players to win an additional cash prize with the entry of eligible non-winning instant or draw game tickets will be implemented.
- **Additional Second Chance Promotional Games Associated with MDI Licensed Property Games** – These games are typically implemented as part of a licensed instant game promotion or in connection with other marketing programs and will be used to supplement the second chance games currently offered on mylottery.
- **Drawing Services** – All drawing services associated with Second Chance drawings, Points for Prizes drawings, and MDI licensed property Second Chance promotion drawings.
- **Merchandise Fulfillment and Customer Service Support** – All fulfillment services and 24/7 customer service support associated with Points for Prizes merchandise redemptions and drawing prizes.
- **Mobile Functions** – Access to the mylottery and Points for Prizes store via a mobile enabled website.
- **Email Solution** – Generate promotional emails and blasts including sending surveys, ecoupons, and "my numbers up" functionality—this identifies when a player's selected numbers have been drawn.

These components work synergistically and will be incorporated into the existing mylottery site to generate high levels of participation and encourage regular interaction via the web. Properties Plus delivers exceptional value to players through exciting prizing opportunities and dynamic content that today's connected consumers expect. Figure 6 provides the foundation and key element of the program, the online rewards store.

Figure 6: Sample of the Hoosier Lottery Points for Prizes Store

Experience

Among the most valuable lessons gleaned from the launch experience, is the importance of engagement. And the most critical factor in consumer engagement in a loyalty program is the rewards. There are three key factors in determining awards. They must be:

- Appropriate
- Attainable
- Aspirational

Appropriate awards will vary by industry and product, and will have an established an extensive catalog of appropriate awards that are highly desirable by lottery players. Attainable awards and their impact on engagement may be a key factor in the success of a program. It can be broken down into two components. First, there must be sufficient rewards available at low currency values that consumers do not feel their level of purchase is so high the value proposition is incongruous. Second, it is important that the currency consumers are awarded for frequent purchases (i.e., points or miles), can be spent with as few restrictions as possible. Finally, there are aspirational awards. Loyalty rewards programs that allow members to "shop" in a catalog have far higher levels of engagement than those that are sweepstakes or drawing based. MDI's research and real-life experience supports that notion. Aspirational rewards traditionally cost more money and if only available through shopping, would be out of the reach of most consumers. The proper use of sweepstakes or drawings is in the distribution of aspirational rewards.

MDI introduced its loyalty rewards program in the fall of 2009 when the Arkansas Lottery debuted Properties Plus with the launch of the Lottery. Since then, the program has been adopted by the Iowa Lottery (May 2011), the Tennessee Lottery (February 2012), and the Missouri Lottery (August 2012). Properties Plus is scheduled to be launched by the North Carolina Education Lottery in September 2012 and the Kentucky Lottery Corporation in fall 2012. An overview of the Arkansas and Tennessee programs, which showcase MDI's experience as the primary developer and implementer, follows.

Arkansas Lottery Experience – During the summer of 2009, MDI web developers and software engineers fine-tuned the rewards program website and when the Lottery opened its doors in October, Properties Plus was also introduced to the lottery industry. The rollout of the program took place in stages—in October, players had access to Play It Again (PIA), a program through which the last top prize is set aside from all instant games for a final drawing for a top prize. Access was also provided to The Club registration page, email alerts, winning numbers and play-for-fun games. In January 2010, the online store—called Points for Prizes (PFP)—launched and it was then revealed to players they had been accumulating points as they were entering

tickets in Play It Again. Those points could then be redeemed by players for a variety of merchandise and digital music downloads. MDI utilized time-tested fulfillment and customer service departments to deliver the merchandise quickly and efficiently while also assisting Arkansas players with any Club-related issues.

Leading up to the launch of The Club, MDI and the Lottery worked together on the look and feel of the site, including providing "comps" (static drafts), click-throughs (site drafts with clickable components) and, finally, the working website.

Now nearly three years old, The Club continues to evolve and improve. Some of that evolution has come as a result of player feedback. MDI collect all player feedback and apply any suggestions, which will improve The Club. Of course, the big question is "Has it worked?"

Membership Acquisition – Every month since launch, the player rewards program has added members. Figure 7 shows the incredible growth curve, going from 10,000+ members at launch to now over 255,000 members.

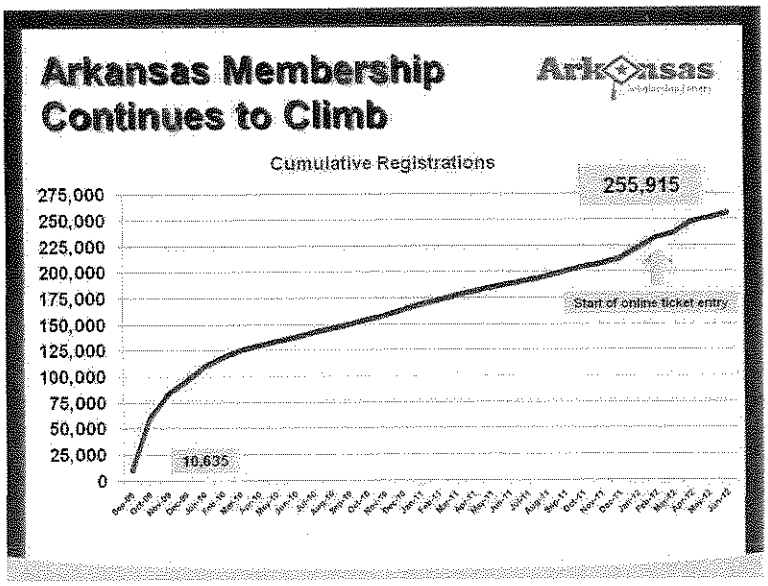

Figure 7: Membership Climb

Demographics – From the launch of the program, MDI observed that the age of club members skewed younger than the overall population of the state. This continues today, as it appears the tech-savvy younger players are more comfortable with an online program and are utilizing its various functions. Figure 8 shows club member age groups versus the adult population. The 18-34, 35-44, and 45-54 age groups for The Club index higher than the adult population.

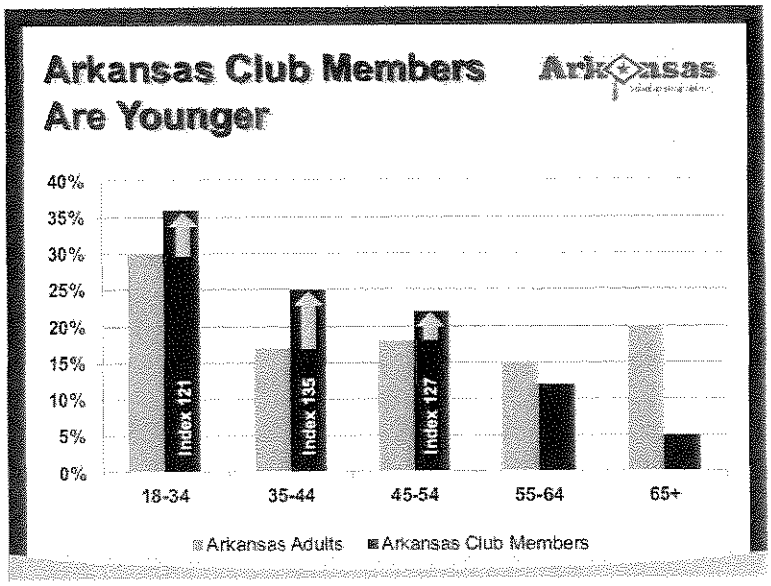

Figure 8: Member Age Groups vs. Adult Population

Results – By all measures, the Arkansas Lottery player rewards program has been a success. As Figure 9 demonstrates, the Arkansas Lottery was the most successful start-up in recent lottery history with instant sales per capita reaching $2.69, well above other recent start-up lotteries.

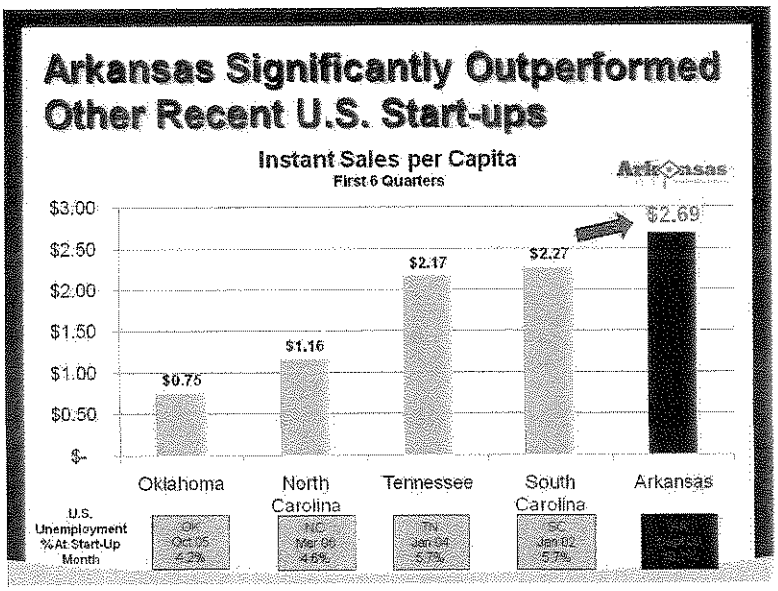

Figure 9: Arkansas Start-up Success

The Tennessee Education Lottery Experience – After a competitive procurement, MDI was selected to add a rewards program (in this case, MDI's Points for Prizes online store) to Tennessee's existing players club, which was also managed by MDI.

Member Acquisition – When the Tennessee Lottery announced in December 2011 that it was adding a rewards component to its players club, it had approximately 142,000 members. Those numbers have grown rapidly, particularly since the store launched in early February of this year. Figure 10 provides a chart that showcases this growth.

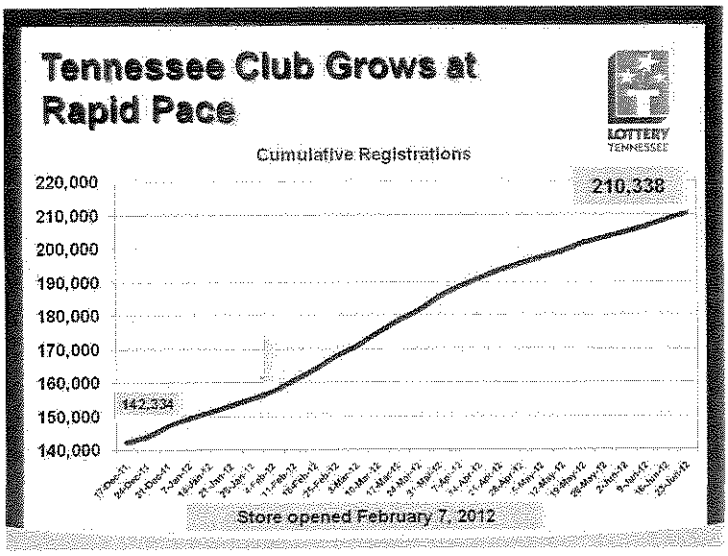

Figure 10: Tennessee Players Club Growth

Results – When the store launched, eligible ticket entry in the rewards program immediately shot up to 16% (up from 9.7%) and has been increasing ever since. Eligible ticket entry during May was more than 26%. Equally impressive has been the Tennessee Lottery's instant game sales since the store launched. Of course, the lottery industry overall enjoyed increased sales during the first quarter of 2012, due in part to the large multi-state game jackpots. But after the store launched, instant sales in Tennessee experienced its three highest sales months in the 27 years of the Lottery's existence and Tennessee outpaced the U.S. sales numbers, as Figure 11 demonstrates.

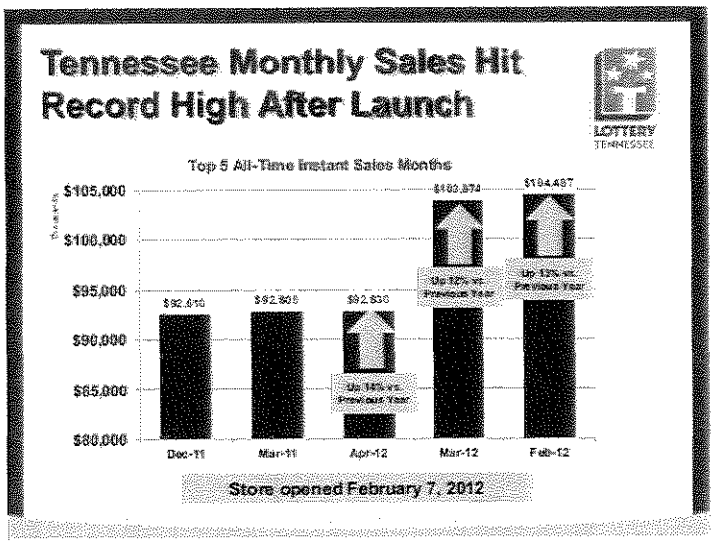

Figure 11: Tennessee Record Sales

Retailer Rewards

Properties Plus is designed to create one-to-one communication between the lottery and its players. But long before the creation of the rewards program platform, the primary source of communication with players was through lottery retailers. In addition to selling lottery products, retailers act as surrogate lottery spokespeople, display POS materials, and create an environment conducive to the sales process. As retailers will continue to be a critical component in the ability to drive sales and grow revenues, MDI has created a rewards program designed specifically for them.

The retailer rewards program will roll out as follows:

- All lottery retailers in good standing will be eligible for the rewards program.
- Instant ticket packs will be packaged with rewards program activation information. Retailers will receive points from two activities:

- **Ticket Pack Activation** – When a lottery retailer activates a pack of instant tickets, the activation is recorded in the rewards program's system. Retailers are "awarded" points for each pack that is activated, and the points are deposited into their account. The more packs that are activated, the more points that are deposited into the retailers' accounts. Note: Pack activations receive a low level of points as MDI doesn't want retailer activating packs and not putting them on sale.
- **Ticket Pack Settlement** – When a retailer settles a pack of tickets, they will also receive points. However, as settlements are true revenue generators, this activity receives the highest amount of points.

- A separate retailer rewards web site houses all the pertinent information – points, pack activation, program information and, perhaps most importantly, rewards prizes. As with the player rewards program, the retailer rewards program will feature prize categories with sought-after merchandise that will appeal to retailers.
- Fulfillment of the retailer prizes will be handled the same as player prizes, with delivery to addresses of the retailers' choosing.
- Promotion of the program to retailers will include:
  - Direct mail/email with program information
  - Daily terminal messages touting program attributes
  - Program information included in ticket packets
  - Surprise pre-printed coupons that are awarded to retailers on-site by the dedicated sales staff (in appreciation of their selling efforts or as part of a mystery shopper promotion)
- The Lottery sales staff will be trained to "tutor" retailers on the rewards program
  - MDI will train the sales staff who work directly with retailers to ensure they have the information necessary to motivate them to join and participate.
  - Sales personnel will be provided with information packets detailing all aspects of the program, as well as the appropriate tools for motivating retailers to join.
- The Retailer Rewards Program will be supported by MDI's 24/7 customer service team:
  - As with MDI's consumer rewards program, lottery retailers will have access to 24 hour/seven days a week customer service. A live person can help them with any issues from any aspect of the program

www.Hoosierlottery.com Refresh

The Hoosier Lottery recently refreshed the lottery website with an updated branding strategy including new imagery and navigation. MDI will further leverage the work that has been done as well as incorporate new strategies. Some of these strategies have been identified by Lottery staff in the recent Digital Planning Review conducted in April of this year. The Lottery's analysis of the current website revealed the top reasons players typically visited were to check winning numbers or participate in the mylottery second chance promotions. The analysis identified additional opportunities for enhancement, including the ability to educate, cross-sell, drive engagement, reinforce the product value and deliver important brand messaging.

MDI Entertainment has developed more than 400 websites over the last 10 years, with more than 70 second chance promotions each year, all with an eye toward achieving the same type of objectives. MDI has also developed a number of programs that effectively use the internet to drive brand engagement and enhance product revenues. Through the implementation of second chance micro-sites, second chance games, loyalty and fully integrated player rewards sites, MDI has a multi-tiered set of solutions that build on each another to drive engagement and loyalty to lottery brands across a wide audience of consumers.

To further capitalize on the "Play Your Way" brand strategy created by the Lottery, MDI will also integrate this tag line across products and channels. MDI believes this "personalization" of lottery game play is ideal for both retail and digital products. To ensure an effective and consistent approach, MDI will utilize the services of Publicis. They will help maintain a common thread and cohesive brand strategy across products, programs and the Lottery website. MDI's approach for further enhancing the Hoosier Lottery website will be to fully support the lottery's product brands with interactive programs, devices, and strategies to widen the playing audience and enhance engagement. This will be accomplished through a multi-pronged approach to include:

- Perform quarterly reviews of the website flow, navigation, and functionality to ensure the effectiveness of the site with both usability and real estate, including adding new promotions for existing and new brands, and leverage promotion and cross-branding opportunities to package games in a way that increases sales.

- Develop a new "release" of the lottery website so it is mobile-enabled using a responsive web design approach. Responsive web design allows for viewing the same website in an appropriate format whether on a computer, tablet, or mobile screen. Depending on the user's screen, the website automatically adapts to a logical format and layout for the device. This efficiently allows for updates to the website to occur once, automatically delivered on computer, mobile or tablet devices simultaneously.

Integrate additional social media elements on the site to ensure effective use of certain social tactics and plug-ins (i.e. Facebook "Like" button, Twitter button, etc.), thereby enabling new "sharing" opportunities.

Integrate a rewards program and the corresponding web pages including the integration of a points program and online merchandise store further extending and enhancing the mylottery experience in a whole new way.

Second Chance Promotions and Games

In August 2008, MDI introduced its first animated Second Chance Promotional Game designed to support sales of the New York Lottery's instant Monopoly™ game. In this game, players registered their non-winning ticket numbers on a designated lottery website and subsequently played an entertaining Adobe Flash™ animated Monopoly™ game for a chance to win entries into a series of drawings for cash and merchandise prizes. The Second Chance Promotional Game proved to be extraordinarily popular with players and the instant game became the most successful $5 instant game in New York Lottery history.

Today, Flash-based Second Chance Promotional Games and the associated Second Chance micro-sites have become an integral part of many lotteries' internet strategies including the Hoosier Lottery. For certain brands, MDI have seen as high as 40% redemption of non-winning tickets, due in large part to an exciting second chance game.

MDI will develop the second chance games and sites currently delivered under mylottery as part of its integrated internet solution. MDI will continue to follow an effective and appropriate marketing strategy for reaching and engaging players, as well as grow the overall second chance program, while incorporating both licensed brands and non-branded themes. In addition, second chance promotional opportunities will be extended to all existing and future draw games. This will enable participation by the entire player base and product portfolio. To further widen the reach of second chance games, social media plug-ins will be incorporated and Facebook applications developed. This will enable consumers to access mylottery second chance activities from Facebook to facilitate sharing, liking and inviting new "friends" to participate.

Figure 12: Second Chance Game Example - The Price is Right Second Chance Lottery Website Page

Social Media

Creating a sense of community among lottery players, while strengthening the relationship between a lottery and its customers, are central objectives to an effective marriage of social media and a Loyalty Program. Social media channels provide an effective arena for reaching a wider audience. For this reason, MDI develops every product and component of a rewards or second chance program with an eye toward social integration. Social integration efforts are designed to achieve objectives by increasing connections, engaging players with the Lottery brand and specific games, and/or promoting activities that may go viral. MDI will implement a multi-level strategy with the ultimate goal of full social marketing integration.

Entry-Level Integration Strategies

MDI's entry-level integration strategies leverage fans, followers and Club members to increase the Lottery's social media presence and Loyalty Club membership. These strategies are designed to eliminate barriers to entry by utilizing basic social platform functions.

The strategies include:

- **Like, Tweet and +1 Buttons** – These buttons, known as plug-ins, utilize simple coding incorporated into the Lottery website, the mylottery pages, and any promotional pages, allowing players to share their activities while generating viral activity and interest among their social network.
- **Fan-Gated Canvas Page Reveals** – Offer players incentives to "like" and become a fan of the Lottery's Facebook page in exchange for Loyalty Points. This integration method offers a simple way to utilize Facebook and Loyalty Club members to increase the number of Facebook fans and mylottery sign-ups.
- **Loyalty Club Registration** – Integrate mylottery registration capabilities into the Lottery's Facebook page allowing for players to sign-up for the club without leaving Facebook.
- **Blog Development and Integration** –The development of a Lottery Blog can be leveraged to execute simple Facebook promotions that do not violate Facebook's promotional guidelines.
- **Generate Unique "Hashtags" for Twitter** – In addition to the current activities already launched by the Lottery on Twitter, as players win a prize, purchase an item in the store, or engage in a promotion, these details can be tweeted with a unique hash-tag and their friends can follow or re-tweet.

Figure 13: Like-Gate for Entering a Drawing with Points

Intermediate-level Integration Strategies

Intermediate strategies will expand on the integration infrastructure in place to facilitate communication and engage players with more sophisticated functions that simultaneously provide insight into player preferences and trends. Some examples include:

- **Twitter Integration** – At the intermediate level MDI will promote the Lottery's Twitter handle via the existing social media infrastructure in place on Facebook. A "retweet" or "tweetsweep" contest will be run to supplement these efforts and serves to increase followers. MDI can award prizes and other accolades as players are motivated to tweet about mylottery and lottery game activities.
- **Open Graph Protocol**[1] – At the intermediate level, and where permitted, MDI uses Facebook's open graph protocol to provide for social media sharing with the added benefits of tailored, as well as ongoing messaging and player insight. When integrated into the Loyalty Club store, this method allows players to communicate purchases with their social network, while providing us with a means to communicate new product offerings and determine player product preferences and trends. Similarly, this method is incorporated into second chance microsites to allow players to share their entry activities and to facilitate drawing deadline reminders and winner announcements.
- **Facebook Drawing Application** – An application (app) on Facebook allows interaction with core Facebook features for a website. For instance, we may offer a product such as a Points for Drawings mechanic mimicked in a Facebook application. This strategy integrates social media with point accumulation and redemption to allow players entry into a Facebook-exclusive drawing.

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[1] *As defined on the Facebook Developer Site (https://developers.facebook.com/docs/opengraphprotocol/): "Open Graph enables you to integrate your Web pages into the social graph. Including Open Graph tags on your Web page, makes your page equivalent to a Facebook Page. This means when a user clicks a Like button on your page, a connection is made between your page and the user. Your page will appear in the "Likes and Interests" section of the user's profile, and you have the ability to publish updates to the user. Your page will show up in the same places that Facebook pages show up around the site (e.g. search), and you can target ads to people who like your content. The structured data you provide via the Open Graph Protocol defines how your page will be represented on Facebook."*

Figure 14: Log-on to Club via Facebook to Enter a Drawing Using Points

- **Store Integration** – MDI will integrate the mylottery Points for Prizes store into the Lottery's Facebook page allowing players to browse the product catalog without leaving Facebook.

Advanced-level Integration Strategies

- **Coming Together Player Challenge** – This promotion uses a combination of Facebook and Twitter location-based social media platforms and user generated content to engage players, to increase both the Lottery's social media audience and mylottery membership, generate viral activity, and increase sales and drive players to retail locations.
- **Facebook and Twitter** – A digital campaign can be launched on Facebook and Twitter to encourage the purchase of a specific lottery game, offering players loyalty points for purchasing the specified game at retail during the promotional period. Players can be notified through wall posts on Facebook and by following the Lottery on Twitter.
- **Location-Based Social Media Platform** – Once a player arrives at a retail location, they may use their mobile phone to "check-in" via the specified location-based social media platform and earn a special coupon for the specified game at the retail location.
- **User Generated Content** – Players can take a photo of themselves with a ticket and post it to the Lottery's social media site.

- **Retail Location** – Players can invite friends to join them at the retail location to participate in the promotion. Their friends may check-in on the specified location-based social media platform of choice, providing the player with additional points for each friend that checks-in.
- **Loyalty Club** – The player and friends can play the specified lottery game and use any non-winning tickets to enter the Lottery's mylottery, earning points and achieving "badges" for completing the challenge. Badges may represent custom lottery virtual goods (special interactive icons, game pieces, etc.), points, or a certain type of status the player can then brag about to friends.
- **Leaderboards** – The mylottery page can showcase the top points earned and the player's badge is posted as an achievement on their Facebook page.
- **Social Media Analysis** – Through a strategic relationship with AIMIA, MDI's vendor who specializes in loyalty management and social analysis, MDI will provide in-depth analysis of social media activities as they are tied to the rewards program. Tools to evaluate the share of voice, channel mix and usage, top influencers, conversation themes, issue identification, and player sentiment will be used with the goal to match social personas to behavioral data to drive acquisition. This will allow for comprehensive strategic marketing decisions and effective targeting activities.

Mobile Site Development

The approach for mobile is to use a combination of mobile enabled web features as well as functions within a mobile app. The difference allows for access to certain functions on a website, with others integrated, such as scanning barcodes, as part of a native app.

The key point in providing mobile access to lottery products and services is to ensure any feature is mobile friendly. This means being able to accommodate the variety of devices in the market, while also providing effective links to the web. MDI's goal is to give the consumer anytime, anywhere access in a way they have come to expect. The mobile approach MDI provide starts by delivering content across all smartphones that are browser enabled. As a result, the player can access the lottery website seamlessly, and it will also be delivered using Responsive Design.

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Interactive Games

MDI has developed an exciting interactive portfolio of interactive games. These games can be accessed through the purchase of a lottery scratch ticket or through a voucher from the lottery terminal and will offer an interactive bonus game the consumer can play on their computer or mobile device. An important benefit of the games is that they will help drive players to retail locations.

Interactive Bonus Games. Similar to the current instant and draw based game portfolios, MDI will offer a menu of additional bonus games where the purchase and redemption occur at retail locations, but the game play occurs via the lottery website. These games may be an extension of the current games on sale at retail, or may segue into similarly played games with different themes. MDI offers two categories of games:

- **eInstant** – the player purchases a $5 (amount can vary) instant ticket at retail, accesses the lottery website and signs in to mylottery. This can be done via a mobile device, tablet or computer. The player selects the appropriate game area on the site, and enters a special code provided on the ticket. The mobile or tablet implementation, will allow the player to scan a 2D code under the latex and access the bonus game immediately. An animated game is then played to provide a "reveal" of the pre-determined game outcome. The games could be animated instant games with dynamic play-styles and themes such as Crossword, Monopoly, or "Scorchin Hot 9's" for example. Redemption of any prizes will occur at retail (prizes below the $599 threshold will be paid at retail with higher amounts paid at lottery headquarters).
- **eDraw** – the player purchases a $5 (amount can vary) voucher at retail from the lottery terminal, signs in to mylottery on their mobile device, tablet or computer, and selects a game category to play. In this case, the player may choose to participate in a fast action draw game. While the game outcome is based on a drawing that has already occurred, the first view of the drawing will be on the website or mobile device and will feel like a dynamic interaction. For example, the game may mirror the Poker Pick game SG Indiana plans to launch as a new draw game in April 2013. In this case, the player may purchase several draws with their voucher and watch as cards appear and they achieve poker hands to win prizes.

SUBSCRIPTION

In 2010, MDI launched internet subscription for the Minnesota Lottery as part of the Lottery's Properties Plus program. This module allows players to purchase a subscription for traditional draw games over the internet and provides configurable business rules that allow purchases for future drawings. As part of MDI's interactive strategy, online subscriptions will be implemented

in Indiana (as approved by the Commission and authorized by law). This will enable real time electronic wallet processing and customer-directed payment functionalities, which are central to the subscription platform and other forms of online gaming. To participate, MDI will establish important rules and gating approvals. A Hoosier Lottery player must have an in-state address, must have an in-state funding mechanism to fund the subscription account, and must be within the state when accessing the subscription program. In addition, the system can accommodate multiple available games and will be customized to comply with applicable local regulations as well as any established payment policies and practices that are developed and approved.

MDI will implement a subscription system which includes a multi-layered physical and virtual security architecture, along with a comprehensive suite of options for mobile players. Another powerful feature of the system put in place is the flexibility to simultaneously introduce multiple games with same-day play.

Figure 18: Minnesota Lottery's Internet Subscription Page

In addition, MDI's internet subscription system will uniquely allow the deployment of full internet versions of any lottery games including a single game, same day, or even, purchase of instant tickets.

Figure 19: Minnesota Lottery Internet Subscription: Scratch Games

The solution to be implemented has more than 18 months of evolving "real world" operation—a near eternity in the world of lottery internet platforms. This is a proven system that is fully functional in an operational environment today with the Minnesota Lottery. The system implemented will be based on the subscription system under development which will support real-time wager purchase requests. This system will be implemented to provide players:

- Extended capabilities for same-day play
- Login at checkout
- Enhanced group play

Figure 20: Minnesota Lottery Internet Subscription Draw Games

Figure 21: Minnesota Lottery Internet Group Subscription Screen

All interactive game solutions will require player registration and log-in. MDI will utilize these types of games within the mylottery loyalty program to help achieve site "stickiness" and further enhance player engagement.

PROJECT AND BUSINESS PLAN

A refresh of the Lottery website, the loyalty program, mobile web and mobile applications, and social media integration will be managed by MDI's project management team. A timeline and critical milestones in the process will be presented to the Commission prior to the start of the programs.

An integrated business plan will be provided to the Commission for approval. However, the Interactive solutions and plans are identified over the next five years as follows:

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MARKETING AND ADVERTISING

SITUATION ANALYSIS

"Marketing is the social process by which organizations obtain what they need and want through creating and exchanging value with others." – Kotler and Johnson, 2010

What is most interesting about this definition, in contrast with previous definitions of marketing, is the prominent addition of the word "social." It has gone through a transformation much like the definition of marketing itself. For most Americans, the word social is now closely associated with the term "social media."

Social media has risen meteorically in importance to Americans. Just ask Betty White, the 83-year old actress, who appeared in a Snickers® candy bar ad in the 2010 Super Bowl. The popularity of the ad caused the creation of a petition on Facebook to have the actress host Saturday Night Live. The petition was "signed" by nearly 500,000 Facebook users, and Ms. White went on to host one of the most highly rated episodes of the show in recent history.

On March 5, 2012, the humanitarian group "Invisible Children" posted a 29-minute video on YouTube which told the story of International Criminal Court fugitive Joseph Kony. The video was viewed 100 million times within 6 days, setting a new baseline for what it means to "go viral." Indeed, some of the readers of this Plan will likely add to that number.

The traditionally bricks-and-mortar lottery industry has not embraced social media as quickly as some. In April of 2011, the Virginia Lottery was the first to have a Facebook page. The New Jersey Lottery became the first American lottery to have 50,000 "Friends" in February of 2012-just a few months ago. Many lotteries are hesitant to embrace social media for fear that they may be strictly associated with its youthful image. Others submit to the inertia of doing things by established guidelines. Still others are unsure how to promote their products in this environment.

LaFleur's World Lottery Almanac, the definitive source of lottery data and one used throughout this Business Plan, does not even report expenditures on social media—only "online" advertising, which may include more traditional forms such as banner ads, email, and search engine marketing.

Lotteries also do not spend as much of a percentage of their sales on advertising as do other impulse and entertainment products. According to a recent AdAge survey, examples include:

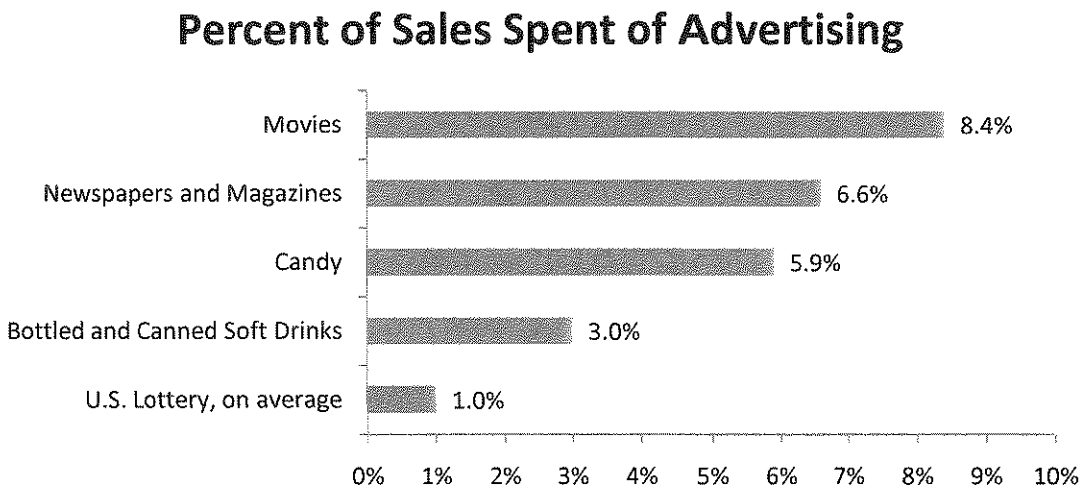


Figure 1: Percent of Sales Spent Advertising

Several lotteries report spending significantly less than 1% of sales on advertising. Massachusetts, due to changes in its state's political climate, does not have a paid advertising budget at all. On the other end of the spectrum, West Virginia spends 4.2% of sales on advertising, the highest of any U.S. lottery. Only ten U.S. lotteries spend 2% or more on advertising.

A look at the various categories of expenditure by U.S. lotteries in FY11 shows that traditional media, especially television, are still the dominant recipients of lottery advertising dollars.

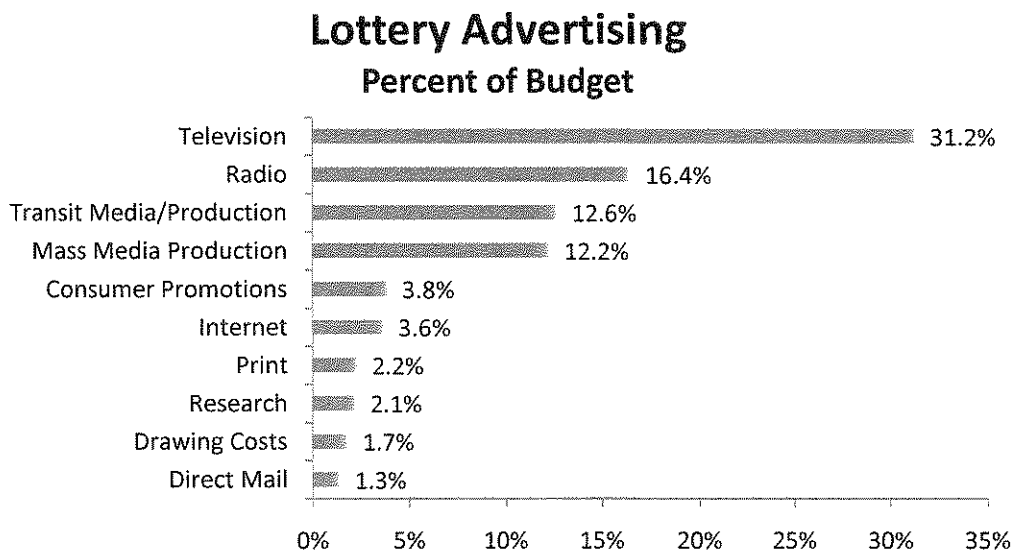


Figure 2: Lottery Advertising

All other categories, besides agency fees and "other" expenses comprised less than 1% of the total budget for lotteries in FY11.

There is a great deal of consistency across lotteries in marketing expenditure by product. Instant game advertising is the clear winner in budget allocation, at 31.8%. When taken together, however, the "Lotto," "Power Ball," and "Mega Millions" categories are virtually even with the instant category.

Due to the vagaries of reporting, "Other" games, such as niche products which vary significantly from lottery to lottery, account for almost 30% of advertising.

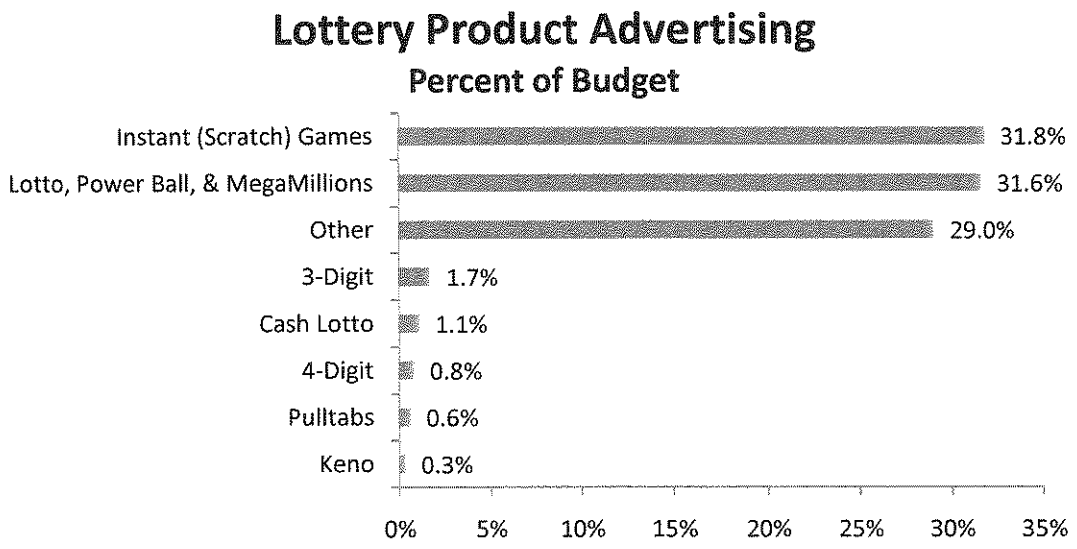


Figure 3: Lottery Product Advertising

Allocation of dollars is greatly affected by the manner in which these games are promoted:

- Instant games are launched at intervals by lotteries, and are supported using a traditional "onion theory" approach, whereby games are designed to create maximum adoption within the first two to three weeks. As the game becomes familiar, people who do not have winning experiences "peel off" the onion, and a core group remains until the game is replaced. Under this approach, the larger the initial onion (i.e., total penetration of the game), the larger the total sales will be after layers have fallen away.
- Lotto games, including bloc lotto games, are typically supported throughout the year by "flights" of advertising or promotion designed to remind players to play these games regardless of the jackpot. Because they consistently offer the unique opportunity to win life-changing prizes, they appeal to broad audiences. They can then be effectively stimulated through mass marketing events and campaigns.
- The other significant way draw games are promoted is through "jackpot alert," or roll-up advertising, in which a pool of advertising dollars is allocated at the beginning of the year to be available for expenditure when the Power Ball or Mega Millions jackpot reaches "trigger"

levels. That is, if a jackpot reaches, say, $75 million, a lottery may purchase radio advertising to promote the jackpot. Then, if that jackpot continues to grow to $100 million, the lottery adds television advertising to the media mix to further increase awareness.

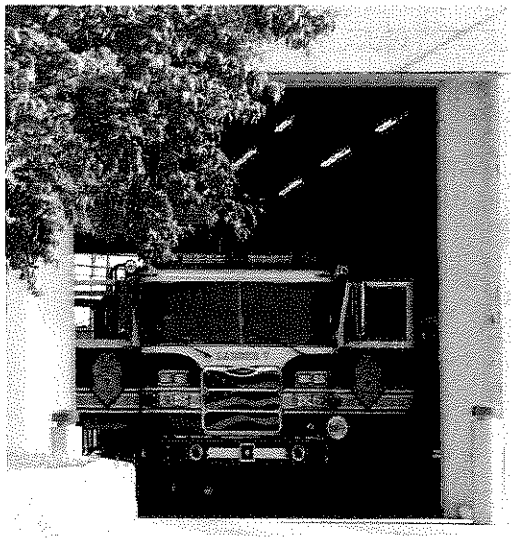
- Little lotto, or cash lotto games, tend to "fall through the cracks" for many lotteries. They do not have the revenue potential of instant games or bloc lotto games (or in-state games like Hoosier Lotto), and they are not self-sustaining like daily numbers games. Therefore lotteries have a tendency to "launch and leave" these games with little support beyond their initial introduction. With vigorous competition from other lottery products, these games must find their audience quickly, or struggle to succeed.
- Other game categories are typically launched with some limited media support, but not on a consistent basis. Daily games seldom receive media support, since they create strong winner awareness from playing the game itself, and because loyal players are difficult to dissuade from playing once the game is part of their daily routine.

Jackpot awareness translates very well to lottery sales. When Mega Millions reached a record jackpot of $656 million in March of 2011, some media outlets estimated that nearly three out of four adults bought a ticket—a figure that included many first-time players.

While this is unprecedented, lotteries have done a very good job of establishing where players should look for jackpot information. Permanent outdoor boards, as well as paid announcements during television and radio news broadcasts, traffic updates, weather reports, and other topical opportunities are commonly used by lotteries for jackpot awareness.

The Hoosier Lottery Budget

The overall media mix for the Hoosier Lottery varies from the national averages in some ways. For example, the Hoosier Lottery spends 56% of its media budget on television, compared to 31% for the U.S. average. By contrast, Hoosier spends just 8.3% on outdoor/transit compared to 12.6% for the industry average.



Based on data provided by the Optimedia Hoosier Lottery FY 2012 Media Considerations flowchart, the Hoosier Lottery is more focused on scratch game advertising than is the industry as a whole. A total of nine instant game launches (counting the Holiday games as one launch) accounted for 55.8% of media spend for the fiscal year. They generated smaller weekly ratings, but saw more frequent flights than typical lotteries.

Radio plays a very strong support role in the Hoosier Lottery scratch game media mix, with print playing a larger role than is typical for the industry. Online banner ads round out the scratch game support line-up, typically running in 9 of 12 months every fiscal year.

Big jackpot game advertising in Indiana accounts for 41.8% of media spend for the fiscal year, which is higher than the industry average. Consistent with national trends, there were two specific campaigns slated for the FY12 period, one for $2 PowerBall, and one for Quick Draw. Ads for these games typically ran on TV, with strong radio support.

Jackpot rollups received significant funding throughout the year, with a contingency fund established to support an extraordinary jackpot event. The purchase of permanent and bulletin outdoor boards continues to be an important plan element. The simplicity of the jackpot message is nearly a perfect fit for the outdoor medium, and in the permanent locations, provides a consistent place for players to look for current jackpot information.

The Hoosier Lottery devoted few advertising dollars to other draw games this fiscal year, which was consistent with industry practices.

DEMOGRAPHIC TARGETS BY PRODUCT

GAME	18 - 24	[illegible]	[illegible]	[illegible]	55 - 64	65+
Instant		X	X	X		
Daily 3			X	X		
Daily 4			X	X		
Hoosier Lotto			X	X	X	
Powerball		X	X	X	X	
Mega Millions		X	X	X	X	
Quick Draw			X	X		
Tag 6 - Spiel			X	X		
Lucky 5		X	X	X		
Mix and Match		X	X	X		

Figure 4: Demographic Targets by Product (Richest media target in red)

CROSS-PLAY TARGETS BY GAME

GAME	CROSS-PLAY TARGET							
	INSTANT	DAILY 3	DAILY 4	HOOSIER	POWERBALL	MEGA	QUICK	LUCKY 5
Instant	O			X	X	X	X	
Daily 3	X	O	X	X	X			
Daily 4	X	X	O	X	X			
Hoosier Lotto	X			O	X	X		
Powerball	X				O	X		
Mega Millions	X				X	O		
Quick Draw	X				X	X	O	
Lucky 5	X			X	X			O
Total Games Cross-Play	**7**	**1**	**1**	**4**	**7**	**4**	**1**	**0**

Figure 5: Cross-Play Targets by Game

Looking at the size of the player base and the sales of games as a function of monthly player spend, the following tables outline the two key sales metrics driving the business: the level of playership by game and the spend on each game.

CURRENT MONTHLY PLAYERSHIP PER TRACKING

BASIC INFORMATION

INDIANA POPULATION PROJECTION FOR 2013	18+ POPULATION 2013
6,595,902	4,979,906

GAME	MONTHLY PLAYERSHIP	PEOPLE	AVG. MONTHLY REVENUE ($M)	AVG. REVENUE PER PLAYER
Instant	34%	1,693,000	$45.70	$26.99
Daily 3	3%	149,000	$2.48	$16.64
Daily 4	3%	149,000	$2.52	$16.91
Powerball	37%	1,843,000	$8.43	$4.57
Mega Millions	15%	747,000	$3.86	$5.17
Quick Draw	6%	299,000	$1.71	$5.72
Hoosier Lotto	29%	1,444,000	$4.75	$3.29
Tag 6 - Spiel	3%	149,000	$0.35	$2.35

GAME	MONTHLY PLAYERSHIP	PEOPLE	AVG. MONTHLY REVENUE ($M)	AVG. REVENUE PER PLAYER
Lucky 5	2%	100,000	$0.34	$3.40
Mix and Match	3%	149,000	$0.41	$2.75
Play Any Game	**52%**	**2,590,000**		

Figure 6: Current Monthly Playership per Tracking

A responsible level of increase in playership and product spend supports the Business Plan.

Specifically, each increase of 1% in instant game playership generates over $16 million in incremental sales. An increase of one ticket per month adds $60 million in instant sales at an average selling price of $3.00 per ticket.

Instant game sales generate on average 85% of prizes won and paid at retail. This means that the actual out-of-pocket cost of instant games amounts to approximately 50% of sales.

The playership metrics and the spend metrics are key benchmarks that guide our plan for our market programs outlined on the following pages.

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EXPERIENTIAL MARKETING FOR THE HOOSIER LOTTERY

Scientific Games is taking a 360 degree look at the marketing and promotion of the Lottery's products. In addition to the core marketing disciplines of advertising and public relations, Scientific Games proposes to integrate a measured amount of sponsorship programs, called "Experiential Marketing," into our marketing mix for the Hoosier Lottery. Experiential marketing differs from traditional media as it attempts to cut through media clutter by forming a bond between the consumer and the event experience, reaching that consumer at their points of passion. Commonly referred to as "event marketing" or "event promotion," experiential marketing is still a relatively new marketing discipline. In the space of just a couple of decades, it has become an expected and valued part of almost every brand's marketing plan. Though certainly not as extensive as advertising or public relations, experiential marketing has a seat at every planning session for all the country's major brands and we would treat the Hoosier Lottery brand similarly.

In –House Experiential Marketing Expertise

Scientific Games is uniquely positioned to effectively develop and implement an appropriate experiential marketing program for the Hoosier Lottery. We have recognized the value and need for this type of expertise for some time. Over a year ago, Scientific Games procured the services of a highly respected and experienced professional in the field. Tom George is a Vice President of Sports Marketing within Scientific Games. Mr. George was a founding member of the world's largest sports, event, and experiential marketing firms, Octagon. Octagon was on the cutting edge as experiential marketing grew from a neophytic concept to a full blown marketing discipline. Octagon now handles the experiential marketing portfolios for some of the country's top brands including Master Card, Sprint, Home Depot, BMW of North America, Bank of America and Procter & Gamble, among others. Mr. George was also a founding member of the faculty for Georgetown University's Sports Marketing Masters Program, writing and presenting the curriculum for the class in "Strategic Sports Marketing."

Mr. George after nearly thirty years of agency experience at Octagon, joined Scientific Games last year to assist us in building programs for our sports brands and our lottery customers. He would be an active part of our brand team at the Hoosier Lottery. His roles would include:

- Developing the Hoosier Lottery experiential marketing plan
- Determine the key assets required
- Negotiating and procuring those assets
- Developing the activation plan against those assets

- Assisting in the integration of the experiential marketing plan with the advertising and public relations efforts.

Experiential Marketing Plan

The Hoosier Lottery currently has some experiential marketing in its overall marketing mix including some of the assets Scientific Games would recommend. As with many brands, the Hoosier Lottery's current experiential marketing efforts can be made much more robust and effective. Two of the key elements of building an effective experiential marketing program are continuity and activation. Many Lotteries use the "build it and they will come" model. It is a much more ad hoc and passive method, and does not work particularly well. A more appropriate approach is to select certain key partners and have a mutual commitment between the partners and build programs over time that form a bond in the consumer's mind between the sponsored properties and the sponsoring brand, the Hoosier Lottery.

As we reviewed the Indiana landscape and the needs of the Hoosier Lottery, we have settled on two iconic Indiana properties that would be the lynchpins of the Hoosier Lottery's experiential marketing efforts:

- The Indianapolis Colts
- The Indianapolis Motor Speedway

The thought process that went into our selection of these two properties included the following criteria:

- The property must shout Indiana at the consumer. Solid, iconic properties are a must and the properties must have a "feel" that makes Indiana consumers proud of their state. The Hoosier Lottery is a state institution. It should be identified with supporting Indiana-intrinsic enterprises.
- The property should have as close to a 52 week profile as possible.
- It must have a massively high, general market profile.
- Emphasis should be on key market demographics. These properties were chosen as nothing reaches males 18-35 better than sports.

When we reviewed our options and overlaid our innate understanding of the Indiana landscape, we strongly considered basketball. There is no escaping the bond between Indiana and basketball. We chose not to utilize basketball as one of the seminal elements our Experiential Marketing plan for several reasons. First we determined the Indiana bond to basketball as primarily a bond with the high school and collegiate game. The Indiana Pacers are solid but are not the type of iconic property we were seeking. The high school game was rejected immediately for age rationales. The

college game in the state was adjudged to be too fractured to be tied into effectively. The consumer affinities are not to "college basketball." The affinities are to the Indiana Hoosiers, Purdue Boilermakers , Butler Bulldogs, the Notre Dame Fighting Irish and several more that we have already alienated by not specifying them on this list!

It is entirely possible that there could be some opportunistic options within college basketball that the Hoosier Lottery could utilize from time to time. In fact, there are certainly other entities and categories like the Indiana State Fair, cultural events, entertainment, and music options that could provide some value. However, it is imperative to our success that we have focus and continuity. That imperative led us to the Colts and the Indianapolis Motor Speedway.

The Indianapolis Colts

The Hoosier Lottery already has a significant sponsorship with the Indianapolis Colts. The Hoosier Lottery and the Colts have done some good things together. We would propose renewing, extending, and adjusting this existing relationship to make it more cost and sales-effective. The primary changes would include :

- Committing to a multi-year arrangement. This surety of involvement and continuity helps to build the brand link in the consumer consciousness and allows us to create, with the Colts, more compelling and innovative programs.
- Focus on an ongoing use of the Colts Intellectual Property rights. This focus will allow the Hoosier Lottery to use the strength of the Colts brand across several product platforms and year-round. For instance, we could run a Colts promotion around draw games or even some of our Holiday instant ticket offerings. This allows the Colts logo and its public affinity to draw the consumer's attention to these products.
- A more liberal use of the Colts' social networking platforms, which are not currently being exploited.
- Indianapolis Colts Instant Win Games. The majority of NFL-themed tickets nationally have been presented very perfunctorily. The partnership with the Colts would allow the Hoosier Lottery to truly leverage the power of the NFL through exciting and fresh applications for both the ticket thematic and related second chance prizes. At this point, continuing the Colts instant game makes great sense to us.

Looking backward, will we ever have a better opportunity with the NFL draft than a Colts #1 overall pick named Luck? If something of that nature arises again, our relationship with the Colts will allow us to take advantage of it. Similarly but looking forward, as the generation of Colts stars from the recent past make their way over the next few years to the Pro Football Hall of Fame, we will be ready to capitalize on the nostalgia of those events as well. Visualize a lottery promotion to win an insider trip to Canton for the induction ceremony of a Colts legend into the Hall of Fame.

INDIANAPOLIS COLTS

PETE WARD
CHIEF OPERATING OFFICER

August 23, 2012

TO: Indiana Lottery Executives:

I would like for your group to know that we were given a presentation from Scientific Games ("SG") and we were very impressed with the vision that SG has for the State Lottery as you move closer to privatization.

Having had some experience with SG in the past, we have always been impressed with their work. Following their presentation, we are even more optimistic and believe that SG will be able to deliver terrific results for the Indiana Lottery. I would like to put in a strong endorsement from the Indianapolis Colts on behalf of Scientific Games.

Thank you for your time and consideration.

Sincerely,

Pete Ward

PW:tm

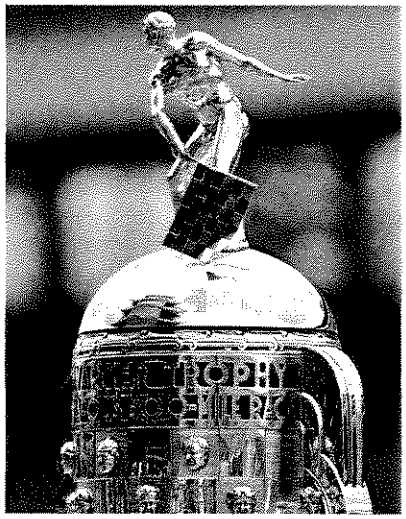
WORLD CHAMPIONS SUPER BOWL

INDIANA FARM BUREAU FOOTBALL CENTER
INDIANAPOLIS COLTS • P.O. BOX 535000 • INDIANAPOLIS, IN 46253 • 317-297-COLT

SUPER BOWL
AFC CHAMPIONS

The Indianapolis Motor Speedway

The Indianapolis Motor Speedway (IMS) is special. They host three of the most significant motor sports races every year including, of course, the Indianapolis 500, the most significant open wheel race in America. The IMS also hosts one of NASCAR's biggest events, the Brickyard 400 and the largest attended motorcycle event in the U.S. They welcome over 1 million spectators per year over two thirds of which are residents of Indiana. This is a larger spectator pool than any other entity in the state, including the Colts.



Among sponsorship vehicles, motorsports, and in particular NASCAR, has the most loyal fan base of any sport. It is well known that motor sports enthusiasts quantifiably demonstrate their loyalty to their passion by buying the products that sponsor the sport.

The IMS has a small sponsorship currently with the Hoosier Lottery and the Indianapolis 500 that is reasonably inconsequential. Similar to our process with the Colts, Scientific Games will negotiate and craft a more significant sponsorship partnership with the Indianapolis Motor Speedway. As this plan is further developed, specific elements may include:

- Commitment to a multi-year, all-event deal with the IMS. Combined with the Colts in fall and winter, our two lynchpin properties would cover the calendar year-round.
- A more liberal use of the Speedway's social networking platforms which are not currently being exploited.
- Instant win games that would switch from year to year between the Indy 500 and the Brickyard 400. These games would change from year to year including examples where the consumers win cars. It will also include the Indy 500 Centennial Celebration four years hence.
- Intellectual Property rights similar to those discussed under the Colts section.
- Broader use of IMS media, especially their Indiana Radio Network. The integration of media will be even easier with the pleasant coincidence that both IMS and Scientific Games share Publicis as their advertising agency.
- Selling games at all Speedway events.

Scientific Games has already begun discussions with both the Colts and the Indianapolis Motor Speedway. They are both aware of Scientific Games interest in the Hoosier Lottery. They are enthusiastic and openly supportive about the programs we are contemplating.

The specific cost for the Colts and IMS activation are included in the budget and flow charts presented in the preceding pages.

Publicis

Publicis Indianapolis – Publicis Indianapolis and Optimedia are part of the Publicis Groupe, the third largest and fastest growing agency network in the world and the second largest buyers of media in the world. With activities spanning 104 countries on five continents, Publicis Groupe employs approximately 49,000 professionals. Publicis offers world class marketing and communications services via a wide and deep array of marketing programs and services provided to domestic and international clientele.

Publicis has had a presence in Indiana for over 25 years and presently employs over 58 marketing professionals in the State. It provides a broad array of services including: brand development; marketing strategy; creative development and execution; web marketing; media planning and buying (including digital; social media and mobile) public relations counsel; diversity marketing; print production and logistics support.

Interactive Specialists – Razorfish

Within the family of skilled partner companies that support Publicis is interactive media leader Razorfish.

Razorfish creates experiences that build businesses. They are a leading full-service agency with digital and technology at the core. They specialize in strategy, customer experience, Web site development, interactive technology, omni-channel design, branding, online marketing + advertising, and media strategy + buying. As a full-service agency Razorfish combines the best thought leadership of the consulting world with the leading capabilities of the marketing services industry. Its practice areas include: experience development, media planning and buying, technology and innovation, emerging media, analytics, loyalty, mobile, advertising creative, social media, and search.

Overview

Razorfish is one of the largest interactive agencies based on revenue in the United States. They employ over 3,500 professionals in over 18 offices around the world and offer the most complete and advanced set of marketing services available anywhere.

This is validated by independent third party Forrester who most recently, in July, identified Razorfish as a "Business Transformer" able to help companies "define potential or redefine the value exchange."

The Forrester Wave™: The New Interactive Agency Landscape Report Q3 2012

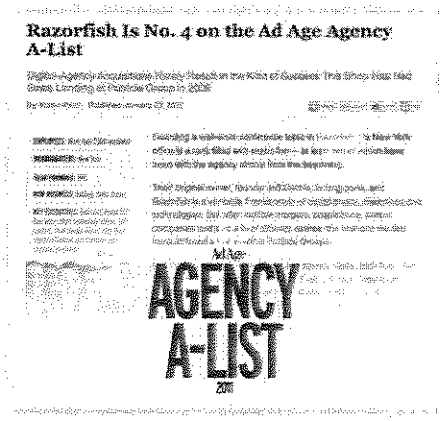
Razorfish is one of a select group of agencies listed as a "Business Transformer" able to "define potential or redefine the value exchange." The report predicts that by 2015 "Business Transformers will help companies change their business model, invent new products, or enter entirely new businesses by envisioning how digital capabilities enable firms to enter adjacent spaces." According to Principal Analyst Jim Nail, "Razorfish's digital prowess and innovative strategy capabilities allow the agency to excel at a time when many communication firms are taking a back seat."

— Jim Nail

Forrester also recognizes Razorfish as a leader in ecommerce providers. They ranked Razorfish as one of the top global commerce service providers and a strong performer for companies looking for transformational ecommerce solutions.

Razorfish was marked as an industry leader for its marketing prowess in Forrester's Wave™ reports over the last five years. In its reports, Forrester has given Razorfish its highest scores in the categories of user research, persona application, measurement, collaboration abilities, user experience, brand image experience, market positioning, and emerging Web technologies.

Additionally, in January 2012, Forrester analysts identified Razorfish as an industry leader for mobile marketing strategy and execution.


Razorfish Is No. 4 on the Ad Age Agency A-List

AGENCY A-LIST

Razorfish is renowned for creating award-winning customer experiences. In January 2012, *Advertising Age* selected Razorfish as the #1 digital agency and the #4 overall agency in its annual Agency A-List ranking. *Advertising Age* has also identified Razorfish as one of the largest digital agencies in the US based on revenue. In the first quarter of 2012, their engaging interactive work was featured on the cover of *Contagious*. They have won well over 300 awards, including 15 W³ Awards, 14 *OMMA* Awards, 10 WebAwards, four Webby's, three Webby honorees, and a Golden Pencil, also WOMMY and MOBI awards for work in social and mobile marketing.

Structure

Publicis Groupe, the world's third largest communication group and the second largest media group, acquired Razorfish in June 2008. Within Publicis, Razorfish is organized under VivaKi, the Publicis Groupe entity created to leverage the combined scale of its autonomous digital agency holdings. With the acquisition of Razorfish, Publicis is now the largest buyer of digital media and the undisputed leader digital communications.

Razorfish offers clients a worldwide network of offices spread across five continents, allowing teams to service leading multinational brands effortlessly. The global organization is divided by regions, which function as individual operations while sharing knowledge, talent, resources, and infrastructure investments.

Culture

Since its early Silicon Valley days, Razorfish has thrived as a slightly irreverent, smart, funny, independent culture. Fish are strategic, hard-working, fast, thorough, focused, balanced, mature, and uncompromising when it comes to seeking the best for clients and work.

Capabilities and Areas of Expertise

Razorfish is a leading agency specializing in omni-channel experience creation, digital advertising and brand development, commerce and content platforms, performance marketing and media, plus digital strategy and innovation consulting. With a demonstrated commitment to innovation, they counsel clients on how to leverage digital channels such as the Web, mobile devices, in-store technologies, and other emerging media to engage people, build brand loyalty, and provide excellent customer service. They also lead the way in Social Influence Marketing™, with a unique approach for employing social media and social influencers to achieve the marketing and business needs of an organization.

Core Competencies

- Omni-channel Experience Creation
- Digital Advertising and Brand Development
- Commerce and Content Platforms
- Performance Marketing and Media
- Digital Strategy and Innovation Consulting

Scientific Games is excited to have Publicis and Razorfish as part of SG Indiana. The following presents our planned communications strategy.

Public Relations Plan for the Hoosier Lottery

Overview

Public relations and communications will play a critical role in supporting the Commission's established goal to make the Hoosier Lottery one of the best performing lotteries in the nation. The Hoosier Lottery's brand is well-regarded, as is its operation. Becoming one of the best performing lotteries in America requires both advancements in the operations and advancements in the brand, the latter of which can only be achieved with successful public relations that credibly communicate the enhancements Scientific Games will deliver and the impact of those enhancements on Hoosier stakeholders.

Especially in light of the public perception challenges faced by other recent similarly conceived third party administrator initiatives in Indiana, including those of the Indiana Toll Road and the Indiana Family and Social Services Agency, well-planned and thoroughly executed public relations will be critical to support Scientific Games' commitment to maximize the business opportunity presented by the Hoosier Lottery, likewise maximizing the Hoosier Lottery's contribution to public pensions for firefighters, police officers and teachers through the Build Indiana Fund and to retail businesses, employers and employees across the state. To make the Hoosier Lottery one of the best in America, strengthening and advancing the reputability of the brand is equally as important as enhancing the operations.

The interface between the Hoosier Lottery brand, as well as that of Scientific Games, with the public—from key stakeholders and thought leaders to reporters and members of the media to everyday Hoosiers across the state—will shape public perception of the Integrated Services Agreement (ISA), Scientific Games and the Hoosier Lottery brand moving forward. Public trust and confidence in the highest standards of security, honesty, fairness, integrity, and transparency in the operation and administration of the Hoosier Lottery will depend on successful public relations that effectively communicate with all stakeholders. This includes impressions formed through media relations and internal stakeholder communication as well as external stakeholder communications, including such audiences as Indiana's diverse array of neighborhood and community development organizations, faith-based groups and initiatives, civic leadership organizations, economic development organizations, and other community-minded groups and audiences. Effective public relations strategies include delivering messages through direct contact with community organizations, thought leaders and partners, as well as through the media.

Scientific Games is partnering with Hirons & Company, an Indianapolis-based advertising and public relations firm with Hoosier roots and a 34-year record of successful converged communications campaigns in Indiana. Hirons will deliver an expert staff with national credentials and deep Hoosier ties to communicate key information and messages about SG

Indiana and the ISA through media relations and public and stakeholder engagement and outreach.

Public perception will be shaped by a number of factors for which strategic public relations can account. Among the critical communications junctures and components detailed herein will be communications surrounding the announcement of Scientific Games selection and ensuring communications on appropriate details and key messages related to the ISA. The following overview details immediate and important public relations strategy for launch and communications opportunities.

This plan includes the following subheads:

- Hoosier Branding
- Key Questions and Answers
- Agreement Announcement
- Immediate Enhancement Campaign
- New Retailer Recruitment Initiative
- Partner-Leveraged Promotions
- Issues Messaging and Management
- Online Gaming Announcement
- Future Progression
- Recurring Earned Media.

Hoosier Branding

Scientific Games is proud to be an American company with its own deep Hoosier ties. Likewise, Scientific Games' partners have deep Hoosier ties and intimate knowledge of the thought leaders, media and public that will collectively formulate perception of both Scientific Games and the ISA. To communicate both the connectivity to Hoosiers that Scientific Games and its partners share, as well as the messages of honesty, transparency, integrity, and fairness that are both inherently Hoosier values as well as standards of the agreement, Scientific Games plans to establish an Indiana corporate name for the program. Hoosiers will recognize the new operation for its familiarity and communication of integrity and aspirational values. That's what we represent.

Key Questions and Answers

Effective message design comprises intentional commitments, philosophical positions, and communicational assertions supported by credible and comprehensible facts. This tiered structure is designed to answer any question and inform any conversation with three to four main points. On selection, in preparation for a full communications plan, message design would be constructed to answer important questions and deliver critical information at every key stage of planned communications, with evolutions for any unanticipated communications needs that may arise.

Based on present conditions and subject to revision with future informational discovery, Scientific Games and Hirons would establish the following key messages, which would be recommended to be part of the message design:

1. The Hoosier Lottery is a well-regarded brand and well-managed entity with a record of contribution to Hoosiers.
    a. The Hoosier Lottery contributes 30 percent of the state's annual contribution to the Build Indiana Fund.
    b. The Hoosier Lottery has contributed more than $2.9 billion to the Build Indiana Fund since 1989.
    c. The Hoosier Lottery contributes to the Police Officers' and Firefighters' Pension and Disability Fund and the Teachers' Retirement Fund.
2. The ISA and increased net income it creates will create expanded benefits for all Hoosiers.
    a. A successful Hoosier Lottery helps local businesses create jobs through the income it generates for retailers.
    b. The responsible expansion of the Hoosier Lottery will create more winning Hoosier players.
    c. Increasing the Commission's net income will increase the Lottery's contributions to the Build Indiana Fund and pension funds for police officers, firefighters and teachers.
3. The ISA is about taking the Hoosier Lottery from good to better to best in America.
    a. Scientific Games has worked with the Hoosier Lottery for 23 years and has hands-on working knowledge of the Hoosier Lottery's operations.
    b. The ISA enables the Commission to integrate services with a private company with nationwide experience and economies of scale to generate operational savings while expanding business.

c. The Hoosier Lottery will continue to be operated and supervised by the Commission; the Commission is delegating some of the work but not the ultimate responsibility and accountability.

d. The Hoosier Lottery is a well-regarded franchise.

e. The ISA is the culmination of a process focused on making Indiana's lottery one of the best in America.

4. The ISA represents hallmark Hoosier characteristics of working toward the best possible improvement and growth.

   a. The Hoosier Lottery must grow and improve to compete with neighboring states.

   b. The Hoosier Lottery is as always fully committed to the principles of responsible gaming throughout this transition process and ensuing expansion.

Agreement Announcement

There are no second chances at a first impression, and for the vast majority of Hoosier stakeholders, the first impression of Scientific Games, the ISA and Scientific Games will be formed through the initial public announcement. Whether the public announcement comes through a staged press conference, a statewide news release and media tour, or a simple press release distribution to every media outlet in the state and adjoining regional media markets such as Louisville, KY., the press announcement should be executed in a manner that presents the most positive first impression possible based on conditions at the time of the announcement.

Based on present conditions and subject to revision with future informational discovery, we would propose to initiate a launch plan that gets underway immediately after contracting, yet before a public press announcement. This proposed strategy begins with extensive stakeholder communications and meetings and briefings with community leadership, retail leadership, current and prospective partners and others to introduce our leadership to the thought leaders and opinion influencers of the community. Meetings would focus first on Indianapolis and expand to other markets around the state, time-permitting. Target audiences for this tactic include major retail association leadership, chamber of commerce and economic development officials, city and state government leadership, faith-based community leaders, and others. Ensuring positive feelings among community leaders prior to the news conference will increase the frequency of influential positive responses to the news, including among thought leaders who are frequent sources for the media. As much stakeholder engagement as possible would be conducted prior to the press conference and press release announcing the agreement.

Provided an opportunity exists to conduct a press conference at the time of the announcement, we would establish a venue that communicates authentic Hoosier spirit and modesty, such as the Indiana State Fairgrounds or the Indiana Convention Center. The press conference would be

advanced to the media through an advisory to statewide media one to two days prior as well as a same-day early morning advisory to statewide and national media sources. Hoosier Lottery social media and other channels would be engaged the day of the announcement to preface and hype the event. Key thought leaders would participate in the announcement, including Gov. Mitch Daniels, retail association leaders, minority community leaders, faith community leaders and Hoosier Lottery and SG Indiana officials. The announcement would be taped to create B-roll distributable to media throughout local markets and state and national media, with a press release distributed to statewide and national media shortly after the announcement begins. A series of op/eds would be submitted to major daily newspapers across the state immediately after the conclusion of the announcement, which would have featured the standard accoutrement of on-site video interviews; photos positioning key Hoosier Lottery and SG Indiana leadership with respected state, retail, minority and faith community leaders; etc.

In future announcements and communications coordinated through a thorough public relations plan process, providing advanced communications to key stakeholders and thought leaders prior to the announcement would continue to be advised to ensure informed discussion and that leaders and stakeholders are able to respond to questions before the evening news or morning paper goes to press.

Hirons has extensive experience in an array of announcement strategies. The firm led the announcement of the Energizing Indiana third-party demand side management utility program in Indiana in December 2011 with a statewide press release and social media program supported by online, print and outdoor advertising. Hirons also led the announcement of the campaign for a new Wishard Hospital in Indianapolis with a press conference at the aging hospital's nursing museum wing, preceding the announcement with stakeholder communications and extensive follow-up to leverage support around the publicity of the announcement.

For additional details on public relations programming and timing, see **Appendix A**.

Immediate Enhancement Campaign

The momentary nature and splash of announcing the ISA will create an opportunity for immediate follow-up public relations, media relations and stakeholder communications to further communicate the enhancements the agreement will create. Immediately following the announcement, a statewide media tour combined with stakeholder communications tactics would capitalize on the attention gained through the announcement to communicate improvements Scientific Games' integrated management program will create as well as reinforce positive messages on the agreement and introduce new messages to lay the groundwork for expansion.

Direct media relations should occur through customized press releases and pitching to the state's network television news affiliates in Evansville, Terre Haute, South Bend, Fort Wayne, Lafayette and Indianapolis, as well as Louisville, Chicago, and Cincinnati media markets, which expand into Indiana. This initiative would also set up a media market tour with in-studio interviews in each market, as well as print media editorial boards and op/ed submissions; radio news in-studio interviews; consumer blog pitches; and retailer relations communications, in the weeks immediately following the announcement to support thorough delivery of messaging during this moment of heightened attention.

Social media channels would be built or strengthened and engaged to share content during the immediate enhancement campaign. Content generated during the announcement phase would be shared through social media and used to prompt media engagement. During media market visits from SG Indiana leaders, stakeholder engagement opportunities would also be facilitated, creating opportunities to deliver key messages and information as well as accumulate photo and video assets of stakeholder engagement.

This immediate enhancement campaign would prospectively be accompanied by an introductory advertising campaign that delivered on some new visuals for the Hoosier Lottery and, most importantly, deliver key messages and the sense of newness that the agreement will facilitate. Combined with earned media and social media, this paid media campaign would help further saturate the state with positive messaging related to the ISA, SG Indiana, Scientific Games, and the Hoosier Lottery.

Hirons has extensive experience in similarly structured programs designed to build off publicity from a major announcement to carry messaging and information into Indiana's media markets, conducting both media relations and stakeholder engagement in the process. Most recently, Hirons led the media market and stakeholder engagement tour across the state for Energizing Indiana, generating earned media and supportive partnerships in Fort Wayne, South Bend, Terre Haute, Evansville, and other markets. Social media leveraged the earned media, which was also supported with paid online, print, and outdoor advertising.

New Retailer Recruitment Initiative

As part of the ISA, and as discussed in the Business Plan, Scientific Games will conduct an extensive search for new retailers. For this reason, retailers and retail leaders, including big box store leadership and retail association leaders, will be involved heavily in the announcement and immediate enhancement campaigns. Public relations support for this initiative will also include an ongoing public outreach and communications effort to promote retailers and the valuable role they play in contributing to the economic success and quality of life of Hoosiers as well as the value of their engagement in expanding the positive impact of the Hoosier Lottery. Additionally, a stakeholder campaign will engage key retailer stakeholders, including larger big box retailer operations and specialized retail stores, to communicate the benefits of participation by new retailers, including the positive impacts possible for their business operations.

Public relations efforts will focus on growing new chain and local retailers. Scientific Games will partner with Hirons and Impact 21 Group to cultivate deeper relationships with local and national retailer trade associations relevant to the Indiana market. Stakeholder engagement will focus on attracting and incentivizing participation in the Hoosier Lottery for independent retailers. The announcement and immediate enhancement campaigns will be utilized as opportunities to reconnect with retail associations and retailers to deliver new key messages and to get feedback on how the Hoosier Lottery can be made more appealing for their outlets. Simultaneously, their contact information and any social media presence they have will be gathered in order to establish a series of target lists for future e-marketing and stakeholder engagement communications.

Scientific Games and Hirons will also focus public relations efforts on expanding into new trade sales. Engaging groups including the Indiana Retail Council, the Indiana Association of Beverage Retailers, the North American Retail Hardware Association (based in Indianapolis) and small-market Indiana town and city retail councils and associations, as well as national retail associations and councils, we will develop future communications based on public relations events and announcements. During the announcement and enhancement phases, content will be repurposed to connect with retail sources through email, social media and direct stakeholder communications such as direct mail. Additionally, plans will be made for participation in trade association events such as the IABR Beer, Wine & Spirits Trade Show and other events that offer opportunities to introduce or reintroduce the Hoosier Lottery and the key messages of participation to retailers from around the state. Key trade styles for targeting would include convenience stores with and without gas, grocery and supermarket retailers, liquor stores, merchandise stores including hardware, big box retailers such as Target and Wal-Mart and other new trade styles as identified, which may include restaurants, bars and taverns, auto/tire shops, barber shops and other "waiting room retailers" and other opportunities identified through further research.

Additionally—benefiting from Hirons' experience on the Indiana Unclaimed Property Holder Campaign for the Office of the Attorney General—an initiative to communicate the key messages of the ISA, highlighting benefits for retailers, would be produced. This public relations project would consist of pursuing earned media within business-to-business trade publications for retailers, as well as retailer communications materials. It would also potentially be supplemented by a business-to-business advertising campaign, placing print and online ads directly with business-to-business publications and websites, targeted to Indiana users, promoting key messages of recruitment.

For additional details on retailer recruitment, see **Appendix B**.

Partner-Leveraged Promotions

A component of maximizing the Hoosier Lottery's business and contribution to all Hoosiers will entail continuing and expanding the enhancement of the brand and promotional value through partnerships and partner-leveraged promotions. Engaging with fellow partner Publicis, Scientific Games experiential marketing team, and SG Indiana, Hirons will help develop and expand on promotions with the Indianapolis Colts, the Indianapolis Motor Speedway, the Indiana State Fair, and others to create leveraged brand impressions. Beyond the impressions built into these partnerships, successful public and media relations plans to support the partnerships and expanded relationships will further produce positive impressions.

New opportunities for partnership would be sought and cultivated through the attention facilitated by the integrated service agreement announcement and enhancement campaign. Future public relations opportunities would be used as both instances of engagement through the media and stakeholders as well as opportunities to engage prospective partners. Additional partnership materials displaying activation and promotional activities of current sponsors would be created and distributed to prospective partners and sponsors as enticement to create new opportunities.

Hirons has engaged in similar partner/sponsor engagement activities for Energizing Indiana, which promoted home energy assessments at the 2012 Indianapolis Colts' training camp as well as home games at Lucas Oil Stadium, as well as with the Indianapolis Indians, for whom Hirons develops media and trade partner communication and activation materials and activities.

Issues Messaging and Management

The ISA public relations plan must be prepared to deliver key positive messages in the face of challenges. From seemingly unquestionable positives ranging from public safety and teacher retirement fund enhancements and advancements for all Hoosiers through the Build Indiana Fund, to the balanced and careful language communicating the importance of responsible

gaming and community engagement, to the anticipated need for response to detractors who espouse the age-old concerns, however warranted, associated with private management of state programs and the presence and/or expansion of gaming, to the initial employment contractions that often come with improved efficiencies, the public relations plan will feature a substantial and informed basis for preparation for and response to issues.

Understanding both the nuance of Hoosier Lottery communications and the nuance of communicating with the diverse community that calls itself Hoosiers—from all corners of the state, from small-town and no-town rural communities to heavily populated suburbs and urban centers—will inform these communications to maximize effectiveness and, in turn, the Hoosier Lottery business and brand.

Hirons' experience is valuable in creating communications tactics and strategies that have the desired effect for the intended audience while avoiding undesired effects among unintended audiences. Supporters are cultivated through attentive communications, advanced engagement (notification of upcoming announcements prior to the announcements being made, etc.), and key messages reinforcing their beliefs in how the lottery supports their goals.

As a subset of key messages, Hirons also has extensive experience in delivering important messages of social responsibility. Hirons produced campaigns for the Indiana Criminal Justice Institute delivering messages against drinking and driving and illicit drug use.

Future Progression

This plan details the critical initial engagement phases and components. During execution thereof, and based on experiences and discovery during stakeholder engagement, an annual public relations planning process will be undertaken to create a public relations model for the future, one that engages Hoosiers, business leaders, the faith community, partners and sponsors, and other key target audiences moving forward. A full annual public relations plan would include detailed goals, objectives, strategies and tactics as well as detailed target audiences and an inventory of available tactics. Each target audience would be broken out into the goals and objectives that communication with the audiences is designed to support, as well as the strategies and tactics that will be used to move the audience. The plan would further devise a daily/weekly schedule over the course of the ensuing year to maximally take advantage of promotional opportunities and scheduling.

Recurring Earned Media

A core emphasis to Hirons & Company's earned media philosophy is to never miss a positive earned media opportunity but carefully avoid saturation or non-news attempts at publicity. The Hoosier Lottery presents myriad media opportunities, and it is appropriate to significantly expand on the historical practices of the Lottery's media efforts. Public relations planning and execution play a critical and continuous role in optimizing the Hoosier Lottery brand and supporting increased revenues through expansion and optimization among retailers and players. Stakeholder and media relations tactics deliver information and key messages to these audiences through recurring activities such as announcing winners, jackpots, new games, bonuses paid to retailers and news on operational progresses such as profit production, successful growth and expansion updates and improved business practices. The public relations plan for the Hoosier Lottery should include extensive earned media for recurring developments and events.

With Scientific Games management, Hirons would develop public relations protocols for such events as winner promotion and jackpot winners, which would pursue a strategy of promoting participation by players and retailers and include such tactics as a press conference, video and photography for Web and social media promotion, email newsletters to stakeholders communicating information and messaging, content communicating benefits to the community and other elements. Additionally, a detailed schedule will be created for regularly planned or recurring events such as partner promotions, winning player/retailer stories and new game promotions and will feature stakeholder communications, Web and social media content, fact sheets and graphics for media and a press release distribution. Special focus would be placed on strategies that highlight messages of economic impact and community benefit created through Hoosier Lottery winning players and retailers, as well as new games, promotions, etc. Additionally, the media relations calendar would feature regular or recurring earned media campaigns specifically focused on generating media coverage of profit production, successful growth and expansion of the Hoosier Lottery and business practice improvements. The range of distribution strategies would include mainstream media, including national targets and statewide, regional and localized town/city media, as well as business-to-business media at the national, state and local levels.

Hirons has more than 30 years of experience executing an array of public relations strategies for recurring earned media. In our work with the Metropolitan Indianapolis Board of Realtors® (MIBOR), Hirons' work includes producing and distributing recurring press releases, op/eds and letters to the editor for recurring events and initiatives, annual grants and Realtor® awards, monthly home sales statistics and other earned media opportunities, with distributions ranging from statewide to central Indiana to county-by-county.

Inventory of Available Tools and Tactics

The following details a list of available tools and tactics that can be employed under various promotional, media relations, stakeholder relations and general public relations situations.

- Editorial board briefing packets
  - For major announcements and initiatives, such as the contract announcement, initiation of year one or an economic development program, Hirons will produce materials for editorial board presentations including a smart-book with the following:
    - Presentation slide deck
    - Background information
    - Data sheets
    - Fact sheets including graphics and information.
- Positive press release templates
  - Hirons will produce press releases and boilerplate press release formats for such public announcements as:
    - Announcement of agreement
    - Launch of advertising campaign
    - Launch of key initiatives
    - New games and promotions
    - New partner/sponsor initiatives
    - Jackpot winner announcements
    - News and updated technology and benefits for retailers.
- Fact sheets
  - Hirons will create fact sheets introducing details and branding, emphasizing messaging, for each promotion and new game.
- Newspaper/magazine editorial templates
  - Hirons will draft a series of editorial templates to deliver key messages.
- Social media content
  - Hirons will develop social media content that can be pushed out through Hoosier Lottery social media channels to promote successful earned media to stakeholders as well as to promote new games and promotions.

- Adverse action press protocol
  - Hirons will develop a standard protocol for adverse action response including a press release template, situational overview template and common adverse action fact sheet template.
- Press conference protocol
  - Hirons will develop standard protocol for press conferences to announce major initiatives.
- Media market tours
  - Hirons will develop a program for executing media market tours with Hoosier Lottery/SG Indiana leadership to visit media markets around Indiana to tout key messages and information about the new Hoosier Lottery ISA.
- Media pitch protocol
  - Hirons will develop standard protocol for pitching media on major announcements and initiatives such including new games and promotions.
- Hoosier Lottery media tours
  - To promote the transparency with which SG Indiana will operate, Hirons will set up media tours of select operational centers to show improvements in how operations are progressing under the new service management.
- Email newsletter content
  - Hirons will develop opt-in email newsletter templates and content for communicating with key stakeholders including players, participating retailers, target retailers and the general public.
- Website enhancements
  - Hirons will produce website content in conjunction with major announcements as well as new games, and promotions.
- Microsite creation
  - Hirons will produce content for new microsites created for special promotions, new games, and major announcements.
- Infographics and charts presenting key messages visually
  - Hirons will produce infographics and charts to use in communications with media and stakeholders on special messages such as economic development/jobs created/supported by lottery growth, etc.

- Event photography and/or video
  - Hirons will capture, through photography and video, major announcements, special promotion events, trade show appearances, partner activation opportunities, etc. to promote as web content, social media content, and stakeholder communications content.
- Social responsibility fliers
  - Hirons will develop fliers for community groups that detail key messages and resources for socially responsible gaming and counseling/aid resources.
- Social responsibility posters
  - Hirons will develop posters for retail locations and community groups and organizations promoting key messages and resources for socially responsible gaming and counseling/aid resources.
- Social responsibility third party newsletter content
  - Hirons will develop flexible boilerplate content for third-party newsletters and publications detailing key messages and information on socially responsible gaming and counseling/aid resources.
- Stakeholder presentations for outreach meetings
  - Hirons will develop a PowerPoint presentation based on the messaging and key facts and graphics for major announcements, including the agreement announcement, for SG Indiana and Hoosier Lottery leaders to deliver to stakeholders.
- Retailer Trade Show Booth
  - Hirons will prepare a full trade show booth and graphics set for use in Hoosier Lottery appearances at retailer trade shows; this will include booth physical component as well as handouts, giveaways, and sign-up mechanisms to collect and disseminate information.
- Retail location posters/fliers
  - Hirons will prepare poster and flier templates for distribution/placement in retailer locations to communicate major initiatives, including ISA announcement.
- General public trade show booth
  - Hirons will develop a trade show booth designed for public appearances delivering key messages and information.

- Business-to-business online campaign
  - Hirons will develop an online advertising campaign plan for communicating with retailers and prospective retailers on the key messages of the new agreement.
- Business-to-business print campaign
  - Hirons will develop a print advertising campaign for business/trade media to target retailers with key messages and benefits.
- Stakeholder direct mail
  - Hirons will develop direct mail for use in communicating with stakeholders, including direct mail targeting players, retailers, and other audiences as identified.
- Hoosier Lottery employee newsletter/content
  - Hirons will develop a template for delivering information, as well as content, for a Hoosier Lottery employee newsletter
- SG Indiana/Hoosier Lottery leadership correspondence
  - Hirons will develop personal correspondence from SG Indiana/Hoosier Lottery leadership to deliver important messages to key stakeholders in a personalized format
- Independent retailer personal visits
  - Hirons will develop a format for personal visits from SG Indiana leadership to retailers to promote messages, get feedback, and collect photo/video assets of leadership engaging local businesses and independent retailers.

Appendix A

The following details a proposed public relations schedule to support communications with the public and stakeholders during the announcement, transition, ramp up, and duration of the ISA. We will review and modify this plan with the Commission after selection.

MAJOR ACTIVITY	STRATEGY	TACTICS	DATE/MONTH
-	-	Contract Signed	November 1
Vendor Selection Announcement	Stakeholder transparency, advance inform key audiences to facilitate positive response, create warm welcome for news to drop into, invite stakeholders to press conference	• SG Indiana/Hoosier Lottery Leadership Correspondence • Hoosier Lottery employee newsletter/content • Email newsletter for retailers • Email newsletter for traditional players	November 1-4
	Transparency, get press conference on calendars, mitigate/avoid negative publicity	• Advanced Press advisory	November 1-4
	Transparency, communicate widely and clearly the news, fully inform media to present clear picture for stakeholders and public, and to mitigate/avoid negative publicity	• Press advisory • Press Conference Announcing Contract with Scientific Games • Press release • Fact sheets • Newspaper editorial submissions	November 1-4
	Transparency, communicate with retailers, stakeholders and players to inspire confidence and assurance in the new vendor	• Direct mail to retailers lands (announcing benefits of contract, includes location posters/fliers) • Email newsletter follow-up for retailers • Email newsletter follow-up for traditional players	November 1-4

MAJOR ACTIVITY	STRATEGY	TACTICS	DATE/MONTH
Immediate Enhancement Campaign	Transparency, communicate to retailers/businesses through the media	• Editorial Boards with Indianapolis Star, Indianapolis Business Journal, Inside Indiana Business	November 7-30
	Transparency, communicate to retailers/businesses through the media, provide assurance of commitment and connectivity beyond Indianapolis	• Ft. Wayne media market tour • Editorial Board with Ft. Wayne Journal Gazette • Stakeholder presentations • Retailer visits	November 7-30
	Transparency, communicate to retailers/businesses through the media, provide assurance of commitment and connectivity beyond Indianapolis	• South Bend media market tour • Editorial Board with South Bend Tribune • Stakeholder presentations • Retailer visits	November 7-30
	Transparency, communicate to retailers/businesses through the media, provide assurance of commitment and connectivity beyond Indianapolis	• Northwest Indiana media market tour • Editorial Board with Times of Northwest Indiana • Stakeholder presentations • Retailer visits	November 7-30
	Transparency, communicate to retailers/businesses through the media, provide assurance of commitment and connectivity beyond Indianapolis	• Terre Haute media market tour • Editorial Board with Tribune Star • Stakeholder presentations • Retailer visits	November 7-30

MAJOR ACTIVITY	STRATEGY	TACTICS	DATE/MONTH
	Transparency, communicate to retailers/businesses through the media, provide assurance of commitment and connectivity beyond Indianapolis	• Evansville media market tour • Editorial Board with Courier Press • Stakeholder presentations • Retailer visits	November 7-30
	Transparency, communicate to retailers/businesses through the media, provide assurance of commitment and connectivity beyond Indianapolis	• Louisville media market tour • Editorial Board with Courier Journal • Stakeholder presentations • Retailer visits	November 7-30
Holiday Promotion	Promote participation among players, retailers	• Email newsletter for retailers • Email newsletter for traditional players • Press release • Fact sheets • Social media content	December
Social Responsibility Promotion	Transparency, reinforce commitment to social responsibility	• Email newsletter for retailers • Email newsletter for traditional players • Press release • Fact sheets • Social media content • Website enhancement • Social responsibility posters • Social responsibility fliers	January
-	-	End Transition Period	February 12, 2013
-	-	Begin Ramp Up Period	February 13, 2013

MAJOR ACTIVITY	STRATEGY	TACTICS	DATE/MONTH
New Partner Special Event Promotion	Promote participation among players, retailers and partners	• Email newsletter for retailers • Email newsletter for traditional players • Press release • Fact sheets • Social media content • Website enhancement • Social responsibility posters • Social responsibility fliers	Monthly/Quarterly
Economic Development/Job Creation from ISA Promotion	Transparency, communicate benefits of the ISA, benefits of supporting the Hoosier Lottery	• Email newsletter for retailers • Email newsletter for traditional players • Press release • Fact sheets • Social media content • Website enhancement	Monthly/Quarterly
Jackpot Winner Promotion	Transparency, promote participation by highlighting game winner, promote participation by retailers by highlighting retailer prize and benefit it will have for the business	• Press conference • Photography/video • Email newsletter for retailers • Email newsletter for traditional players • Press release • Fact sheets • Social media content • Website enhancement	Monthly/Quarterly/As merited

Appendix B

The following details a retailer attraction/recruitment/optimization schedule aligned with the new retailer recruitment plan. We will review and modify this schedule with the Commission after selection.

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
November 1, 2012		Contract Signed	
November 2012	Current Retailer Outreach	Monthly targeted retailer outreach to ensure consistent communications with current and prospective retailers during transition process	• Business/trade publication editorial submission on promoting announcement • To coincide with mainstream media market visit, leaders visit current and targeted retailers to promote engagement/re-engage ment and resolve challenges/hurdles • Email newsletter communicating benefits of ISA to current retailers • Email newsletter communicating positive changes ISA will bring for prospective retailers • Microsite creation – develop a microsite focused on retailer messages, testimonials, and feedback contact form for current and prospective retailers • Direct Mail to current retailers to communicate benefits of the ISA • Retailer Personal Visits

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Current/ Prospective Retailer Attraction and Optimization	Capitalize on ISA attention to deliver key messages to retailers; inform retailers of the priority status and engagement plans to deliver over the next 2 years	• Online advertising in business-to-business websites campaign to promote messages, solicit sign-ups and inquiries • Print advertising in business-to-business publications
December 2012	Retailer Association Outreach	Strengthen messaging and connection with retail associations to facilitate enhanced presentation/ promotion/revenues through current retailers and recruit new retailers	• Stakeholder presentations for Boards and/or Committees of ▪ Indiana Retail Council, Indiana Association of Beverage Retailers ▪ Indiana Restaurant Association ▪ Indiana Grocery and Convenience Store Association ▪ Indiana Petroleum Marketers & Convenience Store Association ▪ Midwest Drycleaning & Laundry Association ▪ Indiana Hotel & Lodging Association ▪ Indiana Chamber of Commerce, Greater Indianapolis Chamber of Commerce

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
			• Provide member newsletter/e-newsletter content for associations to communicate with membership • Continue market/retailer visits in conjunction with mainstream PR activities
	Current/ Prospective Retailer Attraction and Optimization	Capitalize on ISA attention to deliver key messages to retailers; inform retailers of the priority status and engagement plans to deliver over the next 2 years	• Online advertising in business-to-business websites campaign to promote messages, solicit sign-ups and inquiries • Print advertising in business-to-business publications
January 2013	Current/ Prospective Retailer Outreach	Inform current and prospective retailers of the progress is making in communicating with associations and retailers	• Microsite content updates • Trade-specific email newsletters based on presentations to associations • Develop materials to support in-store merchandising and makeovers • Continue market/retailer visits in conjunction with mainstream PR activities
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Current/ Prospective Retailer Attraction and Optimization	Capitalize on ISA attention to deliver key messages to retailers; inform retailers of the priority status and engagement plans to deliver over the next 2 years	• Online advertising in business-to-business websites campaign to promote messages, solicit sign-ups and inquiries • Print advertising in business-to-business publications
February 2013	Target New Retailer Outreach	Promote participation in Lottery among retailers	• Earned media/trade media campaign to generate coverage of engagement with retailers • Continue market/retailer visits in conjunction with mainstream PR activities Email newsletters • Initiative print and online business-to-business advertising campaign targeting retailers
	Current/Targeted Retailers	Promote participation, expansion and increased focus on Lottery among current retailers	• Develop seminar fliers, fact sheets, invitations/signups
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Current/ Prospective Retailer Attraction and Optimization	Capitalize on ISA attention to deliver key messages to retailers; inform retailers of the priority status and engagement plans to deliver over the next 2 years	• Online advertising in business-to-business websites campaign to promote messages, solicit sign-ups and inquiries • Print advertising in business-to-business publications
March 2013			• Business/trade publication editorial submission • Market visits • Email newsletters • Microsite creation • Stakeholder presentations for outreach meetings • Retailer Trade Show Booth • Business-to-Business Online Campaign • Business-to-Business Print Campaign • Direct Mail • Retailer Personal Visits
	Statewide Restaurant and Hospitality	Promote commitment to restaurant retailers, key messages, presence at Hoosier Hospitality Conference	• Email newsletter to retail stakeholders promoting presence at Hoosier Hospitality Conference • Booth/Sponsorship at Hoosier Hospitality Conference
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
April 2013			• Business/trade publication editorial submission • Market visits • Email newsletters • Microsite creation • Stakeholder presentations for outreach meetings • Retailer Trade Show Booth • Business-to-Business Online Campaign • Business-to-Business Print Campaign • Direct Mail • Retailer Personal Visits
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
May 2013	Statewide New Retailer Targets and Current Retailers		• Earned media/trade media campaign to generate coverage of engagement with retailers
	Localized Current Retailers		• Localized small-market media pitches for local store makeover coverage
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
June 2013	Localized Current Retailers		• Localized small-market media pitches for local store makeover coverage

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
July 2013	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	Statewide New Retailer Targets	Promote Lottery participation among targeted retailers	• Email newsletter announcing simplified retailer application and approval process
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
August 2013	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
September 2013	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Statewide Liquor Retailers	Promote participation, expansion and increased focus on Lottery among Indiana liquor retailers	• Email newsletter to liquor retailers promoting presence at 2014 IABR Beer, Wine and Liquor Conference • Tradeshow booth at 2014 IABR Beer, Wine and Liquor Conference
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
October 2013	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
November 2013	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
December 2013	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
January 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
February 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
March 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	Statewide Restaurant and Hospitality	Promote commitment to restaurant retailers, key messages, presence at Hoosier Hospitality Conference	• Email newsletter to retail stakeholders promoting presence at Hoosier Hospitality Conference • Booth/Sponsorship at Hoosier Hospitality Conference
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
April 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
May 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
June 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
July 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
3rd Quarter 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Statewide Liquor Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Email newsletter promoting participation in Indiana Beverage Retailers Beer, Wine & Spirits Trade Show • Booth/Sponsorship at Indiana Beverage Retailers Beer, Wine & Spirits Trade Show
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
4th Quarter 2014	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
1st Quarter 2016	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Statewide Restaurant and Hospitality	Promote commitment to restaurant retailers, key messages, presence at Hoosier Hospitality Conference	• Email newsletter to retail stakeholders promoting presence at Hoosier Hospitality Conference • Booth/Sponsorship at Hoosier Hospitality Conference
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
2nd Quarter 2016	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
3rd Quarter 2016	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Statewide Liquor Retailers		• Email newsletter promoting participation in Indiana Beverage Retailers Beer, Wine & Spirits Trade Show • Booth/Sponsorship at Indiana Beverage Retailers Beer, Wine & Spirits Trade Show
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
4th Quarter 2016	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
1st Quarter 2017	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Statewide Restaurant and Hospitality	Promote commitment to restaurant retailers, key messages, presence at Hoosier Hospitality Conference	• Email newsletter to retail stakeholders promoting presence at Hoosier Hospitality Conference • Booth/Sponsorship at Hoosier Hospitality Conference
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
2nd Quarter 2017	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
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	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Statewide Liquor Retailers		• Email newsletter promoting participation in Indiana Beverage Retailers Beer, Wine & Spirits Trade Show • Booth/Sponsorship at Indiana Beverage Retailers Beer, Wine & Spirits Trade Show
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
4th Quarter 2017	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
1st Quarter 2018	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions

DATE/MONTH	RETAILER TYPE/ GEOGRAPHY	STRATEGY	TACTICS
	Statewide Restaurant and Hospitality	Promote commitment to restaurant retailers, key messages, presence at Hoosier Hospitality Conference	• Email newsletter to retail stakeholders promoting presence at Hoosier Hospitality Conference • Booth/Sponsorship at Hoosier Hospitality Conference
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation
2nd Quarter 2018	Localized Current Retailers	Promote local participating retailers, inform and attract players to new locations	• Localized small-market media pitches for local store makeover coverage
	New Retailer Targets, Current Retailers	Promote participation, expansion and increased focus on Lottery among current and targeted retailers	• Email newsletter announcing and detailing new games/promotions
	Targeted New Retailers	Inform new trade style target retailers of how Hoosier Lottery can fit into and enhance their business; inform players of new trade style locations	• Press release/earned media pitch to generate coverage of innovation in Lottery participation

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ENHANCED BUSINESS PLAN: INTERNET SOLUTIONS

***Disclaimer** – As with all Scientific Games products, the offerings described herein will be limited to activities consistent with all applicable laws and Scientific Games governance processes. SG Indiana will work with the Commission to ensure compliance with both state and federal law.*

SITUATION ANALYSIS

On December 23, 2011, the U.S. Department of Justice ("DoJ") made public a memorandum opinion that found that lotteries would not violate the 1961 Wire Act by offering intrastate Internet ticket sales, even if data to process the transaction was routed outside the state, because the Wire Act only applied to sports betting. The opinion was a reversal of the DoJ's previous position that the Wire Act prohibited all forms of Internet gambling. While the opinion was specifically speaking to lottery ticket sales, the broader implication is that states are much less restricted by federal law if they wished to move forward with intrastate Internet gambling initiatives beyond lottery ticket sales. Following the DoJ opinion, several states are actively pursuing Internet gaming options through their lottery, but the path to implementation is unique for each and could involve such hurdles as new legislation, amending existing laws, or in some cases, changes to the state constitution.

The DoJ opinion has provided states and their lotteries with a substantial head start versus the casino industry, social gaming platforms and the business-to-consumer, or B2C, internet gaming providers, who would all generally prefer to see federal-level Internet gaming legislation, in what could be a fierce competition for players. However, in order for the lottery industry to capitalize on its competitive position, it must adopt regulation and policies that allow for the introduction of new and existing game styles over the internet that are appealing to all players.

Given the potential financial impact on U.S. lotteries and, in turn, regulation and taxation, SG Indiana supports Internet gaming control by the states, rather than the federal government. This position is supported by precedent as all forms of gaming and gambling are regulated, licensed and taxed at the state level. SG Indiana's position is further supported by an economic impact study conducted by the Public Gaming Research Institute, which found that U.S. lotteries would lose approximately $1.4 billion in bottom-line funding if federal internet gaming were passed into law. This study also estimated that the Hoosier Lottery would lose approximately $15.7 million in annual returns to the state if such a federal scenario were introduced.

U.S. LOTTERIES AND THE INTERNET

Today, most U.S. lotteries employ the internet as a key channel for reaching and engaging players. All the lotteries have websites and a few have implemented mobile applications or mobile enabled websites. In addition, the majority of lotteries are also on Facebook, with a smaller number using Twitter and other social networks. Lotteries are increasingly recognizing that their interactive activities must go beyond informational websites and social network pages and adopt the interactive strategies of the consumer products and entertainment industries, in particular player loyalty programs. In light of the DoJ opinion, a few have even begun or are seeking to introduce sales of lottery tickets over the internet, such as:

- In March 2012, the Illinois Lottery launched sales of their Lotto Game and Mega Millions over the internet.
- In June 2012, Delaware passed a law allowing internet sales of lottery tickets, such as Powerball, Keno, scratch tickets through the Lottery's website.

GROWTH STRATEGY AND LOTTERY OPTIMIZATION TACTICS

— CONFIDENTIAL INFORMATION BEGINS HERE —

"Confidential as per Indiana Code § 5-14-3-4(a)."

— CONFIDENTIAL INFORMATION ENDS HERE —

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EXPERIENCED LOTTERY PROVIDER NOW AND THE FUTURE

Scientific Games has built a portfolio of interactive assets and a wide range of expertise. This has been accomplished to best position the company from both a technology and content perspective for a wide array of gaming developments the world over. Figure 1 provides a synopsis of this expertise. Scientific Games' capabilities, planning and resources offer a full turnkey program that encompasses:

- Platform Technology
- Game Products
- Lottery and Player Services
- Operational Support Services

All of which are fully supported by responsible gaming practices

GAMING PRODUCT CATALOG

Scientific Games' comprehensive interactive product offering covers the gaming spectrum. Product offerings include traditional lottery games (iLottery/Green Gaming) and typical social venue and casino games (iGaming/Red Gaming). Although players typically view Lottery as distinctly different from Gaming, and play one or the other, Scientific Games effectively blends the variety of purchase options, game types, and play styles of iLottery and iGaming via our Sciplay platform umbrella. In this regard Scientific Games can implement a comprehensive internet gaming strategy as part of a Hoosier Lottery branded portfolio to meet the needs of the current player base, and reach a wider group of consumers. Figure 1 provides our view of the gaming spectrum.

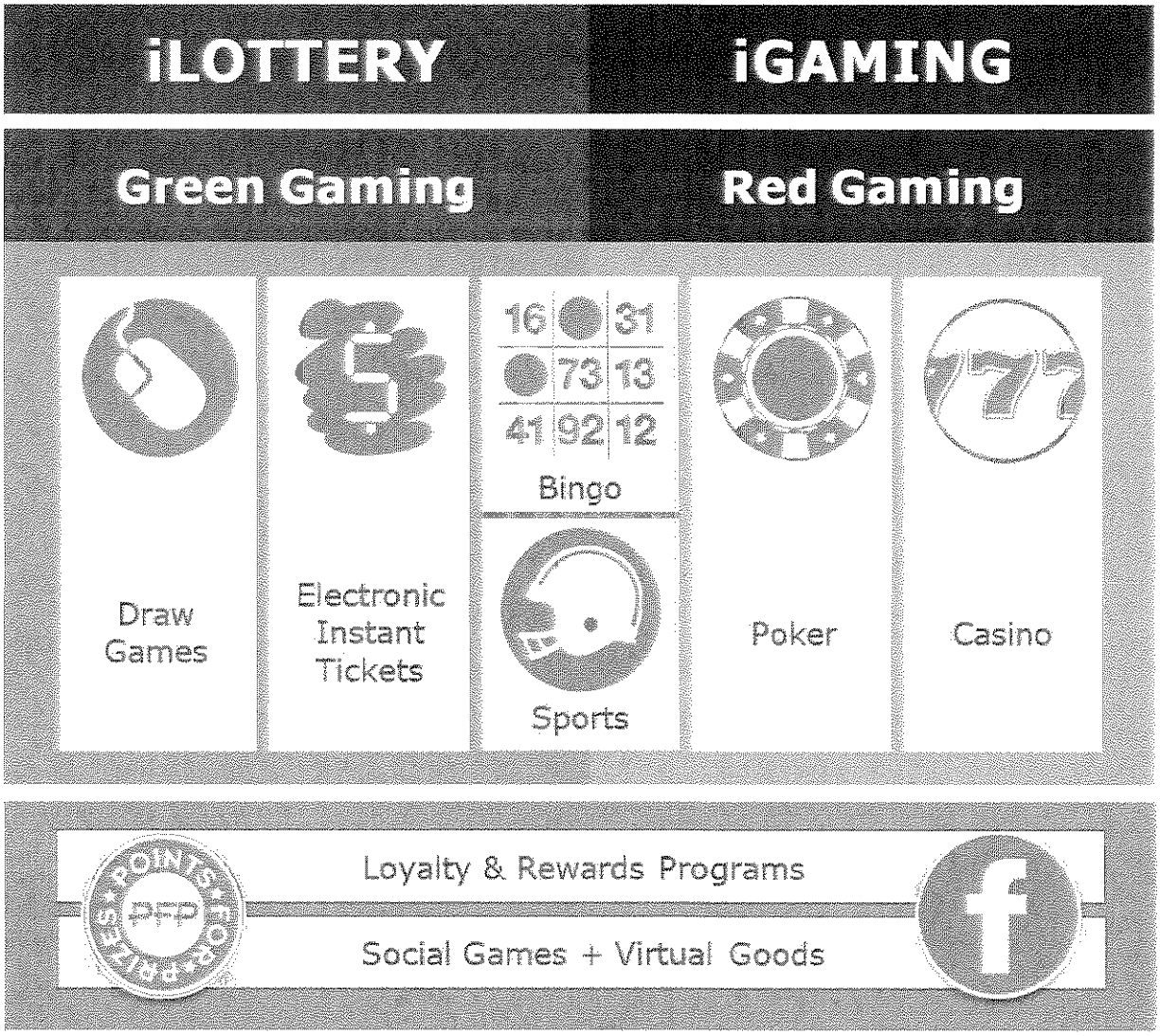


Figure 1: The Spectrum of Sciplay iLottery and iGaming Solutions

SG Indiana looks forward to the opportunity to implement a vast portfolio of interactive games as part of our Enhanced Business Plan. Scientific Games will create customized game content designed to pique and satisfy players' interests for fun, excitement, and opportunity as the market demands.

As identified in Figure 1, the interactive internet portfolio Scientific Games can implement within the Hoosier Lottery umbrella of products may include:

iLottery (Green Gaming)

eDraw Games - The sale of draw games directly through new media channels (such as the web and mobile) is critical to the future growth of the industry, and its ability to resonate with emerging player segments. In the case of the Hoosier Lottery, SG Indiana envisions providing players the option of purchasing draw game tickets, including high frequency games, on the internet as shown in Figure 2. SG Indiana would recommend doing so in a fashion that can be integrated with brick and mortar retailers. Unlike eDraw games available through the voucher method, current draw and numbers games will be available for purchase directly through the lottery website. These games include Powerball and Pick 3 will be available for direct purchase online, as well as future draw games like the planned implementations for Fast Draw Keno, World Poker Tour-Poker Pick, Lucky for Life, Lucky Lines Lotto and more. The overall business strategy, marketing initiatives and game plans, as approved by the Commission, will drive the methodology for sales performance.

Figure 2: Example eDraw Game website interface for Hoosier Lottery Players

eInstants – The sale of eInstants under the iLottery umbrella is a very effective strategy for generating incremental sales across all player segments. Unlike the voucher method, eInstants on the internet platform are the online, interactive version of traditional paper instant games. This product line may include games specifically designed for the internet that can be integrated with the printed versions sold at retail. They can also be completely separate, stand-alone games with their own distinct themes, play-actions, price-points and payouts. Our eInstant Portfolio is based on a building strategy:

1. The game portfolio will start with Basic Play – Each game looks and feels like a printed scratch ticket with select graphic reveal elements, sounds and effects as shown below in Figure 3. Each game delivers a "tease" or "heart-stopper" to engage and enchant the player. These games can be an added pool to a printed game and provide a pre-determined outcome.

Figure 3: Example eInstant Basic Play Game website interface for Hoosier Lottery Player

2. More engagement will be delivered with Extended Play – Games may look and feel similar to a printed game but offer a more robust interactive play with additional bonus features. The games may feel like there is skill with flexibility in how the play action is delivered.

3. Scientific Games will introduce pure interactive play action called Screen Play – Games are fully animated with rich content and longer play actions. They are not based on printed tickets and offer further flexibility with heart-stoppers, bonuses and mini-games.

4. Future games may move to a gaming oriented approach (as the market allows) – These games are generally random number generated (RNG) based and can deliver gaming themes. Play actions will appeal to a "gamer."

eInstant games are designed based on Scientific Games' best practices for player engagement, visual appeal, game logic, play structure, game security and prize creation. The product strategy is one that Scientific Games will define further for Indiana based on gathering consumer insights and implementing an approach that complements bricks and mortar product sales.

Mobile Games – Available through a unique application and integrated with a mobile-enabled website, players may purchase eDraw and eInstant games via a mobile wallet.

Loyalty and Rewards – Our cross-platform approach will allow the Hoosier Lottery to extend the ability for players to earn points for internet game purchases (iLottery or iGaming) by integration into the loyalty program offered in the base plan. This will further optimize the play experience while building playership and loyalty to the lottery.

Social Games and Virtual Goods – Lottery games in the near future may be purchased via social network sites (as permitted). This will effectively allow players to purchase games online, linked through social media networks such as Facebook, and leverages social sharing with friends in a unique way. Lottery games become social games as players join teams to play products like Powerball and potentially eInstant games, achieving special awards, virtual goods and cash prizes. Scientific Games has been in discussion directly with Facebook to undertake this type of opportunity. As Facebook prepares for online gaming in the United States, similar to activities they have launched in the UK, Scientific Games has created an application approach to enable social lottery games.

iGaming (Red Gaming)

Bingo – The online version of the traditional Bingo game of chance, that is very popular with Hoosier players, that is customizable with themes to attract players.

Poker – The online version of traditional Poker and its variants, Texas Hold 'em, Five Card Draw, etc.

Casino – Games traditionally played in a casino, such as blackjack, roulette, slots, etc.

MOBILE APPLICATION

Scientific Games' experience with mobile technology includes the development and deployment of a robust mobile application for the Iowa Lottery, the creation of a Bingo game application launched on behalf of NASPL and the Hoosier Lottery in 2011 (shown in Figure 4), and the creation of unique mobile games.

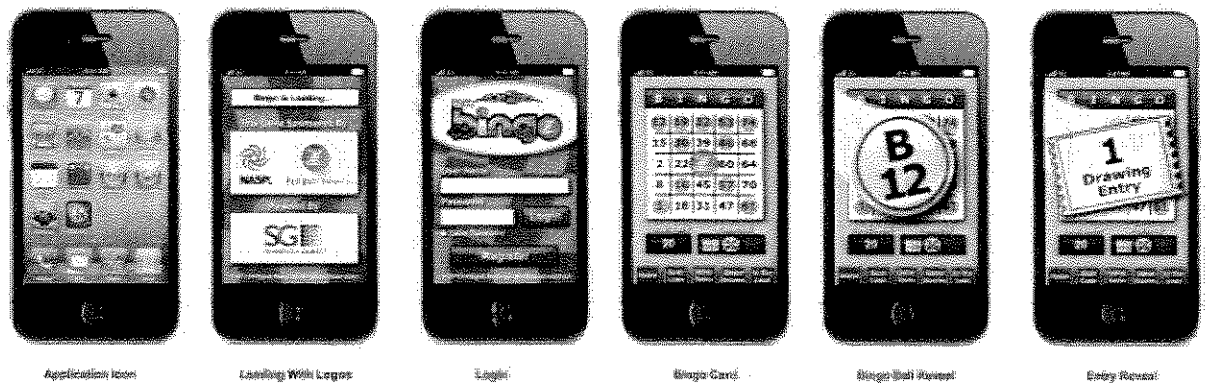


Figure 4: NASPL/Hoosier Lottery Play2Go Bingo App

Scientific Games' cross-platform approach allows players the ability to play anytime, anywhere. Whether standing in line at the airport, surfing the web from home, buying a soda at a convenience store, Hoosier Lottery branded games will be available for players while in the state to play and redeem. Separate mobile games will be developed that leverage the technology benefits mobile provides such as smartphone capabilities like scanning 2D barcodes to enable a game, check-in features to participate in a promotion, and direct access to social media sites. In fact this type of mobile technology will be effectively used to drive players to retail. Below are a few examples of products that leverage these capabilities:

Mobile Engage – Players are able to make cash purchases and redemptions through terminals at Hoosier Lottery retailers and play available game content on their mobile devices. These games may include products like Fast Draw Keno. Unlike traditional monitor games, Engage permits players to make bets at their own speed, re-wager winnings, switch freely between different games, amend bet types and amounts, and play bonus games.

Figure 5: Engage Application (Mobile Keno)

Mobile Games – As part of the mobile roadmap, Scientific Games will also develop stand-alone mobile games that do not require purchase at retail. These games may be established via a mobile wallet linked through to an ecommerce solution and can include play action similar to eInstant games, Bingo games and more.

Mobile Promotions – Using Location Based Services (LBS), mobile enables the identification of where the mobile device is currently located, with approval from the user. With LBS, Scientific Games can deliver promotional coupons, points and virtual rewards or collectables when players check-in at a Hoosier Lottery retail location.

Player Accounts/Player Wallet

Player accounts and a player wallet will be established to support iLottery, iGaming and Mobile gaming. The player account approach securely combines player volunteered information during an opt-in process, and player authorized information captured from a CRM module. The player account retains the player's profile (responsible gaming preferences, game and play style preferences, social media preferences, player devices, etc.) and other player loyalty information as they play any game the Lottery offers. This means a player does not have to set up a new account every time he chooses to play a different game, e.g., Draw Games or eInstant, and offers the most flexibility to play anytime, anywhere.

The player wallet is similar to, and essentially a part of the player account, but it encompasses funding play and redeeming prizes. The Player Wallet provides several options.

Flexible Funding Options – Whether by means of traditional secure online transactions, or retail purchase of prepaid game cards or vouchers, players are afforded choices that best suit their immediate needs:

- Secure online transactions can be accomplished in a variety of familiar, player-friendly ways, such as PayPal™ or through secure credit card and bank account portals.
- Prepaid game cards are conveniently sold at retail locations, often near the cashier or with other gift card products. These plastic cards, having the look and feel of credit cards, are activated once they have been scanned at the retail terminal and may require lottery system Integration to support them.
- A voucher system can also be used to fund player accounts, with vouchers being generated when purchased or deposited at a retail terminal. As with prepaid cards, this would require some lottery system Integration for support. The printed voucher would contain information to facilitate the player adding funds to an internet gaming account, thereby enabling online play.

Easy, Flexible Redemption Options – Players can have multiple options for redeeming their winnings during the course of play. Based on requirements agreed upon by the Commission and as approved, players can choose how they wish to receive their winnings. Examples of these options include requesting a check, a credit to a bank account, or a retail voucher, among others.

The Player Account allows players to store and track their preferences and information with one universal account. This will help us prevent fraud, allows players the simplicity of one account for a play anytime, anywhere experience, and increases revenue to the state by creating a streamlined process.

Customer Relationship Management (CRM)

Scientific Games' will implement a Customer Relationship Management (CRM) platform as part of the interactive solution service set. CRM will help us track and analyze every internet action including overall visits to the site, time spent on the site, specific games played, the frequency that games are played, informational ads clicked, and more.

These transactions indicate rich opportunities for us to *listen to and learn from* the Hoosier Lottery player community directly, and they help build each player's extended profile. As a result, behavior segments can be identified, which emerge as a unified "players' voice" revealing which games, themes, features, and payout matrices will best capture player attention and indicate ways to keep them engaged. This voice allows new products to be more directly matched to what players are seeking. CRM is an important tool in the internet toolkit for optimizing games and managing the player relationship.

Social Media Integration and Affiliate Marketing

The internet in recent years has evolved into a community of networked people who share experiences, values and interactions on a daily basis. This community of shared experiences lends itself to affiliate marketing. It allows for companies to connect with their consumers on the internet to acquire new business through customer loyalty and an internet version of the colloquial "word of mouth."

From data collected through the rewards programs Scientific Games has launched in Arkansas, Tennessee, and Iowa, it has been observed that internet player clubs bring like-minded lottery players and their friends together to dialogue and generate both exposure and excitement for lottery products. As part of the Base Business Plan, Properties Plus is anticipated to further engage players by leveraging the rewards system together with social media. As opportunities continue to unfold for integrating online game sales with social media, Scientific Games will also be prepared to deliver content, social connections and more.

SG Indiana will integrate loyalty, internet games, and virtual rewards by bringing together all pieces of the interactive solution puzzle to deliver players the engagement and social experience they demand today and in the future. This means that players may wager, earn points, collect lottery virtual goods, and join teams all on a social network. In addition, Scientific Games' marketing efforts on social platforms will also evolve to ensure that additional revenue sources are developed. Today, social and mobile entities earn significant revenue through advertising and affiliate marketing programs.

SG Indiana will leverage the connections established with players via the loyalty program and iLottery games to increase sales through affiliate marketing methods such as: organic search engine optimization (SEO), paid search engine marketing (PPC - Pay Per Click), e-mail marketing, and in some cases, display advertising. Some examples of how these methods work are:

- Internet player loyalty program that rewards purchases at retail, and rewards that can be redeemed at retail tied to specific brands, retailers or other affiliates.
- Player promotions using tickets purchased at retail and tied to potential affiliate partners.
- Participation in retailer promotions through discounting and coupons to drive the purchase of non-lottery products at lottery retailers (free cup of coffee, dining discount, etc).
- Commission on pre-funded vouchers and/or pre-paid lottery cards sold at retail.
- Cashing commission of prizes redeemed at retail.
- Marketing affiliate fee (one-time). When trip to retailer or retailer website directly results in player activation of online account and corresponding minimum level of online sales.
- Marketing affiliate commission when sale at retailer includes bounce back coupon for follow-on sale online. Commission earned upon follow-on sale.
- Participation in cross promotion campaigns that include bounce-back to retailer coupons.

Scientific Games' innovative affiliate marketing techniques and promotions will help us build a rapport with retailers, create a social experience for players, and generate additional income for the state of Indiana.

Responsible Gaming

Through Scientific Games, SG Indiana offers a responsible gaming solution customizable to the Commission's specifications, regulatory requirements and applicable local laws. Some common responsible gaming features include:

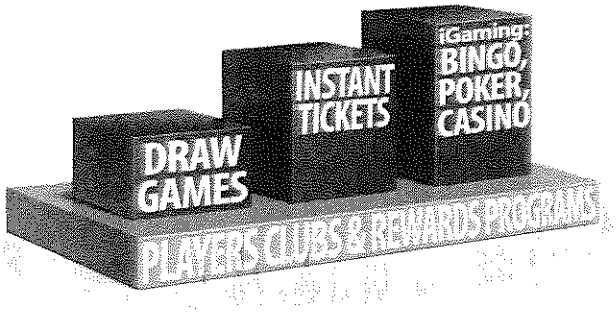
- **Geo-location** – ensures player is within the Indiana
- **Age verification** – ensures player is legal playing age
- **Fraud Prevention** – protects player identity, data, and financial information
- **Money Laundering** – detects suspicious transactions
- **Self-Exclusion** – allows player to restrict access to play
- **Time-out Mechanisms** – allows player to restrict play-time
- **Wager Limit** – allows administrators and players to set bet maximum
- **Online Alert Systems** – notifies player of certain events, e.g., play-time is about to expire

SG Indiana is committed to providing the Hoosier Lottery with customizable, scalable responsible gaming functionality to ensure compliance with all regulatory requirements and to protect players.

Recommended Rollout

SG Indiana will take a consultative approach with the Commission to recommend the appropriate time to implement and launch the elements outlined in this enhanced plan. The internet should not be viewed as a separate sales channel, but as one component of the Lottery's entire strategy for all of its game offerings. The internet represents a channel that enlarges the revenue pie for all stakeholders, and must be customized to work in tandem with existing marketing, sales and distribution networks (such as brick and mortar retail outlets).

SG Indiana recommends a multi-phased approach to releasing the gaming catalog in the interactive and mobile channel.



Launching the internet lottery channel via a revamped Hoosier Lottery website will begin with a foundation for player and retail engagement through the recommended rewards programs. It makes sense to begin here because, as

the Lottery grows its internet presence, creating and developing a direct relationship with players is crucial. These clubs and rewards programs can be launched with relative speed and ease by Scientific Games' expert team, and they have already proven to be a tremendous value to lotteries across the U.S. and the world.

After laying the foundation of an interactive relationship with players, and creating a platform for engagement, progressing to draw games is the next logical step. Research has shown that many players welcome the option to purchase their draw games online. This can be implemented swiftly and effectively, allowing devoted draw game players the option to purchase at traditional retail locations or online. This is a benefit because Lottery players will not fear the internet is going to take away their favorite games.

Next in the progression is eInstants. Scientific Games can provide the Commission with both the option to combine eInstants with a printed product sold at retail, and standalone "internet only" instant games. The printed game can increase the promotion and visibility of internet games at the retail point of sale. The portfolio of eInstant games is based on the extensive catalog of instant scratch games Scientific Games has built and designed through our over 30 years in the lottery business. Scientific Games has leveraged this experience together with the digital and product expertise, provided by MDI Interactive and third party content providers as needed.

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ENHANCED BUSINESS PLAN: MONITOR GAMES

One of the best ways to penetrate new trade styles, expand the retail base, and reach new players is through the implementation of monitor games.

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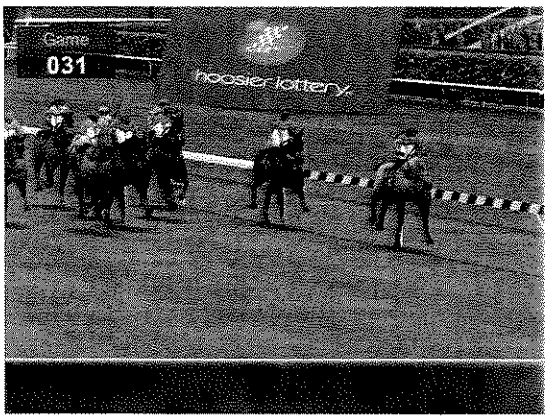
SITUATION ANALYSIS

Monitor games have been accepted as a revenue-generating lottery game in the U.S. for more than 20 years. They are currently being sold by 13 lotteries with Delaware Lottery joining the group in 2013. Within this category of lottery games, Keno is by far the predominant product in the market. Scientific Games has launched innovative racing games, based on horses, which are offered by three U.S. lotteries and produce a wide range of sales performance. Nevertheless, Keno is the first product SG Indiana would implement if approved to launch monitor games.



Lottery players purchase Keno tickets (Figure 1) in exactly the same manner as other lottery games. Players complete play slips (Figure 2) and hand them to clerks who then process them on the same lottery terminals that are used for all other lottery games. One obvious difference between Keno and other lottery products is that Keno drawings are held much more frequently and are shown on a community TV monitor at lottery retail sites. The game drawings are conducted throughout the day (optimally every 4 minutes) and results are displayed digitally on flat screen panels. Additionally, Keno sales are most successful in social environments such as bars and restaurants. Because these types of establishments are typically under-represented among lottery retailers, Keno represents a prime opportunity for retailer network expansion, player expansion, and increased overall sales of lottery products.

Figure 1: Keno Ticket

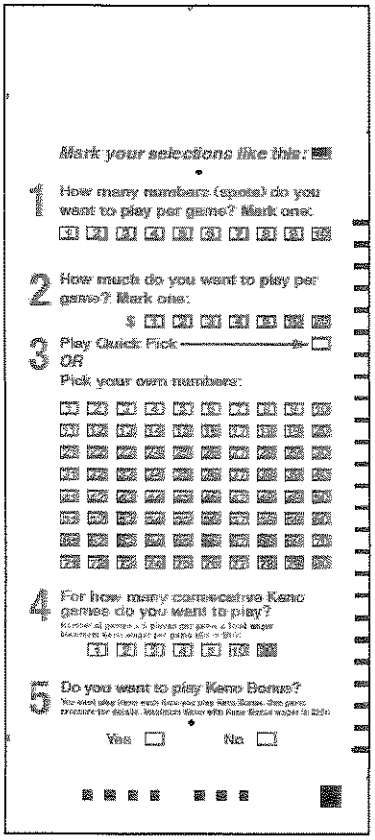


Figure 2: Keno Play Slip

Keno offers many different play options that appeal to regular and new players. Whether a player likes better odds to win any prize or prefers to go for the big win, Keno is a "play-it-your-way" lottery game enjoyed by people from all walks of life.

Keno prize structure models are similar to other matrix style games such as Hoosier Lotto. Hoosier Lotto's matrix is 6 of 48 (technically expressed as 6 of 6 of 48). In this arrangement, the first 6 represents the amount of numbers selected by players, the second 6 represents the amount of numbers randomly generated by the Lottery, and the 48 represents the field of possible numbers from which players and the Lottery choose. A typical Keno prize structure is expressed as 10 of 20 of 80. Players choose 1 to 10 numbers (called spots), the Lottery chooses 20 numbers, and the field of possible numbers is 1 through 80.

Keno is a game that offers and thrives on the element of partial wins. Keno games typically offer players ten different ways to play. As an example, a player chooses to play a 4-spot game by selecting four numbers. If the player's four numbers match four of the numbers drawn by the Lottery, the player would win $55 for a $1 base bet. However, if the player should only match three or even two numbers, the win would be $6 and $1 respectively. These partial wins provide players with winning experiences while they are still at the retailer.

Figure 3 below outlines a sample prize structure for a Keno game that is designed to payout approximately 65%.

10 of 20 of 80 Sample Prize Structure

10 spot game

Match	Prize	1/Probability
10	$100,000	8,911,711.18
9	$5,000	163,381.37
8	$500	7,384.47
7	$50	620.68
6	$12	87.11
5	$2	19.44
0	$4	21.84
Overall Win	1 in 9.05	

9 spot game

Match	Prize	1/Probability
9	$25,000	1,380,687.65
8	$2,000	30,681.95
7	$200	1,690.11
6	$20	174.84
5	$5	30.67
0	$2	15.69
Overall Win	1 in 9.75	

8 spot game

Match	Prize	1/Probability
8	$10,000	230,114.61
7	$550	6,232.27
6	$55	422.53
5	$10	54.64
4	$2	12.27
Overall Win	1 in 9.77	

7 spot game

Match	Prize	1/Probability
7	$2,500	40,979.31
6	$100	1,365.98
5	$15	115.76
4	$4	19.16
3	$1	5.71
Overall Win	1 in 4.23	

6 spot game

Match	Prize	1/Probability
6	$1,000	7,752.84
5	$45	323.04
4	$4	35.04
3	$2	7.70
Overall Win	1 in 6.19	

5 spot game

Match	Prize	1/Probability
5	$275	1,550.57
4	$25	82.70
3	$2	11.91
Overall Win	1 in 10.34	

4 spot game

Match	Prize	1/Probability
4	$55	326.44
3	$6	23.12
2	$1	4.70
Overall Win	1 in 3.86	

3 spot game

Match	Prize	1/Probability
3	$26	72.07
2	$2	7.21
Overall Win	1 in 6.55	

2 spot game

Match	Prize	1/Probability
2	$10	16.63
Overall Win	1 in 16.63	

1 spot game

Match	Prize	1/Probability
1	$2	4.00
Overall Win	1 in 4.0	

Figure 3: Sample Keno Prize Structure Tables

- The overall probability to win a prize and the expected total game payout are based heavily on the spots that players choose.
- The best odds to win a prize are on the 4 spot at 1 in 3.86 while the longest odds to win are on the 2 spot at 1 in 16.63.
- The highest payout is given on the 5 and 7 spot at 64.75% while the lowest payout is given on the 1 spot at 50%.

APPROACH FOR LAUNCH

A Keno game's ultimate success will rely heavily on the quality and number of retailers recruited to sell the game. Unlike most other lottery games, Keno typically is not offered at all lottery retailers. SG Indiana's enhanced Business Plan calls for Keno to be launched at approximately 750 retailers in Year One, and increasing that number to 1,143 retailers by the end of Year Two.

The process for selecting Keno retailers will involve a combination of data driven analytics using Geo-MAP (described in the Retail Expansion and Optimization Plan), as well as "boots on the ground" methodologies. The Geo-MAP platform targets specific regions and optimal trade styles for expansion. From there, the list of prospective retailers will be cross-referenced with data procured from a trusted partner that will also contain details about retailers specific to a given market. At a minimum, details will include the name of the business, address, owner's name, telephone, estimated total business revenue, and estimated number of employees. The prospect list will then be analyzed by geo-coding and appending Experian MOSAIC segmentation data to each individual record. This will enable SG Indiana to pinpoint these retailers on a map, and affords us a much better understanding of the demographics surrounding each prospect.

SG Indiana will then comparatively analyze one or more high-performing lotteries within the U.S. that currently sell Keno. Several data sets are linked, including the Experian MOSAIC, to help us understand where Keno is generally most successful. Since MOSAIC is not unique on a state-by-state basis, these results would then be transferred to the original prospect list. Channel evaluation is also conducted to identify the top performing location types.

Sales personnel will be responsible for using these metrics to recruit the retailers with the best "calculated" potential. Nevertheless, the recruitment teams will perform on-premise interviews to gauge the retailers' commitment to becoming a top performing Keno retailer. A retailer with a great attitude, willing to commit the necessary space and resources to create an effective selling environment, will handily outperform a retailer that merely has the "calculated" appearance of being a good Keno retailer prospect.

Keno retailer recruitment will be an ongoing commitment throughout the term of the ISA. SG Indiana will build profiles of the most successful Keno retailers in Indiana based on business type, geo-demographics, sales of other lottery games and the intangibles of attitude and commitment. Based on these metrics, intelligence will be developed on the correct mix of variables to facilitate ongoing development of successful Indiana Keno retailers.

SCHEDULE

SG Indiana will create a Keno prize table model that will offer an effective balance between odds and prizes. It will also create game animation graphics (Figure 4) and player information and promotion screens between games to showcase the excitement Keno offers players.

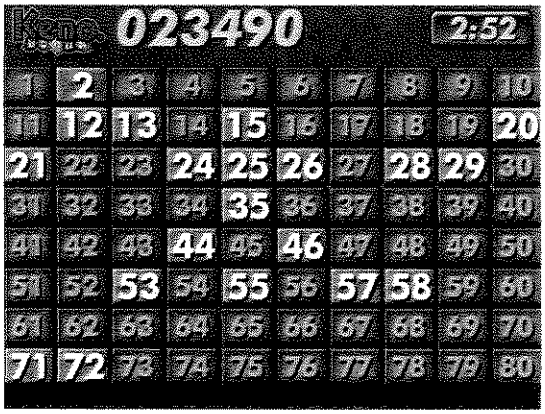


Figure 4: In-store Keno Monitor Display

SG Indiana will initiate the retailer recruitment process at least 6 months before Keno is launched to the market. In accordance with best practices, a timely strategy for training retailers and scheduling in-venue launch parties will be implemented. SG Indiana will also schedule proven systems promotions to gain clerk support and player involvement.

EXPERIENCE

Scientific Games has the proven ability to grow a lottery's monitor game sales based on its depth of knowledge of player motivations. The company is experienced in the production of innovative products and game extensions that provide measurable results. In 1997, Scientific Games was awarded the Maryland Lottery system contract. Since that time, the company has delivered consistent, long-term sales increases unmatched by other lotteries monitor games. Maryland has one of the top two best performing Keno games in the U.S. on a per capita basis. A summary of the improvements and additions that Scientific Games spearheaded in Maryland include:

- Total Keno category sales demonstrating nine consecutive years of growth.
- Monitor game products set sales records for the last 15 years (succumbing only at the height of the US economic recession in FY08).
- Keno Bonus "multiplier" is arguably one of the most successful add-on games in U.S. lottery history.

- Comprehensive live game pilot to test-launch an additional monitor game based on horse racing.
- Racetrax (horse racing) monitor game launched just weeks after the system conversion in 2006.
- Refreshed Keno game animations, elevating them to among the best in the industry.
- Live pilot for possible implementation of a third monitor game based on Hold 'em Poker. Scientific Games believe the Maryland Lottery is the only lottery in the world to sell three monitor games at the same time using dedicated TV monitors. The Hold 'em Poker game was not continued after the pilot.
- Keno Super Bonus launched as the second add-on to the Keno game.
- Racetrax Bonus launched as an add-on game to the base game.
- Packaged Keno-to-Go at lottery retailers that did not have a TV monitor or the ability to sell Keno, allowing players to purchase Keno games in packages of 20 games for $5, up to 100 games for $25.
- Player focus groups helped determine whether additional incremental revenue would best be derived from adding new monitor games or enhancing existing games.
- Refreshed the Racetrax game animations. This coincided with a noticeable spike in sales.

The chart in Figure 5 shows the sales history for Maryland Lottery monitor games. It is indicative of Scientific Games' qualifications to grow monitor game sales year over year.

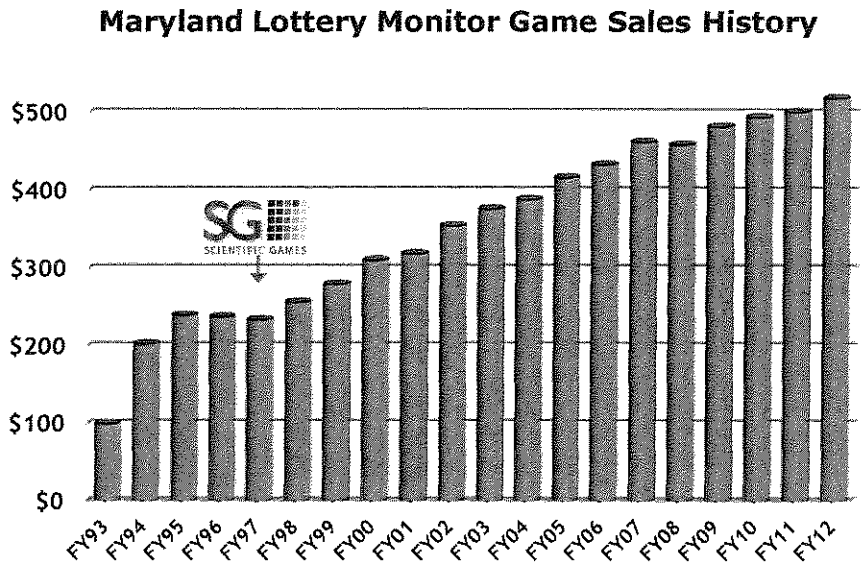


Figure 5: Maryland Lottery Monitor Game Sales

Keno's Market Impact

In FY11, the thirteen U.S. lottery jurisdictions selling Fast Draw Keno achieved approximately $2.79 billion in Keno sales. Based on an average 20-25% return to beneficiaries, net revenues ranged between $559 and $699 million. As highlighted in Figure 6, seven of the top ten U.S. lotteries (based on draw game weekly per capita sales) offer Keno.

TOP LOTTERIES BASED ON DRAW GAME SALES		
Draw Game Per Capita Rank	**Lottery**	**Keno Offered by Lottery**
1	D.C.	Yes
2	MA	Yes
3	MD	Yes
4	NY	Yes
5	MI	Yes
6	RI	Yes
7	NJ	No
8	GA	Yes
9	CT	No
10	PA	No

Figure 6: Top U.S. Draw Games Lotteries with Keno

The data that follows illustrates who comprises typical Keno players. There are three sources from two jurisdictions referenced: two from Maryland and one from Ohio, both of which have given permission to use their data. Maryland is a very well-established Keno jurisdiction and Ohio is a relatively recent Keno-selling state.

The chart in Figure 7 illustrates weekly per capita sales (WPC) data from the 24 counties in Maryland.

1. The two highest WPC counties for Keno are ranked 8th and 16th with regard to Household Income (HHI). Their HHI is close to the average income for the state as a whole.

2. Seven out of the top 12 counties that are ranked as having the highest Keno sales are also ranked within the top 12 counties (top 50%) shown to have the highest HHI.

Clearly this data is not indicative that the highest Keno sales comes from those with the lowest HHI as opponents to Keno suggest.

MD Lottery Weekly Per Capita Sales Rank Comparison CY 2009 (Pick 3 & Keno)

Top	County	Pick 3 WPC Sales	Pick 3 Rank	Keno WPC Sales	Keno Rank	HH Income	HHI Rank	Differential in Pick 3 & Keno WPC Sales Rank
1	WORCESTER	$0.77	10	$4.48	1	$ 63,741	16	9
2	ANNE ARUNDEL	$0.73	12	$2.01	4	$ 98,296	5	8
3	MONTGOMERY	$0.33	19	$0.99	12	$ 127,374	1	7
4	CARROLL	$0.31	21	$0.96	14	$ 104,042	4	7
5	CALVERT	$0.63	13	$1.61	6	$ 111,238	3	7
6	SAINT MARY'S	$0.77	9	$2.76	2	$ 88,105	8	7
7	HARFORD	$0.53	15	$1.21	9	$ 84,416	10	6
8	ALLEGANY	$0.28	22	$0.81	16	$ 49,056	24	6
9	WICOMICO	$0.62	14	$1.02	10	$ 66,032	15	4
10	WASHINGTON	$0.24	23	$0.67	19	$ 61,613	18	4
11	QUEEN ANNE'S	$0.48	16	$0.98	13	$ 85,059	9	3
12	CHARLES	$0.98	5	$2.64	3	$ 93,530	7	2
13	CECIL	$0.43	17	$0.95	15	$ 76,587	14	2
14	SOMERSET	$0.82	8	$1.33	7	$ 49,399	23	1
15	HOWARD	$0.36	18	$0.70	18	$ 123,044	2	-
16	FREDERICK	$0.32	20	$0.65	20	$ 94,039	6	-
17	GARRETT	$0.07	24	$0.34	24	$ 49,941	22	-
18	PRINCE GEORGE'S	$1.38	2	$1.92	5	$ 83,061	11	(3)
19	BALTIMORE	$1.10	4	$1.31	8	$ 79,431	13	(4)
20	KENT	$0.92	7	$0.70	17	$ 63,435	17	(10)
21	CAROLINE	$0.74	11	$0.57	21	$ 55,275	19	(10)
22	BALTIMORE CITY	$2.35	1	$1.00	11	$ 55,013	20	(10)
23	TALBOT	$0.95	6	$0.53	22	$ 79,637	12	(16)
24	DORCHESTER	$1.16	3	$0.42	23	$ 54,371	21	(20)
	Average income					$ 78,989		

Figure 7: Per Capita Sales and Incomes for Various Lottery Games

The table in Figure 8 is derived from Maryland data collected in 2006 and lists average player expenditures and household incomes for all lottery games.

Player Profile

The following table shows the basic demographics of the players by Lottery game:

DEMOGRAPHICS		GAMES						
		Mega Millions	Scratch-Offs	Multi-Match	Keno/Keno Bonus	Pick 3	Pick 4	Bonus Match 5
Gender	Male	52.4%	46.1%	55.4%	61.1%	42.9%	58.1%	57.4%
	Female	47.6%	53.9%	44.6%	38.9%	57.1%	43.2%	42.6%
Age	18-34	26.7%	38.4%	16.2%	51.9%	16.7%	21.6%	25.9%
	35-44	25.0%	24.6%	18.9%	20.4%	25.0%	29.7%	27.8%
	45-54	20.6%	16.8%	23.0%	10.2%	26.2%	24.3%	16.7%
	55+	27.7%	19.8%	41.9%	17.6%	32.1%	25.7%	29.6%
Education	HS or less	28.0%	31.0%	32.4%	35.2%	40.5%	32.4%	35.2%
	Some College/Technical school	29.1%	31.5%	39.2%	28.7%	39.3%	45.9%	37.0%
	College/University graduate	42.9%	35.8%	26.7%	36.1%	20.2%	21.6%	27.8%
Household Income	<$25K	12.8%	16.3%	23.3%	22.5%	27.3%	21.7%	22.9%
	$25-<$40K	14.7%	16.3%	16.7%	11.8%	20.8%	17.4%	22.9%
	$40-<$55K	17.8%	15.8%	15.0%	17.6%	16.9%	24.6%	22.9%
	$55-<$70K	15.5%	21.7%	11.7%	12.7%	13.0%	14.5%	12.5%
	$70-<$85K	14.3%	13.3%	13.3%	14.7%	9.1%	7.2%	10.4%
	$85-<$100K	8.1%	6.4%	8.3%	8.8%	5.2%	5.8%	2.1%
	$100K+	16.7%	10.3%	11.7%	11.8%	7.8%	8.7%	6.3%

Figure 8: Lottery Player Profiles

In a 2011 survey commissioned by the Ohio Lottery, 1,313 people responded to a variety of lottery-related questions. Of those respondents, 163 had played Keno. They were categorized into three sub-groups as having played Keno: 1) in the last month; 2) in the last six months; and 3) ever (at least once). Although the number of respondents is relatively small, Figure 9 does show that for frequent players, just 15% of the respondents had annual incomes of less than $40,000, about 53% had annual incomes in the $40,000 to $100,000 range, and 28% had annual incomes in excess of $100,000.

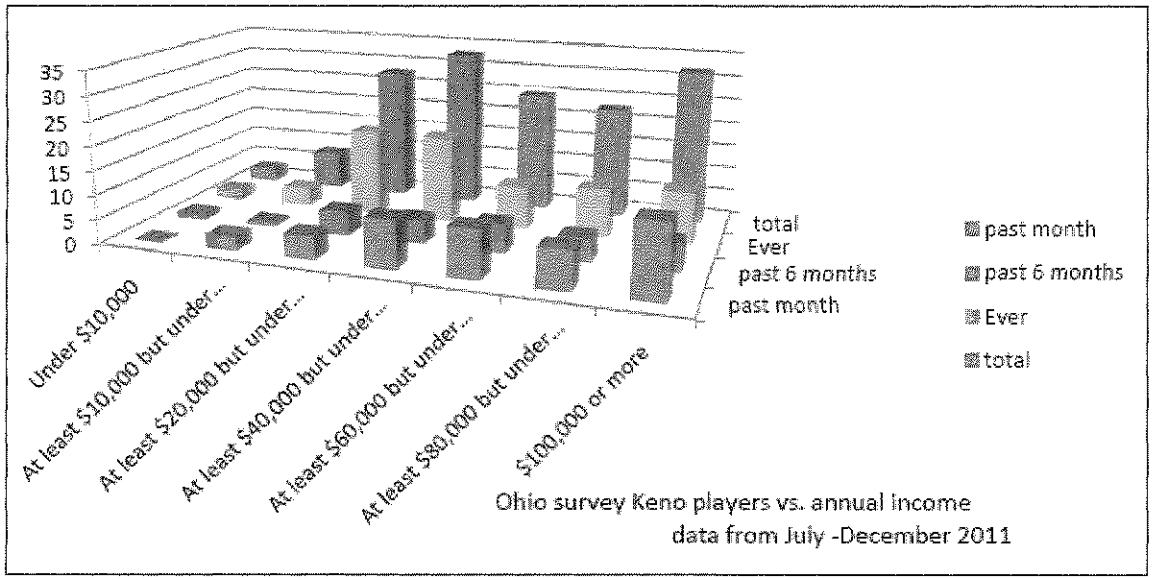


Figure 9: Ohio Survey Results Comparing Player Frequency and Income

Because Keno generally thrives in social environments (like bars and restaurants), and on days and times that correspond with social trends, it can generally be concluded that the game is played by people with more disposable income available for food, drink, and entertainment than is commonly expected among low income groups.

The chart in Figure 10 shows the percent of Keno sales for a typical week in Maryland. This clearly indicates that sales spike on Fridays and Saturdays, days that are most associated with heavy social traffic.

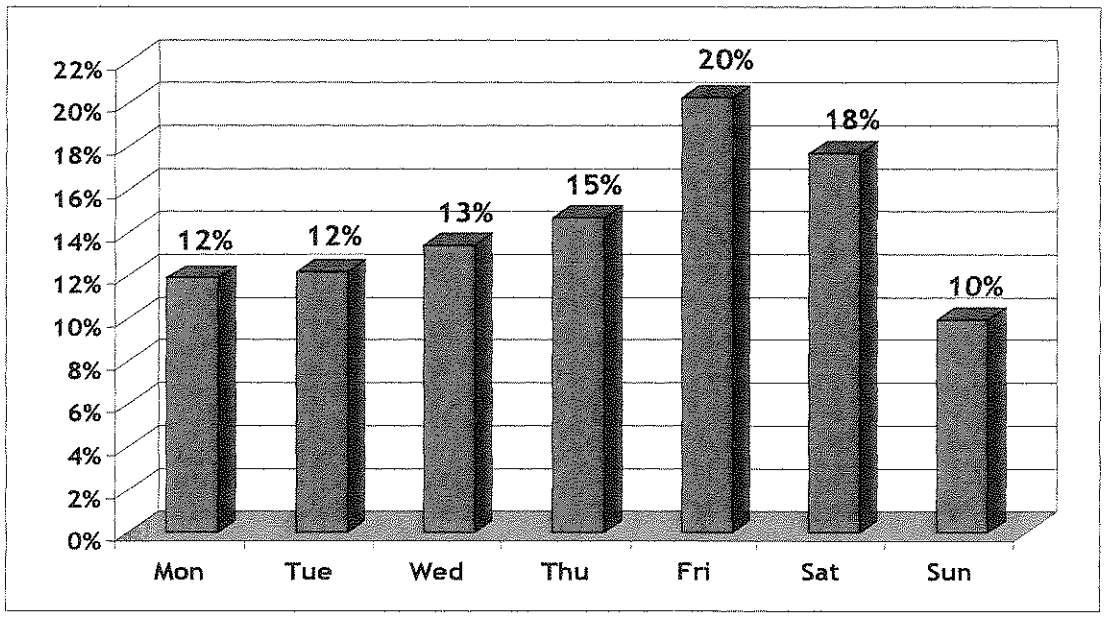


Figure 10: Weekly Keno Sales Patterns in Maryland

BENEFITS AND ANTICIPATED RESULTS

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ENHANCED BUSINESS PLAN: VIDEO GAMING

As approved by the Commission and as the regulatory environment permits, we would be pleased to implement a video gaming solution in Indiana. Scientific Games' Video Gaming group offers a rich history in the deployment, operation, and support of the Video Gaming market. Beginning with the implementation of the first distributed video lottery system in the State of South Dakota 23 years ago through the recent deployment of our AEGIS Video System in the State of Illinois, Scientific Games sets the standard for performance in video gaming.

Scientific Games' latest central monitoring and control system, SGVideo™, is the latest extension of our Gaming Standards Association® (GSA) compliant AEGIS Video System. SGVideo provides real-time monitoring and control of the gaming environment from a central location while expanding support for the latest GSA open standards. Continuing our leadership in the support of GSA open protocols SGVideo delivers reliable and proven support for configuration, operation, monitoring, and control of gaming devices in regulated markets around the globe. Scientific Games offers customers our premier regulatory system with advanced functionality built on reliable, robust technology with an underlying architecture that ensures data integrity and security.

One of the attractive features of our Gaming Laboratories International (GLI) compliant SGVideo central monitoring and control system is that it allows jurisdictions to begin video lottery gaming start-ups in a short period of time. SGVideo is adaptable to all current video gaming business models and machines from most manufacturers. In fact, as evidence that Scientific Games' video lottery system sets the standard for central monitoring and control systems, Scientific Games Communications Control System (CCS) currently supports more than 90,000 gaming machines in nearly 5,600 locations worldwide.

This impressive number of supported terminals will be significantly expanded with the upcoming Illinois implementation. The system, which could grow to be the largest video gaming network in the U.S., is designed to support up to 16,000 video gaming sites and approximately 60,000 video gaming terminals (VGTs) from Scientific Games' Wood Dale, Illinois operations center.

SGVIDEO – THE RESULT OF EXPERIENCE AND INNOVATIVE TECHNOLOGY DESIGN

Scientific Games has reached our prominent position in the video gaming market by consistently improving our product offerings to meet the industry's evolving and growing needs. Our SGVideo CCS supports GSA's open communication protocols so that our customers can both compete and thrive. We install our systems in a manner that allows regulators to perform their responsibilities with ease, and we collaborate with the most select group of partners to provide the best available hardware, software, services and support.

Scientific Games has invested years of research and development to create a system capable of supporting a wide variety of video lottery communication protocols, one that is unrestricted by artificial configuration and operational limitations.

Key elements of SGVideo include:

- Real-time monitoring and control of the entire gaming network coupled with powerful security and data analysis tools to give regulators complete oversight of gaming operations and all the data necessary to regulate gaming activities, collect and analyze financial data, and ensure gaming environment integrity and player protection.
- Industry standard hardware, operating systems, data communications protocols, data and system security and encryption, system and network monitoring, and database and reporting tools.
- Support for both local area and wide area progressives.
- Adherence to GSA open standards protocols.
- Modular Architecture facilitates easy integration of compatible and expansive technologies.
- Single-User Interface for managing system offerings from multiple manufacturers across distributed networks.
- Management and Analysis Tools that increase reporting and business analysis capabilities to enable improved decision-making.

In addition to allowing new jurisdictions to quickly begin video lottery gaming, SGVideo has the ability to support multiple protocols, providing a smooth upgrade path for future changes. SGVideo can, without modification, support tens of thousands of gaming machines across a wide area distributed gaming network. It can also support progressive games and concurrent progressive jackpot pools, as well as provide a full set of industry leading features. Scientific Games' Lottery InSite™ flat-screen display panels can provide Lottery staff with an Executive

Information System (EIS) dashboard at their management desktop; gaming data and analysis is right at their fingertips.

SGVideo provides powerful reporting and security tools, detailing more events on each gaming machine than a regulator could ever need. The system also provides powerful information analysis tools that can give the Lottery access to all the data necessary to regulate gaming activities, evaluate financial positions, and collect revenue for the beneficiaries in Indiana.

EXPERIENCE

Scientific Games' participation in the video lottery industry spans over two decades and relies upon a staff of highly skilled and experienced professionals. We have successfully satisfied our customers' video gaming requirements through exemplary project management to support the implementation and operation of our proven SGVideo CCS. We are confident we can do the same for the Commission should the regulatory environment permit.

Our global experience and established track record as a pioneer gives Scientific Games the depth of experience that will be critical to a successful launch, management, and ongoing administration of a video gaming market in Indiana should the Commission choose to implement video gaming.

Following are some of the highlights for Scientific Games and its affiliates in the video sector of the gaming marketplace:

- First distributed video lottery system – South Dakota, 1989.
- First multi-jurisdictional integrated gaming control system – Atlantic Lottery Corporation (ALC), 1990. For well over a decade this system simultaneously monitored four separate Canadian provinces from a single integrated platform.
- First online control system for a gaming jurisdiction in Australia – Tattersall's Sweep Consultation, Victoria, Australia, 1992.
- First Scientific Games central system supporting downloading of all major VGT components (downloading of game software was excluded due to jurisdictional regulatory constraints) – West Virginia, 1993. This system provided online control of over 1,800 VGTs, ticket in/ticket out technology and included support for progressive games using Mikohn Controllers.
- Fastest installation of a video central control system: 56 days – New Mexico Gaming Control Board, 1998.
- First video lottery local area progressive jackpot control system.
- First Central Monitoring System to support SAS Protocol – New Mexico, 2004.

- Multiple protocol support – New Mexico, 2004. This was an AEGIS-Video development and deployment project.
- Illinois Video Central Control System –Estimated 60,000 VGTs in over 16,000 locations.

IMPLEMENTATION STRATEGY

With support from the GSA, the industry has moved from vendor-specific proprietary protocols to open system protocols. The current GSA open protocol standard Serial Attached SCSI (SAS) continues to play a dominant role in the market. But as a market leader, Scientific Games realizes GSA's newest open protocol, Game to System™ (G2S), holds the promise of increased interoperability, control, and functionality once fully implemented. Scientific Games' SGVideo CCS supports both GSA protocols in addition to multiple proprietary protocols, which ensures that the largest possible selection of gaming machine vendors and game titles will be available to the Commission.

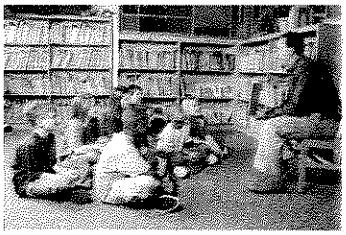
Why is this important? The ability of a CCS to quickly implement the newest gaming options is directly related to growth in video gaming revenue. With the SGVideo solution, gaming machine manufacturers, using an industry-standard protocol, will be able to deliver games directly from the production line to gaming managers in Indiana where they can quickly be implemented to grow revenue immediately.

Extensive Implementation Experience – Scientific Games maintains one of the most qualified install teams in the industry. With backgrounds in mathematics, computer science, and various engineering fields, our team members have decades of experience in video gaming products and systems. Should the Commission decide to implement video gaming products and systems in Indiana, our proposed team of experienced lottery and gaming personnel will dedicate itself to the project to perform your installation in an accelerated timeframe. There would be no concerns about protocol compatibility or delays in the gaming start-up. Scientific Games offers the highest levels of experience with a single motivation to deliver systems products and services as a vehicle to drive future success of the Hoosier Lottery.

Since 2004, our system installers have installed eight jurisdictions worldwide. We have installed our central monitoring and control systems to support VGTs in some of the largest and most profitable venues in North America. Our most recent domestic experience, Illinois where our system will be supporting an estimated 60,000 VGTs in over 16,000 locations, highlights the strengths of our systems and our team.

The Commission can count on Scientific Games for a smooth start to video gaming in Indiana.

SUMMARY



Simply put, no other vendor has the breadth of experience, capacity, or history of integrity and innovation that Scientific Games offers to put at the service of the Hoosier Lottery. We would welcome the opportunity to enter into a partnership with the Commission to provide a proven, reliable, industry leading central monitoring and control system and management that will meet the needs of the Commission and the beneficiaries in Indiana.

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ORGANIZATION AND MANAGEMENT PLAN

Scientific Games International, Inc. ("Scientific Games") is submitting this Organization and Management Plan both in its capacity as offeror of the Business Plan and on behalf of that certain special purpose entity ("SG Indiana") to be organized by Scientific Games for the purpose of entering into the Integrated Services Agreement ("ISA").

The organization and management structure for SG Indiana will be created to best integrate and align the resources of the Hoosier Lottery, Scientific Games and its local partners for growth. As part of SG Indiana's Business Plan, the partners will work to incorporate lottery industry best practices into the operation, introduce new and creative games, optimize the game portfolio, and execute a retail expansion and optimization program.

The Business Plan is built on a number of strategic growth initiatives. These initiatives are specifically designed for execution in Indiana based on the experience of Scientific Games both as a global supplier to the lottery industry for 39 years and as a vendor to the Hoosier Lottery for the last 23 years. Key elements of SG Indiana's organization and management plan include:

- Management of a transition process that on-boards the current Hoosier Lottery employees with minimal disruption and risk.
- Appointment of an experienced lottery director as the interim Chief Executive Officer (CEO) for SG Indiana and addition of four interim vice president level positions for Finance and Administration, Sales, Marketing, and Operations and Technology oversight.
- The interim team represents 121 years of lottery management experience.
- A recruitment and placement process for filling interim positions with experienced professionals for ongoing leadership in SG Indiana.
- Establishment of an advisory board to provide community leadership, local business experience, and diversity guidance.
- Execution of agreements with local partners to implement advertising and communications plans, along with the supply of products, services and resources from Scientific Games.

KEY MANAGEMENT FOR SG INDIANA

The organizational plan for SG Indiana includes four key management approaches:

- Establish an organization that is designed to execute the Business Plan.
- Identify the skills and qualifications needed to execute the Business Plan initiatives and meet the Plan's objectives.
- Identify, hire and integrate Hoosier Lottery and new employees with the right experience, skills and qualifications.
- Operate with management flexibility to accommodate change over time, as needed.

The organizational charts included in the following pages detail the reporting structure for the organization. In summary:

- The SG Indiana executive management group shall be led by a CEO with four Vice President level management leaders to oversee activities for: Sales, Marketing, Finance and Administration, and Operations and Technology.
- Resources, products and services shall be integrated from key suppliers to SG Indiana: Scientific Games, Publicis Indianapolis, Hirons & Company, and minority and woman owned (M/WBE) firms.
- Corporate resources from Scientific Games shall be assigned to SG Indiana for transition, ramp-up and ongoing company operations.
- A Board of Advisors shall be formed to provide ongoing program support and guidance, including supplier diversity and local community expertise.

The following section details the proposed senior management group for SG Indiana, including qualifications, roles and responsibilities. Interim leaders are identified for the initial establishment of the SG Indiana organization. On selection, we will recruit to fill these interim positions with qualified candidates. Recruitment plans will include interested candidates from the Hoosier Lottery team and other industry experts.

We will work with the Commission to coordinate the recruitment plan and secure all required approvals.

Interim Chief Executive Officer (CEO) – Mr. Ed Trees

Mr. Ed Trees will serve as the interim CEO to lead SG Indiana through its initial establishment phase. Mr. Trees most recently served as the Executive Lottery Director for the Pennsylvania Lottery from 2006 to 2011. He dedicated his entire 35-year professional career to the Pennsylvania Lottery. After starting with the agency as a clerk in 1976, he moved through positions of increasing responsibility in the administrative, drawings, marketing, sales and field operations, and executive positions at the Lottery before being named Executive Director in 2006.

Mr. Trees led the Pennsylvania Lottery to win numerous national advertising and marketing honors, and he solidified his long-time role as a leader in the lottery industry in 2010 when he was named president of the North American Association of State and Provincial Lotteries (NASPL). During his five year tenure as the Executive Lottery Director for the Pennsylvania Lottery, lottery sales grew by more than $700 million annually and net revenue to programs increased approximately $200 million annually.

Immediately upon SG Indiana being awarded the ISA, SG Indiana will engage an executive recruitment plan to identify permanent CEO candidates. This recruitment and candidate selection process will include close coordination with, and participation from the Commission. The role of the permanent CEO will be to maintain an effective working relationship with the Commission, to execute the Business Plan, and to ensure alignment in the organization.

In his role as interim CEO, Mr. Ed Trees will have management responsibility for SG Indiana and will assist in carrying out the specified SG Indiana responsibilities.

As identified below, four vice presidents will report to the CEO.

Interim Vice President, Sales – Mr. Anthony Molica

Mr. Molica will lead the sales organization as the interim Vice President. He will provide initial leadership for sales initiatives in preparation for executing SG Indiana's sales objectives. During the transition period, he will assist in the review and identification of a permanent candidate, including candidates from the Hoosier Lottery.

Having served in various senior and executive management roles for the California Lottery for over 19 years, Mr. Molica brings sizeable lottery expertise and knowledge to SG Indiana. In his last position as Chief Executive Officer for the California Lottery in 2003-2004, Mr. Molica increased sales, resulting in excess of $2.9 billion in sales, exceeding the goal by 8%. His unique understanding of the nuances of government operations, including public policy and procedures and his proven ability to lead large organizations make Mr. Molica an ideal fit for Vice President of Sales for SG Indiana.

In a permanent position, this function will drive a significant portion of the SG Indiana revenue and net income goals in years one through five. Responsibilities of the Vice President of Sales will include:

- Expansion into new retail channels and trade styles through recruitment initiatives.
- Optimizing in-store game performance at retail with new programs.
- Retail training to ensure a knowledgeable retail force.
- Retail customer service support for ongoing management.

Interim Vice President, Marketing – Mr. Tom Seaver

Mr. Seaver will lead the efforts of SG Indiana's marketing division as interim Vice President of Marketing. He will provide initial leadership for marketing initiatives in preparation for executing SG Indiana's marketing objectives. During the transition period, he will also assist in the review and identification of a permanent candidate including candidates from the Hoosier Lottery.

Mr. Seaver brings 27 years of marketing and advertising expertise to his role as Vice President of Marketing for SG Indiana. Having served on both sides of the industry as Marketing Manager for the Missouri and Virginia lotteries and most recently in his role as Vice President of Marketing for Scientific Games' participation in Northstar as an equity partner, Mr. Seaver brings a unique and highly valuable perspective to this leadership position. As a seasoned marketing professional, he will provide SG Indiana strategic leadership, marketing planning, research support, advertising, product management and sales, and retail training.

The primary responsibilities for the permanent Vice President of Marketing will include:

- Manage all aspects of building the brand among customers and the industry.
- Track and report on efficacy of marketing activities.
- Manage relationships, compile and report on analytics and ROI across multiple marketing platforms.
- Deliver a Responsible Gaming program for the Hoosier Lottery.
- Develop and present compelling branding concepts across all media channels.
- Lead marketing teams to ideate and develop new products and services.
- Develop high-impact marketing messages and communication pieces that communicate and support SG Indiana's primary business objectives.
- Recommend appropriate integration of new marketing trends into SG Indiana's marketing program.

In addition, the Vice President of Marketing will research, develop, and execute advertising campaigns, branding campaigns and multi-faceted marketing strategies to enhance the public image, retail sales and public perception of the Hoosier Lottery while at the same time working with Scientific Games' resources and the local firms.

The Vice President of Marketing will be responsible for identifying the scope and priorities of strategic initiatives to drive net revenue in a socially responsible manner consistent with the standards of the Hoosier Lottery.

Lastly, the Vice President of Marketing will develop and deploy player loyalty programs and social media programs to enhance and expand the Hoosier Lottery's relationship with players, retailers, and the general public.

Interim Vice President, Finance and Administration – Mr. Gerard Scheinbach

Mr. Gerard Scheinbach will serve as SG Indiana's interim Vice President of Finance and Administration. Mr. Scheinbach has been a member of Scientific Games' executive finance staff for 16 years serving as the Senior Vice President of Finance for the past 12 years. Overall, Mr. Scheinbach has 39 years of general financial management experience, including 13 years of international experience in Europe, Asia, and South America. Mr. Scheinbach's financial management expertise was acquired in leadership roles in finance and accounting, including Corporate Director of Planning, Budgets and Financial Analysis for a Fortune 500 Company. He has participated in several mergers and acquisitions, including post acquisition integration and establishment of financial reporting systems.

Mr. Scheinbach serves as the senior financial advisor in connection with Scientific Games' participation in Northstar. In this role, he holds primary responsibility within Scientific Games for the ongoing review and analysis of the financial operation for Northstar.

In addition, Mr. Scheinbach is also responsible for Northstar's budget and forecasts as they pertain to Scientific Games, and maintains frequent communications with the administrative and finance departments of Northstar.

Currently, among many other financial responsibilities, Mr. Scheinbach serves as the financial executive for Scientific Games in China, which serves a multi-billion dollar lottery in China. Mr. Scheinbach is an ideal candidate to hit the ground running and provide overall financial leadership and supervision of administrative issues for SG Indiana.

During the transition period, Mr. Scheinbach will also assist in the review and identification of a permanent candidate, including candidates from the Hoosier Lottery.

The permanent Vice President of Finance and Administration will be charged with ensuring execution of all financial, budget management and business administration tasks. He/she will assume four primary areas of operational responsibility:

- Finance Management
  - Financial oversight and reporting
  - Budget management
  - Audits
- Procurement
  - Bidding
  - Purchasing
  - Supplier diversity engagement
- Human Resources
  - Personnel development
  - Benefits support
- Contractor Services coordination
  - Oversight of third party and subcontractor contracts
  - Adherence to service level agreements (SLAs) and performance standards
  - Reporting to the Commission on all such activities

Interim Vice President, Operations and Technology – Mr. John Osenenko

Mr. Osenenko has been identified as the interim Vice President to lead the Operations and Technology group, which includes management of the instant game and lottery systems operations functions. He will establish the initial requirements for technology and operations, and also assist in the review and identification of a permanent candidate, including candidates from the Hoosier Lottery.

With over 19 years of lottery experience, including 11 years with GTECH, as well as having served as Scientific Games' General Manager of the Florida Lottery contract, Mr. Osenenko brings a successful track record across a broad range of business functions, including general management, business development, government affairs, and program management. His extensive lottery industry experience includes more than 12 years creating and operating lottery ventures while living in Asia, Europe, South America, and Africa.

The permanent Vice President of Operations and Technology will lead product and service delivery for SG Indiana. He/she will manage organizational operations by directing and coordinating activities consistent with established goals, objectives, and policies.

He/she will implement programs to ensure alignment with the goals of the Business Plan, providing direction, structure, and management methods to generate results. Scientific Games serves as the primary vendor of resources, products and services under the management of this Vice President. This includes game products, management systems, retail technical support, computer operations, facilities management, and inside retail sales.

Throughout this plan, we commit that the creation of SG Indiana will build upon and respect the hard work and dedication of the Hoosier Lottery staff. It will also recognize the organizational bond that has been developed between our organizations through the years.

KEY SG INDIANA MANAGEMENT TEAMS

As shown in the organization charts that follow, management teams for administration, sales, marketing, instant games management and gaming systems management shall report to applicable Vice Presidents. The roles and responsibilities for these teams are described in the following sections.

Administration Management Team

This team shall include four primary manager-level positions. These managers shall be charged with:

- Ensuring procurement procedures are administered consistent with state guidelines and in the best interests of the Hoosier Lottery with the support and assistance of Scientific Games' corporate procurement and industry leading compliance professionals.
- Maximizing MBE/WBE engagements and in-state spending throughout the term of the engagement.
- Overseeing all local Human Resources initiatives including initial staffing and on boarding of current lottery employees into the new organization.
- Initiating and supporting the creation of, and execution of, professional development initiatives at all levels of the organization with support and input from Scientific Games' human resources personnel.
- Managing a responsible gaming program that responsibly supports existing players and grows playership by attracting new, light, and lapsed players to a trusted brand, and improves overall player demographics.

- Overseeing and ensuring compliance with all state guidelines and requirements, in conjunction with all third party contracts and subcontractor agreements. These efforts will be supplemented by legal and compliance staff in Scientific Games' corporate organization.
- Providing to the Commission, as requested or on a regular basis, reporting of all such activities as required and agreed upon.

Sales Management Team

Scientific Games shall transition the current Hoosier Lottery sales structure to SG Indiana. One area of focus under the new structure is realignment of certain functions within the regional office teams and the inside sales teams to effectively support the growth initiatives detailed in the Business Plan, including retailer optimization, retailer expansion and retailer training initiatives. Job training will be identified in the plan to support the transition of responsibilities.

Our transition plan includes a process to identify appropriate personnel to fill all new roles identified within the Business Plan. This will be accomplished in collaboration with corporate Human Resources support from Scientific Games. The objective is to provide the most opportunity for personnel development, minimize the impact of change and provide a structured process that maintains focus and talent during transition.

The Director of Sales shall have responsibility for:

- Statewide retailer support, training, marketing and sales efforts
- Front line retailer customer service support
- Expanded retailer recruiting efforts targeted at new retail channels

The sales function focuses on four primary areas:

- Customer Service
    - Retailer/player in-bound call center
- Sales Operations
    - Coordination of state-wide retailer focused initiatives
    - Coordination of retailer services and equipment
    - Retailer communications

- Retail Development
  - Maximize enhanced retailer optimization techniques, technologies and industry best practices
  - Retailer recruitment and retailer expansion; chain account development
  - Retailer training in new locations; new product launches
  - Planning and support for promotional efforts on a regional and local level
- Retailer Support Services, Regional Office Operations
  - Retailer training and special events efforts supported on a regional level while directed on a state-wide level to ensure consistent excellence in execution
  - Retailer satisfaction

The sales team represents the single largest division within SG Indiana. This sizing is typical within U.S. lottery operations and is sized appropriately to execute the planned growth from retail initiatives. New training programs, work plans and reporting tools are incorporated into the transition period to provide the sales staff with effective training to quickly assume responsibility for the new retail execution plan.

Marketing Management Team

The Director of Marketing will have responsibility for:

- Launch of player loyalty, social media programs and a refreshed lottery website designed to engage consumers, responsibly capture new, lapsed and light players and grow playership.
- Management player and retailer research to measure marketing strategies, equipment and products; execute strategic initiatives to grow revenues and support ongoing player brand perception.
- Oversight of communications functions, promotional events, drawings, and special event results to the media and public.

The Director of Marketing oversees five primary areas of responsibility:

- Communications
  - Public relations (in cooperation with Hirons)
  - External communications
  - Corporate social responsibility
  - Internal (intra-company) communications

- Product Management
  - Sales and data analysis
- Promotions Management
  - Scratch, draw and new games
- Advertising
  - Coordination of Ad Agency initiatives
  - Content development for digital in-store advertising and internet sites
- Interactive
  - Website
  - PropertiesPlus and loyalty program
  - Subscription program

As part of SG Indiana's Business Plan, and under the revised organizational structure, several positions in the Hoosier Lottery marketing department will be assigned to key sales functional areas within SG Indiana. This planned redistribution of resources is designed to create greater focus on critical areas for Business Plan execution, including, retail sales initiatives.

Marketing Resource Support from Partner Companies – The partner companies of SG Indiana and Scientific Games include Publicis Indianapolis and Hirons & Company, which shall serve as direct resources to support the marketing initiatives as defined in the Business Plan. Such initiatives include research, advertising strategies, media planning and communications. Having access to the global, local and national best practices of these partner companies will place SG Indiana in an excellent position to leverage future opportunities to responsibly drive growth from new players in new channels. A summary of firm qualifications follows below.

- **Publicis Indianapolis** – Publicis Indianapolis and Optimedia are part of the Publicis Groupe, the third largest and fastest growing agency network in the world and the second largest buyers of media in the world. With activities spanning 104 countries on five continents, Publicis Groupe employs approximately 49,000 professionals. Publicis offers world class marketing and communications services via a wide and deep array of marketing programs and services provided to domestic and international clientele.

  Publicis has had a presence in Indiana for over 25 years and presently employs over 58 marketing professionals in the State. It provides a broad array of services including: brand development, marketing strategy, creative development and execution, web marketing, media planning and buying (including digital, social media and mobile) public relations counsel, diversity marketing, print production, and logistics support.

Publicis' client relationships span the major cities and rural towns of Indiana and include both for profit and not for profit entities. Indiana clients include: Simon Property, Duke Realty, Roche Diagnostics, Zimmer Holdings, Indianapolis Motor Speedway, BMO Harris, Marsh Supermarkets, Dairy Queen, STAR Financial Bank, Conner Prairie, Indy Hunger Network, INHP, American Legion Auxiliary, Marian University, Harrison College, Butler University, and the Hoosier Lottery.

- **Hirons & Company** – Hirons & Company is a true Hoosier success story. Founded by Tom Hirons in Bloomington in 1978, the company has grown from the vision of a marketing professor at Indiana University to be the state's premier integrated communications company.

  Now based in Indianapolis, Hirons is a full-service public relations and advertising agency with 55 employees in Indianapolis, Bloomington and Anderson. With complete creative, media buying, branding and communications counsel teams, Hirons has become the preferred communications partner for Indiana fixtures such as Citizens Energy Group, Sidney & Lois Eskenazi (formerly Wishard) Hospital, the Indianapolis Zoo, Monarch Beverage, the City of Indianapolis, The Office of the Indiana Attorney General, the Omni Severin Hotel, the Indiana Association of Beverage Retailers, the Indiana Energy Association and St. Elmo Steak House, among others. National clients include the Consumer Healthcare Products Association, Sodexo, DCI Group, the U.S. Chamber of Commerce, the U.S. Department of Energy, and Fifty Plus One.

Instant Game Management Team

The Instant Game Management team will manage and operate the instant game category. This includes game design management, inventory control services, inside sales and distribution to retailers. SG Indiana has selected Mr. Scott Ross to serve as the Director of this group, reporting to the Vice President of Operations and Technology. Mr. Ross will bring more than 30 years of lottery instant game marketing and management experience to SG Indiana. He is well qualified for this role having excelled in managing over a dozen Scientific Games lottery customer accounts.

Mr. Ross is responsible for:

- The development and execution support of marketing programs that drive instant game sales
- Developing and delivering an integrated product portfolio tailored to the Indiana market
- Overseeing all game production schedules to ensure on-time delivery of instant games
- Ensuring the right instant game inventory is in market at all times

Mr. Ross will lead a team that consists primarily of transitioned Hoosier Lottery distribution center staff and transitioned lottery employees into a new inside sales department. The team comprises three primary areas of responsibility:

- Product Management
  - Game portfolio planning
  - Sales and data analysis
  - Retail product mix management
- Inside Sales
  - Systems-driven inventory intelligence
  - Retail game management
  - Retailer information and promotions
- Warehouse and Distribution
  - Incoming instant game shipment management
  - Management of outgoing retailer shipment management using an expanded and improved pick 'n' pack system fed by the predictive ordering and inside sales activities
  - Returned packs processing for destruction

Gaming Systems Management Team

The gaming systems management team will manage and operate the lottery systems and gaming operation, including retail technology implementation and maintenance, network communications management and gaming system operations. SG Indiana has selected Mr. Dave Kress to serve as the Director of this team, reporting to the Vice President of Operations and Technology.

Mr. Kress is a Hoosier that brings the benefit of nearly 25 years of local information technology expertise to his leadership role. He began his career at the Hoosier Lottery as a Programmer/Analyst, was promoted to Systems Development Manager and Information Services Manager and was finally appointed to Chief Information Officer for the Hoosier Lottery prior to joining Scientific Games. This unique combination of technology expertise and Hoosier Lottery experience gives Mr. Kress a unique foundation to seamlessly assume the role of Director of Gaming Systems Management.

Mr. Kress is responsible for:

- Field Services (Manager: Mr. Doug Lane)
  - Retail equipment testing and repair
  - Field installation and services at retailer locations
  - Network communications technicians
  - Oversight of support provided by the National Response Center for Indiana Retailers, consistent with existing SLAs
- Computer Operations and Support (Manager: Mr. Eric Fairholm)
  - Computer operations, reporting, and support
  - Database administration, data collection
  - Network engineering and support
- Development and Implementation (Director: Mr. John Lorsung)
  - Development and implementation of system enhancements
  - Project management services
  - Flash developers to support digital content management, in-store advertising
  - System analysts and operations support
  - Software and hardware user acceptance testing (UAT)

The following chart identifies the SG Indiana gaming systems management team, including name, role, number of years experience supporting the Hoosier Lottery operating environment and percentage of each applicable person's time dedicated to SG Indiana operations support. This team provides similar support functions to the Hoosier Lottery today, representing 300 years of Hoosier Lottery operational support experience. They are experienced in systems operations, game implementation, retail management and lottery management reporting. With this in-place team, we will offer a low-risk transition for the Hoosier Lottery operating environment under the ISA.

NAMED RESOURCE	ROLE	HOOSIER LOTTERY YEARS EXPERIENCE	RESOURCE COMMITMENT
Dave Kress	Gaming Systems Management	14	100 %
Doug Lane	Manager Field Services	13	100%
Lenny Alicea	Field Service Supervisor	13	100%
Leon Andrews	Field Service Technician	13	100 %
Ralph Benitez	Field Service Technician	1	100%
Megan Campbell	Field Service Technician	1	100%

NAMED RESOURCE	ROLE	HOOSIER LOTTERY YEARS EXPERIENCE	RESOURCE COMMITMENT
George Carpenter	Field Service Technician	13	100 %
Jason Crouch	Field Service Technician	1	100%
Alicea Estes	Field Service Technician	4	100%
Stacey Flournoy	Field Service Technician	1	100%
Richard Goris	Field Service Technician	11	100%
Chris Hamrick	Field Service Technician	1	100 %
Steve Harmon	Field Service Technician	7	100%
Michael Hill	Field Service Technician	1	100%
Jason Hooker	Field Service Technician	1	100 %
Marty Lashbrooks	Field Service Technician	4	100%
Justin Mast	Field Service Technician	1	100%
Kristina McCarty	Field Service Technician	13	100 %
Dawn McClary	Field Service Technician	12	100%
Donna Mokol	Field Service Technician	7	100%
Richard Rivera	Field Service Technician	8	100%
Darrell Voss	Field Service Technician	12	100%
Scott Young	Field Service Technician	13	100%
David Clay	Lead Telecom Technician	12	100 %
Dave Warren	Bench Technician	13	100%
Dave Wheeler	Bench Technician	7	100%
Sylvester Waddell	Bench Technician	7	100%
Eric Fairholm	Manager Computer Systems/ Operations	13	100%
Patrick Davis	Network Engineer	13	100%
Michael Olson	Data Base Administrator	8	100%
Aaron Davis	Computer Operator	13	100%
Jonathon Kinney	Computer Operator	2	100%
John Long	Computer Operator	13	100 %
Sean Patterson	Computer Operator	1	100%
Leslie Phelps	Computer Operator	4	100%
Gloria Teskey	Computer Operator	6	100%
Richard Wodzinski	Computer Operator	6	100%
Daniel Charleswood	Computer Operator	2	100%
John Lorsung	Director, Development and Implementation	13	100%
James Pierson	Flash Developer	2	100%
		300 years	**100%**

Employee Highlights: Gaming Systems Management Team

Ms. Juanita Drane, Scientific Games, Senior Site Administrator, 2001-present

Ms. Juanita Drane started with Scientific Games as a Help Desk Operator and was fully trained in support, operation and troubleshooting of all retailer equipment installed in Indiana. Through her proactive efforts in that role to learn more, and to keep Hoosier Lottery regional office Sales staff informed, Hoosier Lottery staff members came to recognize Ms. Drane as a dedicated employee who consistently committed to resolve issues. She is a trusted resource, for Amy Fishburn and Brian Morris in Hoosier Lottery Security, to call with questions about staffing and background checks.

For Dave Gramelspacher, FSR in the North, she is a resource to discuss install schedules and changes to retail ownership information.

And, she is the go to resource for prize payment staff on winning tickets information and of course, for sales representatives in the field when they have a question or need support.

Mr. Doug Lane, Scientific Games, Field Services Manager, 1999-Present

Mr. Doug Lane has more than 25 years of field service support experience. Mr. Lane has served as the Field Services Manager supporting the Hoosier Lottery since 2005. He has been the central coordinator of two system technology conversion projects (1999 and 2009) in which capacity he has facilitated the maintenance of high quality service to retailers throughout the State of Indiana. Mr. Lane works closely with the regional office managers and lottery sales representatives; with Hoosier Lottery headquarter sales staff, Shelly Litherland, Lisa Mendel and the key account representatives. His dedication on a key account project was recognized earlier this year by Tracy Butler, the Hoosier Lottery corporate account representative for the Speedway chain. He has worked closely with Cindy Thompson and her "State Fair Team" to ensure all services were fully available for the fair event, including dedicated staff support.

Mr. Patrick Davis, Scientific Games, Network Engineer, 1999-Present

Mr. Patrick Davis oversees the statewide telecommunications network, and the internal network infrastructure systems of the Hoosier Lottery. He has developed a very strong working relationship with a number of key groups within the Lottery. He is known for proactively helping the lottery sales representative team in their support of the Hoosier Lottery retail network. He also works closely with the Hoosier Lottery's licensing team. Over the years, he has developed strong working relationships with and an outstanding level of trust from the Hoosier Lottery.

APPROACH TO ONBOARDING EMPLOYEES

SG Indiana combines the talent of current Hoosier Lottery employees with the best practices of Scientific Games and its local partners. The structure of SG Indiana includes the transition of all regional office and distribution center staff, and other staff in functions not retained by the Hoosier Lottery, staff to SG Indiana.

SG Indiana will submit to the Commission Designee a description of its Internal Controls and Employment Policies concerning employee or organizational qualification requirements. SG Indiana shall operate under a strict Code of Conduct and Code of Ethics. Scientific Games' current policies meet or exceed the specified requirements, reporting and recordkeeping standards. As a part of the Transition Plan deliverables, such policies and processes will be delivered prior to the completion of the Transition Period and prior to extending offers of employment to current Hoosier Lottery employees.

The organization plan restructures responsibilities for management, incorporates new efficiencies and focuses resources on critical initiatives for revenue growth. The resultant change in staffing alignment will greatly benefit current Hoosier Lottery staff members. Moreover, our industry has become increasingly virtual and less location-dependent. As a result, we believe that there are opportunities for interested Commission staff to contribute in their areas of expertise via remote assignments supporting multiple lottery jurisdictions or more global company-wide initiatives.

SCIENTIFIC GAMES SENIOR MANAGEMENT

Scientific Games shall assign senior management resources to SG Indiana to assist with all business activities and tasks during the transition and ramp-up periods, and will continue to during ongoing operations. This senior management group has a combined 326 years of lottery operations management and services experience in over 1000 technology, marketing, implementation and transition projects. The following graphic presents the Scientific Games management executives that will be available for the implementation of the Integrated Services Agreement (ISA).

— CONFIDENTIAL INFORMATION BEGINS HERE —
"Confidential as per Indiana Code § 5-14-3-4(a)."

— CONFIDENTIAL INFORMATION ENDS HERE —

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ADVISORY BOARD

SG Indiana will benefit from the stewardship of a distinguished and diverse Advisory Board and will help SG Indiana represent the interests of the community. SG Indiana's Advisory Board will include:

Joyce Rogers, Vice President Development, Ivy Tech

As Vice President of Development, Ms. Rogers provides vision, leadership and direction of Ivy Tech's fundraising and development efforts on a statewide basis. Prior to her role at Ivy Tech, Ms. Rogers was appointed President and CEO of Indiana Black Expo in 2004, after serving as the organization's Chief Operating Officer since 2001. As President and CEO of IBE, Ms. Rogers managed the organization's youth and family programs and special events, namely the organization's fundraisers, Summer Celebration and Circle City Classic. These two events bring in more than $92 million in economic spending impact on the city of Indianapolis. Ms. Rogers also increased IBE's media impressions valuing more than $13 million on average. Prior to her position at IBE, Ms. Rogers served as Director of Contract Management for the Indiana Family and Social Services Administration. Ms. Rogers earned her B.S. in Psychology from Indiana State University and her J.D. from Indiana University's School of Law.

Carol D'Amico, Vice President, East Region, Project Lead The Way

Carol D'Amico is Vice President of Project Lead the Way, the leading provider of rigorous and innovative Science, Technology, Engineering, and Mathematics (STEM) education curricular programs used in middle and high schools across the U.S. She previously served as Senior Advisor for Education and Workforce at Conexus Indiana, an organization focused on growing and promoting the advanced manufacturing and logistics sectors in Indiana and preparing Hoosiers to take advantage of new opportunities in these industries. Dr. D'Amico is a nationally recognized expert on education and workforce development issues, co-author of Workforce 2020, and frequent lecturer and key note speaker with extensive experience in advising corporate and government leaders on strategies to strengthen America's economy through a qualified educated workforce.

Angel Rivera, General Manager at AMRB, LLC

Mr. Angel Rivera is originally from Puerto Rico, coming to the United States to attend Indiana University. At AMRB, LLC, Mr. Rivera is a Sales and Business Development specialist for the information technology industry. Mr. Rivera is Secretary of the Board of Directors at Ezkenazi Health Centers, a Board Member at Children's Bureau, and a Board Member of the COAS Alumni Board at Indiana University Bloomington. Mr. Rivera is also a past City-County Councilor at City of Indianapolis.

Bob Laikin, Chairman of the Board, Chief Executive Officer and Director at BrightPoint

Mr. Laikin is the founder of BrightPoint, a global leader in wireless device lifecycle services. BrightPoint provides a full suite of end-to-end supply chain and customization solutions to manufacturers, retailers and carriers in the wireless device industry. In 2009, BrightPoint was listed as a FORTUNE 500 company and was again named to the list in 2012. In 2007, 2009, 2010 and 2011, BrightPoint was selected as one of America's Most Admired Companies by FORTUNE Magazine.

PROVIDER KEY PERSONNEL (ISA, SCHEDULE 6.3.1)

Per the requirements of the Request for Information, the following is a completed copy of Schedule 6.3.1, Integrated Services Agreement, Provider Key Personnel.

SCHEDULE 6.3.1

PROVIDER KEY PERSONNEL

SG INDIANA EXECUTIVES/SENIOR MANAGEMENT PERSONNEL

Title: SG Indiana --- Interim Chief Executive Officer
Name of Employee: Ed Trees [T]
Supervises: VP Finance & Administration, VP Operations & Technology; VP Sales, and Vice President Marketing
Reports to: Scientific Games Chief Marketing Officer, Jim Kennedy
Primary Responsibilities: Chief Executive Officer will have the ultimate management responsibility for SG Indiana and will report directly to Scientific Games' Chief Marketing Officer, and assist in carrying out the specified responsibilities of SG Indiana. Mr. Trees' primary functions as CEO are: • Implement the strategic goals and objectives of the business • Direct and provide leadership toward the achievement of the business' philosophy, mission, and strategy • Participate in and drive high-level initiatives • Motivate, mentor and lead talented professionals and cross-functional teams

Title: SG Indiana --- Interim Vice President of Finance & Administration
Name of Employee: Jerry Scheinbach [T]
Supervises: Human Resources Manager; Procurement Manager; Manager of Contractor Services
Reports to: SG Indiana CEO

Primary Responsibilities: The Vice President of Finance & Administration is charged with ensuring execution of all financial, budget management and business administration tasks. There are four primary areas of operational responsibility:
• Finance Management
  ○ Financial oversight and reporting
  ○ Budget management
  ○ Audits
• Procurement
  ○ Bidding
  ○ Purchasing
  ○ Supplier diversity engagement
• Human Resources
  ○ Personnel development
  ○ Benefits support
• Contractor Services coordination
  ○ Oversight of 3rd party & subcontractor contracts
  ○ Adherence to service level agreements (SLAs) and performance standards
  ○ Reporting to the Commission on all such activities

Title: SG Indiana --- Interim Vice President of Operations & Technology
Name of Employee: John Osenenko [T]
Supervises: Director of Instant Game Management; Director of Gaming Systems Management
Reports to: SG Indiana CEO
Primary Responsibilities: The Vice President of Operations & Technology will lead product and service delivery for the business. This position will manage organizational operations by directing and coordinating activities consistent with established goals, objectives, and policies, including implementation of programs to ensure alignment with the goals of the Business Plan and providing direction, structure and management methods to generate results.

Title: SG Indiana Director, Gaming Systems Management
Name of Employee: Dave Kress
Supervises: Field Services Manager; Manager, Computer/Systems Operations; Director of Development & Implementation
Reports to: SG Indiana Vice President of Operations & Technology

Primary Responsibilities: The Director of Gaming Systems Management will have responsibility for:
• Field Services
  ○ Retail equipment testing & repair
  ○ Field installation and services at retailer locations
  ○ Network communications technicians
  ○ Oversight of support provided by the National Response Center for retailers, consistent with existing SLAs
• Computer Operations & Support
  ○ Computer operations, reporting, and support
  ○ Database administration, data collection
  ○ Network engineering & support
• Development & Implementation
  ○ Development and implementation of system enhancements
  ○ Project management services
  ○ Flash developers to support digital content management, in-store advertising
  ○ System analysts and operations support
  ○ Software and hardware user acceptance testing (UAT)

Title: SG Indiana Director of Development & Implementation
Name of Employee: John Lorsung
Supervises: Project Manager; Flash Developers; Systems Analysts; UAT Testers
Reports to: SG Indiana Director, Gaming Systems Management
Primary Responsibilities: The primary responsibilities of the Director of Development & Implementation are: • Oversee the development and deployment of system upgrades, software enhancements & online game changes • Ensure compliance with NASPL & MUSL change management procedures • Manage online & CSP system enhancements • Manage software testing staff • Manage Flash Developers and coordinate LIMs file deployment with marketing and sales department.

Title: SG Indiana Director, Instant Game Management
Name of Employee: Scott Ross
Supervises: Systems Analyst; Sales Analyst/Product Manager; Warehouse Manager; Inside Sales Manager
Reports to: SG Indiana Vice President of Operations & Technology
Primary Responsibilities: The Director of Instant Game Management will be responsible for: • The development and execution support of programs that drive instant game sales • Development and delivery of an integrated product portfolio tailored to the Indiana market • Oversight of all game production schedules to ensure on-time delivery of instant games • Ensuring the right instant game inventory is in market at all times

Title: SG Indiana -- Interim Vice President of Marketing
Name of Employee: Tom Seaver [T]
Supervises: SG Indiana Director of Marketing
Reports to: SG Indiana CEO
Primary Responsibilities: The Vice President of Marketing will be responsible for: • Managing all aspects of building the brand among customers and the industry • Managing relationships, compiling and reporting on analytics and ROI across multiple marketing platforms • Tracking and reporting on efficacy of marketing activities • Deliver a responsible gaming program for the Hoosier Lottery • Developing and presenting compelling branding concepts across all media channels • Developing high-impact marketing messages and communication pieces that communicate and support SG Indiana's primary business objectives • Leading marketing team to ideate and develop new products and services • Recommending appropriate integration of new marketing trends into SG Indiana's marketing program

Title: SG Indiana – Interim Vice President of Sales
Name of Employee: Anthony Molica [T]
Supervises: SG Indiana Director of Sales
Reports to: SG Indiana CEO
Primary Responsibilities: The Vice President of Sales will be responsible for: • Expansion into new retail channels and trade styles through recruitment initiatives • Optimizing in-store game performance at retail with new programs • Retail training to ensure a knowledgeable retail force • Retail customer service support for ongoing management.

Title: SG Indiana Director of Marketing
Name of Employee: TBH*
Supervises: Advertising Manager; Communications Manager; Product Manager; Promotions Manager
Reports to: SG Indiana Vice President of Marketing
Primary Responsibilities: The Director of Marketing will have responsibility for: • Launch of player loyalty, social media programs and a refreshed lottery website designed to engage consumers, responsibly capture new, lapsed and light players and grow playership • Manage player and retailer research to measure marketing strategies, equipment and products; execute strategic initiatives to grow revenues and support ongoing player brand perception • Oversee communications functions, promotional events, drawings, and special event results to the media and public.

Title: SG Indiana Director of Sales
Name of Employee: TBH
Supervises: State Sales Manager; Customer Service Manager; Retail Development Manager; Sales Operations Manager
Reports to: SG Indiana Vice President of Sales
Primary Responsibilities: The Director of Sales will be responsible for: • Statewide retailer support, training, marketing and sales efforts • Front line retailer customer service support • Expanded retailer recruiting efforts targeted at new retail channels

Title: SG Indiana Retail Development, Senior Manager
Name of Employee: TBH
Supervises: Retailer Optimization Manager; Chain Account Development; Retailer Expansion Manager; Retailer Training & Events Manager; Retailer Training & Events Coordinator, South; Retailer Training & Events Coordinator, North; Retailer Training & Events Coordinator, Central
Reports to: SG Indiana Director of Sales
Primary Responsibilities: The Retail Development, Senior Manager will assume responsibility for the following duties: • Direct retailer in-store point-of-sale initiatives • Oversee regional retailer and player facing promotional initiatives • Manage retailer training programs • Direct retailer recruiting initiatives statewide

Title: SG Indiana Sales Operations Manager
Name of Employee: TBH
Supervises: Sales Project Manager; Retailer Services Coordinator
Reports to: SG Indiana Director of Sales
Primary Responsibilities: The SG Indiana Sales Operations Manager will be responsible for: • Oversee and manage statewide sales initiatives, ensuring consistent and regular communications with regional office personnel • Manage regular retailer communication tools to drive sales and support ongoing initiatives • Manage retailer assets including online peripheral hardware expansion and placement.

*** TBH – To Be Hired.**

SCIENTIFIC GAMES' SENIOR MANAGEMENT RESOURCES FOR SG INDIANA

Title: Scientific Games – Chief Marketing Officer
Name of Employee: Jim Kennedy
Supervises: N/A
Reports to: Chairman & Chief Executive Officer, Lorne Weil - Scientific Games Corporation
Primary Responsibilities: In his role as Chief Marketing Officer for Scientific Games, Mr. Kennedy will provide support and direction for the SG Indiana team; including offering overall Management direction.

Title: Scientific Games – Director of Project Management
Name of Employee: Dan Grace [T]
Supervises: N/A
Reports to: Pat McHugh
Primary Responsibilities: Mr. Dan Grace will serve as the primary contact for SG Indiana's entire project implementation and will ensure that the transition and ramp-up plan is satisfied.

Title: Scientific Games – Regional Director, Operations
Name of Employee: Mark Hoffman [T]
Supervises: N/A
Reports to: Pat McHugh
Primary Responsibilities: As Regional Director of Operations for Scientific Games, Mr. Hoffman will help oversee the implementation and all operational activities for SG Indiana.

Title: Scientific Games – Senior Vice President, MDI Interactive
Name of Employee: Amy Hill [T]
Supervises: N/A
Reports to: Steve Saferin
Primary Responsibilities: Ms. Hill will oversee the product and service portfolio of interactive lottery programs.

Title: Scientific Games – Vice President, Instant Game Management Services
Name of Employee: John Schulz [T]
Supervises: N/A
Reports to: Jim Trask
Primary Responsibilities: Mr. Schulz will provide operational oversight of instant game management operations.

Title: Scientific Games – Vice President, Global Marketing
Name of Employee: Jennifer Welshons [T]
Supervises: N/A
Reports to: Jim Trask
Primary Responsibilities: Ms. Welshons will provide corporate marketing services to SG Indiana's marketing team, including market research services, analysis and strategic planning.

Title: Scientific Games – Vice President, Operations, Americas
Name of Employee: Pat McHugh [T]
Supervises: N/A
Reports to: Bill Huntley
Primary Responsibilities: Mr. McHugh will provide support for SG Indiana's operational services and gaming system management.

Title: Scientific Games – Vice President, Systems Marketing
Name of Employee: Leslie Badger [T]
Supervises: N/A
Reports to: Pat McHugh
Primary Responsibilities: Ms. Badger will provide strategic support for the marketing and planning of SG Indiana's draw games portfolio.

Title: Scientific Games – President, Gaming Systems
Name of Employee: Bill Huntley [T]
Supervises: N/A
Reports to: Lorne Weil
Primary Responsibilities: Mr. Huntley will provide senior executive level support of SG Indiana's gaming system.

Title: Scientific Games – President, Printed Products
Name of Employee: Jim Trask [T]
Supervises: N/A
Reports to: Lorne Weil
Primary Responsibilities: Mr. Trask will provide senior executive level support for SG Indiana's instant game operations.

Title: Scientific Games – President, Properties
Name of Employee: Steve Saferin [T]
Supervises: N/A
Reports to: Lorne Weil
Primary Responsibilities: Mr. Saferin will provide senior executive level support for SG Indiana's interactive and licensed properties services.

Title: Scientific Games – General Manager, Properties
Name of Employee: Kyle Rogers [T]
Supervises: N/A
Reports to: Steve Saferin
Primary Responsibilities: Mr. Rogers will provide management support for licensed properties and interactive services.

Title: Scientific Games – Vice President, Government Relations
Name of Employee: Jack McNeill [T]
Supervises: N/A
Reports to: Jim Kennedy
Primary Responsibilities: Mr. McNeil will manage government relations activity for Scientific Games and SG Indiana.

NOTE: Persons in each of the above position will devote all or substantial portion of their time to SG Indiana/ Lottery matters. Names followed with a [T] shall indicate that these individuals are transitional personnel only and not permanent SG Indiana employees.

[End of Schedule]

SCIENTIFIC GAMES

Jim Trask
President, Printed Products

John Schulz
VP, Operations & Projects

Jennifer Welshons
VP, Global Marketing

SCIENTIFIC GAMES

Bill Huntley
President, Lottery Systems

Pat McHugh
VP, Operations & Projects

Leslie Badger
VP, Systems Marketing

Mark Hoffman
Regional Director, Operations

Dan Grace
Director, Project Management

SCIENTIFIC GAMES

Steve Saferin
President, Properties

Kyle Rogers
General Manager, MDI

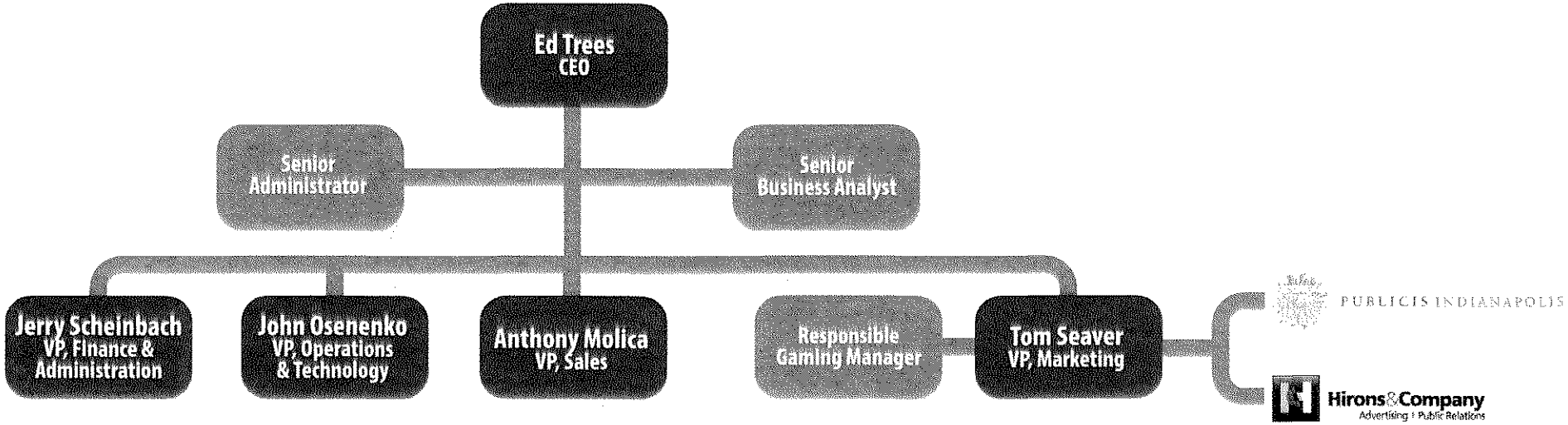
Amy Hill
SVP, MDI Interactive

SCIENTIFIC GAMES

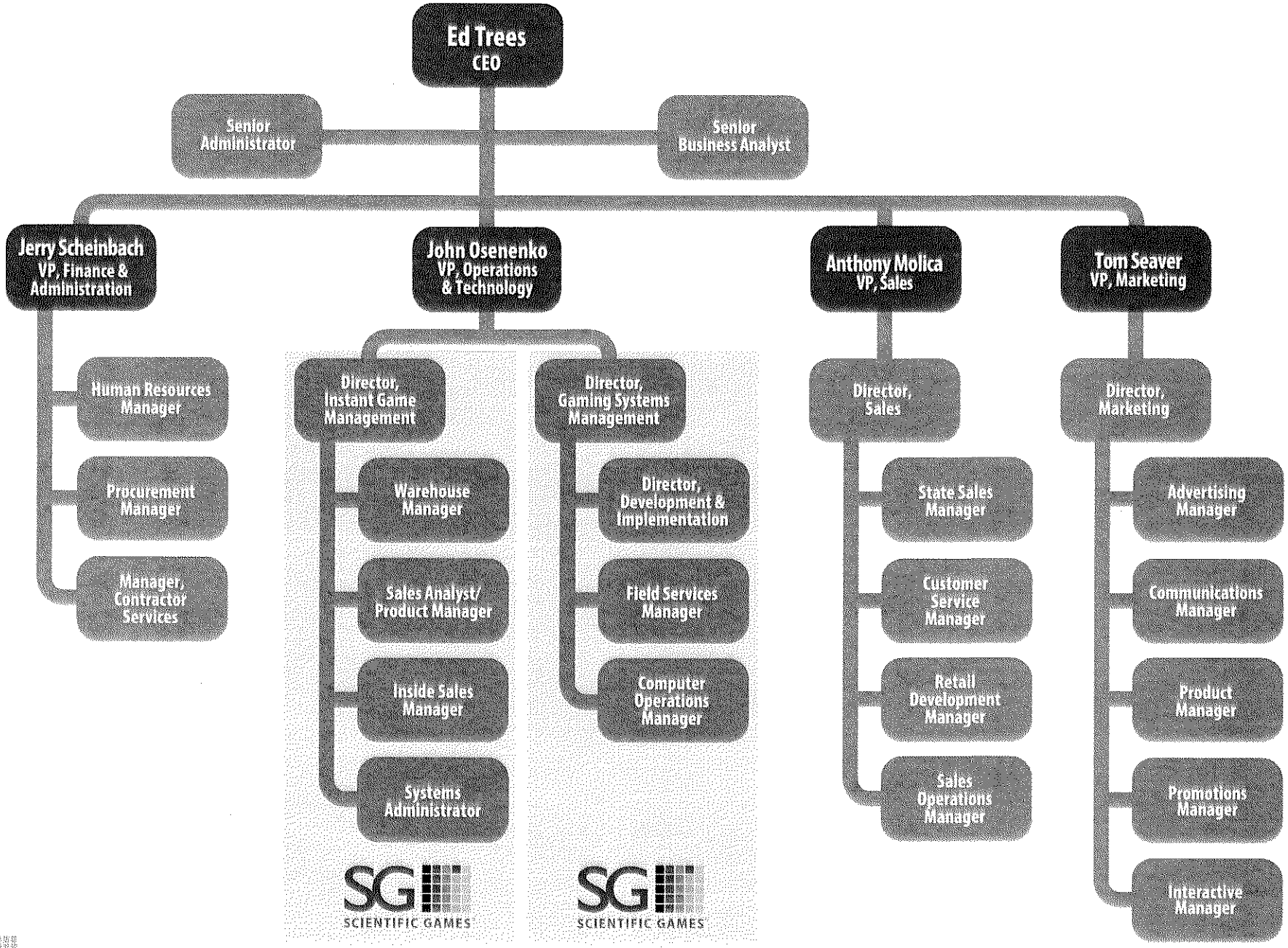
Jim Kennedy
Chief Marketing Officer

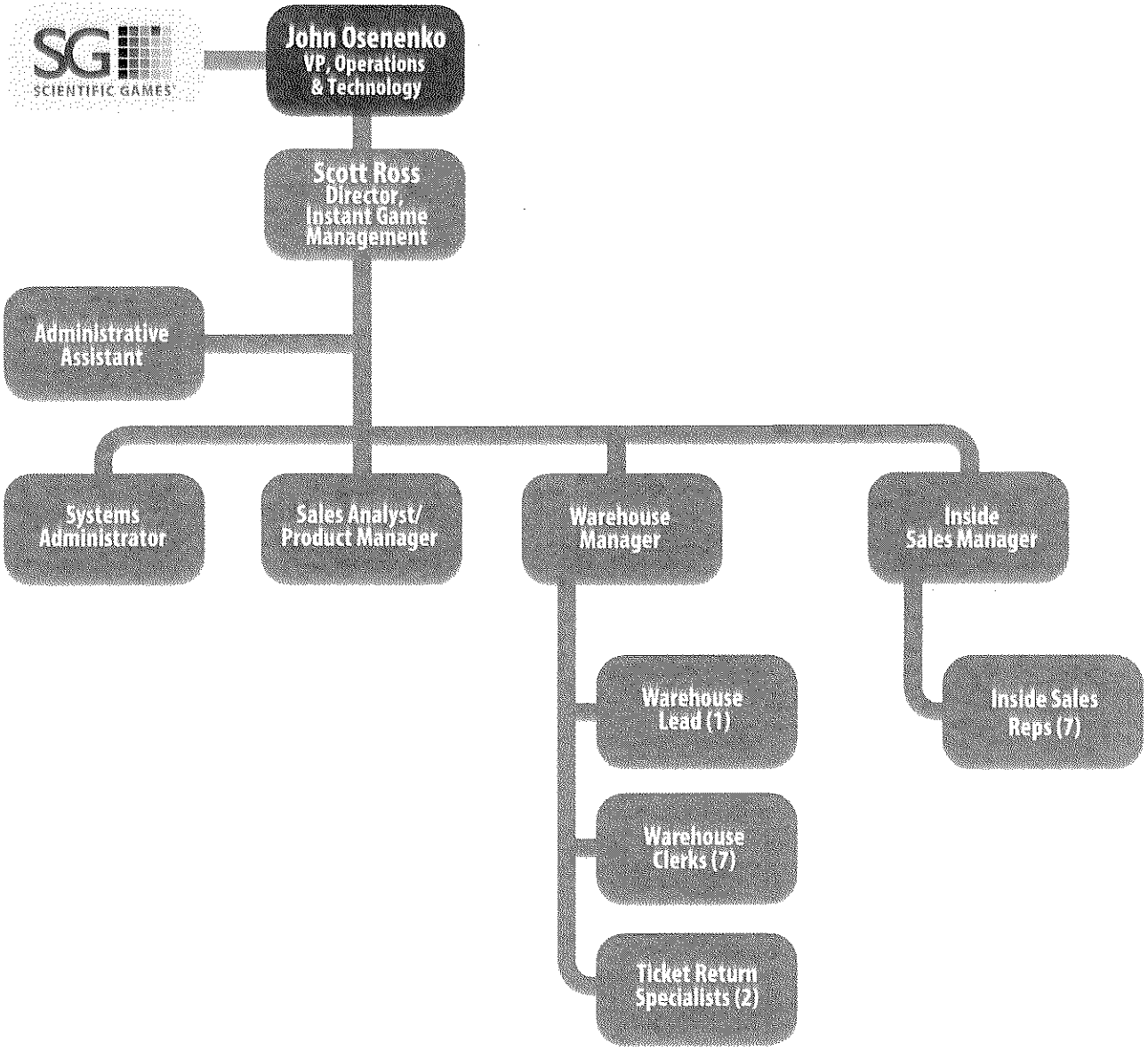
Ed Trees
CEO, SG Indiana

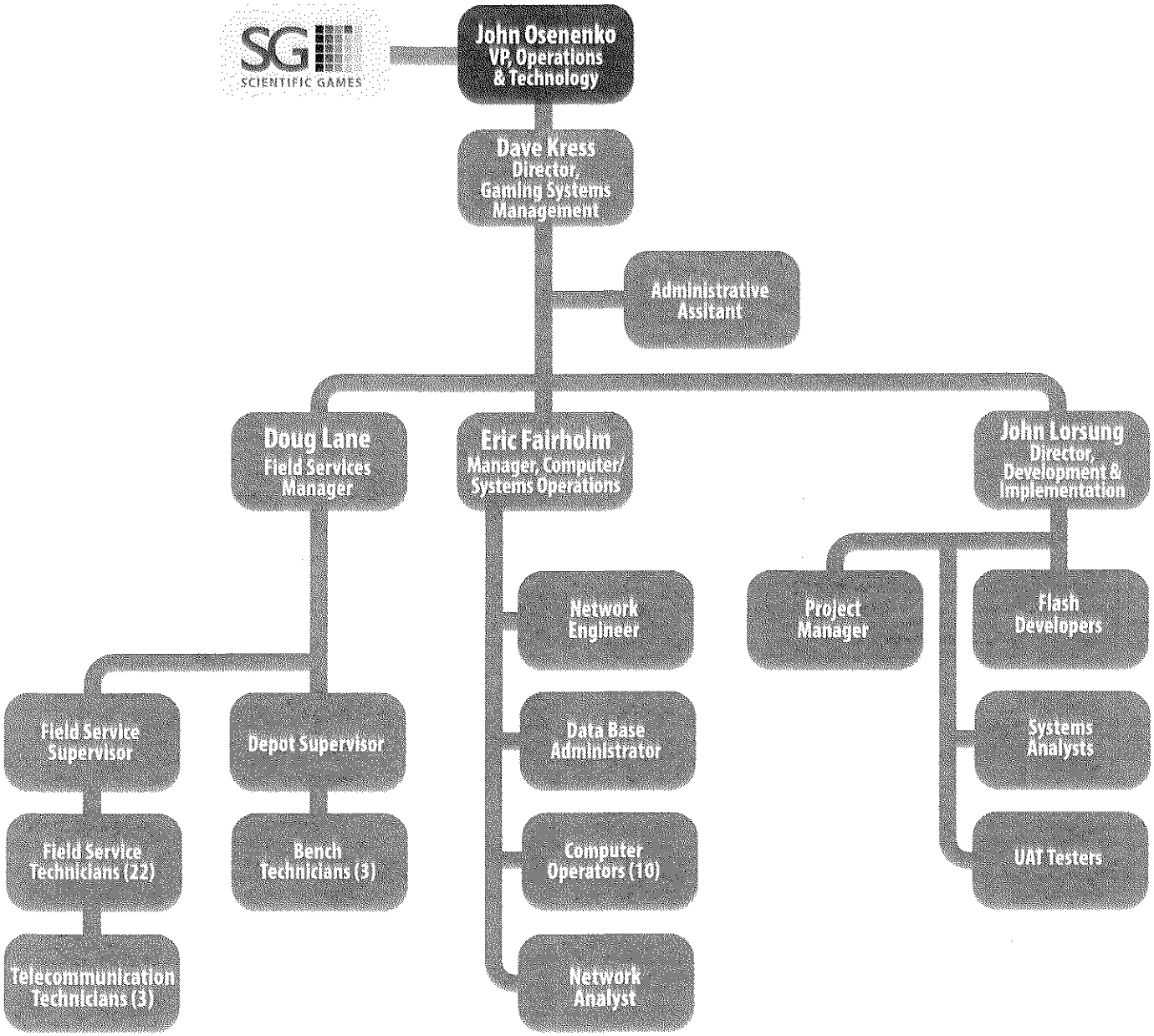
Jack McNeill
VP, Government Relations

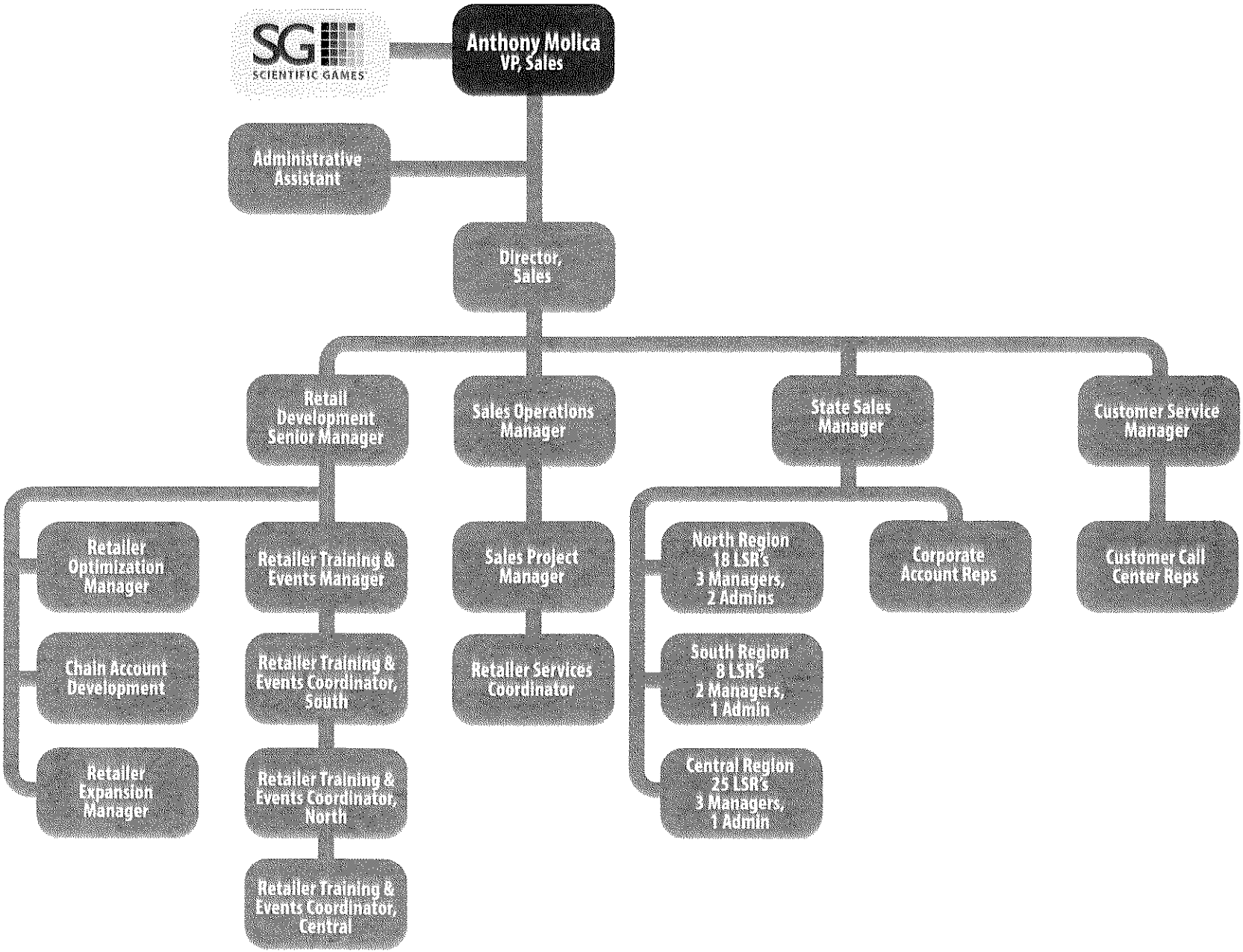

Ed Trees
CEO
Senior Administrator
Senior Business Analyst
Jerry Scheinbach
VP, Finance & Administration
John Osenenko
VP, Operations & Technology
Anthony Molica
VP, Sales
Responsible Gaming Manager
Tom Seaver
VP, Marketing
PUBLICIS INDIANAPOLIS
Hirons&Company
Advertising | Public Relations

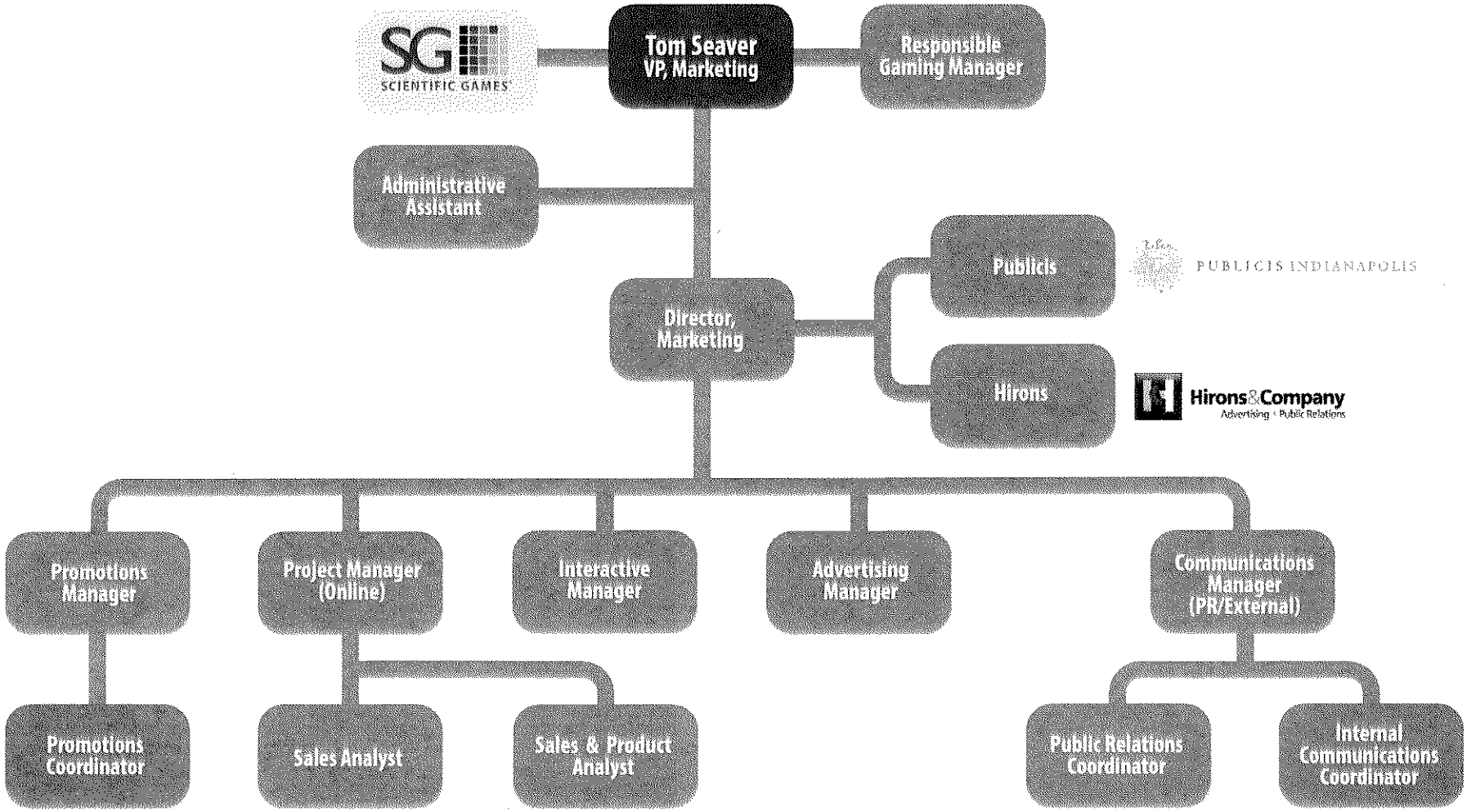
SG INDIANA: SENIOR MANAGEMENT STRUCTURE WITH REPORTS




SG
SCIENTIFIC GAMES
John Osenenko
VP, Operations & Technology
Scott Ross
Director, Instant Game Management
Administrative Assistant
Systems Administrator
Sales Analyst/ Product Manager
Warehouse Manager
Inside Sales Manager
Warehouse Lead (1)
Warehouse Clerks (7)
Ticket Return Specialists (2)
Inside Sales Reps (7)


SG
SCIENTIFIC GAMES
John Osenenko
VP, Operations & Technology
Dave Kress
Director, Gaming Systems Management
Administrative Assitant
Doug Lane
Field Services Manager
Eric Fairholm
Manager, Computer/ Systems Operations
John Lorsung
Director, Development & Implementation
Field Service Supervisor
Depot Supervisor
Field Service Technicians (22)
Bench Technicians (3)
Telecommunication Technicians (3)
Network Engineer
Data Base Administrator
Computer Operators (10)
Network Analyst
Project Manager
Flash Developers
Systems Analysts
UAT Testers


SG SCIENTIFIC GAMES
Anthony Molica
VP, Sales
Administrative Assistant
Director, Sales
Retail Development Senior Manager
Sales Operations Manager
State Sales Manager
Customer Service Manager
Retailer Optimization Manager
Chain Account Development
Retailer Expansion Manager
Retailer Training & Events Manager
Retailer Training & Events Coordinator, South
Retailer Training & Events Coordinator, North
Retailer Training & Events Coordinator, Central
Sales Project Manager
Retailer Services Coordinator
North Region 18 LSR's 3 Managers, 2 Admins
South Region 8 LSR's 2 Managers, 1 Admin
Central Region 25 LSR's 3 Managers, 1 Admin
Corporate Account Reps
Customer Call Center Reps


SG SCIENTIFIC GAMES
Tom Seaver
VP, Marketing
Responsible Gaming Manager
Administrative Assistant
Publicis
PUBLICIS INDIANAPOLIS
Director, Marketing
Hirons
Hirons&Company
Advertising • Public Relations
Promotions Manager
Project Manager (Online)
Interactive Manager
Advertising Manager
Communications Manager (PR/External)
Promotions Coordinator
Sales Analyst
Sales & Product Analyst
Public Relations Coordinator
Internal Communications Coordinator

SCIENTIFIC GAMES RESUMES

SUSAN ATTENBOROUGH

ACCOUNT EXECUTIVE

CONTRACT ROLE

Susan develops and maintains quarterly and yearly product plans based on analysis and research.

SUMMARY OF EXPERIENCE

Susan has six years of experience in the lottery industry. Prior to joining Scientific Games in 2006, she worked as a production scheduler in the printing industry.

WORK HISTORY

2006-Present, Scientific Games – Account Executive

- Serves as game coordinator for accounts including Indiana, Arizona, Montana and Rhode Island
- Generates working papers, prize structures and rules and regulations
- Attends game planning meetings and focus groups to help ensure that marketing strategies are consistent with customer needs
- Collaborates with the Lottery and regional director to produce prize structures

2002-2006, W/S Packaging – Production Scheduler and Quality Control

- Worked with production, sales, purchasing, customer service, and prepress to coordinate incoming jobs

EDUCATION/CERTIFICATIONS

- Georgia Southern University, Statesboro, GA – B.S. Printing Management and Minor in Business, 2002

LESLIE BADGER

VICE PRESIDENT, SYSTEMS MARKETING

CONTRACT ROLE

Leslie will provide strategic support for the marketing and planning of Scientific Games Indiana's draw games portfolio.

SUMMARY OF EXPERIENCE

Leslie is a 13-year veteran of the lottery industry and has broad expertise in strategic marketing planning, game development, retailer execution programs, marketing sales force management, market research, data analysis, proposal development, and corporate communications and branding. Leslie's portfolio of lottery projects includes implementation activities in Indiana, Connecticut, Maryland, Oklahoma, Pennsylvania, and Puerto Rico.

WORK HISTORY

2011-Present, Scientific Games – Vice President, Systems Marketing

- Leads the product development, promotions planning, game design, and retailer execution programs for the draw product portfolio in North America
- Served as Product Manager for the cross-sell initiative and premium national game development
- Serves as subject matter expert for digital content management (Lottery InMotion)

2004-2011, Scientific Games – Senior Director, Online Marketing

- Managed the marketing activities of 16 lottery jurisdictions, over 35,000 retailers, the successful launch of more than 25 online games, and deployment of the company's first wirelessly updated jackpot signs

2002-2004, Scientific Games – Marketing Manager, Tri-State Lotteries

- Led increased lottery revenues in Maine (12.9%), New Hampshire (7.1%), and Vermont (16.3%)
- Responsible for the execution of draw game changes, additions and enhancements as well as promotions planning for the games co-managed by the three lotteries

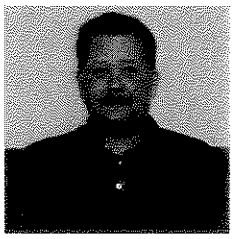
1998-2000, Pollard Banknote (Winnipeg, Canada), International Marketing Manager

- Led the account management and sales activities in Australia, Asia, and Canada

EDUCATION/CERTIFICATIONS

- University of Manitoba, Canada – Bachelor of Commerce (Honors), 1990
- Erehwon Lottery College, Australia, 1999

PATRICK DAVIS



NETWORK ENGINEER

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Network Engineer

CONTRACT ROLE

Patrick will serve as a liaison between Scientific Games' field and local staff, monitoring the installation and operation of statewide telecommunications network and ensuring ongoing network integrity and operability.

SUMMARY OF EXPERIENCE

Patrick has 13 years of experience in the lottery industry. Since joining Scientific Games in 1999, he has worked in a variety of roles to support the Indiana operations.

WORK HISTORY

2010-Present, Scientific Games – Network Engineer

- Manages network equipment at SGI-Plainfield facility associated with the Indiana network
- Serves as a liaison between SGI and the Hoosier Lottery for all new retailer installs, change of ownership, and removals.

2007-2010, Scientific Games – Associate Network Engineer

- Managed network equipment at SGI-Indy and all associated AT&T facilities
- Provided support for network connectivity between Scientific Games and the Hoosier Lottery

2006-2007, Scientific Games – Telecommunications Specialist

- Served as liaison between AT&T and the Hoosier Lottery for all new retailer installs
- Managed the telecommunications network between Scientific Games and retailer location

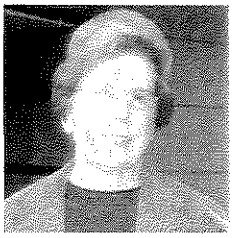
1999-2006, Scientific Games – Help Desk Computer Operator

- Provided technical support for the Hoosier Lottery retailer base

EDUCATION/CERTIFICATIONS

- International Business College, Indianapolis, IN – Associate's degree, 1995
- Microsoft Certified Network Administrator
- Microsoft Certified Network Engineer
- Cisco Certified Network Associate

ELIZABETH "LIZ" DIMMICK



REGIONAL MARKETING MANAGER

CONTRACT ROLE

Liz is the regional marketing manager and provides oversight of the marketing specialist. In addition, she assists in the creation, development, and analysis of promotions. Liz plays a role in the planning and introduction of new games, game changes, and game additions with the support of the corporate game designers.

SUMMARY

Liz has more than 25 years of lottery experience. She has comprehensive experience in the lottery industry encompassing all aspects of game development, game implementation, and marketing strategies. Her background includes online game development and analysis, sales and revenue analysis, and the development and implementation of marketing and promotional plans. Additionally, she has a broad overview of the entire lottery experience, including current discussions of the ramifications of gambling addiction as it relates to web-based gaming. Liz has supported several US lotteries including Indiana, Maine, North Dakota, New Hampshire, Vermont, Delaware, Minnesota, and New York.

WORK HISTORY

2004-Present, Scientific Games – Regional Marketing Manager

- Collaborates with game design team to provide new and enhanced game ideas
- Coordinates with research team to provide in-depth and timely game research, player research, and industry trend analysis
- Consolidates and analyzes online and instant games sales information and trends
- Performs promotion development and analysis for online and instant games

1987-2004, Scientific Games (formally AWI and IGT-OES) – Marketing Manager

- Collaborated with game design team to provide new and enhanced game ideas for Delaware and Minnesota lotteries
- Created and developed online and instant game promotion ideas
- Provided merchandising support and sales analysis
- Served as an account representative

EDUCATION/CERTIFICATIONS

- Wilmington University, Dover, DE – Courses to fulfill requirements for M.B.A., 2002
- State University of New York, Albany, NY – M.A., 1975
- William Smith College, Geneva, NY – B.A., 1970

JUANITA DRANE

SITE ADMINISTRATOR

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Senior Site Administrator

CONTRACT ROLE

Juanita will oversee the ongoing day-to-day activities of the Indiana operations.

SUMMARY OF EXPERIENCE

Juanita began her lottery experience with Scientific Games in 2000, working in the Indiana Help Desk department. She serves as the primary local contact for the Hoosier Lottery sales staff throughout the state. In her far-reaching support role, she works with a number of Lottery departments including security, accounting, sales, and licensing.

WORK HISTORY

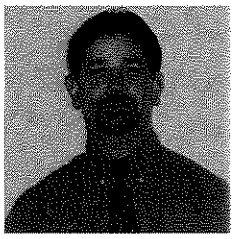
2004-Present, Scientific Games – Site Administrator

- Handles overall administrative responsibilities for the Indiana operation including human resources, accounts payable, accounts receivable, and purchasing
- Provides sales and telecommunications invoicing to the Hoosier Lottery
- Tracks and reports MUSL ticket stock handling compliance
- Provides field support for Hoosier Lottery LSRs for terminal problems, inquiries, and support needs
- Provides local support for help desk and dispatch activities for the Hoosier Lottery retailers

2000-2004, Scientific Games – Help Desk Specialist

- Responsible for help desk and telecommunications support to Hoosier Lottery retailers
- Dispatched service calls to field techs throughout the state of Indiana

ERIC FAIRHOLM



ASSISTANT OPERATIONS MANAGER, INDIANA

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Computer Operations Manager

CONTRACT ROLE

Eric will serve as supervisor of the operations staff. In this role, he will serve as the first point of contact for system-related problems.

SUMMARY OF EXPERIENCE

Eric has been with the Indiana operations team since 1999, starting as a UNIX computer operator. He also served as a lead operator before assuming the role of network administrator.

WORK HISTORY

2005-Present, Scientific Games – Assistant Operations Manager (Indiana)

- Serves as supervisor of Indiana's operations staff
- Responsible for production system uptime and data integrity
- Serves as assistant and back-up to operations manager

2002-2005, Scientific Games – Network Administrator (Indiana)

- Coordinated adds, removes, and changes to the production retailer network
- Responsible for performance, troubleshooting, and uptime of networks

2000-2002, Scientific Games – Telecom Specialist (Indiana)

- Coordinated adds, removes, and changes to the production retailer network

1999-2000, Scientific Games – Day Shift Lead Operator (Indiana)

- Performed daily, weekly, and monthly operator procedures

1998-1999 Beulah Park – State Racing Official: Placing Judge

- Responsible for taking and entering official race card entries

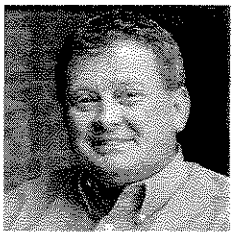
1994-1998, Hoosier Park – Money Room Division Head

- Responsible for count and balance of money division

EDUCATION/CERTIFICATIONS

- Microsoft Windows 2000 Administration Course
- Microsoft Server 2003 Administration Course
- Microsoft Excel 2003 Course

TOM GEORGE



VICE PRESIDENT, SPORTS MARKETING AND SPONSORSHIP

CONTRACT ROLE

Tom is responsible for the development and implementation of the corporate partnership program in both the marketing and corporate outreach elements.

SUMMARY OF EXPERIENCE

Tom joined MDI in 2011 specifically to develop programs to effectively integrate corporate participation in lottery programs. Prior to joining MDI, he was a founding member of the firm that is now Octagon. Octagon is one of the world's largest sports, event and experiential marketing firms. Tom is an industry pioneer who helped develop the fundamentals of sports marketing. In his role as Senior Vice President of Athlete and Property Marketing, Tom crafted some of the most successful athlete marketing portfolios in the industry, including those for Michael Chang, Grant Hill, Gustavo Kuerten, Anna Kournikova, David Robinson, Chris Paul, Justin Tuck, Emmitt Smith, and Sheryl Swoopes. He developed and marketed a broad variety of experiential properties including *Black Magic*, ESPN's Peabody Award-winning documentary.

WORK HISTORY

2011-Present, Scientific Games – Vice President, Sports Marketing and Sponsorship, MDI

- Responsible for the development and implementation of the corporate partnership program in both the marketing and corporate outreach elements

2004-2011, Octagon – Senior Vice President, Athlete and Property Marketing

- Created, managed and implemented the Personality Marketing Division at Octagon (1990)
- Created and implemented Octagon's Literary Representation Group including *The Big Miss: My Years Coaching Tiger Woods* by Hank Haney, a *New York Times* best seller

2008-10, Georgetown University – Adjunct Professor of Strategic Sports Marketing

- Founding member of Georgetown's Masters Program in Sports Marketing

2001-2003, American University – Director of Athletics

- In charge of administration, fundraising and events for 19 Division 1 athletic teams

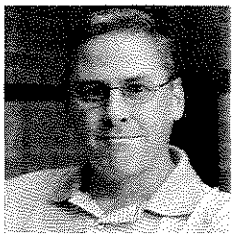
1983-2001, Advantage International (now Octagon) – Sports Agent

- Negotiated sports marketing deals for athletes

EDUCATION/CERTIFICATIONS

- Wake Forest University, Winston-Salem, NC – B.S. Business, 1976

DANIEL GRACE



DIRECTOR, PROJECT MANAGEMENT

CONTRACT ROLE

Dan will lead the teams involved in the implementation project.

SUMMARY OF EXPERIENCE

Dan has 11 years of experience implementing and managing broad-based lottery and IT programs. His portfolio of lottery projects includes Indiana, Connecticut, Pennsylvania, Norway, Switzerland, the Philippines, Shanghai, and Korea.

WORK HISTORY

2003-Present, Scientific Games – Director, Project Management

- Manages all project deliverables across multiple delivery teams, tracking progress and adherence to project plan and schedule
- Controls changes to ensure quality; provides analysis of the changes; obtains lottery approval before implementation; and provides thorough testing prior to implementation

2001-2003, IGT-OES, formerly Automated Wagering International – Project Manager

- Planned and implemented online projects, including scheduling, facilities, and training; managed teams that determined pre-sales feasibility, defined business requirements, and developed design documents; assigned work and defined delivery objectives; single point of contact for all software systems development, implementations, change control, and enhancements within assigned jurisdictions; developed project management methods and procedures for system development and quality assurance

1999-2001, The Get Paid Corporation – Project Manager

- Created deduction resolution systems, account receivable reports for forecasting and balance reconciliation, databases and installed Oracle and SQL Server software on NT and 2000 platforms

EDUCATION/CERTIFICATIONS

- Plymouth State College, Plymouth, NH – Coursework toward B.S. in Geography, 1984-1988
- Member of Project Management Institute (PMI)
- Certified Project Management Professional (PMP)

AMY HILL

SENIOR VICE PRESIDENT, MDI INTERACTIVE

CONTRACT ROLE

Amy leads the MDI Interactive division. She manages the delivery of a product and service portfolio encompassing promotional web sites, players clubs, loyalty programs, and interactive games to deliver effective solutions.

SUMMARY OF EXPERIENCE

Amy has 24 years of experience in the lottery industry. Most recently, she has taken on the role of delivering interactive content to the lottery industry, based on her knowledge and experience with technology systems that deliver products and marketing programs to drive sales. Before joining Scientific Games in 2002, Amy worked at AWI where she progressively served in the capacities of territory management and retailer support, customer account management, corporate communication and brand development, strategic marketing planning and acquisitions, product development and product marketing.

WORK HISTORY

2011-Present, Scientific Games – Senior Vice President, MDI Interactive

- Manages a team of interactive experts to deliver promotional, game and web content via digital media including the internet
- Creates new interactive games, promotions, and web design initiatives that expand the reach and frequency of lottery programs

2008-2011, Scientific Games – Vice President, Linked Game Development and Operation

- Developed marketing initiatives in conjunction with specific brands, shows and icons

2002-2008, Scientific Games – Vice President, Online Sales and Marketing

- Developed the online product category, creating a focused genre of new content for each category, and defined the overall marketing strategy
- Managed online game development, strategic marketing planning, product/content sales, promotion and research

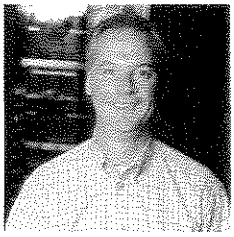
1988-2002, Automated Wagering International – Director of Online Marketing

- Provided product mix analyses and implemented recommendations and promotion plans

EDUCATION/CERTIFICATIONS

- Claritas, Alexandria, VA – Quantitative Marketing Analysis, 1990
- Pacific Lutheran University, Tacoma, WA – B.B.A. Marketing, 1987

MARK HOFFMAN



REGIONAL DIRECTOR, OPERATIONS

CONTRACT ROLE

Mark oversees implementation and all operational activities that support the contract, ensuring the highest possible customer satisfaction as a central part of the partnership between the Lottery and Scientific Games.

SUMMARY OF EXPERIENCE

Mark has more than 28 years of management and technical support in the lottery industry. He was project manager for two Canadian projects and assisted in terminal installation and ongoing support for eight U.S. lotteries.

WORK HISTORY

2003-Present, Scientific Games – Regional Director, Operations

- Provides direct communication between the Lottery and Scientific Games
- Serves as corporate liaison between the primary site, remote site, and corporate staff
- Ensures the highest possible customer satisfaction by identifying, coordination, and involving the resources to fulfill contract requirements and meet customer's needs

2000-2003, Scientific Games – Manager, Field Support

- Served as project manager of the Extrema-M™ project for Ontario Lottery and Gaming Corporation and the STAN terminal project for British Columbia Lottery Corporation
- Developed training program for over 6,000 retailers during the 2001 conversions in Maine and Iowa; coordinated and developed training for over 3,000 retailers during start-ups in Maine, New Hampshire, and Vermont
- Developed the Central Repair Depot in Des Moines for terminal repair

1991-2000, Electronic Concepts Inc – President

- Owned and operated a company that specialized in service and repair of lottery equipment
- Contracted with the Virginia Lottery to provided service and repairs for their network of over 4,000 lottery terminals

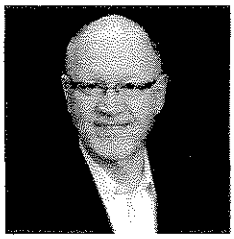
1984-1991, Scientific Games – Various positions

- Served as a field service technician, facility manager, field service manager, and field engineering manager for several Midwestern lotteries

EDUCATION/CERTIFICATIONS

- United Electronics Institute, A.S. Electronics Technology, 1981

BILL HUNTLEY



PRESIDENT, GAMING SYSTEMS

CONTRACT ROLE

Bill is responsible for U.S. gaming systems, European gaming systems, video gaming, systems support, and project management.

SUMMARY OF EXPERIENCE

With more than 39 years of experience with online wagering systems, Bill has had responsibility for nearly every aspect of online gaming systems including team selection; project planning; system design and development; training; testing; installation; and on-going operations management.

WORK HISTORY

2011-Present, Scientific Games, President, Gaming Systems

- Responsible for U.S. gaming systems, European gaming systems, video gaming, systems support, and project management

2009-2011, Scientific Games – Consultant

- Provided consulting services for several key business development initiatives

2006-2009, Scientific Games – President, Racing, Sports, and Gaming Technology

- Responsible for U.S. racing systems and European racing systems

2000-2006, Scientific Games – President, Lottery Systems

- Responsible for U.S. lottery systems, European lottery systems, video gaming, systems support, and project management

1997-2000, Autotote – President

1995-1997, Autotote – Corporate Vice President, Technology

1990-1995, Autotote – Vice President, Operations

1986-1990, Autotote – Director Field Operations

1982-1986, Autotote – Project Manager, Research & Development

1980-1982, Autotote – Technical Liaison, Field Operations

1972-1980, Autotote – Systems Manager, Field Operations

EDUCATION

- University of Delaware, Studies in Computer Science

JAMES KENNEDY

CHIEF MARKETING OFFICER

CONTRACT ROLE

Jim provides executive management, support and direction of the marketing team.

SUMMARY OF EXPERIENCE

Jim has 27 years of experience with all aspects of lottery business including lottery game design, marketing, research, systems development, and product development. He has been responsible for bringing over 10,000 instant games to market. He has also developed hundreds of annual marketing plans for North American and international lotteries. Jim has presided over sales increases of over 400% in several jurisdictions and has been responsible for managing over $10 billion in sales of instant games for Scientific Games customers. He was responsible for the development and implementation of the E3 system, the first instant ticket dispensing solution integrated into a supermarket's electronic point-of-sale system. Jim's extensive portfolio of lottery projects includes Texas, New York, Massachusetts, Pennsylvania, and 35 other states as well as Canada, Mexico, Europe, Asia, Latin America, and Australia.

WORK HISTORY

2010-Present, Scientific Games – Chief Marketing Officer

- Responsible for global marketing and research, marketing communications, and business capture management

2006-2010, Scientific Games – Senior Vice President, Sales and Global Marketing

- Presided over global sales and marketing for all lottery customers

2001-2005, Scientific Games – Senior Vice President of Sales Marketing, North America

- Managed the instant and online sales and global marketing for all domestic lottery jurisdictions, representing over $20 billion in retail sales annually with double-digit growth

1985-2001, Scientific Games – Various positions

- Supported management, marketing, and sales programs for U.S. lotteries

EDUCATION/CERTIFICATIONS

- University of Colorado, Boulder, CO – M.B.A., 1992
- Metropolitan State College, Denver, CO – B.S. Computer and Management Science, 1985

DAVE KRESS

GENERAL MANAGER, INDIANA

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Director, Gaming Systems Management

CONTRACT ROLE

Dave will be responsible for the management of field services, computer operations and support, and development and implementation.

SUMMARY OF EXPERIENCE

Dave has 15 years of lottery industry experience. Prior to joining Scientific Games, he served the Hoosier Lottery for 15 years in a variety of roles, including computer programmer, software development manager, and director of information services.

WORK HISTORY

2012-Present, Scientific Games – General Manager, Indiana

- Manages day-to-day operations of system and services
- Consults with Lottery management on sales, marketing, and service issues

2005-2012, Apparatus – Controller

- Responsible for managing all A/R functions, financial reporting, and managing cash flow

2005-2007, Apparatus – Project Manager

- Responsible for managing all phases of projects from proposal phase through deploy phase

1997-2005, Hoosier Lottery – Director of Information Services

- Directed the day-to-day operations of the Information Services Department including Software Development, Technical Services and Computer Operations
- Worked with the Multi-State Lottery Association to ensure compliance with association rules

1996-1997, Hoosier Lottery – Information Services Manager

1993-1996, Hoosier Lottery – Software Development Manager

1990-1993, Hoosier Lottery – Computer Programmer/Analyst

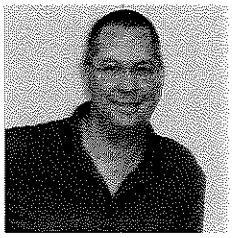
1989-1990, State of Indiana – Computer Programmer

1988-1989, People's Bank – Computer Operator

EDUCATION/CERTIFICATIONS

- Purdue University, Indianapolis, IN – B.S. Computer Technology, Scientific Option, 1987

DOUG LANE



FIELD SERVICES MANAGER

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Field Services Manager

CONTRACT ROLE

Doug will ensure continuity of existing field service activities and support throughout the state of Indiana. He will work with the field engineering project team members to oversee the daily field service activities including new terminal testing and installation of the new retailer telecommunications network, peripherals, and terminals according to agreed upon schedule.

SUMMARY OF EXPERIENCE

Doug's lottery-specific experience dates back to 1986 where he started as a field technician in Illinois. In 1988, he assisted with the start-up of the Florida Lottery where he worked as a lead technician. In 1999, he relocated to Indiana, where he assisted with the terminal conversion in his role as lead field technician. In 2005, he was promoted to field service manager. Doug has assisted with the implementation or conversion of lottery systems in several different states including Indiana, Florida, Pennsylvania, Minnesota, and Colorado.

WORK HISTORY

2005-Present, Scientific Games – Field Service Manager (Indiana)

- Oversees the field service department
- Provides leadership over the field service supervisor and bench departments to ensure that the retailers receive any technical assistance with their online terminals that they need
- Responds to the needs of lottery headquarters regarding requests for online equipment and peripherals at retail locations

1999-2005, Scientific Games – Lead Field Technician (Indiana)

- Handled day-to-day field service issues and worked closely with field technicians throughout the state

1988-1999, Florida Lottery – Lead Technician

1986-1988, Illinois Lottery – Field Technician

EDUCATION/CERTIFICATIONS

- Illinois Central College, East Peoria, IL – A.S., Industrial Electronics, 1986

JOHN LORSUNG

OPERATIONS MANAGER

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Director, Development and Implementation

CONTRACT ROLE

John will oversee the development and deployment of system upgrades, software enhancements and online game changes.

SUMMARY OF EXPERIENCE

John began working at the Indiana operations team in 1999 as a computer operator and has held multiple roles before becoming the operations manager. He works closely with corporate development and technical teams and Hoosier Lottery staff to ensure smooth day-to-day operation of the data center as well as overseeing all software development efforts.

WORK HISTORY

2005-Present, Scientific Games – Operations Manager

- Oversees all computer operations, telecommunications and data base management operations in Indiana
- Leads all development testing and implementation efforts for the Indiana operations

2004-2005, Scientific Games – Data Center Manager

- Managed the day-to-day activities of the control room along with performing all testing requirements for the Indiana project

2003-2004, Scientific Games – Application Specialist

- Responsibilities included the successful testing and implementation of software releases and patches to the operating system

2001-2003, Scientific Games – Database Administrator

- Responsibilities included the maintenance and integrity of a primary and standby database for a 24/7/365 operating system

1999-2001, Scientific Games – Computer Operator

- Responsible for troubleshooting, system maintenance and procedure creation

EDUCATION/CERTIFICATIONS

- Indiana State University, Terre Haute, IN – B.S., Management Information Systems, 1999
- ITIL v3.0 Foundation, Signal Learning, Mishawaka, IN, 2008

PATRICK MCHUGH

VICE PRESIDENT, OPERATIONS, AMERICAS

CONTRACT ROLE

Pat will oversee local and corporate support of the ongoing operational services, including all support services to ensure contract compliance, quality and integrity of site operations, and customer satisfaction for the lottery.

SUMMARY OF EXPERIENCE

Pat has over 20 years lottery experience directing large-scale projects for leading gaming and government services. At the domestic and international level, he has directly managed complex industry projects that have included lottery start-ups and conversions. Pat's portfolio of lottery projects includes Texas, New York, Massachusetts, Georgia, Pennsylvania, Connecticut, Maryland, Oklahoma, Washington, Michigan, Oregon, Sweden, Switzerland, Spain, Belgium, the Netherlands, the Czech Republic, and Mexico.

WORK HISTORY

2005-Present, Scientific Games – Vice President, Operations, Americas

- Oversees all online facilities management operations in over 13 jurisdictions, including full profit and loss responsibility for North American online lottery operations
- Governs the activities of over 800 associates and ensures contract compliance

2004-2005, Scientific Games – Senior Director, Central Services

- Developed and implemented the company's support organizations, spanning the technology, operations, communications, and field service divisions

2003-2004, IGT Online Entertainment Systems – Director, Project and Process Management

- Provided oversight of online/video lottery project implementations and process improvements

1999-2003, Digimarc ID Systems – Director, Manager, Project Management Office

- Provided oversight of project management office

1992-1999, GTECH Corporation – Manager, Worldwide Projects

- Directed domestic and international project implementations

EDUCATION/CERTIFICATIONS

- Northeastern University, Boston, MA – B.S. Operations Technology, 2001
- Member Project Management Institute (PMI)

JACK MCNEILL

VICE PRESIDENT, GOVERNMENT RELATIONS, NORTH AMERICA

CONTRACT ROLE

Jack will be responsible for developing and implementing an effective public affairs and government relations strategy across North America. He will advance legislative and regulatory agendas by building and maintaining effective working relationships with legislators, lobbyists, and other officials.

SUMMARY OF EXPERIENCE

Since 1991, Jack has developed and managed numerous government relations, public affairs, health care, business development and public policy programs. He has considerable experience working on various outreach and awareness initiatives and has managed projects in both the public and private sectors.

WORK HISTORY

2010-Present, Scientific Games – Vice President, Government Relations, North America

- Develops and implements effective public affairs and government relations strategies

2002-2010, The Barra Group, LLC – President

- Founder and manager of a consultancy that provides public affairs, government affairs, media and event strategy for a diverse client base

2000-2002, Link2Gov Corporation – Vice President of Government Affairs

1999-2000, McCain for President – Senior Staff

1997-1999, GTECH Corporation – Manager, International Business Development and Government Affairs

1995-1996, Dole/Kemp '96 – Deputy Political Director

1993-1995, Center for Naval Analyses – Special Assistant to the President for External Affairs

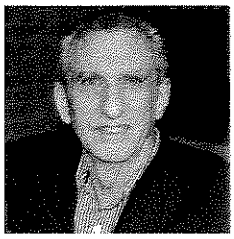
1991-1993, Black, Manafort, Stone & Kelly/Burson-Marsteller – Public Affairs Specialist

1989-1990, U.S. House of Representatives Committee on Energy and Commerce – Staff Assistant

EDUCATION/CERTIFICATIONS

- Villanova University - B.A. with concentrations in political science and geography, 1991

ANTHONY MOLICA



VICE PRESIDENT, SALES DEVELOPMENT

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Vice President, Sales

CONTRACT ROLE

Anthony will be responsible for expansion into new retail channels and trade styles through recruitment initiatives; optimizing in-store game performance at retail with new programs; retail training to ensure a knowledgeable retail force; and retail customer service support for ongoing management.

SUMMARY OF EXPERIENCE

Anthony has 27 years of lottery experience. Prior to joining Scientific Games, he served as the Director of Sales for the Multijuegos Lottery in Mexico, as well as the director of both the Washington and California lotteries.

WORK HISTORY

2012-Present, Scientific Games — Vice President, Sales Development

- Responsible for assisting the lottery the analysis and execution of programs that further develop retailer productivity

2004-2011, Anthony Molica & Associates – President

- Provided consulting services to U.S. and international lotteries and vendors

2003-2004, California Lottery – Chief Executive Officer

- Managed lottery staff of more than 650

2002-2003, Washington Lottery – Executive Director

- Managed lottery staff of nearly 150 and annual sales of $450 million

1999-2002, California Lottery – Director of Sales, Director of Sales Planning

- Managed sales division staff of 260 and nearly $2.9 billion in annual sales

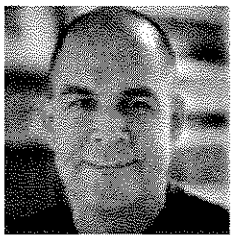
1989-1999, California Lottery – Chief of Key Accounts Department

1985-1989, California Lottery – District Sales Representative/Manager

EDUCATION/CERTIFICATIONS

- California State University at Sacramento – B.A. Social Science, 1972
- American River College, Sacramento, CA – A.A. Liberal Arts, 1969

JOHN OSENENKO



STRATEGIC CONSULTANT

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Vice President, Operations and Technology

CONTRACT ROLE

John will lead product and service delivery for the business. He will manage organizational operations by directing and coordinating activities consistent with establish goals, objectives, and policies.

SUMMARY OF EXPERIENCE

John has more than 19 years of lottery experience including 12 years of creating and operating lottery ventures while living in Asia, Europe, South America, and Africa. Most recently, he contributed to the company's expansion in China and the further development of the Australian gaming market. He has experience with a broad range of business functions including general management, business development, government affairs, and program management. John's portfolio of lottery projects includes Poland, Czech Republic, Slovakia, Argentina, South Africa, Germany, Belgium, the Netherlands, Sweden, China, and Puerto Rico.

WORK HISTORY

2010-2012, Scientific Games – Strategic Consultant

2009-2010, Scientific Games – Regional Director, North America

- Responsible for maximizing revenue through existing and new jurisdictions in North America

2006-2008, Scientific Games – Vice President, Business Development Asia Pacific

- Responsible for maximizing revenue through existing and new jurisdictions in Asia Pacific

2002-2005, Scientific Games – General Manager, Florida Lottery

- Led the profit center activities of the company's online lottery operations

1989-2000, GTECH Corporation – Director and various other leadership roles

- Led the introduction and expansion of gaming opportunities in markets worldwide including Eastern Europe, South America, Africa, and the United States

EDUCATION/CERTIFICATIONS

- Drexel University, Philadelphia, PA – B.S., Business Administration, 1987

KYLE ROGERS

GENERAL MANAGER, PROPERTIES

CONTRACT ROLE

Kyle provides day-to-day management of the licensed properties team.

SUMMARY OF EXPERIENCE

Kyle has 20 years of lottery-related experience, including 12 years at the Virginia Lottery where he served as marketing director, product development manager, and research analyst. He has knowledge and experience in the areas of prize structure design; game design elements including names, themes, play formats, color selection, etc.; lottery sales, industry trends and market analysis relating to game recommendations; product management; and market analysis and planning.

WORK HISTORY

2004-Present, Executive Vice President and General Manager – MDI Entertainment

- Responsible for all of licensed games from license acquisition through game development, sales, and game launches
- Responsible for creation and implementation of internet strategy for licensed games

2000-2004, Virginia Lottery – Marketing Director

- Recorded sales and profits in every year as marketing director
- Led transition efforts from The Big Game to Mega Millions
- Introduced multi-state Lotto South to replace aging Lotto game

1996-1999, Virginia Lottery – Product Development Manager

- Responsible for instant product line as well as online product line
- Led Virginia's efforts to launch the multi-state Big Game

1993-1996, Virginia Lottery – Senior Research Analyst

- Responsible for all lottery research and sales analysis

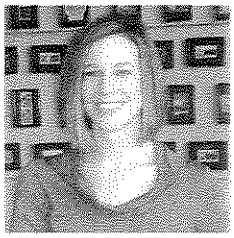
1992-1993, Virginia Lottery – Research Analyst

- Created lottery sales reporting functions and sale tracking information

EDUCATION/CERTIFICATIONS

- College of William and Mary, Williamsburg, VA – M.B.A., 1993
- University of Virginia – Bachelor's degree, Commerce, 1990

SUSAN ROLFS



DIRECTOR, SITE MARKETING SUPPORT

CONTRACT ROLE

Susan supports strategic marketing and planning of the draw product line and facilitates development of new products and services.

SUMMARY OF EXPERIENCE

Susan has seven years of lottery-specific experience, two of which were Indiana specific. Prior to joining Scientific Games in 2007, she worked on promotional campaigns and product development in a variety of industries including consumer packaged goods, finance, and manufacturing.

WORK HISTORY

2011 – Present, Scientific Games – Director, Site Marketing Support

- Oversees all site marketing systems teams to develop programs to drive incremental revenue by leveraging corporate marketing tools and experience

2007-2011, Scientific Games – Senior Regional Marketing Manager

- Manages projects for corporate office including promotion catalog and promotion analysis

2005-2007, Scientific Games – Marketing Manager (Indiana)

- Developed and executed marketing programs complementary to the Lottery's marketing strategies including new game launches and game promotions
- Researched, analyzed, and monitored product, financial, technological and demographic factors
- Worked with Lottery to monitor consumer reactions to current product mix to ensure the timely adjustment of marketing strategy and plans met changing consumer market conditions

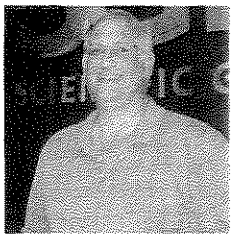
2002-2005, Playwerks, Inc. – Senior Account Executive

- Developed promotional campaigns, analyzed their effectiveness, and provided recommendations for future campaigns

EDUCATION/CERTIFICATIONS

- DePauw University, Greencastle, IN – Management Fellows Honors Business Program, Spanish, 2002

SCOTT ROSS



SENIOR DIRECTOR, INSTANT TICKET SERVICES

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Director, Instant Game Management

CONTRACT ROLE

Scott will be responsible for the development and execution support of programs that drive instant game sales. He will provide oversight for all game production schedules to ensure on-time delivery of instant games.

SUMMARY OF EXPERIENCE

Scott has 31 years of total lottery experience, 15 years of which are with Scientific Games. Since 1981, he has worked in the state, semi-private, and private sectors of the lottery industry.

WORK HISTORY

2011- Present, Scientific Games – Senior Director, Instant Ticket Services

- Develops and recommends marketing objectives, including sales volume and financial forecasts for five CSP sites in the U.S.

2010-2011, Scientific Games – General Manager, Florida CSP

2002-2010, Scientific Games – Marketing Manager, Arizona CSP

2009-2010, Scientific Games – General Manager, Arkansas CSP (concurrent with Arizona)

2008-2010, Scientific Games – Marketing Manager, SG-China (concurrent with Arizona and Arkansas)

2004-2009, Scientific Games – General Manager, New Mexico CSP (concurrent with Arizona)

1997-2002, Scientific Games – Sales and Distribution Manager, Florida CSP

1996-1997, New Mexico Lottery – Instant Ticket Product Sales Manager

1984-1996, Arizona Lottery – Corporate Account Manager

1981-1984, Arizona Lottery – Marketing Representative

EDUCATION/CERTIFICATIONS

- Kent State University, Kent, OH – B.S. Public Relations, 1975

STEVEN SAFERIN

PRESIDENT, PROPERTIES GROUP

CONTRACT ROLE

Steve is responsible for the overall market development of the company's licensed properties and promotional opportunities.

SUMMARY OF EXPERIENCE

Steve is president of Scientific Games' licensed property division, MDI Entertainment. He is responsible for the industry's largest portfolio of licensed properties with contracts in nearly every U.S. lottery jurisdiction. He has knowledge and experience in the areas of quality control and assurance; lottery sales, industry trends and market analysis relating to game recommendations; product management; customer service/account management; and marketing analysis and planning.

WORK HISTORY

2010-Present, Scientific Games – President, Properties Group

- Responsible for overall market development of company's licensed games division as well as other intellectual property

2003-2010, Scientific Games – Chief Creative Officer

- Managed company's licensed games division

1986-2003, MDI Entertainment, Inc. – President and Chief Executive Officer

- Founded MDI in 1986; built the company into the leading provider of entertainment based promotions of the lottery industry
- Conceived and led the company's development of a licensed game promotions strategy, including the securing of licenses, development of the merchandise model and sales of games to lottery customers

1982-1986, ESPN – Director of Program Acquisitions

- Oversaw a staff of 30 that handled all program acquisition and scheduling of the 24-hour cable sports channel

EDUCATION/CERTIFICATIONS

- American University, Washington, D.C. – B.A. Communications, 1970
- J.D University of Maryland School of Law, Baltimore, MD, 1974
- Georgetown Law Center, Washington, D.C.

GERARD SCHEINBACH

SENIOR VICE PRESIDENT, FINANCE

CONTRACT ROLE

Gerard will provide overall supervision and administration of financial issues.

SUMMARY OF EXPERIENCE

Gerard has over 39 years of general financial management experience. Under Scientific Games' most recent Private Management Agreement with the Illinois Lottery, he serves as the senior financial advisor to Scientific Games on behalf of the Scientific Games equity interest. In this role, Gerard holds primary responsibility for the ongoing review and analysis of the financial operation for Northstar. In addition, he is also responsible for Northstar's budget and forecasts and maintains frequent communications with the administrative and finance departments.

WORK HISTORY

2000-Present, Scientific Games International, Inc. – Senior Vice President, Finance

- Responsible for managing accounting, financial reporting, finance, tax and insurance
- Develops, recommends and implements accounting and financial policies to ensure adequate internal controls in compliance with Sarbanes-Oxley
- Directs the daily/monthly/quarterly accounting functions to provide consistent and accurate accounting, financial reporting and analysis for both internal and external purposes
- Oversees budgeting, forecasting and long-range planning processes for all areas of responsibility

1996-2000, Autotote Systems Inc. – Vice President, Finance

1992-1996, Smith Corona Corporation – Corporate Director, Planning, Budgets & Financial

1988-1992, Smith Corona Corporation – Director of Accounting

1984-1988, Smith Corona Private Limited – Financial Director and Company Secretary

1981-1984, Smith Corona Typewriters – Finance and Administration Manager, UK

1979-1981, SCM LTD – Financial Controller

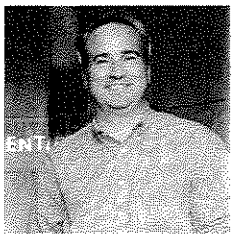
1976-1979, SCM Corporation – Corporate Manager of Internal Audit

1973-1976, Peat, Marwick, Mitchell & Co. – Auditor

EDUCATION/CERTIFICATIONS

- Iona College – B.A. Accounting, 1973

JOHN SCHULZ



VICE PRESIDENT, INSTANT GAME MANAGEMENT SERVICES

CONTRACT ROLE

John provides operational oversight of instant game management operations.

SUMMARY OF EXPERIENCE

John has 26 years of lottery experience. He joined Scientific Games in 1985 under the company's first-ever Cooperative Services Program (CSP) contract with the New York Lottery. John has managed projects and new business opportunities around the world. He has led and implemented various projects such as new lottery start-ups, terminal installations, instant ticket back-office systems, online implementations, and commercial game operations. John currently oversees the North American Cooperative Service group. His portfolio of lottery projects includes Pennsylvania, New York, Maine, Nebraska, West Virginia, Virginia, Kentucky, Florida, Georgia, Oklahoma, Iowa, Arkansas, South Carolina, New Mexico, Delaware, Arizona, Washington DC, Ohio, Puerto Rico, Mexico, Spain, Italy, Australia, China, and Peru.

WORK HISTORY

2007-Present, Scientific Games – Vice President, Instant Game Management Services

- Oversees and provides daily corporate support to all CSP sites in North America
- Oversees the personnel and profit and loss for all North American CSP operations
- Provides start-up direction and support for all new CSP operations globally

2000-2007 Scientific Games – Senior Regional Director, Operations

- Managed operations for online and CSP sites including Montana, South Carolina, Arizona, New Mexico, Colorado, Iowa, Georgia, and Florida
- Served as the corporate representative on the operational side for Scientific Games
- Managed all on-site personnel

1994-2000 Scientific Games – Technical Services Manager

- Responsible for the Project Management Group and Bench Repair Operations

1985-1994 Scientific Games – Operations Manager, New York CSP Operations

- Responsible for the logistics portion of the New York Instant Ticket Program

EDUCATION/CERTIFICATIONS

- Nyack College, Nyack, NY – B.S. Organizational Management, 1994

TOM SEAVER

STRATEGIC CONSULTANT

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Vice President, Marketing

CONTRACT ROLE

Tom will manage all aspects of building the brand among customers and the industry, including managing relationships and reporting on analytics and ROI across multiple marketing platforms.

SUMMARY OF EXPERIENCE

Tom has 23 years of diversified marketing management and consulting experience in the lottery and advertising industries. His expertise includes marketing plan development, consumer and retailer research, consumer and retailer promotion development, sports marketing and retail merchandising.

WORK HISTORY

2010-2012, Scientific Games – Vice President, Marketing

- Created marketing and advertising programs for the Northstar Lottery Group, the private manager for the Illinois Lottery

2000-Present, Seaver Creative, Inc. – Vice President

- Provides consulting in the areas of consumer marketing strategy, advertising, consumer and retailer research and product development

1992-2000, Karsh & Hagan Advertising, Vice President/Senior Account Supervisor

- Developed, implemented and evaluated integrated marketing plans including consumer research and analysis, media, creative, sponsorship, and promotions

1988-1992, Virginia Lottery – Advertising and Marketing Manager

- Directed advertising agency and broadcast partner activities including evaluation and budget management

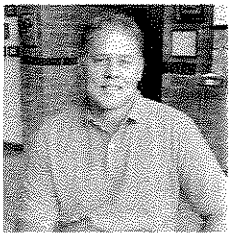
1985-1988, Missouri Lottery - Marketing Manager/Product Manager

- Managed all aspects of product development and management for product lines

EDUCATION/CERTIFICATIONS

- Washington University, St. Louis, MO – M.B.A., 1982
- Graceland College, Lamoni, IA – B.A., Business Administration, 1980

JEFF SINACORI



VICE PRESIDENT, RETAIL DEVELOPMENT

CONTRACT ROLE

Jeff will be responsible for retail business strategies, retailer and sales representative training and marketing of lottery products at retail.

SUMMARY OF EXPERIENCE

Jeff has 25 years of lottery experience and recognized expertise in retail training. He is a well-known and well-respected veteran of the lottery industry. Jeff was a New York lottery agent and retailer for 17 years where his store routinely set sales records. He has been honored as Lottery Retailer of the Year by Lottery.com. Jeff has knowledge and experience in the areas of lottery sales, industry trends and market analysis relating to game recommendations; product management; customer service/account management; and marketing analysis and planning.

WORK HISTORY

2007-Present, Scientific Games – Vice President, Retail Development

- Manages the SalesMaker™ product line and marketing program

2005-Present, Lottery Consultant Corporation – President

- Provides retail business strategies for lotteries in Indiana, New York, New Hampshire, Vermont, Maine, Oklahoma, Maryland, Iowa, South Carolina, Minnesota, Washington, Tennessee, Georgia, and Germany
- Provides retail sales training for sales representatives, management, and retailers

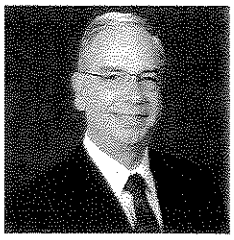
1987-2005, Cori's Lucky Lottery Store (New York) – Owner

- Developed and implemented strategic sales practices that resulted in becoming the top-selling retailer out of 16,000 retailers in the state

EDUCATION/CERTIFICATIONS

- State University of New York College – Coursework in marketing and business, 1985-1987
- Nassau Community College – Coursework in marketing and general studies, 1984

JAMES TRASK



PRESIDENT, PRINTED PRODUCTS GROUP

CONTRACT ROLE

Jim oversees production operations of instant lottery games.

SUMMARY OF EXPERIENCE

Jim has more than 35 years of lottery and security printing experience. Before joining Scientific Games in 2002, he served as president of a Canadian lottery systems provider. He has knowledge and experience in the areas of prize structure design; game design elements including names, themes, play formats, color selection, etc.; graphic design; production scheduling; secure instant ticket manufacturing processes; quality control and assurance; packaging and distribution; lottery sales, industry trends and market analysis relating to game recommendations; product management; accounting; security; customer service/account management; and marketing analysis and planning.

WORK HISTORY

2010-Present, Scientific Games – President, Printed Products Group

2007-2010, Scientific Games – Senior Vice President, Worldwide Printed Products

- Managed printing operations for Scientific Games' manufacturing divisions

2002-2007, Scientific Games – Managing Director

- Served as managing director of printed products operations in Europe, the Middle East, and Africa

1999-2001, Canadian Bank Note Company, Limited – President

- Responsible for lottery operations, including profit and loss
- Served as president and chairman of Creative Games International, Inc.

1990-1997, Oberthur Gaming Technologies – Senior Vice President, Montreal

1988-1990, Oberthur Gaming Technologies – Vice President Operations, Toronto

1986-1988, Oberthur Gaming Technologies – Vice President Marketing, Toronto

1976-1986, British American Banknote – Operations Manager/Various Other Positions

EDUCATION/CERTIFICATIONS

- York University, Toronto, Ontario – M.B.A., 1976
- Ottawa University, Ottawa, Ontario – B.A., 1974

ED TREES

REGIONAL VICE PRESIDENT, PRINTED PRODUCTS

PROPOSED ROLE FOR SCIENTIFIC GAMES INDIANA

Chief Executive Officer

CONTRACT ROLE

Ed will have management responsibility for Scientific Games Indiana. He will implement the strategic goals and objectives of the business and provide leadership toward the achievement of the overall philosophy, mission, and strategy.

SUMMARY OF EXPERIENCE

Ed has more than 36 years of lottery experience. Prior to joining Scientific Games, he spent 15 years with the Pennsylvania Lottery. During his tenure as executive director, the Lottery experienced unprecedented growth with total sales growing by more than $700 million annually and net revenue to programs increasing approximately $200 million annually. He has served as President for North American Association of State Provincial Lotteries and was honored with a Lifetime Achievement Award from Public Gaming Research Institute.

WORK HISTORY

2012-Present, Scientific Games – Regional Vice President, Printed Products

- Responsible for instant lottery ticket product sales and support in the U.S. lottery jurisdictions of Indiana, California, Maryland, and Ohio
- Works closely with senior level administrators within these jurisdictions to plan and implement games and related support strategies aimed at maximizing sales and profits for the beneficiary programs that they support

2011-2012, Scientific Games – Lottery Gaming Consultant

- Consulted on numerous U.S. lottery jurisdictions and provided recommendations on potential program improvements aimed at increasing overall revenue performance

2006-2011, Pennsylvania Lottery – Executive Director

1998-2006, Pennsylvania Lottery – Deputy Executive Director for Marketing and Sales

1976-1998, Pennsylvania Lottery – Various Managerial/Administrative Positions

EDUCATION/CERTIFICATIONS

- Pennsylvania State University, Harrisburg, PA – Master's degree in Public Administration, 1997
- Pennsylvania State University, Harrisburg, PA – Bachelor's degree in Public Policy, 1991

JENNIFER WELSHONS

VICE PRESIDENT, MARKETING

CONTRACT ROLE

Jennifer oversees the marketing department, including market research services, analysis, and strategic planning.

SUMMARY OF EXPERIENCE

Jennifer has 17 years of marketing and research experience, 12 of which are in the lottery industry. Her experience includes consumer research, analysis, marketing, and project management. She has designed and managed research projects, performed analyses, and provided general marketing support for numerous lottery clients. Jennifer's portfolio of lottery projects includes Texas, Pennsylvania, New York, California, and 34 other states as well as Canada, China, Ukraine, Germany, Puerto Rico, Italy, Spain, and the United Kingdom.

2008-Present, Scientific Games – Vice President, Marketing

- Provides overall leadership and focus on global marketing initiatives for acquiring new business and growing core business

2006-2007, Scientific Games – Vice President, Research and Planning

- Created a more strategic role for research by combining it with an overall planning function for marketing activities

2003-2006, Scientific Games – Director of Market Research

- Responsible for elevating the research function to a more integral part of the business through more focused customer relationships

2002-2003, Scientific Games – Market Research Manager

- Managed client research projects, contractual funding, and budgets
- Worked with clients on project design, questionnaire design and analysis

2000-2002, Scientific Games – Market Research Analyst

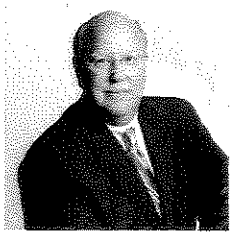
- Managed all aspects of client research projects with internal personnel and outside vendors

EDUCATION/CERTIFICATIONS

- University of Florida, Gainesville, FL – M.A. Mass Communication, 1994
- University of Florida, Gainesville, FL – B.S. Advertising, 1993

PUBLICIS INDIANAPOLIS RESUMES

TOM HIRSCHAUER, JR.



PRESIDENT AND GENERAL MANAGER, PUBLICIS INDIANAPOLIS

SUMMARY OF EXPERIENCE

Tom has over 35 years of agency executive management and account supervision experience, including 26 years with Publicis Indianapolis. Most of his agency career has been in Indiana working with clients in retail, financial services, healthcare, entertainment, gaming, education, state government, and non-profit agencies. Tom has significant experience in complex, multi-store retail marketing.

Tom's current and previous clients include Canadian Tire, Western Auto, O'Reilly Automotive, Auto Source, bp Ricker Oil, Simon Property Group, Super Valu, Cub Foods, Preston Safeway, Marsh Supermarkets, AFNB, Merchants Bank, First Indiana, M&I, Old National Bank, STAR Financial, Guidant, Eli Lilly, Zimmer, Roche Diagnostics, St. John Health, St. Vincent Health, TriHealth, Carondelet Health, Hoosier Lottery, Hoosier Park, Purdue University, Butler University, WGU Indiana, Marian University, Indiana Department of Commerce, Indiana Tourism, Indiana Tobacco Cessation, Indiana State Museum, Conner Prairie, Archdiocese of Indianapolis, INHP, and American Legion Auxiliary.

WORK HISTORY

1987-Present, Publicis Indianapolis – President and General Manager

- Supervises key accounts providing strategic counsel and direction
- Directs new business development within a team structure
- Directly responsible for P/L for the Indianapolis office
- Responsible for collaborations with other Publicis offices and marketing services in the United States and internationally
- Directs collaborations with other business entities and civic groups

EDUCATION/CERTIFICATIONS

- University of Notre Dame, South Bend, IN – B.A. English Literature 1972

JAY SCHEMANSKE

VICE PRESIDENT, DIRECTOR OF STRATEGIC MEDIA COMMUNICATIONS

SUMMARY OF EXPERIENCE

Jay has 18 years of business development, account management and analytics experience with both national and local communications strategies. He has a strong background in market research, consumer profiling, and audience consumption behaviors as well as over 12 years of account management and product positioning experience at Detroit and Indianapolis media.

WORK HISTORY

2003-2012, Optimedia – Vice President, Director of Strategic Media Communications

- Directed strategic planning insights and consumer brand experience
- Managed customer relationships and cultivated high-value partnerships
- Led new business development strategies delivering eight years of consecutive growth
- Accountable for P&L, forecasting, and financial management
- Oversaw competitive intelligence analysis and performed benchmarking studies
- Identified key areas of opportunity and potential business growth
- Tracked, reviewed, and optimized communications ROI with respect to sales and brand experience
- Managed staff of 29 employees

1995-2003, Perkins Nichols Media – Partner and Director of Media Services

- Researched, planned, and placed approximately $10 million of media each year
- Provided tactical media counsel with correlating consumer consumption studies
- Managed a staff of six employees including accounting and administrative personnel

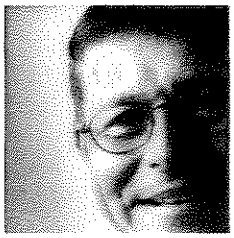
1994-1995, Ross Roy Communications – Media Planner and Buyer

- Responsible for managing $5.3 million of activity in 120 markets nationally

EDUCATION/CERTIFICATIONS

- University of Michigan, Ann Arbor, MI – Bachelor's degree in marketing, 1994

KIRK STAHL



EXECUTIVE VICE PRESIDENT, PUBLICIS INDIANAPOLIS

SUMMARY OF EXPERIENCE

Kirk has over 30 years experience in the advertising agency business working with clients across a wide-range of industries. His retail and entertainment acumen spans numerous national and Indiana-based clients. Kirk's clients have included Centennial Wireless, GTE Phone Mart, Bank One, Indiana Pacers, and Pentland Sports Group. Kirk served as lead architect for the recent Hoosier Lottery corporate branding effort and was part of the team that created both beneficiary and scratch-off game advertising.

WORK HISTORY

2007-Present, Publicis Indianapolis—Executive Vice President, Director of Client Services

- Oversees client service team for advertising and public relations clients
- Participates in major branding assignments for agency clients
- Manages a portfolio of key clients

1999-2007, MARC USA—Executive Vice President

- Responsible for new business and client supervision for MARC USA's Indianapolis office
- Served as member of MARC USA's leadership council

1982-2007, Caldwell VanRiper—Account Executive/Executive Vice President/Chief Operations Officer

- Managed a portfolio of key clients
- Served on the business development team
- Served on the board of directors and in ownership role
- Created and ran highly successful sports marketing specialty

EDUCATION/CERTIFICATIONS

- University of Missouri, Columbia, MO – Bachelor of Journalism, 1978

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HIRONS & COMPANY RESUMES

MIKE MURPHY

SENIOR VICE PRESIDENT, HIRONS AND COMPANY

SUMMARY OF EXPERIENCE

A native Hoosier, Mike served in the Indiana General Assembly for 16 years in a variety of assignments, including chairman of the House Technology Committee, ranking member of the Rules and Legislative Procedures Committee and member of several committees. He serves on the Board of Directors of the Benjamin Harrison Presidential Site, the Board of Trustees of the Indiana Historical Society, the Greater Indianapolis Chamber of Commerce PAC Board, and is chairman of Capital PAC of Indiana.

WORK HISTORY

2012-Present, Hirons and Company – Senior Vice President

- Provides strategic communication consulting to clients in Indiana and Washington DC

2010-2012, Peritus – Senior Vice President

- Served as senior vice president of full service communications firm

2007-2010, Murphy Partners, LLC – President

- Served as president of public relations and marketing agency

2002-2007, Anthem BCBS – Executive Director, Strategic Development

1998-2002, Anthem, Inc. – Director, Special Projects

1997-1998, Anthem, Inc – Director, Year 2000

1996-1997, Anthem, Inc. – Director, Internal Communications

1992-1996, The Associated Group/Anthem, Inc. – Director, External Affairs

1989-1992, Melvin Simon and Associates Inc. – Public Relations Manager

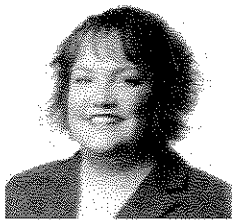
1987-1989, Office of Lieutenant Governor John Mutz – Communications Director

1979-1987, Various Media Markets – Reporter and Anchor

EDUCATION/CERTIFICATIONS

- University of Notre Dame, South Bend, IN – Bachelor's degree in American Studies, 1979
- Indiana University, Indianapolis, IN – Master's degree in American History, 2009

DEANA HAWORTH



SENIOR VICE PRESIDENT, DIRECTOR OF ACCOUNT SERVICES – HIRONS AND COMPANY

SUMMARY OF EXPERIENCE

With a master's degree in public relations and accreditation in public relations from the Public Relations Society of America, Deana is an expert in many areas of public relations, including media relations, employee communications, event planning, crisis communications, community relations and educational outreach. She has extensive experience in media planning as well as developing media testing program. Her experience includes consumer-driven businesses and public affairs in the energy, agriculture, education, healthcare, association, sports and government sectors.

WORK HISTORY

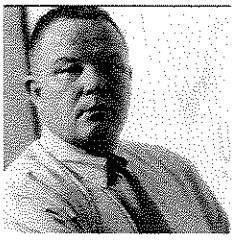
2000-Present, Hirons and Company – Senior Vice President, Director of Account Services

- Manages 25 member staff of account management and public relations employees
- Serves as primary liaison between client and creative, media, interactive and public relations staff
- Responsible for planning and directing some of the largest converged communications accounts in the agency
- Serves as account director for the Wishard Health Services account, including the Hospital, Health Systems, Replacement Facility Construction Project and the Foundation
- Developed and continues to oversee and measure IndianaUnclaimed.com annual campaigns which strive to return the $380 million in unclaimed assets to the rightful owner through advertising and earned media
- Served as account director for the public affairs campaign with the City of Indianapolis (City) and its newly appointed Infrastructure Advisory Commission (IAC) to explore solutions for the City's critical infrastructure needs that totaled more than $5 billion

EDUCATION/CERTIFICATIONS

- Ball State University, Muncie, IN – M.A. Public Relations, 2000
- Franklin College, Franklin, IN – B.A. Journalism, Advertising and Public Relations, 1999

JIM PARHAM



CHIEF OPERATING OFFICER, HIRONS AND COMPANY

SUMMARY OF EXPERIENCE

Jim currently serves as the COO of one of Indiana's largest integrated communications firms. He has 33 years of experience in providing innovative and effective strategies and tactics to both public and private sector clients, helping them to solve communication problems. Jim's past and current clients include Indianapolis Mayoral Office of Greg Ballard, Indiana's Office of the Attorney General, Metropolitan Board of Realtors, Indiana Health, and Indiana University.

WORK HISTORY

2003-Present, Hirons and Company – Chief Operating Officer

- Leads all new business efforts and oversees the agency's entire public relations operations
- Serves as the lead presenter in media training efforts, preparing clients to handle high-pressure situations and achieve positive media attention

1997-2012, Indiana University – Adjunct Professor (concurrent)

- Taught courses including public relations, campaign development and crisis management

1993-2003, Science Applications International Corporation – Assistant Vice President

- Managed communications, public outreach and environmental programs at one of the world's leading high-technology companies

1989-1992, National Parks Service – Assistant Director

- Managed all external communications and programs regarding conservation efforts, state recreation grants and informational and educational programs
- Also served as the Executive Assistant to the National Parks Service Director, leading a staff of 12,000 employees, with a budget approaching $2 billion

1979-1989, Indiana Department of Natural Resources – Director of Public Information

- Responsible for all public and media relations for the department
- Handled external relations and crisis communications for rescue operations, natural disasters, forest fires and law enforcement actions on state grounds

EDUCATION/CERTIFICATIONS

- American University, Washington, DC - Master's degree in public administration, 1992
- Ball State University – Bachelor's degree in journalism and science, 1979

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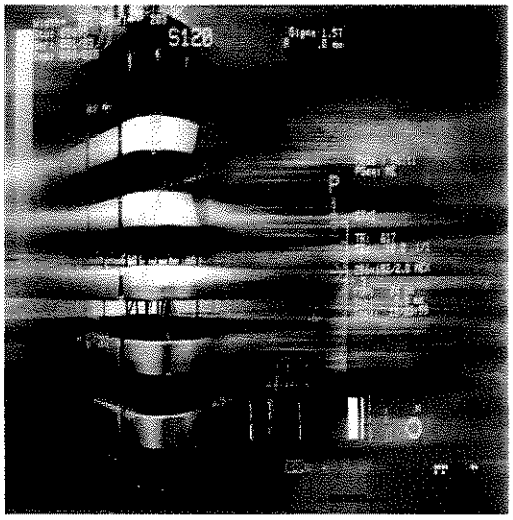
TECHNOLOGY SUPPORT PLAN

Scientific Games International, Inc. ("Scientific Games") is submitting this technology support plan both in its capacity as offeror of the Business Plan and on behalf of that certain special purpose entity ("SG Indiana") to be organized by Scientific Games for the purpose of entering into the Integrated Services Agreement ("ISA").



The following presents the technology support plan SG Indiana will employ under the ISA. The technology will enable the operating environment, support retail development initiatives, provide centralized reporting for business intelligence, and automate game order processing with intelligent analytics.

Scientific Games is an experienced technology provider to lottery and gaming organizations with over 300 customers worldwide. The company has a commitment to quality and durable design, and a proven history of creating innovative hardware and software technology solutions to meet shifting market demand. The corporate engineering and manufacturing organization is comprised of over 170 engineers, developers, and technical coordinators. Collectively, they share more than 500 years experience in lottery product design and have contributed to the more than 1,100 patents that Scientific Games holds.

Lottery Gaming Management System – In 2009, Scientific Games seamlessly converted the gaming system for the Hoosier Lottery to the Advanced Entertainment Gaming Information System – Enterprise Framework (AEGIS-EF™) technology platform. It is Scientific Games' proven next generation gaming system technology that provides enhanced performance and flexibility to accommodate the needs of lotteries and retailers. Scientific Games designed AEGIS-EF around an open, standards-based architecture that employs the information technology industry's best practices for mission-critical transaction processing.

AEGIS-EF provides a truly "open" platform by making use of web services—a well defined standard for system interoperability. This approach provides well-defined integration points for interconnecting existing systems and expanding with additional services and functionalities. AEGIS-EF will continue to provide the Hoosier Lottery a flexible foundation for innovation and enhanced functionality under the ISA.

Network Communications Engineering Technologies – Scientific Games has over 30 years experience designing and implementing telecommunications networks for public and private gaming sectors. The company's communications network engineering organization is comprised

of over 20 qualified network professionals with certifications and professional affiliations, including Cisco Certified Network Associates (CCNA), Cisco Certified Voice Professionals (CCVP), Cisco Certified Network Professionals (CCNP), Microsoft Certified Systems Engineers (MCSE), and memberships in the Institute of Electrical and Electronics Engineers (IEEE).

Scientific Games has incorporated emerging technologies into its product set to provide fast, reliable network solutions that securely process millions of real-time transactions. In 2009, Scientific Games deployed a technically sound network communications solution for the Hoosier Lottery. The network design employs multiple technologies to gain the maximum amount of redundancy, diversity and communication efficiencies. To ensure the security and integrity of transaction data, Scientific Games uses commercially-available AES-256 encryption standards for all data communications. This highly secure encryption method exceeds Multi-State Lottery Association (MUSL) standards of 3DES encryption for Lottery transactions. It protects all data communications between each retail terminal and the primary data center, and data exchanged between data centers and the Lottery Commission.

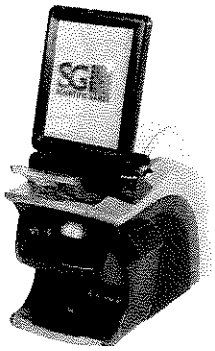
RETAIL TECHNOLOGY AND RETAIL PRODUCT MANAGEMENT

Scientific Games has over 30 years of terminal engineering and manufacturing experience, and has manufactured and delivered over 320,000 gaming devices to customers worldwide. This includes a full portfolio of retail terminals and player-self-service terminals.

Scientific Games' WAVE™ Terminal

WAVE™ is Scientific Games' retail terminal designed for speed, reliability, performance, and ease of use. Brought to market in 2008, the WAVE is now installed in over 50,000 retail stores, including Hoosier Lottery retailers. The WAVE terminal is a high-quality, retailer-friendly gaming terminal, strategically designed to enable lottery sales growth through innovative capabilities and support for future business and retailer expansion initiatives.

Flair™ is Scientific Games' compact footprint, full-function terminal created for locations where retail counter space is a premium; and at 7" wide and 14" deep, its 99.4 square inch footprint makes it the smallest full-function, fully integrated, all-in-one terminal in its class.



Scientific Games' Flair™ Terminal

Flair was designed using the same electronics and components as the WAVE™ terminal, with the same exceptional performance, peripheral options, and communications flexibility. The Flair received the 2011 Public Gaming Research Institute (PGRI) Lottery Product of the Year Award. The Flair will be one of the terminal technologies used to support the retail optimization and expansion initiatives as defined in SG Indiana's Business Plan.

Example of the Flair™ Terminal in a Hoosier Lottery Retail Store

PlayCentral® is Scientific Games' player self-service machine. It also will be used to support the retail optimization and expansion initiatives in the Plan.

PlayCentral is a proven, instant and draw game lottery vending machine that uses a single, simple, user-friendly touch screen interface to purchase instant and draw game tickets. The touch screen can be used to broadcast to the player specific promotional and coupon offers. The machine can be used to enhance the player experience through the use of QR codes, loyalty cards, smart phones, and player's club access. These design features differentiate the product from push-button models.

The touch screen displays current instant games for sale using full ticket images. The ticket purchase screen can be customized to "call out" the top prize or special feature of the game. Each PlayCentral machine includes a high resolution 22" flat panel display for Lottery InMotion, a digital advertising platform. The PlayCentral has been used in other lottery jurisdictions—including Pennsylvania—to successfully recruit new retail trade styles and retail chains. PlayCentral will be one of the terminal technologies used to support the retail optimization and expansion initiatives as defined in SG Indiana's Business Plan.

Hoosier Lottery PlayCentral

Scientific Games' terminals as described above support a wide range of peripheral devices including player self-service ticket checkers, customer displays, advertising signs and cash drawers which all serve to further optimize the retail location.

Lottery InMotion™ is Scientific Games' versatile and powerful digital content management solution. It is currently deployed in Indiana for the Hoosier Lottery. It allows message content to

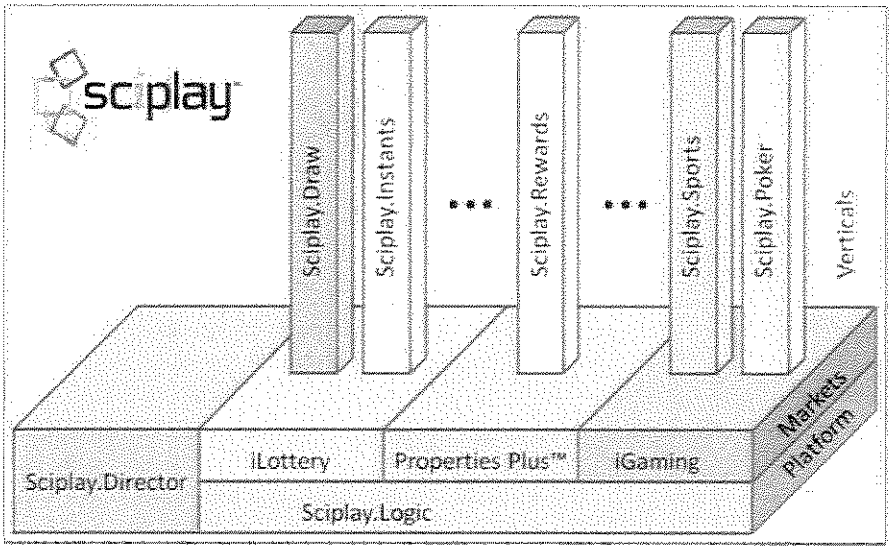
be sent to and displayed on high resolution LCD monitors connected through the terminals at all, specific, or defined groups of retailers. This configuration and centralized distribution technology allows advertising and marketing messages to be customized to cities, regions, or even chains. The Business Plan includes marketing initiatives to deploy additional Lottery InMotion displays to support retail optimization and expansion initiatives.

OrderCast™ is Scientific Games' predictive ordering system for instant games management. It intelligently controls instant game inventory and retail supply management so the right games will be in the right stores at the right time. This system is intended to forecast the optimum instant game sales mix, by game and by retailer, based on a regularly updated 30 week sales cycle. It is powered by the company's AEGIS-MAP™ system, which includes game data from more than 30,000 instant games.

Right Games, Right Stores, Right Time

Technology for Digital Channels

Sciplay. Logic will be the technology platform deployed by Scientific Games to support the Properties Plus, loyalty and social media initiatives described in the Business Plan. It is a tightly controlled and secure system designed to securely support expansion of digital gaming.



Through **Sciplay.Director's** effective Business Intelligence (BI) module, data can be used in a multitude of ways. This includes informing media decisions, providing new product development direction, enhancing retailer recruitment efforts, driving players to specific products, and cross-promoting digital and retail channels. Sciplay will be used for retail, web, mobile, social and other digital channel initiatives.

Future Technology Products and Enhancements

Scientific Games technology development organizations will continually work with the company's marketing and operations groups along with lottery and retail groups to enhance or create new technology products and services. As new products and services become available or are introduced under the term of the ISA, they will be evaluated for use in Indiana.

For example, Scientific Games may decide to implement a portfolio of specialty solutions for the sale of lottery products in-lane for Indiana multi-lane environments.

Scientific Games' **Lottery InPlay** product leverages a loosely coupled interface design by offering a solution that enables quick and easy implementation into many retailer multi-lane cash register systems. Lottery InPlay uses the retailer's existing in-lane point of sale cash register to sell draw game quick pick lottery tickets and instant games. With Lottery InPlay, players present a lottery merchandise token with a lottery product UPC code to the cashier that is then scanned on the cash register scanner. Similar technology was tested or implemented in several United States jurisdictions including Pennsylvania, Connecticut and Massachusetts, and in the United Kingdom.

SG Indiana understands the Commission will retain Operational Responsibility for specific functions or responsibilities set forth in Schedule 2.2 of the ISA. As a to be negotiated future option, for which the cost and timing would be negotiated, the software applications supporting all of these functions and responsibilities, which currently exist on the Commission's Acclaims System, would be replaced by comparable software functionality on the Scientific Games AEGIS-EF gaming system. We would also at that time discuss options and methodologies for integrating personnel resources from the Commission into SG Indiana.

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It's now faster and easier to sell and manage lottery at retail.

WAVE™ Terminal Series

Empowering Retailers. Growing Sales.

The WAVE™ is Scientific Games' high-performance, intelligent lottery terminal that provides retailers with unprecedented access to business solutions for growing sales.

Featuring a small footprint along with a high-speed scanner and printer, the WAVE™ is designed and engineered to elicit maximum enthusiasm and support of lottery products among the retailer community.

User Interface and Peripheral placement incorporate Retail Cash Register best practices

- Designed and developed in collaboration with NCR Corporation's Human Factors Engineering Department
- Delivers *ease of use* and *speed of service*

Wireless Bar Code Reader

- Located on front of printer for quick and easy ticket scanning and pack activation
- Ergonomic positioning of reader eliminates access issues associated with readers on side of terminal
- Also can be used as a handheld wireless scanner for retailer convenience

Easy Paper loading

- Simply drop in paper roll and close printer lid. No feeding of paper necessary!

High-Speed document scanning (playslips and tickets)

- Documents exit terminal down and toward clerk
- Playslips are stacked in the order in which they were scanned
- Stacks up to 30 playslips
- Scans at 20 inches per second (50.8cm/sec)
- Programmable thermal branding
- Tray expands to accommodate A4 sized documents

Supports a wide variety of peripherals, including 17" flat-panel displays for real-time dynamic lottery communication with players and retail partners

- Jackpot amounts
- Promotions
- Amber Alerts
- Responsible Gaming messages
- Winning numbers

Lottery™ InMotion

SG SCIENTIFIC GAMES®

It's now faster and easier to sell and manage lottery at retail.

Features

- Choice of 5-wire Resistive, Capacitive or Surface Acoustic WAVE touch screen technology
- Continuously adjustable touch screen: 25°- 90°
- Other document-scanning conveniences
  - Contactless Image Sensor
  - 203 dpi (7.9 dots/mm) resolution
  - Short document path
- Front facing 2-D bar code reader *
  - Reader based on digital camera technology with 1 mega pixel resolution
  - Innovative laser projection of alignment grid for easy positioning of documents
  - Reads all 1D & 2D bar codes

*Optional wireless handheld operation

- Intel embedded class 1.6GHz low voltage processor, 512KB cache, 665 MHz front side bus
- Choice of Hard Disk Drive or Solid State Drive (DOM) in 2.5 inch format
- Wide range of Pantone color trim kits available

Features (cont.)

- Locking rear housing secures the CPU, storage devices, ports and slots
- Electronic intrusion detection
- Specifically designed for ease of maintenance
  - Easy access to electronics
  - Front facing replacement of scanner and touch screen assemblies
  - Field Technician's tool kit: *Phillips-Head Screwdriver*
- Thermal Printer
  - Speed: 8 ips (20.32 cm/s)
  - Resolution: 203 dpi
  - Paper roll: 7" (17.78 cm)
  - Clamshell design for easy paper loading
  - Clear cover for easy viewing of remaining paper quantity
  - Convenient front stacker holds 100 tickets
  - Sensors include:
    - Paper low
    - Paper out
    - Cover open
    - Cut Complete

Options

- Touch Screen sizes:
  - 12.1" (30.7cm) standard
  - 15" (38.1cm) widescreen optional
- Magnetic Stripe Reader
- Smart Card Reader
- Integrated or modular terminal versions
- Removable cordless bar code reader for reading ticket packs and inventory
- Operating system:
  - Microsoft XPe
  - Linux embedded
- Memory:
  - 512MB – 2GB RAM

Peripherals

- Player Advertising Displays
- Customer Transaction Displays
- Combination Player Advertising Display/ Transaction Display/ Jackpot Display/ Active Marketing Display (Lottery InMotion™)
- Wireless Jackpot Signs

Peripherals (cont.)

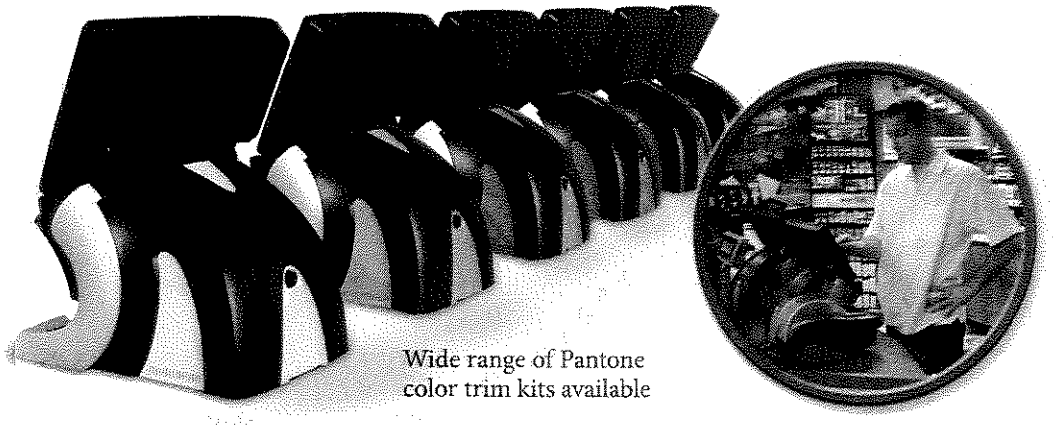
- Ticket Checkers (wired or wireless)
- Cash Drawers

Physical Properties

Main Unit	
Height	17.0 in/43.2cm
Width	11.3 in/28.7cm
Depth	15 in/38.1cm
Weight	27 lbs/12.25kg
Printer	
Height	8.5 in/21.6cm
Width	5.7 in/14.5cm
Depth	15 in/38.1cm
Weight	6.65 lb/3.02kg
Combined Maximum Footprint	
Width	17.0 in/42.2cm
Depth	15 in/38.1cm
Area	255 in²/1646cm²

Certifications

- Emissions: FCC Part 15, Certification; EN 301 489-1, 3
- Safety:
  - CSA 22.2 #60950
  - UL 60950
  - EN 60950
  - IEC 60950
- Radio: EN 300 220
- Other: RoHS



Wide range of Pantone color trim kits available

SCIENTIFIC GAMES®

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www.scientificgames.com

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Small Size. Big Functionality.

Flair™ Terminal

A Flair for the Extraordinary

Meet Flair, the latest addition to the Scientific Games family of online gaming terminals. Flair is the smallest full-function all-in-one lottery terminal in its class, specifically made for locations where retail counter space is at a premium. Flair's 7" wide and 14" deep compact footprint contains an integrated printer, document scanner, barcode reader, and touch screen interface. Every retail space differs and Scientific Games works to create flexible terminal options without sacrificing form or functionality.

Petite Size

- The new Flair terminal is the smallest full-function all-in-one lottery terminal in its class. It was designed to minimize required terminal space at retail, thereby maximizing valuable counter-space for retailer sales.
- The Flair footprint is a diminutive 7-inches wide and 14-inches deep at the base, and stands 20-inches high with the screen in its full-upright position.
- Total terminal weight is only 17.5 pounds, including the external power supply.

Full Functionality

- The full-function Flair contains a full-size high-speed printer, high-speed document scanner, 2D barcode reader, and high-resolution touch screen display, all integrated into a compact unit.
- Designed with the future in mind, Flair has a powerful low voltage processor, plenty of additional RAM and memory storage capacity, and multiple open ports for extensive peripheral support with available expansion capabilities for the future.
- Flair features a highly adjustable 8-inch portrait or optional 10.4-inch landscape, full-color LCD touch screen with LED backlight and boasts a clear, bright 600x800 resolution.
- Flair contains unique built-in marketing features to help maximize sales.

Ease of Use

- Like the flagship WAVE™ terminal, Flair was designed to maximize lottery sales by delivering exceptional speed of service and ease of use.
- The Flair terminal uses the same "Design DNA" as the flagship WAVE and shares common hardware and software components, thereby leveraging the WAVE's proven performance, communication flexibility, ease of use, and track record of reliability.
- The integrated full-size printer accepts the same 7-inch paper roll as sister terminals WAVE and PlayCentral® and, just like them, the Flair is easy to load.
- Both the printer and document scanner automatically stack tickets and playslips at the front of the device where they can be quickly and efficiently handled.

With a "Flair" for the extraordinary, this terminal provides access to flexible terminal options while leveraging the core principles of functionality and best design practices of the popular WAVE™ terminal. Three decades of experience make Scientific Games a trusted partner in the lottery business. Welcome to our World of Possibilities.

flair™

SG SCIENTIFIC GAMES®

Small Size. Big Functionality.

Flair™ Terminal Features

LCD Touch Screen

- 5-wire enhanced resistive touch screen technology
- 8-inch diagonal portrait or 10.4-inch landscape
- Continuously adjustable touch screen: 54° forward/70° back

Playslip Scanner

- Contactless image sensor for scanning playslips and tickets
- 203 dpi (7.9 dots/mm) resolution
- Short, jam resistant document path with adjustable document stacking tray
- Optional ticket brander available

Barcode Reader

- 2D Barcode reader decodes all 1D and 2D barcodes
- Reader based on digital camera technology with 1 mega pixel resolution
- Innovative laser projection alignment grid for easy positioning of documents

Thermal Printer

- Speed: 6 ips (150mm/s)
- Resolution: 203 dpi (7.9 dots/mm)
- Full graphics and image printing capabilities, as well as memory resident or downloaded fonts
- Paper roll: 7" (17.78 cm)
- Uses same paper roll as WAVE™ and PlayCentral® terminals
- Clamshell design for easy paper loading
- Clear cover for easy viewing of remaining paper quantity
- Convenient front stacker holds 25 tickets up to 4" in length
- Sensors include: paper low, paper out, cover open, cut complete

Terminal

- Intel embedded class 1.6GHz low voltage ATOM processor
- Locking rear port cover secures the CPU, storage devices, ports and open slots
- Electronic intrusion detection
- Specifically designed for ease of maintenance with easy access to electronics
- Modular design provides for easy replacement of scanner and display

Options

- Touch screen size: 8" (20.3cm) diagonal portrait; optional 10.4" diagonal landscape
- Operating system: Microsoft XPe; Linux embedded
- Memory: 512MB – 2GB RAM
- Storage: 8GB solid state drive; optional 16GB solid state drive

Peripherals

- Player Advertising Displays
- Customer Transaction Displays
- Combination Player/Advertising Display/Transaction Display/ Jackpot Display/Active Marketing Display (Lottery InMotion™)
- Wireless Jackpot Sign
- Ticket Checkers (wired or wireless)
- Cash Drawers
- Handheld 1D & 2D Barcode Reader
- Magnetic Stripe Reader
- SmartCard Reader

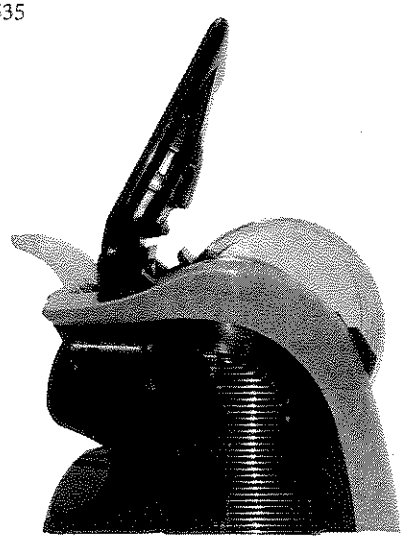
Physical Properties

- Height: 18.3 in/46.5 cm (display 20° off vertical)
- Width: 7.0 in/17.8 cm (at base)
- Depth: 14.2 in/36.1cm (at base)
- Weight: 16 lbs/7.25 kg nominal
- External Power Supply: 1.5 lb/0.7 kg

Certifications

- EMI:ICES003; FCC part 15; FCC Docket #20780, Class A
- ESD: IEC 801-2 class 3; EN50082-1
- Safety: CSA 22.2 #950; UL1950 & CE; BS3535
- RoHS
- WEEE

Flair Terminal Side View



SCIENTIFIC GAMES®

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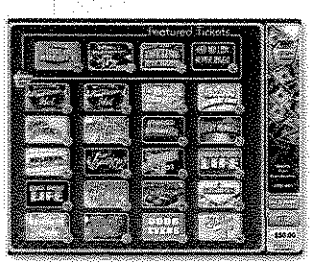
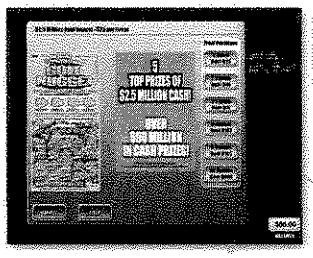
PlayCentral®

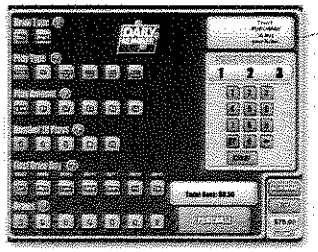
Self-service play of any or all lottery products in one vending machine.

Backlit display for lottery logo/message; **or optional LCD monitor** for continuous lottery advertising, or even monitor games if placed in social environments.





Instant Game vending using intuitive touchscreen presents players with detailed game information, including full-sized ticket image with associated unique selling proposition, price point, play instructions, and other animated game-specific features.



Offers Online Games when connected to an online system.

Customized consistent user touchscreen interface for selecting all products. Displays detailed game options on an attractive animated screen when not in use.

Dispenses up to 24 instant games (including square, rectangular, and die-cut tickets) via a single exit chute to facilitate rapid, multiple ticket purchases.

Document Scanner scans play slips, online tickets and vouchers.

2D Barcode Scanner positioned for use as a "Ticket Checker" for instant and online games as well as for reading age control and players cards.

Custom colors and wraps to match Lottery branding and marketing scheme.

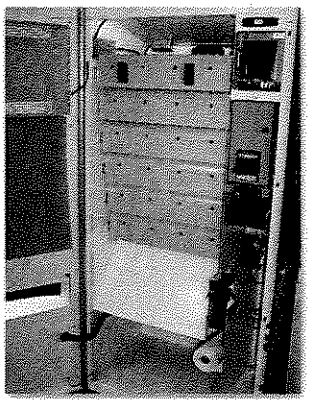
SG SCIENTIFIC GAMES®

Vending machine for all lottery products

Sales, Marketing and Distribution

- Self-service vending creates the ability for lotteries to get into new distribution venues and boost sales.
- Field configurable so lotteries can customize the number of bins at each retail location without affecting the overall operation or appearance.
- Lotteries can centrally control the positioning of instant game icons on the touchscreen, including special "featured" games.
- Provides lotteries with actionable sales data (when, where, and what types of games players are buying) for use in developing new products, marketing plans and promotions.
- Dispenses instant ticket sizes up to 4 inches wide and 18 inches long for maximum distribution.
- Optional 22" video monitor with sound and adjustable volume creates an additional advertising, promotion and sales platform for the lottery.
- Accepts U.S. $1, $5, $10, $20 currency, and can upgrade to accommodate $50 and $100 bills. Also supports most world currency. Optional coin acceptor available for markets where coins are the standard.

Retailer Friendly

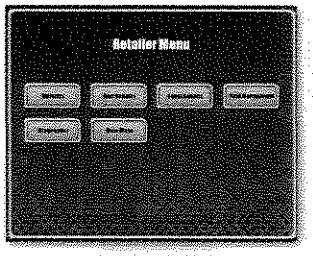


- Adding or replenishing a game is simple. Game information is automatically downloaded from the central system. An internal LCD touch screen and barcode reader are used to initiate the load.
- Displays training videos and help screens for retailers and players.
- Quiet, high-speed thermal printing with easy paper loading.
- Sensors indicate when paper is out or low. Sales and error reporting are uploaded to the central system.
- Remote control (50-foot range) allows retailer to disable machine.

Secure

- Integrated unit encloses all components in a secure steel cabinet and door.
- Highly secure, multiple-point locking system.
- Uninterruptible power supply (UPS) secures data in the event of a power failure and ensures players get their tickets.
- Intrusion alarm system remains operable even if main power is interrupted or ceases completely.
- Password required to open door without alarm sounding. Additional passwords required to access cash acceptor inside cabinet.
- System maintains data on all events per unit.

Reporting



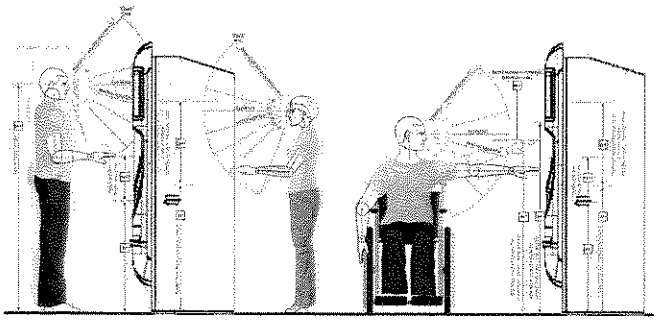
- Connects to central system for reporting of real-time sales and machine status/alarms, such as immediate notification of "sold out" packs so lottery sales are not lost.
- Automated central site help desk notification of problems or alarm events. Retailer can be contacted by help desk operator.
- Complete on-screen diagnostics and report requests, plus high-speed report printing.
- A separate key lock (independent of door key lock) is provided for accessing the reports menu, which means reports can be accessed without having to open the door.
- Thermal printer provides inventory and accounting reports through the same exit chute used to dispense lottery tickets.

Other Features & Specifications

- Field-proven ticket Burster technology cleanly separates and dispenses every ticket in each pack.
- Single ticket burster for each instant game (24 total) reduces effect of burster malfunction on machine productivity.
- Prints full graphics and memory-resident or downloaded fonts.
- Separate area inside cabinet to store supplies.
- Cabinet colors and wraps/labels are customized for each lottery.
- Dimensions: 35 inches wide (889 mm) x 28 inches deep (711 mm) x 75.74 inches high (1,924 mm).
- Weight: 600 lbs (272 Kg)

Regulatory

- UL listed and FCC approved.
- Designed for the International Disability height standard of ISO 9241-20 and the Americans with Disabilities Act; fully accessible and easy to use for physically challenged.



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and gaming customers worldwide since 1973

A Success Story from the Pennsylvania Lottery

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Wawa
sales

technology and operational services vendor,Scientific Games, came to the table with open ears. "We walked into the first meetings with one objective: to listen to their concerns," said Pennsylvania Lottery Executive Director Todd Rucci.

Executives from both Wawa and Rite Aid were looking for a way to fit Lottery sales into their mission to provide fast, efficient service and user-friendly products. The retailers challenged the Pennsylvania Lottery to find a way to add Lottery sales that would meet those goals.

The chains' other major business concern involved accounting procedures and reporting capabilities. Both retailers wanted greater ease and flexibility in tracking inventory and financial reports for Lottery sales to make it easier to integrate Lottery into their existing business models.

A solution in new technology

To address those concerns, the Lottery and Scientific Games worked together to design sales terminal reports and software modifications to Scientific Games' PlayCentral Terminal® (PCT). The PCT is a self-service unit that sells instant and terminal-based games, validates tickets and allows players to apply winnings to Lottery purchases or print a voucher for cash redemption at a Lottery terminal.

The PCT allows Wawa and Rite Aid locations to sell Lottery tickets without interrupting counter sales. The only transaction occurring at the counter is the cashing of vouchers printed from the terminals.

"These custom-designed PCT terminals allow Wawa and Rite Aid to offer all of Lottery's products and the service our players expect, all while maintaining the efficiency levels critical to these chains' business models," said Rucci.

This customized solution pleased Wawa and Rite Aid executives and cleared the way to introduce Lottery sales at both stores.

unique cash management, reporting and audit capabilities that would seamlessly incorporate Lottery accounting processes into Wawa's and Rite Aid's existing systems.

"The PCT and online reporting tools lessen paperwork for tracking inventory and financial data, and these solutions allow our accounting department to easily download settlement statements for processing each week," said Tony Sadler, Rite Aid's Vice President of Store Operations.

Expansion begins

Rite Aid began with a Lottery sales pilot in seven stores, which ran from February through June 2010. Another 143 Rite Aid locations added Lottery sales to operations between July and September 2010, and 120 Rite Aid stores began selling Lottery tickets in 2011.

"The Lottery team helped guide us through installation, training and go-live processes, and their staff has provided continuous support to our store teams since," Sadler said.

Wawa's Lottery pilot began with one store, testing sales during May 2010. An additional 21 Wawa stores adopted sales throughout that summer, and full Lottery roll-out of the remaining Pennsylvania Wawa locations took place be

As new Rite Aid and Wawa locations were added to the Lottery network, the Lottery conducted a ambassador program at each nev store, offering several days of on-site assistance to answer employe questions and introduce custome to the new terminals.

Scientific Games also developed customized training and customer service options based upon the needs of individual stores and eac chain as a whole.

Lasting partnerships

Two strong and mutually beneficia retail partnerships resulted from th flexibility and commitment to service Lottery demonstrated in convincing Wawa and Rite Aid to join the Lottery network.

"Wawa's full cooperation as a part ner is what allowed them to be so successful so quickly," Rucci said. "They provided great training for their associates, showed enthusiasm for the product and worked to make Lottery an integral part of daily operations."

"We are very pleased with the par nership," Wollan said. "It has really benefited our customers. Adding Lottery sales allowed us to be a one-stop shop and more fully mee their needs."

SCIENTIFIC GAMES

Optimizing lottery game inventory and retail sales performance

Predictive Ordering

When it comes to growing lottery revenue, it's all about selling the right game products, in the right place at the right time. Just as important is determining the right amount of product lottery retailers need to be successful. At Scientific Games, we partner with all of our customers on smart thinking that optimizes sales performance at the retail level. Our integrated knowledge is gained from OrderCast™ – the only predictive ordering system in the lottery industry that's driven by a national database with performance data for more than 31,600 instant games and 1.3 million data points of weekly sales.

ORDERCAST

Delivering Real Business Intelligence

OrderCast's secure platform is based on MAP™, Scientific Games' business analytics platform of proprietary marketing research products that provides rich historical data proven to help increase lottery game sales. With OrderCast, a lottery's inside and in-store sales support reps get a daily, fine-tuned view of how games are selling across the state, regionally and locally – so they can make sound product ordering decisions. OrderCast offers:

- Product mixes that rank games from highest to lowest sales potential.
- Predictions for all games, in all combinations, retailer by retailer. Sales support reps can also provide specific guidelines based on the exact information they need to make retail inventory decisions.
- System inventory data merged with predictive ordering data to maximize the efficiency and potential sales performance of product orders.

In fact, OrderCast has been a significant success with lottery retailers who have incorporated the platform into their order creation process. The result has been a decrease in the need for in-store inventory and staffing.

Investing in the Power of Knowledge

OrderCast is one of the most integrated predictive ordering tools available to retail sales support teams.

In addition to proven success in increasing sales, the system improves the entire sales support process.

- Accurate product replenishment estimates
- Game recommendations for lottery retail locations
- Accurate sales forecasting by game, by week
- Reduces out-of-stock conditions, product returns and out-of-band ordering

OrderCast is an Ever-Changing Tool

Combining traditional estimation methods with economic and mathematical models, OrderCast is a tool that offers continuous knowledge. The system gets smarter with every set of data collected, so sales support reps can make smarter product ordering decisions that calculate important criteria such as:

- Price point
- Market baseline
- Prize distribution
- Effective price (including payout)
- Themes
- Playstyles
- Features
- Timeframe

1, 2, 3 Answers

Using OrderCast is as easy as one, two, three. Just select preferences from a drop-down menu, point and click. The system is designed for ease of navigation, allowing sales support teams to use predictive ordering capabilities to both increase lottery sales and control product inventory – all leading to bigger lottery revenues.

Scientific Games' OrderCast platform is the lottery industry's most powerful tool to get the answers needed to effectively and efficiently service game retailers:

- What games should each retailer carry?
- What games are selling well?
- Which retailers should receive the last remaining packs of a game?
- Which retailers are missing sales opportunities?
- Should all retailers get the new game that's launching?
- When will a retailer run out of a game?
- When should a retailer switch out games?
- How many ticket packs does a retailer need per week?
- How much stock should each retailer receive for a new game?

Proven Sales Performance

Only OrderCast offers lotteries more than 10 years of data-based performance knowledge that has proven successful in increasing retail sales. Sales support representatives can be confident in order and inventory decision-making, which can have a positive impact on profitability. Lotteries use the power of predictive ordering to achieve optimal sales performance – and ultimately generate more revenue for good causes.

To learn more about predictive ordering with OrderCast, contact your Scientific Games sales executive, or visit www.scientificgames.com.

About us: Scientific Games Corporation is a global leader in providing customized, end-to-end gaming solutions to lottery and gaming organizations worldwide. Scientific Games' integrated array of products and services includes instant lottery games, lottery gaming systems, terminals and services, and internet applications, as well as server-based interactive gaming machines and associated gaming control systems. For more information, visit www.scientificgames.com.

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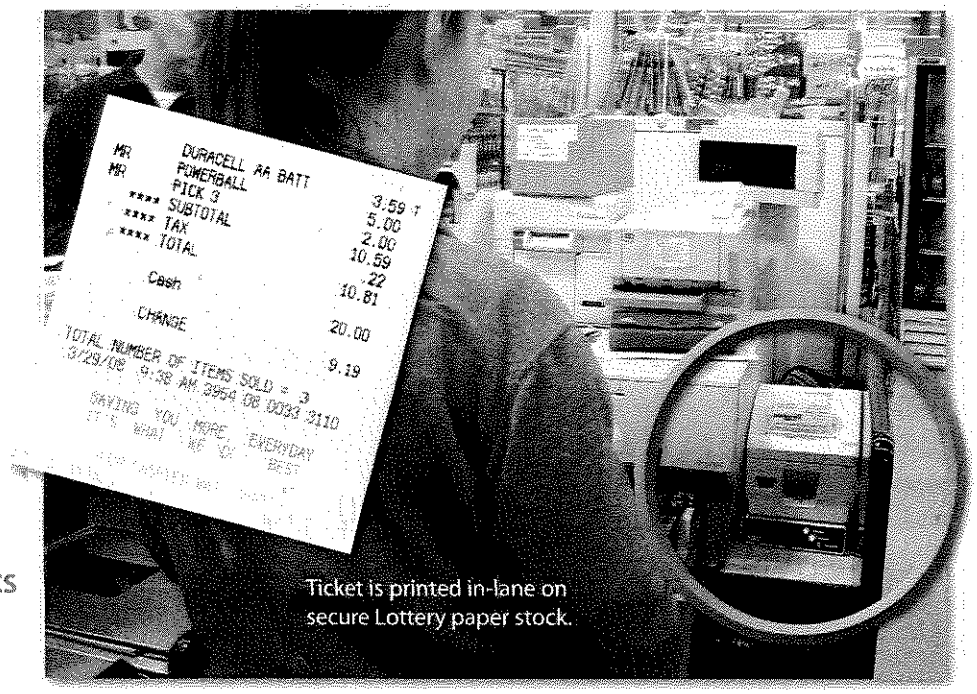
A WORLD OF **POSSIBILITIES**

Lottery InPlay™

Quick, easy-to-implement technical solution enables lotteries and their retailers to sell online quick-pick tickets in a multi-lane cash register environment.

Lottery InPlay™ uses a retailer's existing in-lane POS terminal (cash register) to sell online quick-pick lottery tickets without any modification to the POS application or any additional software in the POS system. This is made possible because Lottery InPlay uses a loosely-coupled interface design which passively listens for lottery products as items are scanned at the register.



Ticket is printed in-lane on secure Lottery paper stock.

What sets Lottery InPlay apart ?

- Allows the selling of online quick-pick Lottery tickets just like any other item in the store.
- Also supports the sale of instant tickets.
- No software to load on the POS system – completely passive system interface requires only a single cable connection to the POS terminal.
- No software to develop for specific retailer POS system. Will work with virtually all POS systems within days, not years.
- Lane Controller takes minutes to install at each register. Wireless communication to back-office Store Controller further simplifies installation.
- Only 42 sq. in. footprint required at each register for Lane Controller and Thermal Printer.

Components

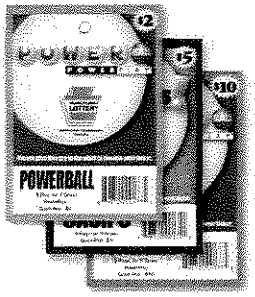
Lane Controller: Lane Controller: The only equipment required at each register is a Lane Controller paired to a Thermal Printer, taking up a total of 42 sq in *(above within circle)*. The Lane Controller connects to the POS system via a single cable where it *passively listens* for Lottery products being been scanned. The Lane Controller communicates all Lottery purchase requests wirelessly to the Store Controller. Once the customer transaction is complete and the cashier presses the "Cash/Tend" button, the Store Controller processes the request.

Store Controller: The Store Controller communicates with the Lane Controller deployed at each register. The Store Controller processes all Lane Controller requests with the Lottery Central System, and once processed, sends printing details back to the Lane Controller for ticket printing.

Lottery InPlay™

SG SCIENTIFIC GAMES®

Ultimate Lottery Multi-Lane Solution



Lottery Play Card: A Lottery play card is a bar-coded card or token that represents a specific online Lottery game. Multiple Lottery play cards can be used for the various games that will be offered in-store. For maximum customer exposure, they can be placed in-lane for the player to pick up during checkout, as well as displayed in Lottery product displays throughout the store.

Ease of Use

For the customer and cashier, the process is seamless and identical to purchasing any other product in the store. Players simply present a bar-coded Lottery play card to the cashier, which is then scanned by the cashier just like any other item. Players can also verbally request quick-pick online tickets from the cashier. When the customer transaction is complete and payment is provided, the Lottery tickets are printed. There is no delay, no additional tasks required, and nothing that will keep cashiers from focusing on their most important task – *engaging the customer and keeping lines moving.*

Optional Targeted Marketing Digital Display

Integrated Independence

Lottery InPlay is the ideal solution for retailers who are interested in selling lottery games in-lane, but are not willing to put a Lottery application on their POS systems. Integrating third-party applications into a retailer's POS system introduces an element of risk; the third-party application could degrade system performance, or even render it non-operative in the worst-case scenario. Integration efforts are also time consuming, expensive to implement, and differ for every POS system and retailer. Since Lottery InPlay uses a *loosely-coupled interface design* to connect the Lottery InPlay system to the retailer's POS terminal, there is no lottery software running on the retail POS system and no software to develop to work with the retailer's specific POS setup. As a result, system integration efforts take only days – not months or years.

Digital Display – Targeted Marketing (Optional)

When combined with ScientificGames Lottery InMotion *(pictured above right)*, the marketing challenges involving implementation of an in-lane solution are addressed by providing an information display designed to grab the attention of shoppers as they proceed through the checkout lane. This display can also be used as a Lottery marketing tool, and, in some cases, can also be used to advertise non-Lottery products at retail. A digital monitor display communicates marketing messages in-lane *directly to players*. An ideal location for placement: the display rack where magazines, batteries, candy and other impulse merchandise are sold.

Add instant Ticket Dispensing with ConvenienceCentral™ (Optional)

Lottery InPlay can be combined with Scientific Games' proven, patented ConvenienceCentral™ product that has been successfully installed at retail both in the U.S. and in Europe. The Lane Controller *passively listens* for Instant Lottery Tickets being scanned, and after they are paid for, they are automatically dispensed from the ConvenienceCentral dispenser. Instant tickets are completely locked down, secure, and totally accounted for.

Accounting

Financial tracking is handled by the retailer's POS system just like any other product in the store since it is "rung up" by its unique UPC code. The lottery purchase is itemized or printed on the cash register receipt, with tending handled through the cash register system. With the retailer's POS system and the Lottery's online systems both maintaining detailed accounts of all Lottery transactions, summary information about the Lottery transactions can be provided by both systems to permit transaction balancing.

SCIENTIFIC GAMES

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Sciplay Fact Sheet
The Future of Gaming

The Sciplay product portfolio exceeds all your interactive gaming needs.

Scientific Games' Sciplay product line is a single source for secure, turnkey interactive solutions for regulated gaming and lottery organizations. We make possible secure access to a play anytime, anywhere personalized gaming experience. We offer a portfolio of diverse, state-of-the-art games and content that players can access via their computers or mobile devices.

Lottery—it's what we do

Scientific Games has been providing products, technology and service to lotteries across the globe for nearly 40 years. From the introduction of the first secure instant lottery ticket in 1974 to the first interactive, full-function self-service lottery kiosk we have consistently been at the forefront of delivering business solutions to help lotteries increase sales and net revenue for good causes.

Our experience in facilitating our customers' creation of an internet presence and branded experience (lottery or game oriented) for their players has led to our development of the Sciplay internet product line.

Play Anytime, Anywhere

The Sciplay.Logic platform allows players the ability to play anytime, anywhere. Wherever a player is, the lottery now has the power to be fully accessible. Whether standing in line at the airport, surfing the web from home, or buying a soda at a convenience store, the lottery's brand and its games are ready for play.

The Sciplay.Logic platform allows players to store and track their preferences, information and financial and point balances with one universal account. This means a player does not have to set up a new account every time he chooses to play a different game, and offers flexible funding and prize redemption options that allow players to use credit cards, pre-paid cards, and vouchers to fund play and redeem winnings.

This helps lotteries prevent fraud, allows players the simplicity of one account for a play anytime, anywhere experience, and increases lotteries' revenue by creating a streamlined process.

Gaming Product Catalog

Sciplay offers the latest gaming technology. Our comprehensive product offering covers the gaming spectrum. Games in the interactive gaming spectrum include traditional lottery games (iLottery/Green Gaming) and typical social venue and casino games (iGaming/Red Gaming).

iLottery (Green Gaming)

- **Sciplay.Draw:** players can purchase draw game tickets, including subscription and high frequency games that can be integrated with retailers via the internet.
- **Sciplay.Instants:** Electronic Instant Tickets (EITs) are the online, interactive version of the same instant games delivered in paper form, or

iLottery (Green Gaming)

games specifically designed for the internet. They can be integrated with brick and mortar sales channels or played on social network sites that allow the incorporation of lottery products to be purchased.

- **Sciplay.Bingo:** the online version of the traditional Bingo game of chance that is customizable with themes to attract players.
- **Sciplay.Sports:** the online version of traditional Poker and its variants, Texas Hold'em, Five Card Draw, etc.
- **Sciplay.Poker:** the online version of traditional Poker and its variants, Texas Hold'em, Five Card Draw, etc.
- **Sciplay.Casino:** games traditionally played in a casino, e.g. blackjack, roulette, slots, etc.
- Scientific Games offers a cross-platform rewards program to extend and retain both iLottery and iGaming players.
- **Sciplay.Rewards:** extend and optimize the play experience while building playership and loyalty to the lottery.

Security

Scientific Games' decades-long industry leading experience as a trusted partner is recognized as a leading provider of secure, responsible games to the world's lottery organizations.

These experienced based security solutions protect the lottery ,its retailers ,and players from fraud, identity theft, money laundering, and more.

Fair and Responsible Gaming

Scpilay.Logic offers a responsible gaming solution customizable for each lottery's specifications, regulatory requirements and applicable local laws. The responsible gaming component Is fully customizable and scalable. Some common responsible gaming features include:

- **Geo-location-** ensures player is within the state
- **Age verification -** ensures players is legal playing age
- **Fraud Prevention -** protects player identity, data, and financial information
- **Money Laundering -** detects suspicious transactions
- **Self-Exclusion -** allows player to restrict access to play
- **Time-out Mechanisms-** allows player to restrict play-time
- **Wager Limit -**allows administrators and players to set bet maximum
- **Online Alert Systems -**notifies player of certain events, e.g. play-time is about to expire

Business Intelligence (BI)

Sciplay.Director can continuously collect/analyze player data from multiple sources and deliver customized web experiences to enhance customer relationships and drive new/incremental revenues.

Our **Sciplay.Intelligence** service includes segmented player messaging/ display advertising, database marketing/promotions and more. BI is an important tool in the internet toolkit for optimizing games and managing the player relationship.
The Sciplay.Marketing player acquisition toolbox and consultant services offer advertising, media buying, search engine marketing (SEM),affiliate marketing, search engine optimization (SEO),social marketing, and public relations. Our affiliate system and portal provide all affiliate management tools, including banners, content, direct links and more. Scientific Games' innovative affiliate marketing techniques and promotions will help lotteries build a rapport with its retailers, create a social experience for its players, and generate additional revenue.

Lottery Business Services

Scpi lay.Operations offers lotteries a complete supply chain of professional services, technology, games and business management services. We have designed our program to include all the operational elements, offering the lottery a single source solution for the full management of an integrated internet program.

To learn more, contact your Sciplay sales executive, or visit **www.sci-play.com.**

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A WORLD OF **POSSIBILITIES**

WHITE PAPER

Digital Content in the Lottery Industry

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CONFIDENTIAL
"CONFIDENTIAL AS PER INDIANA CODE § 5-14-3-4(A)."

OPERATIONS PLAN

Scientific Games International, Inc. ("Scientific Games") is submitting this Operations Plan both in its capacity as offeror of the Business Plan and on behalf of that certain special purpose entity ("SG Indiana") to be organized by Scientific Games for the purpose of entering into the Integrated Services Agreement ("ISA").

We believe that SG Indiana through its supplier Scientific Games can provide the industry's highest levels of professional operational support to the Hoosier Lottery. Scientific Games can provide data center operations, network architecture and support, central systems design and support, and comprehensive field services. We have lottery systems operating in the United States, as well as Argentina, Australia, Canada, China, France, Germany, Hungary, Iceland, Israel, Latvia, Mexico, Norway, the Philippines, Spain, Sweden and Switzerland. We are the exclusive instant games validation network provider to the China Sports Lottery, a retail network of more than 55,000 terminals.

Scientific Games is the second largest online lottery provider in the U.S. with contracts to operate lottery systems for 11 of the 45 U.S. jurisdictions that operate draw lotteries, including our current full facilities management contract with the Hoosier Lottery. Scientific Games has provided lottery systems operations to the Hoosier Lottery since 1999. In addition to implementing the Lottery's gaming system and installing retail terminals in 2010, it currently provide data center management, reporting services, instant and draw games transaction management, network communications management, retailer management, call center services, field operations services, lottery management services, and game design, marketing and research.

With SG Indiana, the Hoosier Lottery will continue to benefit from the knowledge, experience, and value in the local Hoosier operations team you know and trust from Scientific Games. In addition to the strong local and corporate support teams, SG Indiana brings the significant investment Scientific Games has made in the automation tools described below.

DATA CENTER MANAGEMENT

SG Indiana will provide operations and monitoring services for the AEGIS-EF system, retailer network, the test systems, operation of the primary data center in Plainfield, Indiana, and the back-up data center at Scientific Games' National Data Center in Alpharetta, Georgia. Data Center Management includes system start-up and shutdown tasks, systems and network monitoring, draw results entry, report generation, file back-ups, and many other procedures to ensure the system operates properly; this includes recovery from potential system failures. Operations staff will produce reports and files documenting operations activities.

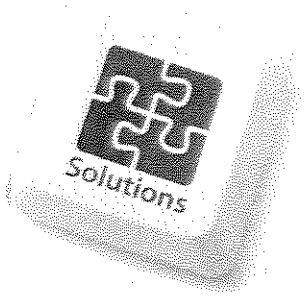
In support of SG Indiana, Scientific Games has committed to re-allocate resources and organizational reporting within its NDC to drive the focus on Hoosier Lottery's growth initiatives.

We believe that SG Indiana can help achieve the Lottery's goals through data center consolidation. This will enable better management of IT environments. As a shared central location for computing resources, the data center is the single most concentrated, complex and strategic component of Scientific Games' IT environment, and therefore is the nexus of its efforts to reduce complexity and improve IT manageability.

By simplifying the operations environment, we believe thatScientific Games can offer the Lottery tangible business benefits such as:

- Concentrated operational best practices that improve business effectiveness out of a Center of Excellence.
- A stable, flexible and well managed data center environment aligned with the Lottery's business strategy for growth and innovation.
- Highly skilled employees who are trained, and retained.
- The high concentration of technical talent at the NDC; employees can be easily cross-trained in disciplines.
- Broad corporate support resources are immediately available.

Best Practices – Inherent to Operations is the management of incidents and problems, service requests, change requests, and system configuration. Scientific Games utilizes an Information Technology Infrastructure Library (ITIL) and Information Technology Service Management (ITSM) "best practices" and automation business model to add value to service delivery.



ITIL is a best practices framework that combines the learning and experience of organizations worldwide regarding the best ways to manage IT services to meet business expectations. It is the most widely used service management standard in the world.

ITSM is used to facilitate the realization of IT objectives and align them with the Lottery's business needs. It will improve the organization's ability to absorb rapid change and reduce the cycle time for change with a greater success rate. ITIL and ITSM practices will provide a holistic, disciplined, approach to the three key components of service management – people, process, and technology. SG Indiana can deliver a strategically structured and managed business aligned to achieve improved agility and efficiency for serving the Lottery and its retailers.

Operations Monitoring Tools – The AEGIS-EF browser provides a single interface for all system management terminal functions operations staff will need. The systems, instant, back office and ICS management applications can easily be loaded onto workstations running any modern Pentium-driven PC with Internet Explorer version 6.0 or newer.

The AEGIS-EF's interface can present a near real-time view of the entire lottery system. Authorized staff can access the information they need to see if any part of the system presents an issue; if so, it can be quickly identified and steps taken to resolve the issue in a timely manner.

One of AEGIS-EF's primary process automation subsystems, OpsFusion™, can reduce average time to detect and respond to network events and allow operations personnel to focus on strategic business projects instead of routine maintenance.

TECHNICAL SUPPORT SERVICES

Timely fulfillment of Lottery requests for support and changes to AEGIS-EF will continue to be provided by Scientific Games.

SG Indiana and Scientific Games will follow NASPL best practices for system development and maintenance. Through the support structures of Scientific Games, SG Indiana brings the Hoosier Lottery two important NASPL Quality Assurance (QA) Best Practices certifications:

- **NASPL Standards Initiative (NSI) QA Requirements Definition for Vendors 1.0** – Confirms that a process is in place to ensure that system requirements and components are defined, documented, agreed upon and approved by the lottery customer for implementation.
- **NSI QA Development Process 1.0** – Confirms that the systems development process covers design, implementation, testing, problem tracking and resolution, change control management, release, installation and all appropriate approval phases.

NASPL best practices are specifically intended to provide both lotteries and their partners with simple, documented and approved methods for building quality into the development and maintenance processes. They are the result of the combined experiences of senior lottery insiders and technical development experts to further the objectives of integrity, security, interoperability and profitability. These certifications assure the Hoosier Lottery of our conformance to the QA best practices.

Games Management System – AEGIS-EF's browser-based Games Management System (GMS) allows close games monitoring and control. It makes an effective set of real-time tools available right on the desktop. The GMS features include:

- Retailer Management/Accounting
- Application/Licensing
- Demographic Information
- Terminal Messaging
- Order Processing
- Online and Instant Games Management
- Ticket and Game Accounting
- Management Reporting
- Claims/Check Writing
- Promotions
- System Security

Lottery InSite – Lottery InSite provides customized view of real-time information and reporting as needed by diverse audiences such as marketing, IT, and executives. Lottery InSite is designed to provide immediate and easy access to information about essential factors critical to achieving the Hoosier Lottery's strategic objectives.

The Hoosier Lottery can remain confident that Lottery data will remain safe and secure. All information access and screen configuration capability is governed by each user's profile.

RETAILER MANAGEMENT

SG Indiana appreciates the importance of having reliable, well-maintained equipment consistently available for Lottery retailers to use. As part of our standard retailer management protocols we use the Smart Services® Management System which has revolutionized the service industry.

Smart Services used by SG Indiana's primary supplier Scientific Games to provide world class service to all its customers, including Hoosier Lottery. Smart Services integrates a Global Positioning Satellite (GPS) enabled mobile handheld computer with an automated dispatching system. Together, they are used to drive service as outlined by the contractual SLAs and business decisions that are important to the Hoosier Lottery.

Call Center Services – SG Indiana will leverage the Scientific Games National Resource Center (NRC) to provide a hotline for retailer trouble calls. The NRC, located in Scientific Games' corporate headquarters in Alpharetta, Georgia, operates 24 hours per day and is already familiar with Hoosier Lottery's retailers and operational procedures.

The Call Center's phone system employs a voice and data recording mechanism that records the audio and captures the screens accessed on a per call basis. It will store this information for a minimum of 365 days. SG Indiana will provide these Call Center records as requested throughout the life of the contract.

Scientific Games' staff of professional service representatives has over 100 years of call center experience. Quality, accuracy and excellence are among the NRC's service goals and we meet or exceed those goals daily. With an average first tier call closure rate of over 70% for calls logged and resolved on an average of 4.0 minutes, Scientific Games provides one of the most efficient call center services in the world.

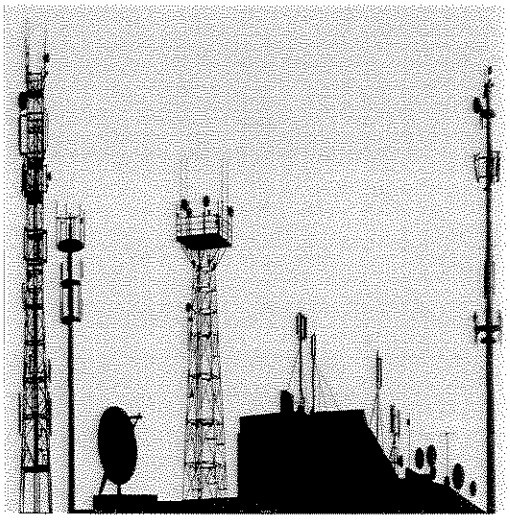
Field Operations Services – SG Indiana understands how much retailer satisfaction depends on reliable terminals and peripherals, and a responsive service technician when the need arises. Smart Services will incorporate advanced GPS field tracking program into the dispatch process to assure the efficiency of response to retailer service requests.

GPS field tracking will ensure the most efficient method for assigning FSTs to active service calls by using route optimization to reduce windshield time and optimize each technician's ability to address service. Reporting features enable managers to verify visits and provide proof of technician activity.

During service calls, FSTs will routinely check the mechanical security, safety, and general operation of any equipment or peripherals provided. A timely response combined with a well-managed preventive maintenance program, will give your retailers a high degree of satisfaction and ensure the highest level of terminal availability.

Provisioning – All provisioning requests for new retailer installation, retailer relocations (outside and inside), and retailer terminal removals will be carefully documented, executed, and tracked. Using well refined procedures, all provisioning requests from the Lottery will be reviewed, processed, managed and executed by the Field Service and Operations support teams in Indiana. These highly proficient teams will own the successful completion of all required provisioning tasks to ensure the complete satisfaction of the Lottery and its valued retail partners.

NETWORK COMMUNICATIONS MANAGEMENT



Network monitoring and management will be the responsibility of SG Indiana's supplier, Scientific Games. They have successfully performed network administrative services for lottery customers over the last 35 years. The following details the network administrative services SG Indiana will make available to the Lottery.

Configuration Management – SG Indiana will use the SolarWinds Network Configuration Management (NCM) as part of the Lottery Network Management System (LNMS) suite to perform network device inventory and change management. SG Indiana will work with the Lottery to determine a schedule for collection of asset records and device operating parameters. The configuration management suite typically performs a weekly inventory and back-up of all network device records and configurations. Nightly comparisons are performed resulting in additional back-ups if changes are noted. This process provides for change management accountability and documentation. All records and parameters are stored online for historical reference.

Network Monitoring and Fault Resolution – SG Indiana understands that fault management consists of detection, isolation, and correction of faults in the network. SolarWinds' Orion suite of monitoring applications comprises a robust set of tools to provide comprehensive fault management and network availability metrics. These Lottery Network Management System (LNMS) applications ensure the best network performance by enabling operators and technicians to efficiently manage services across the gaming system. LNMS performs root-cause analysis quickly and accurately, and consolidates the health monitoring of the entire IT infrastructure from a services perspective and provides end-to-end management (down to the retailer level) of heterogeneous environments from a centralized point of control.

LNMS includes a dashboard-style interface for ease of use, and seamlessly integrates with other systems to provide a single point of access for business operations management. Following is a list of elements the system will monitor:

- Security Devices
- Local Area Network Equipment
- Communications Circuits
- Retailer Terminals

- Wide Area Network Equipment
- Central System Servers

The LNMS tools and components consist of the following:

- Orion Network Performance Monitor (NPM)
- Orion Network Configuration Management (NCM)
- Orion Netflow Traffic Analyzer (NTA)
- HP Insight Manager
- Kiwi Syslog Server
- Real-Time Aggregate View of Entire Network (RAVEN)
- OpsFusion Process Automation Server

The Hoosier Lottery's selection of SG Indiana affords many advantages that warrant serious consideration. Selection of SG Indiana and Scientific Games ensures the lowest risk and highest payoff for the Lottery. SG Indiana and Scientific Games deliver the most in-depth knowledge of the Lottery's business systems and instant game operating environment today, and understand the goals established for the Lottery's future. The last 23 years of Hoosier Lottery experience gained from partnership with Scientific Games' establishment of Hoosier Lottery's Instant games business and lottery systems comprises a significant investment of time and resources. The SG Indiana team knows your business, and this eliminates the time, risk, and burden of bringing a new vendor up to speed with the Lottery's business environment. With the foundational elements the Lottery has in place: people, infrastructure and goodwill, the Hoosier Lottery is poised to reap substantial returns on these investments.

This Operations Plan highlights those returns in the areas of Data Center Management, Technical Support Services, and Retailer Management, while the benefits and advantages SG Indiana brings extend much further into the other areas covered by the Provider's responsibilities.

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SUPPLIER DIVERSITY PLAN

SG Indiana has detailed a diversity plan that will engage with in-state MWBE firms to provide the Hoosier Lottery Commission with cited reports that demonstrate the development and utilization of MWBE enterprises as per the Indiana Code 4-30-1-2, including matters described in **Section 7.4** and **Schedules 5.3.3(2)** and **12.1.2** of the Integrated Services Agreement.

SG Indiana will be building on an accomplished history of MWBE utilization in Indiana that has been part of the past 10 years with Scientific Games. Scientific Games has partnered and will continue to partner with in-state MWBE companies to provide goods and services that meet all of the functional requirements of its local site operations group in an effort to encourage minority enterprise growth in Indiana.

Scientific Games' commitment to minority enterprise growth in Indiana has led to over $11.9 million dollars in MWBE spend from 1999 to 2011. This money was directed to certified Indiana in-state entities and any future procurement activities undertaken by SG Indiana or its affiliates will be focused on utilizing as many qualified minority business suppliers as may possible.

One of the key elements in ensuring the promotion of diversity amongst our Indiana suppliers will be the local Indiana-based Board of Advisors that will facilitate efforts to build a strong group of available minority business enterprises to form partnerships with. The Board of Advisors can promote opportunities for minority vendors and at the same time, inform SG Indiana as to newly available goods and services from those qualified in-state vendors that will support SG Indiana's operations. This Board of Advisors will be made up of representatives of leading local Indiana companies who have many experienced business leaders who can engage and groom local businesses for this effort.

SCIENTIFIC GAMES MWBE SUCCESS STORY

Pillow Express Delivery has been an key supplier to Scientific Games in providing transportation, delivery services as well as terminal, equipment and consumable supply (ticket stock and play slip) distribution to and from Scientific Games warehouse locations in Indiana. Our relationship with Pillow Express Delivery has spanned over 12 years to support the Hoosier Lottery and continues today.

SG Indiana will have a dedicated MWBE Engagement Coordinator. This Engagement Coordinator reports directly to the Procurement Manager. He or she will be charged with managing the minority vendor program to ensure that SG Indiana achieves its internal target utilization goals.

SG Indiana will implement a supplier diversity commitment policy consistent with the Scientific Games Corporate Supplier Diversity Commitment shown below in Figure 1.

Scientific Games has, and will continue to, carefully consider the inclusion of, and shall commit not to discriminate against, minority businesses in the provision of goods and services in support of the Hoosier Lottery Commission's Integrated Services Agreement (ISA). Scientific Games is committed to integrity and good corporate citizenship throughout the U.S. and around the world. We are focused on developing strong, effective supplier relationships and take great pride in fostering value added relationships with ALL suppliers. Scientific Games is dedicated to supporting the Hoosier Lottery Commission's Minority and Women Business outreach initiatives and participation goals, which we recognize as being critically important to the economic and social health of your constituents.

Upon successful award, Scientific Games will submit periodic utilization reports to SG Indiana to use to incorporate into a response to the Hoosier Lottery Commission outlining our successful track record contracting with diverse supplier organizations throughout the term of the ISA.

Scientific Games is also proud of its efforts to provide employment opportunities to qualified women, minorities and persons with disabilities and our Board adopted 'Code of Conduct' is enabling us to constantly achieve diversity in the workplace. As a result of our diversity and inclusion efforts, Scientific Games' Printed Products business enjoys a diverse employee population of 60.8%.

Figure 1: Scientific Games Corporate Supplier Diversity Commitment

The mission of SG Indiana's supplier diversity program shall be one that seeks and promotes SG Indiana's s being a proactive business partner with certified diverse WBE/MBE suppliers who can provide quality materials and services that meet and exceed the needs of our operations and lottery needs.

Scientific Games believes that success in this area can be obtained by diverse groups working together to achieve common goals. Scientific Games' supplier diversity program is built to encourage diversity (minority, women, disabled and veteran-owned as well as other small businesses) and to provide materials and services that offer great value, competitive pricing and excellent performance in its contracts.

SG Indiana's supplier diversity program objectives will focus on:

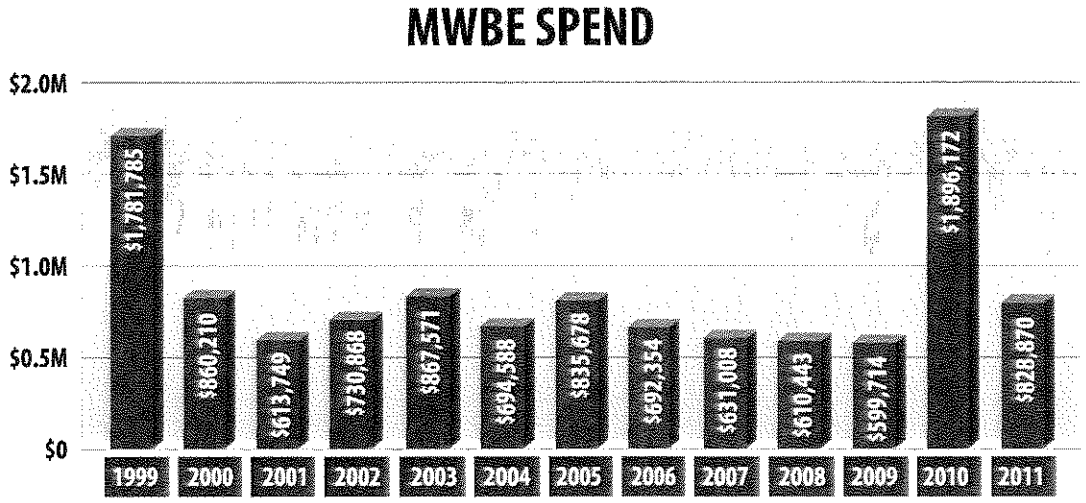
1. Maintaining a quality process for inclusion of certified and valued diverse suppliers in our supply chain.
2. Consistently monitoring and reporting supplier diversity achievements.
3. Continuing to develop new and innovative ways to utilize diverse suppliers within SG Indiana's supply chain and affiliated companies.
4. Partnering with diverse supplier advocacy organizations and state entities to advance the growth and expansion of goods and services from certified diverse businesses.

PROVEN PERFORMANCE – SCIENTIFIC GAMES SUPPLIER DIVERSITY PROGRAM OVERVIEW

As a leading global supplier of gaming products and services to state lotteries, Scientific Games believes that diversity in our supplier base is good business. Scientific Games is proud to be a national corporate member of the National Minority Supplier Development Council. Scientific Games continuously searches for the best solutions to our customers' requests and have found many of these solutions are leveraged with our diverse suppliers. Through our supplier diversity program, Scientific Games provides economic opportunities and business development for our suppliers and the communities they support.

Scientific Games MWBE Spend in Indiana 1999-2011

For almost 13 years (1999-present), Scientific Games has purchased over $11.9 million worth of goods and services from diverse suppliers in support of the Hoosier Lottery. Scientific Games intends that SG Indiana will continue such purchases of goods and services and that this program will continue to grow to promote minority enterprises in Indiana.



To achieve years of consistent diverse supplier spend in the past, Scientific Games has successfully partnered with Indiana certified minority businesses such as Pillow Express Delivery, PAP Security Printing, Matrix Integration, Fine Line Graphics, Clean Source, Rite Quality Office Supplies and 1st Class Solutions to service the Hoosier Lottery and will continue to do so over the contract period while providing goods and services to Scientific Games and SG Indiana.

SG Indiana will establish a target of eight percent (8%) of all vendor or subcontracted expenditures in direct support of the Hoosier Lottery ISA to be made in consideration of goods and services provided by certified women and minority owned business as part of its Supplier Diversity Program. As a part of the MWBE plan, SG Indiana will continue to evaluate opportunities and where feasible look for additional minority participation by state of Indiana certified diverse suppliers on this contract. During the term of the contract, SG Indiana will submit quarterly utilization reports (or as required) to the Hoosier Lottery outlining the overall subcontracted expenditures in support of the ISA, identifying the specific diverse supplier expenditures and showing the overall quarterly percentage (see sample below).

Note: *Facility leasing, and network and retailer communications will be excluded from the expenditure calculations. These expenses represent products and services critical to the ongoing operation and are typically excluded from supplier diversity programs.*

SG INDIANA'S MWBE PLAN

The following presents SG Indiana's MWBE plan for the operation.

MWBE Oversight

SG Indiana's MWBE Engagement Coordinator will benefit from the close working relationship and support from Scientific Games and its Supplier Diversity Program Manager, Ms. Lissa Owens, who has served as 2006-2008 Board Chair of the Georgia Minority Supplier Development Council. Ms. Owens is responsible for the organization and continued utilization of certified minority and women's businesses in the procurement process. She has several years of experience in leading corporate supplier diversity programs and developing MWBE utilization plans and regularly attends regional and national supplier diversity educational forums to acquire new innovative ideas to enhance Scientific Games' program to expand opportunities for diverse suppliers. Through these efforts, the MWBE utilization plans and efforts at SG Indiana will start with a strong team of existing vendor relationships and on-going supply engagements. One existing vendor relationship that has been extremely strategic and beneficial to Scientific Games is its relationship with MBE vendor, PAP Security Printing who became a supplier to Scientific Games when the company purchased IGT Online Systems in 2003. Ever since that time PAP Security Printing has provided Scientific Games with ticket stock, play slips and lottery terminal servicing to Pennsylvania and Indiana's lottery organizations. Since 2007, Scientific Games has purchased over $18 million of products and services from PAP Security Printing.

Training Programs

SG Indiana will provide training programs and other educational activities for key personnel and provider personnel. Our goal is to encourage minority and women's business enterprises to compete for contracts and subcontracts on an equal basis.

During the year, several of SG Indiana's and Scientific Games' key personnel will attend MWBE training programs around the country sponsored by state procurement agencies and advocacy organizations such as the National Minority Supplier Development Council. In addition, SG Indiana MWBE Engagement Coordinator will continuously update the local procurement team on new developments in MWBE utilization trends and opportunities. SG Indiana will benefit from the effort of Scientific Games, which has mentored MWBE suppliers in various state procurement mentor/protégé programs and can provide professional advice and program support

Monitor and Review

SG Indiana will monitor and review all aspects of the contracting procedures and decisions. This includes the recommendation, where appropriate, of the suspension of any procedure, decision or transaction which is not consonant with the MWBE plan or with any applicable requirements regarding the use of minority and women's business enterprises.

SG Indiana's MWBE Engagement Coordinator, Scientific Games' Supplier Diversity Manager and the procurement team will work with other key departments within Scientific Games to ensure that minority and women business enterprises are afforded equal opportunities to provide value added products and services as other suppliers.

Contracting procedures are routinely monitored and adjustments made as needed to enhance opportunities for MWBE suppliers where appropriate.

Reporting and Documentation

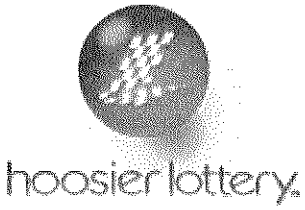
SG Indiana will prepare reports, documentation and statistical information concerning the following.

1. *Good faith efforts to implement the MWBE plan*
2. *Actual use of MWBE contractors and subcontractors, including actual dollar amounts spent with MWBE contractors and subcontractors*
3. *Contractor and subcontractor rates of pay and other forms of compensation*
4. *Training programs and selection procedures.*

As part of SG Indiana's MWBE Engagement Coordinator supplier diversity program the utilization of MWBE suppliers will be routinely monitored. Reports are systematically generated for distribution to internal and external stakeholders. In addition to MWBE spend information, other documentation concerning good faith efforts, contractual terms of agreements, and other MWBEs related activities (i.e. sponsorships, training, etc.) can be provided.

SG Indiana will report its minority and women business enterprises spend to the Hoosier Lottery Commission periodically as may be required. A sample MWBE spend report is attached for your reference in Figure 2. Scientific Games has a history of achieving these goals in Indiana.

SG Indiana will maintain pertinent information to substantiate the operation of its supplier diversity program and welcomes the Hoosier Lottery Commission to conduct an onsite monitoring and inspection review of its program upon request per Section 6.1.3 of the State Lottery Commission of Indiana Operating Standards.



MWBE Spend Report
January 2012 - December 2012

Figure 2: Sample MWBE Spend Report

2012

Vendor	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YR TOTAL
MWBE Vendor	$ -	$ -	$ -	$ -	$ -
MWBE Vendor	$ -	$ -	$ -	$ -	$ -
MWBE Vendor	$ -	$ -	$ -	$ -	$ -
MWBE Vendor	$ -	$ -	$ -	$ -	$ -
MWBE Vendor	$ -	$ -	$ -	$ -	$ -
MWBE Vendor	$ -	$ -	$ -	$ -	$ -
MWBE Vendor	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
Total MWBE Spending	$ -	$ -	$ -	$ -	$ -
Total Company Spending*	$ -	$ -	$ -	$ -	$ -
% MWBE Participation	X%	X%	X%	X%	X%

*Note: Facility leasing, taxes/fees, utilities and network and retailer communications will be excluded from the expenditure calculations. These expenses represent products and services critical to the ongoing operation and are typically excluded from supplier diversity reporting metrics.

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Appendix 1

Who We Are

Scientific Games Corporation is a global gaming leader dedicated to bringing a comprehensive, end-to-end portfolio of secure, high quality, player-engaging products and services to government-regulated and government-sponsored gaming organizations the world over.

Scientific Games has its roots in innovation with the rollout of the first secure instant lottery ticket in 1974. Today, the Company differentiates itself through creative and responsible revenue-enhancing game content, the security of its offerings, its knowledge of retail, and its proven ability to deliver world-class technology and network solutions to its customers.

Headquartered in New York City, Scientific Games is a public company (Nasdaq: SGMS) that has customers in approximately 50 countries on six continents and manufacturing and operational facilities in North America, South America, Europe, Asia, and Australia, with additional facilities throughout the U.S. and around the world based on customer requirements.

Scientific Games' comprehensive, sophisticated, integrated array of products and services includes:

- Instant ticket manufacturing, systems and services
- Lottery gaming systems
- Licensed branded games
- Operations services
- A comprehensive video gaming suite (systems, software and terminals)
- Server-based systems and gaming machines
- Amusement-With-Prize (AWP) and Skill-With-Prize (SWP) betting terminals
- Best-in-class sports betting solutions
- Internet, mobile and other interactive games and solutions

Contact Us

To join our national database of certified minority, woman-owned, small or disadvantaged suppliers, please visit our website at:

www.scientificgames.com/sgcorp/supplierdiversity.asp

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SCIENTIFIC GAMES®

Commitment to Supplier Diversity

A rich history of developing, nurturing and sustaining partnerships with diverse business enterprises.

Commitment to Diverse Vendor Procurement

Scientific Games has a proud history of working in partnership with our many lottery customers to create opportunities for diverse business enterprises.

Our diverse business development and utilization program is constructed not only to comply with each customer's specific diverse business requirements, but to exceed those requirements whenever and wherever possible.

Our commitment to diversity is further exemplified in the following:

- SG mentors small, minority-owned businesses through participation in Governor Mentor Protégé Programs across the U.S.
- SG is a longstanding member of the National Minority Supplier Development Council (NMSDC) and the Hispanic Chamber of Commerce.

Commitment to Diversity

Scientific Games has developed and implemented an aggressive diverse business development and utilization program. Our goal is to meet or exceed the commitment level established in each customer jurisdiction. We have retained commitments for a variety of services, including:

- Office Furniture
- Office Products
- Courier Services
- Computer Supplies
- Computer Systems
- Construction Services
- Janitorial Services
- Lawn Care Maintenance
- Painting
- Carpet Installation
- Communication Installation
- Printing Services
- Public Relations
- Real Estate Services
- Software Development
- Technical Maintenance
- Vending Services
- Wiring and Cabling
- Temporary Staffing
- Training Services
- HVAC Services
- Telephone Equipment and Services

Here is but a small, representative sampling of our many valued partners:

- **IMAGES USA:** Partnership with SG spans more than a decade; this supplier/partner provides marketing consultation, diverse business development coordination and market research.
- **EXPEDITED TRANSPORTATION SERVICE:** Partnership with SG began in the mid-1990s; this supplier/partner assists SG in delivering instant tickets and various gaming devices to SG customers around the world, including China, Italy, Spain and many others.
- **PERFECT IMAGE:** Partnership with SG spans more than a decade; this best-of-class supplier/partner provides printing services and also collaborated with SG in the development of a web-based service platform.

Why Partner with Scientific Games

Our commitment to diversity is reflected in our customer base, our workforce and our network of supplier-partners.

We fully support the commitment of each of our customers to maximize diverse business participation in the formation and operation of their respective lottery organizations.

As a lottery industry leader, we continually work hard to develop innovative ideas that foster the growth of our diverse supplier-partners.

In addition, 44% of our U.S. workforce is comprised of minorities. This is the result of an aggressive minority employee recruitment plan to support our mission of recruiting and sustaining a diverse workforce as well as increase diversity within our senior management. It also reflects a commitment that goes far beyond doing business with a diverse business enterprise simply because a bid mandates it.

We continually seek relationships outside of government mandates, many of which have been sustained for well over a decade. And so our commitment is truly from the *inside out.*

RESPONSIBLE GAMING PLAN

Scientific Games International, Inc. ("Scientific Games") is submitting this Responsible Gaming Plan both in its capacity as offeror of the Business Plan and on behalf of that certain special purpose entity ("SG Indiana") to be organized by Scientific Games for the purpose of entering into the Integrated Services Agreement ("ISA").

This Responsible Gaming Plan demonstrates how Scientific Games will drive growth of the Hoosier Lottery through responsible gaming practices. Our plan calls for a unique and fresh commitment to the Hoosier Lottery's core values in pursuit of its mission:

"To responsibly provide innovative and entertaining lottery games for the benefit of the citizens of Indiana"

We are confident that our Business Plan will transform the Lottery, generating higher revenue for beneficiaries and retailers, better prizes for players, and opportunities for more Hoosiers to share in the fun of the lottery. This shall be achieved with an emphasis on responsibly supporting existing players and improving overall player demographics by attracting new, light, and lapsed players to a trusted brand.

The Hoosier Lottery's adoption of SG Indiana's plan will demonstrate its commitment to responsible gaming to industry peers and Indiana's citizenry. It will communicate that SG Indiana's practices are in place and working, as affirmed by the World Lottery Association (WLA), an impartial and globally accepted endorsement. It also assures governmental stakeholders that Indiana's plans and programs are designed to ensure the highest level of responsibility in the implementation and management of all the lottery's programs, and any future developments in the Lottery's business will be conducted in a responsible manner as well.

EXISTING RESPONSIBLE GAMING RESOURCES IN THE HOOSIER STATE

The State of Indiana has, through the Indiana General Assembly, established one of the strongest funding mechanisms to assist responsible gaming and treat gambling addictions in the nation. The assembly challenged the state's casino industry to fund the state's responsible gaming programs. The evolution of Hoosier Lottery to its modern level of performance, and its goals for

growth and preeminence present a prime opportunity for the Lottery to proactively assume a more involved role in promoting responsible gaming.

Under the auspices of the Indiana Council on Problem Gaming, the State has funded an excellent variety of initiatives to support Indiana's citizenry concerned about problem gambling. Existing initiatives include:

- Excessive gambling prevention, awareness, and education activities that include a gamblers self-test.
- A toll-free, 24/7 telephone helpline (800.994.8448).
- Training events to expand the number of credentialed problem gambling counselors in the state.
- Online links and contact information to treatment providers across the state.
- A voluntary self-exclusion program.
- Support of the Midcentral Alliance Conference (on Problem Gambling), and other Alliance projects.
- Creation of a repository of state gaming data and reports for public review and analysis.
- A speakers' bureau to support meetings across the state.
- Internet access to all these resources along with gambling FAQs and downloadable newsletters and brochures.

These are comprehensive, responsible gaming initiatives available in Indiana today. The transformation of the Hoosier Lottery presents an opportunity to add more active support to these initiatives. They represent a solid foundation SG Indiana can expand, and we look forward to partnering with the Indiana Council on Problem Gambling to launch programs for lottery games specifically.

About the Indiana Council on Problem Gambling (ICPG)

ICPG strives to generate awareness, promote education, and be an advocate for quality treatment of problem gamblers in the State of Indiana. The ICPG was founded in 1996 by a group of individuals and organizations whose goal was to ensure that help was available for problem gamblers in a time of increasing types of legalized gambling in Indiana.

The ICPG seeks to work with all individuals and organizations involved in gaming activities that address problem gambling in Indiana. The ICPG believes that success will result from these partnerships.

REPOSITION THE LOTTERY THROUGH RESPONSIBLE GAMING INITIATIVES

Responsible Gaming initiatives greatly assist SG Indiana's objectives to manage public sentiment and opinion about the Lottery and the State's connection with it. Because lottery can be viewed positively and negatively–regardless of the Lottery's intentions–clear expression of the mission, goals, and responsibilities of the Lottery to its public must be frequently and dynamically communicated. The unreserved, yet deliberate adoption of Responsible Gaming principles will advance the Lottery's cause of maximizing net income to state coffers in a socially acceptable and responsible way.

A Word about Remote Gaming – While we understand that new forms of remote gaming (i.e., via Internet platforms) are not permissible in Indiana today, our Responsible Gaming plan is designed to incorporate programs as these new forms of gaming may be approved in the future. Remote gaming, such as selling lottery tickets via the internet, is seen by some as a logical extension of lottery play. It is also recognized as a key method for reaching the upcoming generation of new lottery players. Regardless of how lottery play is viewed, in order to secure public acceptance of expanded offerings, SG Indiana commits to uphold the Hoosier Lottery's demonstrated commitment to maintaining a gaming environment that is safe, secure, and managed with an attitude of stewardship toward its regular, light, and lapsed players, retailers, the non-playing public, and other Hoosier stakeholders.

SG Indiana's Business Plan calls for the implementation of Responsible Gaming initiatives to grow the Hoosier Lottery's playership and reposition it for continued growth. The Responsible Gaming initiatives will be achieved through the WLA certification process, by appropriately optimizing instant and draw games for broader audience appeal, and extending the Lottery's use of mobile channels to attract new, light and lapsed players, improving overall player demographics. We will review the WLA certification process with the Commission as part of transition planning efforts and ultimately decide certification direction with the Commission at that time.

RESPONSIBLY GROWING PLAYERSHIP: INSTANT AND DRAW GAME OPTIMIZATION

The instant and draw game categories will be developed with scientific games' unparalleled expertise, and tested with consumers to ensure they appeal to a broad and diverse player base.

The games will be set, tracked, and optimized to effectively utilize price point strategy, themes, play styles, and other game management tools to regularly attract new players, and add them to the lottery's player base. This in turn will create a healthy, dynamic revenue stream.

RESPONSIBLY GROWING PLAYERSHIP: MOBILE CHANNELS

Our highly mobile society, in which many people receive and share information, and find entertainment via mobile devices while on-the-go, presents opportunity to reach an improved demographic of additional players through new channels. Consider the findings of recent research:

- 38% of American subscribers own smartphones and many more use tablets and mobile computers *(Google-Ipsos Study (10/11))*
- 69% access mobile Internet daily *(Google-Ipsos Study (10/11))*
- 27% of Americans get their news via mobile devices *(2012 Pew Research Center, State of News Media Report)*
- 49% Americans play video games at home, while 30% of that group play games on their smartphones, an increase of 50 % over 2011 *(Entertainment Software Association (6/12))*
- 33% of Americans play social games, and 15% pay to play online games *(Entertainment Software Association (6/12))*
- Among the most-wired Americans 40% play games on smartphones, while 26% play on other wireless devices. *(Entertainment Software Association (6/12))*

These mobile tools and channels present an ideal means to identify and connect with new player groups to expand the Hoosier Lottery player base. They represent a way to gain access to new players, as well as reconnect with lapsed and occasional lottery players.

Scientific Games has adopted the Shoutz™ platform as one method to reach these mobile audiences. Shoutz is ideally suited to convey the Lottery's socially responsible image, through video messaging, in a way that is both convenient and engaging to these audiences. It has the functionality and a flexible feature set to enable the Hoosier Lottery to build playership through captivating, interactive connections with new, light, and lapsed players.

RESPONSIBLE GAMING CERTIFICATION BY THE WORLD LOTTERY ASSOCIATION

The World Lottery Association's (WLA) Responsible Gaming Framework is considered the "gold standard" among lotteries around the globe. The conferral of certification is based on the applicant lottery's ability to demonstrate commitment to responsible gaming in 10 specific program areas. We will review the scope of the certification process with the Commission during the transition phase to get buy-in prior to embarking on the engagement with WLA for the Hoosier Lottery brand.

The discussion below provides perspective on the integral role that responsible gaming has in every aspect of the Lottery's operations. We believe certification by the WLA is an important part of the Business Plan.

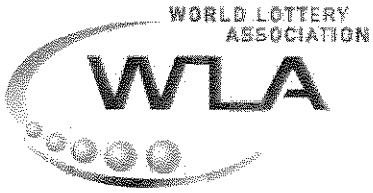
The active pursuit and attainment of WLA certification for responsible gaming aligns directly with three of Hoosier Lottery's five core values supporting its mission. Those directly aligned values are:

- Having a passion for excellence
- Having a customer-centric focus
- Operating with the highest level of integrity

We believe that by applying such values, the Hoosier Lottery can reinvent itself to become one of the highest performing lotteries in the nation, while meeting important stakeholder transparency needs, and becoming a model for cooperation and collaboration in the industry.

WORLD LOTTERY ASSOCIATION'S FOUR-LEVEL RESPONSIBLE GAMING FRAMEWORK

The WLA has established four levels of certification in responsible gaming, and evaluates lottery organizations from around the world against a set of finite standards to determine how well each applicant lottery meets those standards.



The four levels are:

- **Level 1 – Commitment.** Because Scientific Games is a member of the WLA, and SG Indiana is a subsidiary of Scientific Games, the rights and benefits of that membership will be accredited to SG Indiana.
- **Level 2 – Self-Assessment and Gap Analysis.** SG Indiana will agree to complete an assessment and gap analysis to determine what responsible gaming programs need to be put into place to ensure the Lottery addresses each of the principles.
- **Level 3 – Planning and Implementation.** SG Indiana will agree to develop a plan, timetable, and budget for taking action to implement the specific responsible gaming programs necessary to ensure all principles are addressed.
- **Level 4 – Continuous Improvement.** SG Indiana will work to integrate specific responsible gaming programs into its daily operations, and has resources and processes in place to continuously improve them.

The commitments that member lotteries must translate into responsible gaming programs to attain Level 4 certification comprise the **10 Elements of the WLA Responsible Gaming Framework.** The following describes how SG Indiana will achieve each program element:

Program Element 1: Research

SG Indiana will develop Responsible Gaming practices with the fullest possible understanding of Responsible Gaming information and related issues derived from analysis of documented research.

Consumer and retailer research are cornerstones of our approach to game development and management. It is critical to understanding the player base, who the new players are, who is playing more or less, who is dropping out, as well as many other variables that impact lottery marketing management and profitability. This research also includes how game design affects the interests of existing and prospective players.

During the first year of operations, completed research will create a context for SG Indiana to focus on:

- Analyzing Responsible Gaming research conducted across the lottery industry.
- Developing a Responsible Gaming research policy for SG Indiana and the Hoosier Lottery.
- Enhancing its regular tracking surveys with Responsible Gaming questions.
- Including Responsible Gaming questions in any longitudinal research.
- Monitoring Hoosier Lottery's website activity for Responsible Gaming click-throughs and self-exclusions.
- Monitoring gambler helpline statistics related to lottery activity.
- Reviewing existing primary research in Indiana regarding prevalence and other key data.
- Developing a plan for new primary research to supplement existing data.
- Face-to-face interaction with Responsible Gaming support service providers, and other stakeholders, to determine the impact of lottery activities on player populations.

Program Element 2: Employee Training

SG Indiana will work with its stakeholders (i.e., Indiana government, non-government organizations, regulators, researchers, public health professionals, and the general public) to share information, develop research, and promote responsible gaming as broadly as possible, and encourage a better understanding of the social impacts of gaming.

Employee training is always an important component in the evolution of a lottery. The establishment of SG Indiana will involve hiring and training staff in many areas Responsible Gaming including:

- Development and incorporation of Responsible Gaming training sessions for staff as part of regular sales training meetings.
- Development of online Responsible Gaming curricula for employees.
- Creation of a framework for certifying all employees.

Program Element 3: Retailer Program

SG Indiana will promote only legal and responsible gaming in all aspects of its operation, including the development, sale and marketing of products and activities.

As SG Indiana develops its retail network, there will be several factors related to the quantity and quality of retailers in the network, which will have significant impact on the success of the lottery. SG Indiana will also endeavor to ensure that retail agents promote only legal and responsible gaming through their marketing and sales activities. The Business Plan will bolster SG Indiana's retailer program initiatives in the following ways supporting WLA Responsible Gaming certification efforts:

- **Broaden the Player Base** – Because a broad player base is very important to the lottery's long term viability, the broad distribution of lottery products is also important. Our plan aims to broaden the retailer base to include new retail categories. This will enhance and diversify the distribution of lottery products, but also help ensure lottery revenues do not become dependent upon a narrow segment of the potential playing public, limited to certain socio-economic groups or geographies.
- **Recruit Retailers** – The recruitment of new retailers should reflect balance in the lottery's approach to its player base. Excessive concentration of lottery retail outlets in neighborhoods that already have high-volume retailers not only has a negative effect on same store sales, but also subjects the lottery to criticism that it is targeting vulnerable populations with its retail expansion strategy. The Responsible Gaming Plan will guide the SG Indiana retailer program's development to mitigate this effect.
- **Train Retailers in Responsible Gaming Principles and Resources** – Because retailers are essentially the "face of the lottery" to the average lottery player, they can also be the first line of response to individuals who may be developing a gambling problem with lottery games. The Responsible Gaming plan provides for training that will enable retailers to recognize and respond to signs of a developing gambling problem. By training retailers how to share helpful

information about treatment options, the lottery will be taking a proactive role in both prevention and treatment.

- **Strategically Place Assistance Information at Retail** – Implementation of the Responsible Gaming plan will provide retailers with signage and literature to help prevent and lead to treatment of problem gaming. Electronic signage would be programmed through Scientific Games' Lottery InMotion technology, where available and feasible, to include responsible gaming messages. This is a simple, yet practical way to fully utilize the convenient, local presence of the retail network for this purpose.
- **Promote Responsible Business Practices** – Development or evaluation of a Retailer Code of Conduct to ensure retailers follow socially responsible business practices.
- **Regular Communication about Responsible Gaming Topics** – Retailer newsletters will include monthly or quarterly responsible gaming columns that provide further information and links for support to retailers regarding all responsible gaming issues (e.g., underage play, excessive play, self-exclusion, and referral resources).

Program Element 4: Game Design

SG Indiana will promote only legal and responsible gaming in all aspects of its activities including focus groups, game development, and the sale and marketing of products and activities. SG Indiana will make reasonable efforts to ensure its retailers, suppliers and subcontractors do the same.

The game mix will be designed to attract new players, rather than merely encouraging the existing player base to spend more. This strategy is congruent with a Responsible Gaming approach and applies to both instant and draw games, as well as new game types. The best practices will include the following:

- Create a game price point strategy that reinforces a balance between serving the wants of existing players and acquiring new players.
- Use game evaluation research that includes prospective players, light players, and lapsed players as key audiences in all game development.
- Ensure that the development of any plans for internet or interactive play (not in the Base Plan) uses the highest

standards and techniques for preventing underage play, discouraging out-of-state play, and excessive play through wager limitations and other practices successfully implemented by other WLA.

- Ensure all lottery tickets include the message "Must be 18 to play."
- Ensure all tracking research includes measures that gauge the effectiveness of the game development strategy's ability to acquire new players and demographics. Monitoring and evaluation are ongoing components of game development, product management and the responsible gaming program.

Program Element 5: Remote Gaming

SG Indiana will promote only legal and responsible gaming in all aspects its activities, including the development, sale and marketing of products and activities. SG Indiana will make reasonable efforts to ensure its retailers do the same.

Scientific Games understands that remote gaming considerations are not to be included in the base plan until such time as SG Indiana is authorized by the Lottery to pursue it.

To ensure that SG Indiana evaluates opportunities and prepares a responsible gaming component for its remote gaming program, Scientific Games proposes the following actions on behalf of Indiana.

- A comprehensive review of industry best practices, domestic and international, regarding game access, prevention of underage play, excessive play, and play limit protocols. Responsible marketing and advertising, player analysis and the possible impacts of remote gaming on existing products and storefront retailers would also be considered.
- Development of a comprehensive recommendation for implementing a remote gaming program that includes all responsible gaming components described above.
- A set of clearly stated objectives for the program that includes acquisition of new players and the evaluation methods that will be used to measure progress of the program toward each of the objectives.

Program Element 6: Advertising and Marketing

SG Indiana will provide the public with information in an accurate and balanced manner that enables individuals to make informed choices about gaming activities within Indiana. This commitment requires that the marketing of lottery activities and products be subject to reasonable self-regulation to promote the exercise of Responsible Gaming practices through informed choices.

Engagement with Publicis Indianapolis and Hirons & Company gives the planned advertising and marketing strategies a Hoosier-based foundation to be relevant in the Hoosier market. Both firms also have experience managing programs that incorporate a responsibility message.

We will ensure that all of the advertising and marketing communications programs that Scientific Games implements or manages through SG Indiana meet the highest industry standards. Advertising and marketing programs will **not**:

- Be directed at high risk groups
- Encourage underage play
- Communicate misleading information
- Inaccurately portray the chances or odds of winning, or
- Present lottery products as solutions to financial problems

Marketing and advertising programs will be designed to appeal to diverse audiences consistent with the major objective to broaden the player base.

Specifically, the following will be included in any responsible gaming program.

- Review existing advertising and marketing guidelines relative to industry standards and best practices.
- Give special consideration to promotions, sponsorships and special events, separate from advertising and marketing activities. Lottery and vendor representatives who staff these events would be trained on responsible gaming principles pertinent to direct interaction with the public. Scrutiny for underage participation in promotions, over-aggressive recruitment, and taking advantage of opportunities to provide helpful referral (to players who may be spending beyond their financial means) are scenarios where direct interaction can have as meaningful an impact as advertising.
- Ensure that responsible play, underage play prevention, and referral information is placed in each retail store in a conspicuous and easily accessible manner.
- Communicate the value to staff and retailers of using Responsible Gaming materials at the point of sale as a means to balance the messages players receive about lottery products and promotions.
- Give special consideration to development of specific campaigns to mitigate underage play and excessive play.

Program Element 7: Player Education

SG Indiana will provide the public with information in an accurate and balanced manner to enable individuals to make informed choices about gaming activities within the Lottery's jurisdiction. Individuals shall be provided with accurate information about gaming and the risks associated with it. While it is possible to educate existing and prospective players through the Lottery's advertising and marketing messages, Responsible Gaming messages necessarily go beyond these limited contacts with the public. The Responsible Gaming Plan includes a formal player education program that encompasses:

- Development of a detailed strategic plan that makes specific responsible gaming messages inherent to the marketing communications, advertising and public information tactics.
- A specific area of the lottery website dedicated to responsible gaming messages.
- Support web content that provides "prizes remaining", "winner awareness", and other game and promotion information to help players stay informed of the status of lottery activities.
- Development in subsequent years of specific education programs targeted to youth, older citizens, and other vulnerable groups.
- Engagement with the ICPG to align communications initiatives to support Indiana's citizenry concerned about problem gambling.

Program Element 8: Treatment Referral

SG Indiana will take reasonable and balanced measures to meet its objectives while protecting the interests of its players and vulnerable groups; at the same time SG Indiana will uphold its respective commitments to support public order in Indiana.

SG Indiana takes its responsibility to the State of Indiana as a corporate citizen very seriously. While providing fun and entertaining game offerings to the adult residents of Indiana, SG Indiana also has a responsibility to provide helpful referral information to gaming citizens who need it.

In the introduction to this plan we noted the role the Lottery has in problem gaming issues facing the state. Creating a connection with the treatment community through support and referral is a meaningful way for the Lottery to actively contribute to the resolution of gambling addiction.

Publicly communicating that there is help for those with problems or potential problems is the foundation of any substantive Responsible Gaming program.

In the initial phase of this program, some first steps and elements would include:

- Expanding relationships with the local and national problem gaming organizations.
- Ensuring that the lottery website links to service providers.
- Promotion of gambling help information on the website, and through other appropriate means using all media.

Program Element 9: Stakeholder Engagement

SG Indiana will work with all its stakeholders (i.e., government, non-government organizations, regulators, researchers, public health professionals, and the general public) to share information, develop research, and promote responsible gaming as broadly as possible and to encourage a better understanding of the social impact of gaming.

The Lottery's stakeholders include a diverse group of people with varied interests in the activities of the lottery. Among them are:

- Beneficiaries
- Players
- Non-players
- Employees
- Retailers
- Service providers
- The WLA and other lotteries with responsible gaming programs
- Research organizations

SG Indiana will take the following approach with stakeholders:

- **Service Providers and Research Organizations** – SG Indiana will take various steps to engage these groups. These steps would include membership and active participation in national and local conferences on problem gaming.
- **Retailers and Players** – As part of regular contact with retailers, SG Indiana will maintain an ongoing conversation with retailers about the challenges encountered with underage play and excessive play. SG Indiana will also continue to advocate that retailers display responsible

gaming point of sale materials, and use their training to help players avoid excessive play issues.

- **Other WLA Lotteries** – SG Indiana will, through its affiliation with Scientific Games, pursue networking opportunities to participate with other WLA operators and lotteries in information sharing globally, nationally and locally.
- **Beneficiaries and Non-players** – Ongoing communications to beneficiaries and non-players will be provided through the website and other media. When a specific communications campaign is required or helpful, a program will be executed by SG Indiana in partnership with Scientific Games and its local partners.

Program Element 10: Reporting, Measurement, and Accountability

SG Indiana will make a reasonable effort to monitor, test and revise as appropriate, those activities and practices related to Responsible Gaming. The establishment of globally accepted standards for responsible gaming programs and practices allows lotteries to look critically at their efforts and compare them with the rest of the industry. To accomplish this, and to provide external audiences with substantial evidence of its commitment, a consistent program of reporting, measurement and accountability will be created. Each program element shall be capable of being monitored, measured and made public for consideration.

The panel at WLA that reviews each application for certification is comprised of responsible gaming experts who provide feedback on the content of each application. This process allows the applicant to get a clear understanding of where it stands among responsible gaming programs globally, and will benefit the Hoosier Lottery's Responsible Gaming Plan.

The plan shall be geared toward helping SG Indiana accomplish the following during the first year.

- Application for Level 1 membership in WLA, and significant progress toward Level 2.
- Thorough examination of recently approved Level 2 applications to create a guideline and strategy for the Hoosier Lottery application.
- Creation of quarterly and annual reporting regarding SG Indiana's progress putting the 10 program elements into place.
- Monitoring of WLA guidelines and activities that inform the evolution of the responsible gaming plan.

The certification program described herein will be refined over time. The foregoing provides a realistic working structure for taking meaningful steps to move the Hoosier Lottery toward the goal of WLA certification for Responsible Gaming.

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BRAND INTEGRITY PLAN

Scientific Games International, Inc. ("Scientific Games") is submitting this Brand Integrity Plan both in its capacity as offeror of the Business Plan and on behalf of that certain special purpose entity ("SG Indiana") to be organized by Scientific Games for the purpose of entering into the Integrated Services Agreement ("ISA").

This Brand Integrity Plan is prepared as part of SG Indiana's Base Business Plan submission for the Integrated Services Agreement (ISA). It describes how SG Indiana will periodically develop baseline data concerning the strength of the Hoosier Lottery franchise and participation in lottery games. All data collected will be efficiently shared with the Commission, as required.

WHAT IS A BRAND?

The Hoosier Lottery brand is more than its logo. The brand is the image, reputation and values that many different constituents attribute to the lottery. The brand of the lottery to players may be different than what it is to non-players. And it may be different for retailers than it is for employees. All these audiences, and more, are important to the success of the lottery. They are important because people like to buy products from, sell products for, and generally accept the existence of organizations that have positive, trusted brand attributes.

SITUATION ANALYSIS

The brand position of the Hoosier Lottery situation is similar to that of the Illinois Lottery in 2008. Public perception of mature lottery brands, like those of the Illinois Lottery in 2008 and those of the Hoosier Lottery today, typically erodes over time. We believe that such erosion should be countered by a focus on supporting individual products rather than the "umbrella" lottery brand. Indeed, we believe that perception of the "umbrella" brand will be positively impacted by such a focus on individual product brands, which all impact on one another due to cross-play. In this way, the "umbrella" lottery brand can be indirectly supported in a manner that promotes retailer recruitment and public acceptance.

HISTORICAL RESEARCH

The Hoosier Lottery measures aspects of brand health through its tracking research. The "Corporate Image" composite from the March Dashboard Report showed the top three boxes evaluated were as set forth below. We note that these numbers were fairly consistent through the time period of reports provided:

MONTH	TOP 3 BOXES "FAVORABLE"
March, 2012	70%
February, 2012	67%
January, 2012	72%

The Hoosier Lottery's measurement of consumer awareness regarding where the profits are allocated is somewhat a measure of understanding what the brand is all about. As noted in the below chart, awareness in Indiana is fairly low compared to industry averages.

MONTH	AWARENESS OF WHERE PROFITS ARE ALLOCATED
March, 2012	25%
February, 2012	23%
January, 2012	25%

The above tracking research makes clear that the Hoosier Lottery will benefit greatly from a research and marketing program that is similar to what Scientific Games has implemented in Illinois.

EXPERIENCE: RESEARCH IN ILLINOIS

Scientific Games commissioned Ipsos-Reid, a global leader in lottery research, to conduct a two-phase research program regarding Brand Health in Illinois as part of our Northstar partnership. The objectives of the study were:

- Determine the general positioning of all Illinois Lottery brands (including the corporate brand) to each other.
- Develop an understanding of how players perceive the different offerings and the benefits provided by each.
- Develop an understanding of how to talk about the brands in the context of players' perceptions and triggers to play.

A similar research approach would be beneficial for the Hoosier Lottery as it would bolster the Hoosier Lottery corporate brand and would also help differentiate the many Hoosier Lottery sub-brands.

RESEARCH PLAN FOR THE HOOSIER LOTTERY BRAND

We recognize that the Hoosier Lottery has conducted a segmentation study and quarterly tracking with Ipsos-Reid. While basic lottery image metrics are tracked, we plan to work with Ipsos-Reid to integrate the study we recommend below into the research plan.

SG Indiana will execute a study in Indiana similar to the research conducted in Illinois. This will be done during year one of our contract. It will include two phases:

- **Qualitative** – Focus groups with players, and potentially non-players
- **Quantitative** – Equity Builder (proprietary) brand health assessment

This research will be conducted over a six month period beginning in July of 2013 and would be followed up with the insertion of selected questions in the regular tracking survey. Such questions would be developed as a product of the initial research, and would help provide regular measures of the brand health of the Hoosier Lottery.

In addition, specific outcomes from the brand study may lead to the development of communications efforts to reinforce brand values for the lottery as a whole, or to create clear identity for the product brands one from another. By taking an ongoing approach to evaluating the brand integrity of the Hoosier Lottery, SG Indiana will ensure that both the corporate and product brands are clearly understood and differentiated. All data and results collected from research, along with our recommendations, will be presented to the Commission in a timely manner.

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— CONFIDENTIAL INFORMATION BEGINS HERE —

"Confidential as per Indiana Code § 5-14-3-4(a)."

— CONFIDENTIAL INFORMATION ENDS HERE —

AFFILIATES

Scientific Games International, Inc., a Delaware corporation, is submitting this Response both in its capacity as offeror and on behalf of that certain special purpose entity ("SG Indiana") to be organized, and wholly owned, by Scientific Games International, Inc. for the purpose of entering into the Integrated Services Agreement ("ISA"). Scientific Games International, Inc. is a wholly owned subsidiary of Scientific Games Corporation, a Delaware corporation ("SGC").

The following Affiliates will provide goods and services (including equipment and products) in support of the Business Plan, include the following:

Scientific Games International, Inc. is party to that certain Contract for On-Line Gaming System and Related Services last executed 22 October 2009 ("Online Contract"). The Commission will assign the Online Contract (including, but not limited to Appendix E) to SG Indiana. SG Indiana will exercise all applicable extensions thereunder and, in exchange for investing in a system and terminal refresh in 2020 that is estimated to cost Scientific Games International, Inc. approximately $5.0 million dollars (based on the ISA having an effective duration of 15 years), the parties to the Online Contract shall mutually agree to extend the term of effectiveness such that it shall be co-terminus with the term of the ISA. To the extent that the ISA is extended for a term that is longer than 15 years, Scientific Games International, Inc. shall invest in a terminal refresh that is proportionally greater than $5.0 million. For avoidance of doubt, the Online Contract shall in all cases have an expiration date that is identical to the expiration date of the ISA.

Scientific Games International, Inc. shall also enter into an agreement with SG Indiana for the printing, packaging and delivery of all instant tickets, as well as ICM program described in the Instant Games section of this proposal (Tickets Contract). Such Tickets Contract shall in all cases have an expiration date that is identical to the expiration date of the ISA. For avoidance of doubt, the ICM program includes Warehousing and Distribution (including ticket return, destruction and recycling), Telemarketing Services, OrderCast predictive ordering software, Consumable Management and Distribution, Customized Reporting and Retailer Development. The Tickets Contract shall specifically provide for the possibility of Offeror subcontracting certain of its obligations (in particular the obligation to print instant tickets) to Scientific Games Products (Canada) ULC, a Nova Scotia limited liability company, and indirect wholly owned subsidiary of SGC. MDI Entertainment, LLC, a Delaware limited liability company and wholly owned subsidiary of SGC, shall subcontract with SG Indiana in respect of the Properties Plus player loyalty program and licensed properties.

If the Commission requests applicable enhanced bid options, then (1) SG Gaming Inc., a Nevada corporation and wholly owned subsidiary of SGC and/or (2) Global Draw Limited, a United Kingdom limited liability company and wholly owned indirect subsidiary of SGC, would contract with SG Indiana in respect of Video Lottery Terminals. If the Commission requests applicable enhanced bid options, then (1) MDI Entertainment, LLC, a Delaware limited liability company and wholly owned subsidiary of SGC, and/or (2) Sciplay Inc., a Delaware corporation and wholly owned subsidiary of SGC, would subcontract with SG Indiana in respect of internet related products and services.

Publicis Indianapolis, a Delaware corporation with its principal place of business at 200 South Meridian Street, Suite 500 Indianapolis, IN 46225, shall be providing advertising and marketing services to SG Indiana. The entity is registered to do business in the following states: California, Idaho, Indiana, New York, and Washington.

DIRECTORS

- Ali Belgaumi - Director, President, Chief Financial Officer & Treasurer
- Susan M. Gianinno - Director
- Richard W. Meehan - Vice President & Assistant Treasurer
- Raymond J. Salort - Vice President & Assistant Treasurer
- John R. Spitzig - Vice President & Secretary

SHAREHOLDERS

- MMS USA Investments, Inc. – 68.5%
- Digitas, Inc. – 27.4%
- Arc Worldwide, Inc. – 4.1%

Hirons & Company Communications, Inc., an Indiana corporation with its principal place of business at 422 E. New York Street, Indianapolis, IN 46202. The entity is registered to do business in Indiana.

DIRECTORS

- Thomas G. Hirons - President, Chief Executive Officer
- James B. Parham - Vice President, Chief Operating Officer
- Ann L. Kneifel - Chief Financial Officer
- Deana Haworth - Senior Vice President, Director of Account Services
- Mike Murphy - Senior Vice President, Director of Public Affairs
- Tom Aschauer - Vice President, Executive Creative Director
- Amy Mitchell - Vice President, Media Director

SHAREHOLDERS

- Thomas G. Hirons – 70.0%
- Employee Stock Ownership Plan Trust – 30.0%

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SG INDIANA BID NET INCOME PROPOSAL

Our cumulative Bid Net Income for the first five Contract Years totals $1,730,000,000.

Contract Year	Bid Net Income ($ in millions)
1	$275.0
2	$326.0
3	$361.0
4	$384.0
5	$384.0

PRO FORMA FINANCIAL STATEMENTS – BASE BUSINESS PLAN

— CONFIDENTIAL INFORMATION BEGINS HERE —

"Confidential as per Indiana Code § 5-14-3-4(a)."

— CONFIDENTIAL INFORMATION ENDS HERE —

BID SECURITY

In accordance with RFI Section 3.5, we have provided the required bid security in the amount of $1,500,000 (U.S. Dollars). Please see the following pages.

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JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

AUG 23, 2012
OUR L/C NO.: TFTS-302477

TO:
THE STATE LOTTERY COMMISSION OF
INDIANA
1302 N. MERIDIAN STREET
INDIANAPOLIS, IN 46202

APPLICANT:
SCIENTIFIC GAMES INTERNATIONAL INC.
1500 BLUEGRASS LAKES PARKWAY
ALPHARETTA, GA 30004

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO UCP LATEST VERSION

DOCUMENTARY CREDIT NUMBER:	TFTS-302477
FURTHER IDENTIFICATION:	ISSUE
DATE OF ISSUE:	AUGUST 23, 2012
BENEFICIARY:	THE STATE LOTTERY COMMISSION OF INDIANA 1302 N. MERIDIAN STREET INDIANAPOLIS, IN 46202
APPLICANT:	SCIENTIFIC GAMES INTERNATIONAL INC. 1500 BLUEGRASS LAKES PARKWAY ALPHARETTA, GA 30004
DATE AND PLACE OF EXPIRY:	DECEMBER 31, 2012 AT OUR COUNTER
DOCUMENTARY CREDIT AMOUNT:	USD1,500,000.00
AVAILABLE WITH:	JPMORGAN CHASE BANK, N.A. TAMPA, FLORIDA BY PAYMENT

ADDITIONAL DETAILS:
FUNDS UNDER THIS CREDIT ARE AVAILABLE AGAINST PRESENTATION OF THE

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

AUG 23, 2012
OUR L/C NO.: TFTS-302477

BENEFICIARY'S SIGNED AND DATED STATEMENT REFERENCING OUR LETTER OF CREDIT NO. TFTS-302477, STATING THE AMOUNT OF THE DEMAND AND READING AS FOLLOWS:

''SCIENTIFIC GAMES INTERNATIONAL INC. HAS FAILED TO SATISFY ITS OBLIGATIONS UNDER SECTION 5.1.2 OF THAT CERTAIN REQUEST FOR INFORMATION ISSUED BY THE STATE LOTTERY COMMISSION OF INDIANA RELATED TO CERTAIN INTEGRATED SERVICES AND THEREFORE THE STATE LOTTERY COMMISSION OF INDIANA DEMANDS THE AMOUNT OF USD..... UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. TFTS-302477.''

OUR CUSTOMER HAS INFORMED US THAT THIS LETTER OF CREDIT WILL ACT AS A BID SECURITY FOR THE HOOSIER LOTTERY INTEGRATED SERVICES REQUEST FOR INFORMATION.

THIS LETTER OF CREDIT MAY BE CANCELLED PRIOR TO EXPIRATION ONLY BY RETURN OF THE ORIGINAL LETTER OF CREDIT (AND AMENDMENTS, IF ANY) TO JPMORGAN CHASE BANK, N.A., TAMPA, FL WITH A STATEMENT SIGNED BY THE BENEFICIARY STATING THAT THE ATTACHED LETTER OF CREDIT IS NO LONGER REQUIRED AND IS BEING RETURNED TO THE ISSUING BANK FOR CANCELLATION.

PLEASE ADDRESS ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER TO THE ATTENTION OF THE STANDBY LETTER OF CREDIT DEPARTMENT, 10420 HIGHLAND MANOR DR. 4TH FL., TAMPA, FL 33610, BEING SURE TO REFERENCE THE ABOVE MENTIONED LETTER OF CREDIT NUMBER. FOR ASSISTANCE, PLEASE CONTACT THE STANDBY CLIENT SERVICE UNIT AT 1-800-634-1969, SELECT OPTION 1, 312-385-7910, OR E-MAIL AT GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.

WE HEREBY AGREE WITH YOU THAT DOCUMENTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION) INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE

JPMorgan Chase Bank, N.A.
Global Trade Services
131 South Dearborn, 5th Floor
Mail Code: IL1-0236
Chicago, IL 60603-5506

AUG 23, 2012
OUR L/C NO.: TFTS-302477

WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

AUTHORIZED SIGNATURE

Jon P. Pierson
Assistant Vice President

170832 Arelis Rivera

FINANCIAL VIABILITY

As stated our probity submission dated August 1, 2012, Scientific Games possesses the financial resources necessary to provide and manage the integrated services specified within the RFI.

To demonstrate our strong financial position, Scientific Games International, Inc. has provided a letter of commitment stating that our parent company, Scientific Games Corporation, would make $20,000,000 (U.S. Dollars) in funds available to Scientific Games International, Inc. in support of the obligations under the Integrated Services Agreement. We also offer a bank reference letter to satisfy the financial viability requirement.

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SCIENTIFIC GAMES

Scientific Games International, Inc.
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004

July 31, 2012

Oliver Wyman Inc.
Transaction Advisor for the Hoosier Lottery
111 Monument Circle, Suite 4300
Indianapolis, IN 46204
Attn: Bill Harsh

Re: Hoosier Lottery
Request for Information
Solicitation for: Hoosier Lottery Integrated Services

Dear Sirs:

Please accept this letter as our compliant response to Section 2.3 Financial Viability of the Request for Information.

Scientific Games International, Inc., the Offeror, has available financial resources that it can and would make available to Provider as necessary to capitalize the operations of Provider sufficient to permit Provider to provide the Services and meet its obligations under the Integrated Services Agreement.

The attached letter from JP Morgan Chase Bank confirms the provision to us of a $250 million committed revolving credit facility which had an undrawn and available borrowing capacity of $212 million as of July 24, 2012. I certify that at least $20,000,000 (U.S. Dollars) of such borrowing capacity can and would be made available to Provider.

Sincerely,

Scientific Games International, Inc.

Jeffrey S. Lipkin
Senior Vice President and Chief Financial Officer

J.P.Morgan

Brendan Poe
Executive Director
JPMorgan Chase Bank NA
383 Madison Ave, 24th Floor
New York, NY 10179
(212) 622-8173

July 24, 2012

Oliver Wyman Inc.
Transaction Advisor for the Hoosier Lottery
111 Monument Circle, Suite 4300
Indianapolis, IN 46204
Attn: Bill Harsh

Re: Hoosier Lottery
Request for Information
Solicitation for: Hoosier Lottery Integrated Services

Dear Mr. Harsh:

In reference to your Section 2.3 – Financial Viability required in Hoosier Lottery's request for information, we are pleased to confirm that Scientific Games has been a highly valued customer of JP Morgan for approximately eight years. We have $31.4 million committed to Scientific Games International, Inc. (the "Company") and are the Administrative Agent, Book Runner, Lead Arranger, and lender for the Company's $250 million Revolving Line of Credit and a $540MM Term Loan that mature in June 2015. As of July 24, 2012, the Company has approximately $38MM outstanding on the $250MM Revolving Line of Credit and an undrawn balance of $212MM.

Please contact me with any questions or comments at 212-622-8173.

Sincerely,

Brendan Poe
JP Morgan Chase Bank, N.A.